

Affidavit of Shawn Turkington #1
sworn April 26, 2023

No. S 233209
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C - 36 AS AMENDED

AND

IN THE MATTER OF SLP HOLDINGS LTD, STRUCTURLAM MASS TIMBER CORPORATION, STRUCTURLAM MASS TIMBER U.S., INC., NATURAL OUTCOMES, LLC

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

PETITIONER

AFFIDAVIT

I, Shawn Turkington, of the City of Vancouver, Canada. SWEAR THAT:

1. I am the Interim Chief Financial Officer ("**CFO**") of petitioner SLP Holdings Ltd. ("**SLP**" or the "**Petitioner**"). I am also the Interim CFO of Structurlam Mass Timber Corporation formerly SLP Operations Ltd. (together, "**SMTC**") and Structurlam Mass Timber U.S., Inc. ("**SMTU**") (and together with Natural Outcomes LLC ("**NOLLC**"), SLP, SMTC and SMTU, the "**Company**" or the "**Debtors**"). I have served as Interim CFO of SLP, SMTU, and SMTC since January 2023.

2. I have over 20 years of experience in senior finance and corporate reporting roles. Prior to joining SMTC, SMTU, and SLP, I worked for Great Panther Mining Ltd., most recently as the Chief Financial Officer and previously as Vice-President Finance. Prior to joining Great Panther Mining Ltd. I worked for seven years as an independent consultant providing interim CFO services and IFRS/US GAAP advisory services to companies across a variety of industries. I was also a founding partner of Breakwater Accounting Advisors LLP, a Vancouver-based professional services firm providing accounting, regulatory compliance, and data analysis services primarily to companies in the mining

industry. In addition, I spent six years at Methanex Corporation as Corporate Controller. I have a depth of knowledge and leadership experience in financial management, regulatory compliance, and internal controls. I hold a Bachelor of Commerce from the University of British Columbia and I am a Chartered Professional Accountant.

3. As a result of my role as Interim CFO of SMTC, SMTU, and SLP, I have personal knowledge of the matters set out in this affidavit. Where I do not have personal knowledge of such matters, I have identified the source of the information and I believe it to be true.

4. I am authorized to swear this affidavit as a corporate representative of the Petitioner.

5. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

6. On April 21, 2023, the Debtors commenced proceedings pursuant to Chapter 11 of Title 11 of the United States Code (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**"). As part of the relief granted by the US Bankruptcy Court, SLP has made a motion to be appointed foreign representative (in such capacity, the "**Foreign Representative**").

II. RELIEF REQUESTED

7. This affidavit is sworn in support for certain relief pursuant to Part IV of the *Companies' Creditors Arrangement* Act, R.S.C. 1985, C. c-36, as amended (the "**CCAA**").

8. The Petitioner seeks, among other things, the following relief:

   (a) An order (the "**Initial Recognition Order**") among other things:

      (i) declaring that SLP is the "foreign representative" of the Debtors as defined in section 45 of the CCAA;

      (ii) recognizing the Chapter 11 Proceedings commenced by SMTU and NOLLC in the US Bankruptcy Court as "foreign main proceedings" under Part IV of the CCAA;

(iii) recognizing the Chapter 11 Proceedings commenced by SLP and SMTC in the US Bankruptcy Court as "foreign non-main proceedings" under Part IV of the CCAA;

(iv) granting a stay of proceedings in respect of the Debtors and ordering the relief set out in section 48(1) of the CCAA as mandatory relief in regard to the foreign main proceedings and as discretionary relief in regard to the foreign non-main proceedings, pursuant to section 49(1)(a) of the CCAA; and

(v) granting such further and other Orders as this Honourable Court may deem appropriate;

(b) An order (the "**Supplemental Recognition Order**") among other things:

(i) granting additional stays and protections in respect of the Debtors;

(ii) recognizing and enforcing certain Orders of the US Bankruptcy Court (the "**First Day Orders**") in Canada;

(iii) appointing Alvarez & Marsal Canada Inc. ("**A&M**") as information officer in respect of these proceedings (in such capacity, the "**Information Officer**");

(iv) granting the Administration Charge (as defined below); and

(v) granting the Lender Charge (as defined below);

(c) If deemed advisable by the Debtors an order for an interim stay of proceedings prior to the granting of the Initial Recognition Order;

(d) Orders recognizing and enforcing future orders of the US Bankruptcy Court made in the Chapter 11 Proceedings; and

(e) such further and other orders as this Honourable Court may deem appropriate.

III. OVERVIEW OF THE DEBTORS

Background and Corporate Structure

9. SLP and SMTC are companies incorporated pursuant to the laws of British Columbia with a registered and records office at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia.

10. SLP is a holding company and owns 100% of the shares in SMTC and SMTU (and indirectly through SMTU, controls 100 percent of the membership interest in NOLCC). SLP has no operations or employees. Attached as **Exhibit "A"** is a copy of a BC Registry Services search for SLP.

11. SMTC is the Canadian operating entity and has operations in Penticton, Okanagan Falls and Oliver, British Columbia. Attached as **Exhibit "B"** is a copy of a BC Registry Services search for SMTC.

12. SMTU is the Debtors' United States of America ("**U.S.**") operating entity incorporated pursuant to the laws of the State of Delaware with a registered office at 1209 Orange Street, Wilmington, Delaware. SMTU's primary asset is a new state-of-the-art production facility in Conway, Arkansas. Attached as **Exhibit "C"** is a copy of the Delaware Certificate of Good Standing for SMTU.

13. NOLLC is a limited liability company incorporated pursuant to the laws of the State of Delaware with a registered office at 1209 Orange Street, Wilmington, Delaware. The member interests of NOLLC are 100% held by SMTU. Attached as **Exhibit "D"** is a copy of the Delaware Certificate of Good Standing for NOLLC.

14. The Debtors generally carry on business together as manufacturers of mass timber and ground protection solutions for construction and industrial uses out of facilities based in Penticton, Okanagan Falls and Oliver, British Columbia and Conway, Arkansas, in the U.S. The Debtors are affiliated companies within the meaning of s. 3 of the CCAA.

15. The Debtors are privately owned, with the common shares of SLP (the "**Common Stock**") being held among 13 individual holders. SLP currently has 1,364,350 shares of Common Stock issued and outstanding, with options for an additional 2,914,703 shares of Common Stock held by certain members of the Company's management team who participate in

the management incentive common equity options and shares program. In addition to the common stock, SLP has also issued six series of Class A Preferred stock, one series of Class B Preferred stock, and three series of Class C Preferred stock, (collectively, the "**Preferred Stock**"), which is held primarily by KF Arc Holding LP (approximately 57.1 percent) and Bentonville KF SLP Holdings LP (approximately 27.5 percent), with the remaining approximately 15.4 percent of Preferred Stock held among certain minority shareholders including BMO Capital Partners who hold approximately 1.7% of the Class C Preferred stock interest in SLP.

16. Attached as **Exhibit "E"** is a copy of the corporate organizational chart for the Debtors.

The Business of the Debtors

17. The original business was founded in 1962 in Penticton, British Columbia, and it originally operated as a producer of highly distinctive architectural glue laminated beams ("**Glulam**").

18. In 2012, the business expanded its construction offering by adding the manufacture of construction cross laminated timber ("**CLT**"), which is a multi-layer, mass timber panel that can act as a replacement for concrete in any floor, wall, roof, or core, with the benefits of being significantly lighter. Also in 2012, the Company introduced CLT industrial matting.

19. SMTC acquired the business in December 2017 by way of an asset purchase agreement and by 2019 the business was expanded to the U.S. through the incorporation of SMTU and the acquisition of their US Facility as further described below.

20. SMTC is now a leading producer of mass timber products and they focus on large scale construction in buildings up to 18 stories. SMTC was the first North American manufacturer of CLT focused on the construction market which provides them with a substantial track record and portfolio of successful projects. In addition, SMTC was the first producer of CLT industrial mats.

Projects

21. The Debtors have completed or assisted in numerous projects throughout North America including, among others:

(a) the University of British Columbia Brock Commons in Vancouver, BC. Built in 2016 and 2017, the Brock Commons building was then the tallest wood structure building in the world. SMTC used 1,302 Glulam columns and 464 CLT panels to erect Brock Commons in 66 days;

(b) the Microsoft Silicon Valley Campus in Mountain View, California in 2019 which, at that time was the largest mass timber structure built in the U.S. The Debtors provided 350,000 square feet of CLT and 400,000 board feet of architectural glulamPlus columns, an SMTC product; and

(c) the construction of several Google campuses with a collective supply of 180,000 square feet of product in 2020 and 300,000 square feet of product in 2022 together with the ongoing supply of 500,000 square feet of product estimated to be completed by 2024.

22. The Debtors source their opportunities from competitive requests for proposals and have also successfully completed certain other projects including, among others:

(a) Shoreline Medical Centre in Seattle, Washington;

(b) Fast + Epp Home Office in Vancouver, BC;

(c) Duke Student Wellness Center in Morrisville, North Carolina;

(d) Raleigh Durham International Airport in Raleigh, North Carolina;

(e) Mountain Equipment Co-op in Vancouver, BC;

(f) Waterton Lakes National Park Visitor Centre in Waterton, AB; and

(g) The University of British Columbia Earth Sciences Building in Vancouver, BC.

The Operations and Facilities

23. The Debtors operate manufacturing facilities as follows:

Location	Opened	Products Manufactured	Estimated Annual Production Capacity (ft^3)
Penticton, BC	1962	Glulam beam and beam column finishing	880,000 (combined among Penticton Facility and OK Falls facilities, as described below)
Maple Street, Okanagan Falls, BC	2012	CLT, Glulam and industrial mats manufacturing	880,000 (combined among Penticton Facility and OK Falls facilities, as described below)
Wallis Road, Okanagan Falls, BC	2012	CLT and industrial mats manufacturing	880,000 (combined among Penticton Facility and OK Falls facilities)
Oliver, BC	2018	Industrial mats manufacturing	1,250,000
Conway, AR (operated by SMTU)	2021	Custom CLT and Glulam, distributor Glulam and industrial mats manufacturing	1,350,000

24. On October 5, 2012, Structurlam Products Ltd., as tenant, entered into a lease agreement with 0867473 B.C. Ltd., as landlord for the properties civically known as 6036 and 6042 Station Street, Oliver, British Columbia (the "**Oliver Facility**"). SMTC is the current tenant and the current landlord is FFD Investments Devito Investments Ltd. The lease expires on December 31, 2023. Attached as **Exhibit "F"** are copies of the lease and amending agreements.

25. SMTC has leased lands and a production facility located at 1675 Maple Street Okanagan Falls, British Columbia since December 2017. SMTC has also leased lands and a production facility located at 716 Wallis Road, Okanagan Falls, BC since May 2018 (collectively, these are the "**OK Falls Facilities**"). The OK Falls Facilities function primarily as production facilities for CLT, Glulam and industrial mats manufacturing. The lease for the facility on Wallis Road expires on May 31, 2023. Attached collectively as **Exhibit "G"** are copies of the lease and amending agreements for the OK Falls Facilities.

26. Further, since June 2017 SMTC has leased a production facility and offices at 2176 Government Street, Penticton, BC (the "**Penticton Facility**"). The Penticton Facility is primarily used for the manufacture of Glulam finishing. Attached collectively as **Exhibit "H"** is a copy of the lease and amendments for the Penticton Facility. The Penticton Facility was used by the business prior to its acquisition by SMTC and houses the main administrative office of the Debtors.

27. As more particularly described below, in or about December 2019 Walmart Inc. ("**Walmart**") and SMTU entered into a strategic engagement to support the development of Walmart's new home office campus in Conway (the "**Walmart Campus**"). As part of the strategic engagement Walmart formed NOLLC for the purpose of acquiring certain land and buildings to be used as a production facility operated by SMTU in Conway (collectively, the "**US Facility**").

28. In order to fund the acquisition of the US Facility SLP received equity investments from investors and SMTU obtained access to certain credit facilities (more fully described below) from Bank of Montreal ("**BMO**"). NOLLC in turn, used the funds to purchase a development bond from the City of Conway, Arkansas. A copy of the development bond is attached to my affidavit as **Exhibit "I"**.

29. The City of Conway holds bare title to the lands and buildings for the US Facility; however, the deed to the lands and all beneficial interest in the same is held by SMTU and is, among other things, used as security for the BMO Credit Facilities (as defined below).

30. Currently, SMTU has a lease agreement for the lands (the "**US Lease**"), buildings and equipment for the US Facility with the City of Conway as well as a trust indenture agreement (the "**Trust Agreement**"). Under the terms of the Trust Agreement SMTU is the trustee and the terms of the same requires the City of Conway to assign all payments

under the terms of the US Lease to NOLLC. Attached to my affidavit and marked as **Exhibits "J"** and **"K"** are copies of the US Lease and the Trust Agreement.

Employees

31. The Company currently employs approximately 210 total employees. Approximately 178 employees are located in Canada, consisting of 62 salaried employees, 3 contractors, and 116 hourly manufacturing employees. The Canadian hourly manufacturing employees are subject to a collective agreement.

32. Previously, SMTU employed approximately 175 employees at the US Facility, including a sales and management team, none of whom were subject to a collective agreement. Due to the liquidity constraints facing the Company resulting from termination of the Amended Supply Agreement, on January 18, 2023, SMTU made the difficult decision to terminate 144 of its employees. This left only 32 full-time employees at the US Facility, consisting of 18 salaried employees, including a sales and management team, and 14 hourly manufacturing employees. The remaining SMTU employees are responsible for the maintenance and care of the US Facility and for production of a small production order of industrial mats recently completed for SMTU's other customers and to maintain readiness for re-starting operations as soon as feasible.

33. The majority of SMTC and SMTU's employees work on engineered mass timber production lines, with others providing the necessary support for production. Their job titles broadly describe their responsibilities and include, among others:

(a) Technical Specialist;

(b) CNC Supervisor;

(c) Logistics Coordinator;

(d) Industrial Mechanic;

(e) Glulam Analyst;

(f) Detailer;

(g) Shipper;

(h) Fabrication Design;

(i) Electrician and Industrial Electrician;

(j) Lube Technician;

(k) Accounts Payable, Accounts Receivable, Payroll Specialist and Accountant; and

(l) Shift Supervisor.

34. Hourly employees are paid every two weeks in arrears and salaried employees are paid twice a month in arrears. All payments to employees are current based on the payroll schedule.

35. SMTC and SMTU do not sponsor, administer or otherwise have any registered or unregistered pension plans for their employees. SMTC and SMTU provide a standard group benefit plan to their employees that covers extended health care, dental care, life insurance and accidental death and dismemberment insurance.

36. The vice president of human resources ("**HR**") and the Interim Chief Executive Officer of the Debtors are contractors hired by SMTU.

Unionized Employees

37. On August 19, 2019 SMTC and United Steelworkers (USW), Local 1-423 (the "**Union**") entered into a Collective Agreement (the "**Collective Agreement**") which covers all employees engaged in the manufacturing, handling and assembly of materials used in the products produced for sale in SMTC's operations at the Penticton Facility, the OK Falls Facilities and the Oliver Facility (the "**Unionized Employees**"). Attached as **Exhibit "L"** is a copy of the Collective Agreement.

38. Pursuant to the terms of the Collective Agreement, the Unionized Employees agreed to a total compensation increase of 2% per year in January 2019 to January 2022 and a 3% total compensation increase in January 2023. Of the Unionized Employees, those working in maintenance positions received a 10% ratification increase to their base rate effective January 01, 2019. All other increases apply to them. On November 22, 2020, SMTC and the Union negotiated a Letter of Understanding to increase the base rate of hourly employees by 10% (which includes the 3% scheduled for 2023) to address the market

conditions impacting the company's ability to attract and retain hourly employees in their facilities.

39. The Collective Agreement expires on December 31, 2023. SMTC and the Union have been engaged in bargaining with respect to a new collective bargaining agreement.

US Facility and Strategic Engagement with Walmart

40. In or about December, 2019 SMTU and Walmart entered into a strategic engagement, initially to support the development of the Walmart Campus and then to capture the rapidly accelerating demand for mass timber products in the U.S.

41. By agreement dated December 3, 2019 SMTU, SLP and Walmart entered into a Walmart realty timber supplier agreement (the "**Supply Agreement**") whereby SMTU agreed to supply certain goods and services for the Walmart Campus. The Supply Agreement was amended and restated pursuant to an amended and restated Walmart realty supplier agreement dated June 24, 2022 (the "**Amended Supply Agreement**"). Attached as **Exhibits "M"** and **"N"** are copies of the Supply Agreement and Amended Supply Agreement.

42. In order to support the construction of the Walmart Campus and continued operations in the U.S. in 2019 SMTU began construction of the US Facility, on land now beneficially owned by SMTU in Conway, Arkansas.

43. The Supply Agreement provided, among other things, that SMTU was to supply up to 1.7 million cubic feet of mass timber to support the construction of the Walmart Campus (1.1 million cubic feet exclusive to SMTU under the Supply Agreement and non-exclusive 0.6 million cubic). SMTU began supplying the required materials; however, in July and August, 2022 Walmart requested changes to the delivery schedule and advised they would be requesting a redesign of certain of the buildings. In addition, in August 2022 Walmart advised SMTU that the non-exclusive 0.6 million cubic feet of material would not be part of a revised delivery schedule with SMTU.

44. On November 10, 2022 Walmart confirmed to SMTU that it had resourced the non-exclusive cubic feet of material to a competing manufacturer.

45. On November 18, 2022 Walmart issued to SMTU a Notice of Defective Goods and Notice of Nonconforming Goods under the Amended Supply Agreement (the "**Notice**").

Circumstances Leading to Chapter 11 Proceedings

46. Upon or shortly after Walmart issued the Notice, Walmart ceased making payments to SMTU. The Debtors identified a negotiated resolution with Walmart as the preferred solution and dedicated considerable efforts to reaching an agreement with Walmart to continue with the Amended Supply Agreement. During this time, in the hopes of reaching a resolution with Walmart the Debtors continued to produce product intended for Walmart under the Amended Supply Agreement.

47. At or about the same time, the Debtors engaged A&M as financial advisor (the "**Financial Advisor**"). The purpose of this retention was for the Financial Advisor to assist the Debtors in identifying potential opportunities to add value to the organization with a goal to turning it around, including assisting the Company in its negotiations with Walmart and BMO, the Debtors' senior secured lender, to advise the Company as to its strategic alternatives, and to assist the Company with understanding its liquidity position.

48. Despite SMTU's significant efforts to resolve the issues with Walmart on an amicable basis, on or about January 11, 2023 Walmart issued to SMTU a notice of termination of the Amended Supply Agreement (the "**Termination**"). Attached as **Exhibit "O"** is a copy of the Termination.

49. As a result of the Termination, and the loss of any potential for short-term income from Walmart, the Debtors' impending liquidity crunch became unavoidable. On January 17, 2023 the boards of both SMTC and SMTU ultimately determined that there was insufficient liquidity to continue to operate the US Facility. Accordingly, the US Facility was put on care and maintenance and, as previously described above, 144 of the employees were laid off.

50. The Debtors' management team has made determined efforts to address the financial challenges, including, among other things, (i) engaging in extensive negotiations with Walmart to reach an agreement to continue to supply it (ii) suspending operations at the US Facility as of January 18, 2023, (iii) laying off 144 employees at the US Facility in order

to reduce costs; (vi) retaining the Financial Advisor; and (v) engaging with Canadian and U.S. counsel.

51. Through the period following termination of the Amended Supply Agreement and leading to these proceedings, the Debtors have been actively engaged in discussions with BMO. As part of those discussions, the Debtors identified their intention to engage an investment banker to pursue transactions, and requested access to USD $1.7 Million in funds held on deposit in a debt service reserve account with BMO to meet the Debtors' near-term cash needs.

52. Among other things, BMO allowed the Debtors to access these funds pursuant to a consent and sixth amendment agreement to the BMO Credit Facilities (as defined below) dated as of February 7, 2023 (the "**Sixth Amending Agreement**") by way of weekly draws acceptable to BMO in its sole discretion. The Sixth Amending Agreement was conditional on the Debtors hiring an investment banker, acceptable to BMO, to conduct a marketing process. BMO advised at the time of the Sixth Amending Agreement that any additional funding would be dependent on the progress made through the Marketing Process (as defined below). The funds made available under the Sixth Amending Agreement provided the Debtors with liquidity to on or about March 8, 2023.

Engagement of Sales Advisor

53. As set out in more detail below, the Debtors' management believes that the value available to their various stakeholders will be maximized by (a) implementing a going-concern sale or recapitalization plan developed by the Debtors in conjunction with the Financial Advisor; (b) continuing operations at the Canadian facilities to permit the completion of ongoing, profitable contracts and permit SMTC to perform profitable contracts that are awarded to it after the commencement of the proceedings; (c) keeping the US Facility in care and maintenance to maximize its value as a "turnkey" facility ready to restart operations and (d) carrying out a sale, re-capitalization and investment solicitation process (the "**SISP**") to permit either the sale or recapitalization of the Debtors' business.

54. By an engagement letter dated February 10, 2023, SMTC retained Stifel, Nicolaus & Company, Incorporated and Miller Buckfire & Co., LLC, as strategic business advisor and consultant (the "**Sales Advisor**") with extensive industry experience for the purpose of

soliciting offers for the sale or recapitalization of the Debtors outside of a court process (the "**Marketing Process**").

55. The Sales Advisor launched the Marketing Process on February 10, 2023 beginning by identifying a broad group of potential strategic and financial sponsor parties to contact. Seventy-four prospective buyers were solicited of which thirty seven executed non-disclosure agreements and eighteen prospective investors were solicited of which seven executed non-disclosure agreements. The parties that executed non-disclosure agreements received access to the Company's virtual data room and were offered management meetings and site visits. At that stage, four parties conducted site visits and additional four parties conducted meetings with Company management.

56. Five parties provided non-binding indications of interest by the milestone date of March 8, 2023. Of these five parties, four were selected to continue to the second round of the process and provided with access to additional diligence in the data room, continued access to Company management and site visits, and a draft asset purchase agreement. The Sales Advisor requested binding bids from these four parties by March 24, 2023. On March, 24, 2023, Miller Buckfire received two bids and provided them to the Company.

57. The Marketing Process contains certain milestones, which have been revised from time to time and are described:

Milestone	Date
Petition Date	April 21, 2023
Bidding Procedures Hearing	May 1, 2023
Launch Marketing Process for Overbid	May 1, 2023
Qualified Bid Deadline	May 18, 2023
Auction	May 19, 2023
Sale Hearing	May 26, 2023
Sale Close	June 5, 2023

Stalking Horse APA

58. Capitalized terms not otherwise defined in this section shall have the meaning set out in the Stalking Horse APA (as defined below).

59. On April 21, 2023, SLP, SMTC, SMTU, and NOLLC, (each a "**Seller**" and collectively, "**Sellers**") and Mercer International Inc. ("**Mercer**" or the "**Buyer**") as Buyer entered into an Asset Purchase Agreement (the "**Stalking Horse APA**").

60. Pursuant to the terms of the Stalking Horse APA, the Sellers, subject to certain exceptions described in the Stalking Horse APA, are obligated to Transfer to Buyer, and Buyer is obligated to purchase and acquire from Sellers, the entirety of Sellers' rights, title and interest in and to all of the Sellers' assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located, in the physical possession of Sellers or another Person.

61. A copy of the Stalking Horse APA is attached, without schedules to my affidavit as **Exhibit "P"**.

62. The purchase price under the Stalking Horse APA is USD $60,000,000 inclusive of the Purchase Price Deposit. Mercer has also agreed to assume certain Assumed Liabilities, as more particularly described at Section 1.3 of the Stalking Horse APA.

63. In consideration for Mercer (i) expending time and money negotiating the Stalking Horse APA; (ii) undertaking the necessary due diligence to negotiate the Stalking Horse APA; and (iii) agreeing to act as the stalking horse bidder in the Marketing Process, the Stalking Horse APA contemplates that, subject to approval of the US Bankruptcy Court and the Supreme Court of British Columbia (the "**Canadian Court**"), Mercer shall be entitled to a Break-Up Fee in the amount of USD $1,800,000 (the "**Break-Up Fee**").

64. The Stalking Horse APA also contemplates that, in the event that Mercer's stalking horse bid is not the successful bid in these proceedings, in addition to the Break-Up Fee, Mercer shall be entitled to the repayment of certain reasonable and documented out of pocket costs, expenses, and fees incurred in connection with evaluating, negotiating, documenting and performing the transactions contemplated by the Stalking Horse APA (to a maximum of USD $600,000) (the "**Expense Reimbursement Amount**").

65. The Stalking Horse APA provides for minimal conditions to close. The primary substantive conditions are that the US Bankruptcy Court and the Canadian Court respectively issue the U.S. Sale Order and the Canadian Sale Order and the bond issued in respect of the US Facility be redeemed or cancelled as contemplated by Section 6.3(b) of the Stalking Horse APA.

Additional Borrowings

66. On March 3, 2023 the Debtors and BMO entered into a seventh amendment agreement (the "**Seventh Amending Agreement**") to the BMO Credit Facilities which permitted access to additional approximately $3 million in availability under SMTC's existing revolving facility, notwithstanding the existence of certain events of default. Draws on the revolving facility were subject to SMTC's and SMTU's satisfaction of certain covenants and conditions set forth in the Seventh Amending Agreement.

67. On April 21, 2023 the Debtors and BMO entered into a further amendment to the BMO Credit Facilities (the "**Eighth Amending Agreement**") which permitted access to a new uncommitted non-revolving demand facility in the amount of up to $900,000, notwithstanding the existence of certain events of default. The additional availability under the revolving facility made possible by the Eighth Amending Agreement provided liquidity until the filing date and until such time as funds could be made available under the Credit Facility (as defined below).

IV. CURRENT STATUS

Financial Statements

68. A copy of SLP's audited financial statements for the year ending December 31, 2021 is attached as **Exhibit "Q"**.

69. A copy of SMTC's audited financial statements for the year ending December 31, 2021 is attached as **Exhibit "R"**.

70. A copy of SMTU's audited financial statements for the year ending December 31, 2021 is attached as **Exhibit "S"**.

71. Work is still ongoing to finalize the Debtors financial statements for the year ending December 31, 2022.

Assets

72. As of January 31, 2023 the book value of the Debtors' consolidated assets was approximately $142.0 million, including:

DESCRIPTION	AMOUNT (000s)
Cash and cash equivalents	$2,969
Trade receivables	$11,406
GST and other taxes receivable	$ -
Other current receivables	$920
Prepaid expenses	$3,947
Inventory	$22,618
Property, plant and equipment	$95,090
Goodwill and Other assets	$5,088
	$142,037

Liabilities

73. As of January 31, 2023 the Debtors had consolidated total liabilities of approximately $110.7 million, including:

DESCRIPTION	AMOUNT (000s)
Trade accounts payable and accrued liabilities	$14,592
GST and other taxes payable	$230
Unearned revenue	$29,204
Payroll liabilities	$2,460
Construction project mitigated damages accrual	$1,255
Current portion of long-term debt	$62,978
	$110,719

BMO Credit Facilities

74. On or about December 21, 2017, SMTC, as borrower, and SLP, as guarantor, entered into a letter agreement with BMO, as lender. This letter agreement was amended and restated and SMTU was added as a borrower, pursuant to an amended and restated letter agreement dated December 3, 2019, which was subsequently amended by a waiver and first amendment agreement dated as of February 2, 2021, a waiver and second amendment agreement dated as of September 29, 2021, a waiver and third amendment agreement dated as of January 24, 2022, a fourth amendment agreement dated as of June 17, 2022, a fifth amendment agreement dated as of June 27, 2022, a Sixth Amending Agreement, a Seventh Amending Agreement, and the Eighth Amending Agreement (collectively, the "**ARCA**"). In addition to SLP, NOLLC has guaranteed the obligations of SMTU and SMTC under the ARCA.

75. As at December 3, 2019, the ARCA established certain credit facilities, including:

(a) a committed revolving credit facility in the maximum principal amount of $6,500,000;

(b) a non-revolving term credit facility in the maximum principal amount of $21,333,317;

(c) a revolving letter of credit facility in the maximum principal amount of $2,000,000; and

(d) a committed, reducing, non-revolving term credit facility in the maximum principal amount of USD $40,500.000.

76. The facilities available under the ARCA were amended over time and, at present, includes the following facilities:

(a) a committed revolving credit facility in the maximum principal amount of $3,000,000 (current balance $3,000,000);

(b) a non-revolving term credit facility in the original maximum principal amount of $21,333,317 (current balance $16,203,834);

(c) a revolving letter of credit facility in the maximum principal amount of $413,000 (current balance $413,000);

(d) a committed, reducing, non-revolving term credit facility in the original maximum principal amount of USD $35, 529,007 (current balance $34,854,405);

(e) A MasterCard Facility (the "**MasterCard Facility**") providing corporate credit card services in the maximum principal amount of USD $20,000 and $25,000; and

(f) An uncommitted non-revolving demand facility in the maximum principal amount of $900,000 (current balance $900,000).

(collectively, the "**BMO Credit Facilities**"). Attached as **Exhibit "T"** are copies of the ARCA, including all amendments thereto.

77. The indebtedness, liabilities and obligations of SMTC and SMTU to BMO under the ARCA are secured by the following security and guarantee documents:

(a) a general security agreement from SMTC to BMO granting a Security Interest in the Collateral of SMTC (as defined in the security agreement), made as of December 21, 2017;

(b) a security agreement from SMTU to BMO granting a Security Interest in the Collateral of SMTU (as defined in the security agreement), made as of December 27, 2019;

(c) a pledge agreement from SLP to BMO pledging and granting a security interest in the Collateral (as defined in the pledge agreement), made as of December 21, 2017, and as amended by a pledge amendment from SLP to BMO dated May 4, 2020

(d) a security agreement from NOLLC to BMO granting a Security Interest in the Collateral of NOLCC (as defined in the security agreement), made as of December 27, 2019;

(e) a bond pledge and security agreement from NOLLC to BMO dated as of December 27, 2019;

(f) a leasehold mortgage and security agreement dated as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919704 on December 27, 2019 by and between SMTU, as borrower, and BMO, as lender;

(g) a construction mortgage, security agreement, fixture filing, and assignment of rents and leases dated as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919701 on December 27, 2019 by and between SMTU, as mortgagor, and BMO, as mortgagee;

(h) a collateral assignment of option rights entered into as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919705 on December 27, 2019 by SMTU, as borrower, in favor of BMO, as lender;

(i) a limited recourse guarantee from SLP to BMO guaranteeing the Debtor Liabilities (as defined in the guarantee) of SMTC made as of December 21, 2017;

(j) a limited recourse guarantee from SLP to BMO guaranteeing the Debtor Liabilities (as defined in the guarantee) of SMTC and SMTU, made as of May 4, 2020;

(k) a guarantee from SMTC to BMO guaranteeing the Debtor Liabilities (as defined therein) of SMTU, made as of May 4, 2020;

(l) a guarantee from SMTU to BMO guaranteeing the Debtor Liabilities (as defined therein) of SMTC, made as of May 4, 2020;

(m) a guarantee from NOLLC to BMO guaranteeing the Debtor Liabilities (as defined therein) of SMTC and SMTU, made as of May 4, 2020; and

(n) a limited guarantee of collection from Walmart Inc. to BMO guaranteeing the Debtor Liabilities (as defined in the guarantee) of SMTU, made as of December 3, 2019.

Copies of the foregoing security and guarantee documents are attached as **Exhibits "U"** to **"HH"**.

78. As at April 21, 2023, the total amount outstanding under the ARCA is approximately USD $50,038,977 inclusive of amounts owing pursuant to the MasterCard Facility.

Security Registrations

79. Attached as **Exhibit "II"** are copies of the searches of the Debtors in the British Columbia Personal Property Registry (the "**PPR Searches**"). A copy of the Delaware UCC search for SMTU is attached as **Exhibit "JJ".** Attached as **Exhibit "KK"** is a summary of the PPR Searches.

Land Leases

80. The total amount of all remaining payments under the leases for the Oliver Facilities, the OK Facility, and the Penticton Facility is approximately $3.2 million as of the Petition Date. SMTC's total monthly land lease payments for land and buildings, including common are cost is approximately $139,033.

Equipment Leases

81. The Debtors currently lease equipment through various lessors (the "**Equipment Leases**"). The interest and maturity terms of these leases vary, but they all provide the lessor with a security interest in the vehicle or equipment that is subject to the lease. The total amount of all remaining payments under the Equipment Leases is approximately $4.3 million as of the Petition Date. The Company's monthly equipment lease expense is approximately $44,672.

Trade Payables

82. As of the Petition Date, the Company has approximately $3.1 million (CAD) and $3.4 million (USD) in trade payables outstanding.

CRA

83. As at the date of this affidavit the Debtors are current with all payments and remittances owing to the Canada Revenue Agency.

Legal Proceedings

84. SMTC has been named in a lawsuit in the Canadian Court commenced by a former employee in a wrongful dismissal claim. The Civil Claim was served on SMTC and a Response to Civil Claim has been filed and served.

85. SMTC has also been named in a lawsuit in the Provincial Court of British Columbia commenced by a supplier.

86. The Debtors have also been sent demand letters for certain claims alleging damages, including a demand by a former employee.

87. If a stay is not granted in the Debtors' favour, the Debtors anticipate that other creditors, including those who have issued demands, may commence formal legal proceedings or exercise self-help remedies, thereby potentially eroding the security held by BMO and prejudicing their interests.

V. CENTRE OF MAIN INTEREST

88. As an organization the Debtors operate in both Canada and the U.S. The Debtors' key asset, the US Facility is located in the U.S. and the majority of the directors of the SLP, SMTC and SMTU are resident in the U.S. Additionally, a number of key employees and the interim Chief Executive Officer are resident in the U.S. The core administrative, HR and management functions of the Debtors is performed in Canada. A majority of the current workforce employed by the Debtors', as applicable is resident in Canada but the majority of the value of the Debtors' assets are located in the U.S.

89. The centre of main interests ("**COMI**") for SLP and SMTC is Canada as, among other things:

(a) SLP and SMTC have their registered office in Vancouver, British Columbia;

(b) SLP and SMTC's cash management and bank accounts are located in Canada;

(c) SMTC employs approximately 182 employees in British Columbia;

(d) Primary administrative functions for SLP and SMTC are conducted in Canada; and

(e) SMTC's principal operations are in British Columbia; and

90. The COMI for SMTU and NOLLC is the U.S. as, among other things:

(a) SMTU and NOLLC have their registered office in Delaware, U.S.;

(b) SMTU's employees are located in the U.S.;

(c) SMTU does not carry on its operating business in Canada;

(d) SMTU's main customer was Walmart, a U.S. entity and, since termination of the Amended Supply Agreement has gained certain customers in the U.S.;

(e) NOLLC has no operations or assets outside of the U.S.; and

(f) the US Facility, the primary asset of SMTU and the Debtors as a whole, is located in the State of Arkansas.

VI. THE NEED FOR CHAPTER 11 AND CCAA RELIEF

91. The Debtors face significant operational and liquidity challenges. The primary issue driving the Debtors liquidity crisis is the termination of the Amended Supply Agreement between Walmart and SMTU.

92. The Debtors' operations in British Columbia and in the U.S. were previously funded by a combination of financing under the BMO Credit Facilities and cash flow from operations including periodic deposits from Walmart and other customers and regular invoicing for shipped products.

93. I believe that the relief sought in the Chapter 11 Proceedings and these CCAA recognition proceedings represents the best option available to maximize value for all stakeholders.

94. On April 21, 2023 the Debtors commenced proceedings in the U.S. by filing voluntary petitions for relief in the Chapter 11 Proceedings. The Debtors filed motions for various types of "first day" relief, which are described in some detail below.

95. An uncertified copy of the First Day Declaration (the "**Declaration**") filed by the Debtors in the US Bankruptcy Court in support of chapter 11 and First Day Motions is attached to this affidavit as **Exhibit "LL"**. The Declaration provides a comprehensive overview of the business of the Debtors and the circumstances leading up to the Chapter 11 Proceedings.

Recognition of Foreign Proceedings

96. I believe that a recognition order, including a stay of proceedings affecting all Canadian creditors of the Debtors, will provide the Debtors the opportunity to complete the Marketing

Process and sale arising therefrom or restructure their business in an efficient manner which in turn will maximize the long-term value available to the various stakeholders.

Foreign Representative Order

97. A hearing is scheduled on April 26, 2023 to hear the Debtors Motion for Entry of an Order Authorizing SLP to Act as Foreign Representative on behalf of the Debtors' estates (the "**Foreign Representative Motion**"). A copy of the Foreign Representative Motion is attached to my affidavit as **Exhibit "MM"**.

98. Pursuant to the Foreign Representative Motion SLP sought authorization to act as the Foreign Representative on behalf of the Debtors' estates in any judicial or other proceeding in Canada.

99. The form of foreign representative order sought (the "**Foreign Representative Order**") will expressly authorize SLP, in its capacity as Foreign Representative, to (i) seek recognition of the Chapter 11 Proceedings in Canada; (b) request that the Canadian Court (as defined in the Foreign Representative Order) grant comity to the Foreign Representative and the Chapter 11 Proceedings; (c) seek any other appropriate relief from the Canadian Court that is just and proper in furtherance of the Debtors' estates; and (d) consistent with any orders of the Canadian Court, pay the costs of the Information Officer and its counsel, each without further order of the US Bankruptcy Court.

100. Accordingly, I anticipate that the Foreign Representative will seek recognition as Foreign Representative if the Foreign Representative Order is granted by the US Bankruptcy Court.

Appointment of Information Officer

101. The Foreign Representative seeks the appointment of A&M as Information Officer. A&M, if appointed Information Officer, will report to the Canadian Court from time to time on the status of the Chapter 11 Proceedings and these Canadian Proceedings.

102. A&M has reviewed and assisted in the preparation of the Cash Flow Projections (as defined below) and has provided guidance and assistance in the commencement of the Chapter 11 Proceedings and the Canadian Proceedings.

103. As such, A&M has developed critical knowledge about the Debtors, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.

104. I believe that A&M is qualified and competent to act as Court appointed Information Officer for these proceedings. A&M has consented to act as Information Officer and its signed Consent to Act is attached as **Exhibit "NN"**.

Recognition of First Day Orders

105. The first day motions were filed in the US Bankruptcy Court on April 24, 2022. The Debtors submitted several motions, including (the "**First Day Motions**"):

(a) Motion of Debtors seeking entry of interim and final orders (i) authorizing the debtors to (a) continue to operate their cash management system, (b) honor certain prepetition obligations related thereto, (c) maintain existing business forms and (d) continue to perform intercompany transactions, (ii) granting administrative expense status to post-petition intercompany balances, and (iii) granting related relief;

(b) Motion of Debtors seeking entry of interim and final orders (i) authorizing the debtors to (a) pay their obligations under insurance policies entered into prepetition and (b) renew, supplement, modify, or purchase insurance coverage and (ii) granting related relief;

(c) Motion of Debtors seeking entry of interim and final orders (i) determining adequate assurance for future utility services, (ii) prohibiting utility provides from altering, refusing, or discontinuing utility services, (iii) establishing procedures for determining adequate assurance of payment, and (iv) granting related relief;

(d) Motion of Debtors seeking entry of an order (i) authorizing SLP Holdings Ltd. to act as foreign representative and (ii) granting related relief;

(e) Motion of Debtors seeking entry of an order (i) authorizing redaction of certain personal identifying information within the consolidated list of creditors and (iii) granting related relief;

(f) Motion of Debtors seeking entry of an order (i) authorizing the Debtors to employ and retain Kurtzman Carson Consultant LLC as the claims and noticing agent effective as of the petition date;

(g) Motion of Debtors seeking entry of an order (i) directing joint administration of related chapter 11 cases and (ii) granting related relief;

(h) Motion of Debtors seeking entry of an order (i) approving bidding procedures, (ii) approving stalking horse protections and Debtors' entry into stalking horse purchase agreement, (iii) scheduling the bid deadlines and the auction, (iv) scheduling hearings and objection deadlines with respect to the sale, (v) approving the form and manner of the notice thereof, (vi) approving contract assumption and assignment procedures, and (vii) granting related relief and (i) approving the sale of the assets free and clear of all liens, claims, interests, and encumbrances, (ii) approving assumption and assignment of executory contracts and unexpired leases, relief and (b)(i) approving the sale of the assets free and clear of all liens, claims, interests, and encumbrances, (ii) approving assumption and assignment of executory contracts and unexpired leases (iii) granting related relief;

(i) Motion of Debtors seeking entry of an order (i) shortening and limiting the notice with respect to the Debtors' bidding procedures motion;

(j) Motion of Debtors seeking entry of an order for interim and final orders (i) authorizing the payment of certain prepetition taxes and fees (ii) granting related relief;

(k) Motion of Debtors seeking entry of interim and final orders (i) authorizing, but not directing, the Debtors to pay certain prepetition claims of critical vendors, shippers, and 503(B)(9) claimants and granting related relief;

(l) Motion of Debtors seeking entry of interim and final orders (i) authorizing the debtors to (a) pay prepetition wages, salaries, other compensation, and reimbursable expenses and (b) continue certain employee benefits programs and (ii) granting related relief; and

(m) Motion of Debtors seeking entry of interim and final orders (i) authorizing debtors to (a) obtain post-petition financing and (b) utilize cash collateral, (ii) granting liens

and superpriority administrative expense claims, (iii) modifying automatic stay, and (iv) granting related relief.

106. Copies of the First Day Motions are attached consecutively as **Exhibits "OO"** to "**AAA**" of this affidavit. The First Day Motions are described in detail in the Declaration.

Administration Charge

107. It is contemplated that Canadian legal counsel to the Foreign Representative, Gowling WLG (Canada) LLP, the proposed Information Officer, and its legal counsel DLA Piper (Canada) LLP (the "**Professionals**") would be granted a first priority Court-ordered charge against the property of the Debtors in priority to all other charges (the "**Administration Charge**") to secure obligations owing in respect of the fees and disbursements incurred by such parties. The proposed Supplemental Order provides for an Administration Charge up to the maximum amount of $150,000. The Debtors believe that the Administration Charge is fair and reasonable in the circumstances, having regards to the complexity of these proceedings.

108. The Debtors require the expertise, knowledge and continuing participation of the proposed beneficiaries of the Administration Charge in order to complete a successful restructuring. I believe the Administration Charge is necessary to ensure their continued participation.

109. In preparation of the Cash Flow Projections (as defined below), the Debtors, in consultation with A&M, considered the professional fees forecasted to be incurred on a weekly basis during the 13-week period. The Professionals forecast to incur significant professional fees in connections with these CCAA recognition proceedings, including, among other things, communicating with employees and stakeholders following the Initial Recognition Order, complying with the requirements of the Supplemental Recognition Order and the terms of the Credit Facility (as defined below).

110. Accordingly, I believe the quantum of the Administration Charge sought is reasonable and necessary to secure the professional fees of the Professionals.

Interim Financing

111. Capitalized terms not otherwise defined in this section shall have the meaning set out in the Credit Facility (as defined below).

112. As noted above, the Debtors require access to capital in order to continue their operations during these proceedings and to pursue restructuring options through an alternative arrangement with their stakeholders.

113. Attached as **Exhibit "BBB"** hereto are the weekly cash flow projections for the Debtors on a consolidated basis (the "**Cash Flow Projections**") commencing the week ending April 28, 2023 and ending the week ending July 21, 2023. As set out therein, the Debtors will principally be using cash during these proceedings to pay ongoing day-to-day operational expenses, office expenses, and professional fees and disbursements in connection with these proceedings.

114. The Cash Flow Projections illustrate that the Debtors will require additional credit during these proceedings, due to limited new planned deposits from customers, low revenue expected from the US Facility but ongoing holding costs, and no further availability under the ARCA. Without interim financing, the Debtors have no means to cover all of their expenses during these proceedings, and will not be able to carry on business, to the detriment of their stakeholders.

115. BMO, as interim lender (the "**Interim Lender**") has agreed to provide a debtor-in-possession credit facility to SMTC and SMTU (each a "**Borrower**" and together the "**Borrowers**") pursuant to the terms of a senior secured super priority DIP financing credit agreement dated as of April 21, 2023 attached as **Exhibit "CCC"** (the "**Credit Facility**").

116. The provision of interim financing is essential to a successful restructuring of the Debtors. Given the current financial situation of the Debtors, including their cash position, the Debtors believe the proposed debtor-in-possession credit facility embodied in the Credit Facility is the only feasible alternative available to the Debtors and is on terms that are fair, reasonable and adequate. I do not believe that the Debtors can obtain unsecured interim financing on any terms. I also do not believe the Debtors can obtain, other than the Credit Facility, debtor-in-possession financing on terms that are feasible and actionable.

117. The key terms of the Credit Facility are:

(a) Under the Credit Facility, a Borrower may make Drawdowns of Cdn. $ Loans and may make Drawdowns of U.S. $ Loans, in the maximum principal amount of (1) Cdn. $4,000,000 to be made available by the Interim Lender to the Borrowers under the Credit Facility and the Interim U.S. DIP Order, and (2) Cdn. $3,500,000 to be made available by the Lender to the Borrowers under the Credit Facility and the Final U.S. DIP Order, at a rate per annum equal to the Applicable Pricing Margin to BMO's Account for Payment (as each is defined in the Credit Facility);

(b) The Credit Facility shall be secured by: (i) a super-priority administrative claim, authorized by the U.S. Court pursuant to the Interim U.S. DIP Order or the Final U.S. DIP Order, as applicable, and (ii) a charge granted by the Canadian Court pursuant to the Initial Order over all present and future assets and property of the Obligors, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of an Obligor in favour of the Lender (together the "**Lender Charge**");

(c) The Credit Facility shall be used, among other things, to finance operating expenses and restructuring costs in these proceedings, and to pay professional fees; and

(d) The occurrence of a default or an event of default according to section 10.1 of the Credit Facility shall relieve the Lender of all obligations to provide any further Drawdowns to the Borrowers for so long as such default or event of default is continuing; provided that the foregoing shall not prevent the Lender from disbursing money requested by the Borrowers and acceptable to the Lender.

118. The Debtors believe the Credit Facility and the proposed Lender Charge and the related grant of security interests are fair and reasonable in the circumstances, are necessary, and in the best interest of all of the debtors' stakeholders.

119. Access to availability under the Credit Facility, including approval of the Lender Charge, is crucial to enable the Debtors to proceed with a successful restructuring.

120. Accordingly, the Debtors believe that the Credit Facility, the proposed Lender Charge and the related grant of security interests are fair and reasonable in the circumstances, are necessary, and are in the best interests of all of the Debtors' stakeholders.

SWORN BEFORE ME at Vancouver BC, on April 26, 2023.

A Commissioner for taking Affidavits within British Columbia.

JONATHAN B. ROSS
GOWLING WLG (CANADA) LLP
BARRISTER & SOLICITOR
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TELEPHONE: (604) 891-2778

SHAWN TURKINGTON

This is Exhibit " A " referred to in the Affidavit of **SHAWN TURKINGTON**, sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

BRITISH COLUMBIA | BC Registry Services

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Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
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1 877 526-1526

BC Company Summary

For

SLP HOLDINGS LTD.

Date and Time of Search: **January 23, 2023 02:21 PM Pacific Time**

Currency Date: September 20, 2022

ACTIVE

Incorporation Number: BC1143478

Name of Company: SLP HOLDINGS LTD.

Business Number: 781693114 BC0001

Recognition Date and Time: Incorporated on December 01, 2017 03:57 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: December 01, 2021

Receiver: No

REGISTERED OFFICE INFORMATION

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This is Exhibit "B" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

BC Registry Services

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BC Company Summary

For

STRUCTURLAM MASS TIMBER CORPORATION

Date and Time of Search: **January 23, 2023 02:24 PM Pacific Time**

Currency Date: September 20, 2022

ACTIVE

Incorporation Number:	BC1143483		
Name of Company:	STRUCTURLAM MASS TIMBER CORPORATION		
Business Number:	781692512 BC0001		
Recognition Date and Time:	Incorporated on December 01, 2017 04:02 PM Pacific Time	**In Liquidation:**	No
Last Annual Report Filed:	December 01, 2021	**Receiver:**	No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
SLP OPERATIONS LTD.	January 05, 2018

REGISTERED OFFICE INFORMATION

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CANADA

This is Exhibit "C" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

Delaware

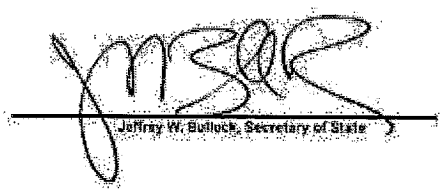
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "STRUCTURLAM MASS TIMBER U.S., INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRD DAY OF FEBRUARY, A.D. 2023.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.





7581391 8300

SR# 20230368477

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202639971

Date: 02-03-23

This is Exhibit " D " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

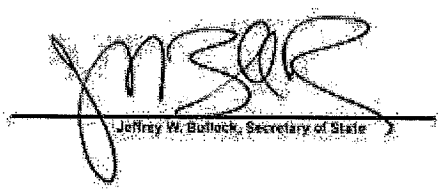
Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "NATURAL OUTCOMES, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRD DAY OF APRIL, A.D. 2023.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.





7668407 8300

SR# 20231265773

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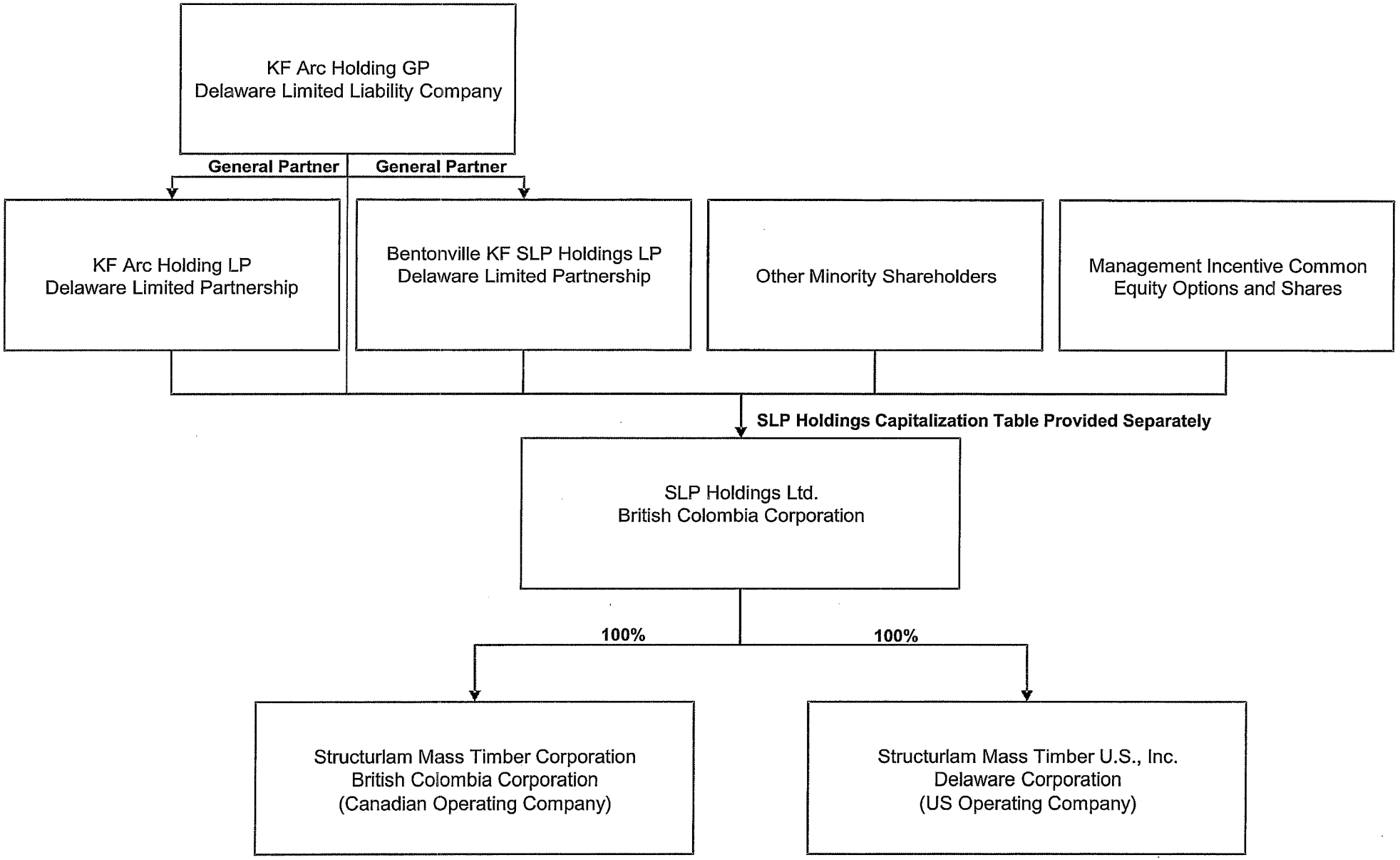
Authentication: 203062109

Date: 04-03-23

This is Exhibit "E" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

Structurlam Structure



This is Exhibit " F " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

LEASE SUMMARY

THIS LEASE SUMMARY is attached to and forms part of the Indenture of Lease dated the 5th day of October, 2012.

BETWEEN:

0867473 B. C. LTD., duly incorporated under the laws of the Province of British Columbia, and having an office at 409 Ellis Street Penticton, British Columbia, V2A 4M1 (Incorporation No. BC0867473)

(The "Landlord")

AND:

STRUCTURLAM PRODUCTS LTD., duly incorporated under the laws of the Province of British Columbia, and having a place of business at 2176 Government Street, Penticton, British Columbia, V2A 8B5 (Incorporation No. BC0124727)

(The "Tenant")

AND:

NOT APPLICABLE

(The "Indemnifier(s)")

AREA OF THE PREMISES:	**14,375 SQUARE FEET**
TERM:	**TWO (2) YEARS**
COMMENCEMENT DATE:	**AUGUST 17TH, 2012**
EXPIRY DATE:	**AUGUST 16TH, 2014**

ANNUAL BASIC RENT:

Commencing:	**AUGUST 17TH, 2012**
and terminating:	**AUGUST 16TH, 2014**

payable as follows:

	PER ANNUM	PER MONTH
PERIOD	**$70,000.00***	**$5,833.33 plus applicable HST**

* In addition, the Annual Basic Rent payable hereunder shall be increased annually on the anniversary date of the Lease by the same percentage that the Canadian Consumer Price Index for Penticton, British Columbia increases in the immediately preceding calendar year. Such increases shall be cumulative, the intent being to have the Annual Basic Rent payments hereunder reflect increases in the cost of living. Notwithstanding this paragraph, this will not apply until there is a renewal after the first two (2) year term of the within Lease.

ADDITIONAL RENT COMMENCES: **JUNE 8TH, 2012**

USE OF PREMISES: **Manufacture of items traditionally manufactured by Structurlam Products Ltd.**

LANDLORD'S ADDRESS FOR RENT PAYMENTS AND NOTICES:

0867473 B.C. LTD.
#101 - 1101 Main Street
Penticton, B. C. V2A 5E6

TENANT'S ADDRESS FOR NOTICES:

STRUCTURLAM PRODUCTS LTD.
#990 - 1040 West Georgia Street
Vancouver, B. C. V6E 4H1

DEPOSIT: **$ 0.00 PLUS HST**

$ 0.00 PLUS HST to be applied against the first month's basic and additional rent;

$ 0.00 PLUS HST as Security Deposit.

SCHEDULES:

SCHEDULE "A" PLAN OF DEMISED PREMISES

SCHEDULE "B" RENEWAL OPTION

SCHEDULE "C" INDEMNIFIER'S COVENANTS

SCHEDULE "D" SPREADSHEET - 2012 TRIPLE NET COSTS

INDUSTRIAL LEASE

THIS LEASE made as of the ____ day of _____, 2012.

BETWEEN:

0867473 B. C. LTD., duly incorporated under the laws of the Province of British Columbia, and having an office at 409 Ellis Street Penticton, British Columbia, V2A 4M1 (Incorporation No. BC0867473)

(The "Landlord")

AND:

STRUCTURLAM PRODUCTS LTD., duly incorporated under the laws of the Province of British Columbia, and having a place of business at 2176 Government Street, Penticton, British Columbia, V2A 8B5 (Incorporation No. BC0124727)

(The "Tenant")

AND:

NOT APPLICABLE

(The "Indemnifier(s)")

1. DEFINITIONS

1.1 The Landlord and the Tenant hereby agree that in this Lease the following words or phrases shall, unless there is something in the context inconsistent therewith, have the meanings hereinafter set out:

1.1.1 "Additional Rent" shall mean:

(a) To the extent such are not paid directly by the Tenant, the Utility Costs and Tenant's Taxes;

(b) the Easement Area Expenses (if applicable);

(c) the Tenant's Proportionate Share of the Operating Expenses; and

(d) all other sums which may be payable to the Landlord

hereunder or reimbursable to the Landlord hereunder, including, without limitation, all interest and penalties payable by the Tenant hereunder, whether or not such sums are referred to as Rent or Additional Rent or otherwise;

but Additional Rent shall not include the Annual Basic Rent.

1.1.2 **"Annual Basic Rent"** shall mean the amount specified as such in the Lease Summary as amended by written agreement of the Landlord and the Tenant from time to time.

1.1.3 **"Area of the Premises"** shall mean the aggregate of the areas specified in the Lease Summary, which areas shall be measured from the exterior face of exterior walls and the centre line of any internal demising walls, without deduction for any columns or projections.

1.1.4 **"Building"** shall mean all buildings and improvements erected on the Land.

1.1.5 **"Commencement Date"** shall mean the date specified as such in the Lease Summary.

1.1.6 **"Common Areas and Facilities"** shall mean all of the Land and the Building including, without limitation, the roof, exterior and interior walls and structural elements including bearing walls, electrical, plumbing, drainage, mechanical, and other installations or services as well as the structures housing the same, fire prevention and communication systems, loading areas, parking areas, driveways, landscaped areas, retaining walls, washrooms (other than washrooms within the Premises or within other premises leased to tenants), and all fixtures, general signs, lighting facilities, improvements, equipment, and installations thereupon or therein which the Landlord provides or designates from time to time for the general use by or for the benefit of the Tenant in common with other tenants and other persons permitted by the Landlord; provided, however, that the Common Areas and Facilities shall exclude all of the Rentable Area, whether or not leased to tenants, and it shall further exclude all areas of the Land with respect to which the Landlord has granted to the Tenant or any other tenant an exclusive easement or an easement in common only with the Landlord. Notwithstanding the foregoing, this Lease does contain some clauses that narrow this definition.

1.1.7 **"Easement Area"** shall mean that portion of the Land, if any, outlined in heavy dark line and crosshatched on the plan attached hereto as

Schedule "A".

1.1.8 **"Easement Area Expenses"** shall mean the costs and expenses which would otherwise be included in the Operating Expenses but which the Landlord, acting reasonably, allocates specifically to the Easement Area (if any).

For the purposes of this Lease, the Tenant is sharing an Easement Area as displayed on **Schedule "A"** attached hereto, with respect to the ground area agreed upon with the adjacent tenant and both parties shall split equally the property taxes and any common area costs associated with it, as defined for clarity in **Schedule "D"** attached hereto. The Landlord has agreed to fence off the area to be used by the Tenant herein.

1.1.9 **"Environmental Laws"** means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements of any governmental authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, health, occupational health and safety or transportation of dangerous goods, including the principles of common law and equity.

1.1.10 **"Expiry Date"** shall mean the date specified as such in the Lease Summary.

1.1.11 **"HST"** means the tax levied under Part IX of the *Excise Tax Act* (Canada) as the same may be amended or substituted from time to time.

1.1.12 **"Hazardous Substance"** or **"Hazardous Substances"** means pollutants, contaminants, deleterious substances, underground or above ground tanks, asbestos materials, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance which is now or hereafter prohibited, controlled or regulated under Environmental Laws.

1.1.13 **"Insurance Costs"** shall mean all premiums and other amounts which the Landlord may expend in effecting or maintaining insurance coverage under the provisions of this Lease.

1.1.14 **"Land"** shall mean all and singular that certain parcel or tract of land described in **Schedule "A"**.

1.1.15 "Landlord" shall mean the owner or the mortgagees in possession for the time being of the Premises only during and with respect to their respective periods of interest in the Premises.

1.1.16 "Landlord's Mortgagees" shall mean any and all existing or proposed mortgagees, debenture holders, and trustees on behalf of mortgagees holding any Mortgages.

1.1.17 "Lease" shall mean this indenture together with the Lease Summary and all schedules attached hereto.

1.1.18 "Leasehold Improvements" means all fixtures (other than the Tenant's trade fixtures), improvements, additions, partitions, equipment, and alterations from time to time made to or installed in the Premises by any person.

1.1.19 "Lease Summary" shall mean the pages attached to and forming part of this Lease and headed "Lease Summary".

1.1.20 "Management Fees" shall mean an amount established for direct supervision and management, such Management Fee to be paid in equal monthly instalments on the first day of each month during the Term as part of the Operating Expenses. For the term of this Lease the Management Fees shall be **FIVE (5%) PERCENT** for managing the operating expense triple net portion of this Lease only.

1.1.21 "Mortgages" shall mean all mortgages, debentures, deeds of trust, and mortgages securing bonds and all instruments and indentures supplemental thereto which may now or hereafter charge the Land and Premises, and all renewals, modifications, consolidations, replacements, and extensions thereof.

1.1.22 "Operating Expenses" shall mean all expenses in connection with the operation and maintenance of all or any portion of the Land, the Building, and the Premises and, without restricting the generality of the foregoing, which are to be borne by the Tenant and as defined elsewhere and shall include:

(a) The Taxes;

(b) the Insurance Costs;

(c) all charges for water, gas, electricity, and other utilities and services used on or in respect of any part of the Land and the

Building and all fittings, machines, apparatus, meters, and any other thing leased in respect thereof, and all work and services performed by any corporation, authority, or commission in connection with such utilities, but excluding Utility Costs;

(d) salaries and wages (including employee benefits and workers' compensation assessments), and all independent service contract and supplies incurred in cleaning, maintenance, garbage collection and disposal, operation, security, landscape repair and maintenance, snow removal, and traffic control;

(e) repairs and maintenance of all or any portion of the Land and the Building, including without limitation the Common Areas and Facilities;

(f) consultant's fees as required from time to time and the costs and fees incurred in the preparation of any audit of Operating Expenses, and incurred by the Landlord for legal proceedings taken in order to protect or preserve the general wellbeing of the tenants of the Building or their use and enjoyment of the Building, or to enforce covenants in any leases as they affect the general wellbeing of the tenants of the Building;

(g) capital improvements required pursuant to any governmental law or regulation which were not required at the time of construction of the Building, capital improvements which in the opinion of the Landlord will reduce projected Operating Expenses, and all other capital improvements deemed necessary by the Landlord for periodic repair or replacements, all amortized over the useful life of the improvements as determined by the Landlord in accordance with generally accepted accounting principles, plus the cost of purchasing any extended warranties, but excluding any costs of repairs to structural elements of the Building, except for any repairs required as a result of damage caused by the negligence of the Tenant. With respect to the roof, the Landlord shall have the sole determination as to whether or not the roof envelope shall be repaired or replaced. If the Landlord deems in its sole discretion that the roof shall be repaired, those costs shall be part of the operating expenses. In the further event that the Landlord determines that the whole roof needs to be replaced, the Landlord shall bear the cost solely;

(h) an amount equal to the difference between the proceeds of

insurance payable to the Landlord in respect of the damage or destruction of the Building and the costs and expenses to repair, rebuild, and make fit the Building to the extent of any deductible contained in any insurance policy effected by the Landlord pursuant to its covenant to insure herein contained;

(i) the Management Fee; and

(j) HST or other Sales Taxes on goods and services provided by or on behalf of the Landlord;

but Operating Expenses shall not include interest on the Landlord's debt, capital retirement of the Landlord's debt, costs incurred in leasing or procuring new tenants, the Easement Area Expenses if the Landlord requires the Tenant to pay such amounts separately from the Operating Expenses, or any other expenses with respect to easement areas on the Land which the Landlord requires any other tenant to pay separately from the Operating Expenses.

1.1.23 **"Operating Year"** shall mean a **twelve (12) month period** which shall be established by the Landlord from time to time, commencing on the first day of a month in any calendar year and ending on the last day of the 12th following month, provided that the first operating period shall commence on the Commencement Date and end on the last day of the Landlord's designated Operating Year next following and the last operating period shall terminate to coincide with the Expiry Date.

1.1.24 **"Premises"** shall mean the portion of the Building shown outlined in heavy dark lines and identified as "Premises" on the plan attached hereto as **Schedule "A"**, together with the Leasehold Improvements. Once the Tenant accepts the Premises for occupancy, the Tenant shall be deemed to agree with and accept the dimensions as calculated.

1.1.25 **"Prime Rate"** means the rate of interest, expressed as an annual rate, at the relevant time to times, established by the RBC Royal Bank of Canada at its main branch in Penticton, British Columbia, as a reference rate for commercial loans in Canadian dollars to its best commercial customers and commonly referred to by the RBC Royal Bank of Canada as its "prime rate".

1.1.26 **"Relative Portion"** shall mean, with respect to any amount payable under this Lease, that fraction which has as its denominator the period of time expressed in days in respect of which an amount

payable hereunder is calculated and which has as its numerator the number of days within the same calculation period, but which fall within the Term or any renewal period.

1.1.27 "Release" includes release, spill, leak, pump, pour, emit, discharge, eject, escape, leach, dispose, or dump.

1.1.28 "Rent" shall mean the Annual Basic Rent and the Additional Rent.

1.1.29 "Rentable Area" shall mean the total area expressed in square feet or its metric equivalent of space set aside by the Landlord for leasing to tenants of the Building, as may be amended by the Landlord from time to time, and for the purposes of this Lease the parties agree that the total rentable area shall be **FORTY SIX THOUSAND THREE HUNDRED SEVENTY (46,370) SQUARE FEET** on the first floor, which includes a common area bathroom of **THREE HUNDRED NINETY-EIGHT (398) SQUARE FEET** which the Tenant shall be proportionately responsible for the cleaning and maintenance of all or a portion thereof which they use and it is understood and agreed should there be any dispute, the Landlord shall make the appropriate decision in his own judgment as to who is responsible and which decisions shall be final. The Landlord has not calculated in the total square footage of the second floor of the building any second floor costs, that area being a total of **FIVE THOUSAND (5,000) SQUARE FEET**, and the Landlord shall be responsible for that area as the space is not useful at the present time.

To further clarify this and as an example, the property taxes, insurance and any other triple net expenses included in the Lease shall be calculated as follows:

(a) **NINETY-FIVE (95%) PERCENT** of the building value will be allocated to the main floor resulting in **FIVE (5%) PERCENT** being allocated to the second floor of the building; and

(b) for the purposes of this Lease, the Tenant's costs will be determined by their total percentage of square feet, divided by the total square feet used for the main floor in accordance with **Schedule "A"** attached hereto.

1.1.30 "Roof" shall mean the roof membrane, roof insulation, and roof deck of the Building.

1.1.31 "Sales Taxes" shall mean any and all taxes, fees, levies, charges,

assessments, rates, duties, and excises (whether characterized as sales taxes, purchase taxes, goods and services taxes, or any other form) which are imposed on the Landlord, which the Landlord is liable to pay or which the Landlord is liable to collect and remit, and which are levied, rated, or assessed on the act of entering into this Lease or otherwise on account of this Lease, on the use or the occupancy of the Premises or any portion thereof, on the Rent payable under this Lease or any portion thereof, or in connection with the business of renting the Premises or any portion thereof, including, without limitation, HST, provided, however, that Sales Taxes shall exclude all of the following:

(a) Income tax as it existed on the Commencement Date;

(b) the Tenant's Taxes;

(c) the Taxes; and

(d) Corporation Capital Tax.

1.1.32 "Sign" shall mean any sign, picture, notice, lettering, direction, or other advertising or informational device of whatever nature.

1.1.33 "Taxes" shall mean all taxes, fees, levies, charges, assessments, rates, duties, and excises which are now or may hereafter be levied, imposed, rated, or assessed upon or with respect to the Land or the Building or any part thereof or any personal property of the Landlord used therefor, whether levied, imposed, rated, or assessed by the government of Canada, the government of British Columbia, or any political subdivision, political corporation, district, municipality, city, or other political or public entity, and whether or not now customary or in the contemplation of the parties on the date of this Lease. Without restricting the generality of the foregoing, Taxes shall include all:

(a) Real property taxes, general and special assessments, and capital taxes;

(b) taxes, fees, levies, charges, assessments, rates, duties, and excises for transit, housing, schools, police, fire or other governmental services, or for purported benefits to the Land or the Building;

(c) local improvement taxes, service payments in lieu of taxes, and taxes, fees, levies, charges, assessments, rates, duties,

and excises, however described, that may be levied, rated, or assessed as a substitute for, or as an addition to, in whole or in part, any property taxes or local improvement taxes; and

(d) costs and expenses, including legal and other professional fees and interest and penalties on deferred payments, incurred by the Landlord in *[successfully]* contesting or appealing any taxes, assessments, rates, levies, duties, excises, charges, or other amounts as aforesaid;

but Taxes shall exclude all of the following:

(a) Income tax as it existed on the Commencement Date;

(b) the Tenant's Taxes;

(c) the Sales Taxes; and

(d) corporation capital tax.

1.1.34 "Tenant's Proportionate Share" shall mean the percentage calculated to the second decimal place, which percentage is equivalent to a fraction having as its numerator the Area of the Premises expressed in square feet or the metric equivalent thereof and having as its denominator the Rentable Area expressed in the same form of measurement as the numerator, provided that the percentage shall be changed in the event of a change to the Rentable Area or the Area of the Premises.

1.1.35 "Tenant's Taxes" shall mean all taxes, fees, levies, charges, assessments, rates, duties, and excises which are now or may hereafter be levied, imposed, rated, or assessed by any lawful authority relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture, and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of the Leasehold Improvements or other improvements to the Premises built, made, or installed by the Tenant, on behalf of the Tenant or at the Tenant's request, whether any such amounts are included by the taxing authority in the Taxes.

1.1.36 "Term" shall mean the term specified in the Lease Summary.

1.1.37 **"Transfer"** shall mean any transfer, assignment, charge, mortgage, sublease, licence, sharing of possession, parting with possession or any other disposition of this Lease or any estate or interest therein or the Premises or any part thereof, including without limitation a transfer by operation of law.

1.1.38 **"Transferee"** shall mean any person to whom a Transfer is made or intended to be made.

1.1.39 **"Utility Costs"** shall mean all charges for water, gas, telephone, electric light and power, and all other utilities and services used on or in respect of the Premises, or any part thereof, whether separately metered to the Premises or as allocated by the Landlord, acting reasonably to the Premises together with all costs and charges for all fittings, machines, apparatus, meters, and any other thing leased or supplied in respect thereof and all costs and charges for all work and services performed by any corporation, authority, or commission in connection with such utilities and services in respect of the Premises, whether separately charged to the Premises or allocated by the Landlord, acting reasonably, to the Premises. Notwithstanding the foregoing, any meters relating to power and gas are only read twice a year by the utility companies. The Landlord will calculate an estimated amount and adjust the same with the Tenant on a monthly basis as required. Any remaining required adjustments for the Tenant will be adjusted directly between the parties annually.

2. DEMISE

In consideration of the rents, covenants, conditions, and agreements hereinafter respectively reserved and contained, the Landlord hereby leases to the Tenant the Premises, subject to the easements and rights-of-way now registered against the title to the Land and any future easements and rights-of-way which may be registered against title to the land in accordance with **clause 7.2.**

3. TERM

The Tenant shall have and hold the Premises, subject to the exceptions and reservations aforesaid, unto the Tenant for the Term from and including the Commencement Date until and including the Expiry Date.

4. RENT

4.1 Annual Basic Rent and Additional Rent

The Tenant shall pay to the Landlord during the Term the following Rent payable at the Landlord's address specified in the Lease Summary or at such other place as the Landlord may from time to time designate in writing, in the following instalments:

(a) The Annual Basic Rent (plus applicable HST) payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls; and

(b) the Additional Rent payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls, unless indicated otherwise in this Lease.

4.2 To Pay

The Tenant shall pay the Annual Basic Rent and Additional Rent when due in accordance with the provisions of this Lease.

4.3 No Abatement

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease shall be paid by the Tenant without demand, deduction, set-off, or abatement whatsoever, except as specifically provided in **subclause 10.1(a)**. The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord may see fit, regardless of any designation or instructions by the Tenant to the contrary.

4.4 Post-Dated Cheques

The Tenant covenants and agrees that the Tenant shall deliver to the Landlord prior to the commencement of each Operating Year a series of post-dated cheques each in the amount of the monthly instalments of the Annual Basic Rent (plus HST applicable thereon) and the Additional Rent for that Operating Year.

4.5 Adjustment

If the Term shall commence or cease on a day other than the commencement of or the end of any period of time in respect to which any amount payable hereunder is calculated, then the Tenant shall pay to the Landlord its Relative Portion of such amount for such period of time. Without limiting the generality of the foregoing, if the Term does not subsist during the whole of any calendar year, the Tenant shall pay the Relative Portion of the Tenant's Proportionate Share of the estimated and actual Operating Expenses for such Operating Year.

4.6 Accrual of Annual Basic Rent

The Annual Basic Rent shall accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent shall survive the termination or expiry of this Lease and such amounts shall be payable by the Tenant upon demand by the Landlord.

4.7 Net Lease

It is the intention of the parties that this Lease shall be a net lease and that the Annual Basic Rent provided to be paid to the Landlord hereunder shall be net to the Landlord and shall yield to the Landlord the entire such rental during the Term and any renewal thereof without abatement for any cause whatsoever except as set forth in **subclause 10.1(a)**. Save as specifically set forth in this Lease, all costs, expenses, and obligations of every kind and nature whatsoever relating to the Premises whether or not herein referred to and whether or not of a kind now existing or within the contemplation of the parties, shall be paid by the Tenant, with the exception of structural repairs except where caused by the Tenant's actions.

4.8 Sales Taxes

The Landlord will, acting reasonably, estimate the amount of Sales Taxes, if any, to be paid in advance with monthly payment of Rent for the period to which the estimate applies; and any necessary adjustment will be made in the same manner as set out in **clause 5.2**. Amounts payable by the Tenant as Sales Taxes will not be deemed to be Rent or Additional Rent, but the Landlord will have the same rights and remedies for nonpayment of Sales Taxes as it has for nonpayment of Rent.

5. ADDITIONAL RENT

5.1 Estimated Expenses

The Landlord shall have the right to make reasonable estimates of the amount of any or all of:

(a) The Additional Rent for each Operating Year during the Term; and

(b) the Easement Area Expenses (if any) for each Operating Year during the Term.

5.2 Payment

The Tenant shall pay to the Landlord in equal monthly instalments on the first day of each month during each Operating Year the Additional Rent or any portion thereof as estimated by the Landlord for the Operating Year which falls in whole or in part within the respective Operating Year. In the event that the Tenant makes any overpayment to the Landlord on account of any Additional Rent payable under this **Article 5** during any Operating Year, the Tenant shall be entitled to a credit or a refund, at the Landlord's option, to the Tenants account in respect of the payment of such item of Additional Rent for the next succeeding Operating Year. Upon the expiry of the Term and any renewal thereof and the fulfilment by the Tenant of all of its obligations under this Lease, any remaining credit shall be refunded to the Tenant.

5.3 Landlord's Certificate

A certificate of an officer of the Landlord as to the actual Additional Rent or any portion thereof for any Operating Year shall be final and binding upon the Tenant and the Landlord.

6. TENANT'S TAXES AND UTILITY COSTS

6.1 Payment

The Tenant shall promptly pay to the Landlord or the applicable utility providers the Tenant's metered electrical and gas costs plus any other utilities as they become due.

6.2 Evidence of Payment

The Tenant shall provide to the Landlord, when and if requested by the

Landlord, receipts for payments made by the Tenant in respect of the Tenant's Taxes and the Utility Costs.

7. USE OF PREMISES

7.1 Use of Premises

The Tenant shall not use the Premises or the Easement Area nor allow the Premises or the Easement Area to be used for any purpose other than that specified in the Lease Summary, nor any manner inconsistent with such use and occupation, and the Tenant shall not, at any time during the Term or any renewal thereof, commit or suffer to be committed any waste upon the Premises or the Easement Area, nor shall the Tenant use, exercise, carry on, or permit, or suffer to be used, exercised, or carried on, in, or upon the Premises or the Land, or any part thereof, any noxious, noisome, or offensive art, trade, business, occupation, or calling, or keep, sell, use, handle, or dispose of any merchandise, goods, or things which are objectionable, or by which the Premises or the Land or any part thereof may be damaged or injuriously affected, and no act, matter, or thing whatsoever shall, at any time during the Term or any renewal thereof, be done in or upon the Premises or the Land or any part thereof which may result in annoyance, nuisance, grievance, damage, or disturbance to other tenants or occupiers of the Building or to the occupiers or owners of any other lands or premises or to the holders of any registered easement, right of way, or other encumbrance charging the whole or part of the Land or the Building. The Tenant shall use its best efforts to prevent anything being done on the Premises other than the Premises being picketed or otherwise subjected to industrial action or demonstrations. The Tenant shall forthwith take all action and proceedings reasonably necessary to cause such picketing, industrial action, and demonstrations to cease without delay. The Tenant shall not place in the Premises any heavy machinery or equipment without first obtaining the consent, in writing, of the Landlord. The Tenant shall immediately advise the Landlord of the presence of, and shall do all things necessary to remove, any dangerous condition from time to time existing on the Premises, the Building, or the Land, and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is, at law, responsible.

7.2 Common Areas and Facilities

(a) The use and occupation of the Premises by the Tenant shall include the non-exclusive licence to use, in common with others entitled thereto, the Common Areas and Facilities, subject to this Lease and to the exclusive control, management, and direction of the Landlord.

The Landlord hereby grants to the Tenant:

(i) an easement appurtenant to and for the benefit of the Premises, during the subsisting Term and any renewal thereof, in common only with the Landlord, to enter on the Easement Area with or without vehicles and equipment to pass and repass over the Easement Area with or without vehicles and equipment, and to use the Easement Area for the purpose of storage and distribution of materials and products used in connection with the business carried on by the Tenant in the Premises, provided, however, that the use of the Easement Are by the Landlord shall not interfere with the use of the Easement Area by the Tenant; and

(ii) a non-exclusive licence, during the subsisting Term and any renewal thereof, in common with all others entitled thereto, to pass and repass with or without vehicles over those areas of the Land as the Landlord may from time to time designate in writing, and to use, for the parking of motor vehicles, those parking spaces on the Land as the Landlord may from time to time designate in writing for the use of the Tenant;

provided, however, that the easement and licence herein granted shall be subject to the charges, reservations, and exceptions set forth in **Article 2** of this Lease. Notwithstanding the foregoing grant of easement and licence by the Landlord to the Tenant, the Landlord shall have the right to alter the location and size of the Easement Area and the areas which are the subject of the said licence, provided that reasonable access to the Premises is provided to the Tenant and the size and convenience of the Easement Area is not materially adversely affected.

(b) The Common Areas and Facilities shall at all times be subject to the exclusive control and management of the Landlord and shall be provided or designated by the Landlord from time to time for the general use by or for the benefit of the Tenant and its employees, invitees, and licensees in common with the other tenants of the Landlord and such others as may be designated by the Landlord. The Landlord has the right from time to time to establish, modify, and enforce rules and regulations with respect to the Common Areas and Facilities, including those related to their use, maintenance, and operation, and the rules and regulations in all respects shall be observed and performed by the Tenant and the employees, invitees, and licensees of the Tenant. The Landlord has the right to change

the area, level, location, and arrangement of the Common Areas and Facilities and to enter into, modify, and terminate easements and agreements pertaining to the use and maintenance thereof, and to police the Common Areas and Facilities and to close all of any portion thereof to such an extent as may in the reasonable opinion of the Landlord be legally sufficient to prevent the accrual or creation of rights to any person or the public therein, and to do and perform such other acts and things in and to the Common Areas and Facilities as the Landlord, acting reasonably, considers advisable.

(c) The Tenant covenants that it shall and shall cause its employees, licensees, and invitees to observe all regulations made by the Landlord from time to time with respect to parking on those portions of the Land provided for that purpose, and that the Tenant shall supply automobile licence numbers of its employees to the Landlord upon request. In particular, the Landlord reserves the right to remove any automobile infringing regulations made by the Landlord with respect to parking from time to time, such removal to be at the risk and expense of the Tenant.

(d) It is understood and agreed that notwithstanding anything herein to the contrary, the Landlord shall have the right at all times and from time to time throughout the Term and renewal to:

(i) change the area, size, or arrangement of the Building and the Land and any part thereof including the Common Areas and Facilities;

(ii) construct other buildings, structures, or improvements on the Land and make alterations thereof, additions thereto, or rearrangements thereof, demolish parts thereof, build additional stories on the Building (and for such purposes to construct and erect columns and support facilities in the Building), and construct additional buildings or facilities adjoining or proximate to the Building;

(iii) relocate or rearrange or make changes or additions to the Common Areas and Facilities from those existing at the Commencement Date in order to facilitate expansion or alteration of the Building;

(iv) add additional lands to the Land;

(v) grant new easements and rights of way in favour of other

tenants or others; and

(vi) temporarily obstruct or close off the Common Areas and Facilities or any parts therefor for the purposes of maintenance, repair, or construction;

provided, however, that the Landlord shall not unreasonably interfere with the use and enjoyment of the Premises beyond the extent necessarily incidental to such changes, additions, and installations, and shall make good any physical damage to the Premises arising in the course of such changes, additions, and installations. The Landlord agrees to use its reasonable efforts to complete all construction, alterations, maintenance, and repairs as expeditiously as possible under the circumstances.

(e) The Tenant shall not have any right to object to nor any right to any claim of damages, compensation, or other sums whatsoever, nor any right of set-off or reduction of the Rent as a result of or on account of any exercise of the Landlord's rights under **subclauses 7.2(b) and 7.2(d)**. It is further understood and agreed that the exercise by the Landlord of its rights set forth in **subclauses 7.2(b) and 7.2(d)** shall not be deemed to be constructive or actual eviction of the Tenant, nor a breach of any covenant of quiet enjoyment or other covenant contained in this Lease.

7.3 Compliance with Laws

The Tenant shall do, observe, and perform all of its obligations and all matters and things necessary or expedient to be done, observed, or performed by the Tenant by virtue of any law, statute, bylaw, ordinance, regulation, or lawful requirements of any governmental authority or any public utility lawfully acting under statutory authority, and all demands and notices in pursuance thereof whether given to the Tenant or the Landlord and in any manner or degree affecting the exercise of fulfilment of any right or obligation arising under or as a result of this Lease and affecting the Premises and the use thereof by the Tenant. If any such demand or notice is given lawfully requiring the execution of works by reason of anything done, omitted, or permitted by the Tenant, then:

(a) If such notice is given to the Tenant, the Tenant shall forthwith deliver the same or a true copy thereof to the Landlord and the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord may approve in writing in order to comply with the

requirements of that notice; and

(b) if such notice is given to the Landlord, the Landlord shall notify the Tenant and thereupon the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord and the person giving such notice may require in order to comply with the requirements of the said notice.

Notwithstanding the foregoing, the Landlord shall have the right to execute any such works and the Tenant shall afford to the Landlord all necessary access to the Premises and other facilities for such purpose and the Tenant shall, on demand by the Landlord, pay to the Landlord all costs and expenses incurred by the Landlord in executing and performing any all such works.

For the purposes of this **clause 7.3** as it relates to the Premises and for further clarification, the Tenant shall not be responsible for upgrading the building to new code standards unless it is directly as a result of the Tenant's activities on the Premises.

8. INDEMNITY AND INSURANCE

8.1 Tenant's Insurance

(a) The Tenant shall, at its sole cost and expense during the Term and during such other period of time that the Tenant occupies the Premises, take out and maintain in full force and effect, the following:

(i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, Leasehold Improvements, and other property of every kind and description located at the Premises, owned by, or made or installed by or on behalf of the Tenant and any subtenant or licensee or for which the Tenant is responsible or legally liable, in an amount at least equal to the full insurable value thereto, calculated on a stated amount co-insurance and replacement cost basis;

(ii) automobile liability insurance to a limit of liability of not less than **$2,000,000.00** in any one accident, covering all licenced motor vehicles owned by the Tenant and used in connection with its and its licensee's or subtenant's business carried on from the Premises;

(iii) comprehensive bodily injury and property damage liability insurance applying to the operations of the Tenant and its licensee or subtenant carried on from the Premises and which shall include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile liability, and protective liability coverage with respect to the occupancy of the Premises by the Tenant; and such insurance shall be written for an amount of not less than **$5,000,000.00** per occurrence, or such higher amount as the Landlord may from time to time reasonably require;

(iv) tenant's all-risks legal liability insurance in an amount not less than the replacement cost of the Premises;

(v) broad form comprehensive boiler and machinery insurance on all boilers and pressure vessels in the Premises;

(vi) business interruption insurance in such amounts as well reimburse the Tenant for direct or indirect loss of earnings attributable to all perils required to be insured against by the Tenant hereunder; and

(vii) any other form or forms of insurance as the Landlord may reasonably require from time to time in amounts and for perils against which a prudent tenant acting reasonably would protect itself in similar circumstances.

(b) All policies of insurance referred to in this paragraph shall include the following provisions:

(i) the policies shall not be affected or invalidated by any act, omission, or negligence of any person which is not within the knowledge or control of the insured thereunder;

(ii) subject to **subclause 10.1(b)**, all property damage policies written on behalf of the Tenant shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any insured loss or damage is caused by the act, omission, or negligence of the Landlord, or any those for whose acts the Landlord is, in law, responsible, or otherwise;

(iii) all policies of liability insurance shall include the Landlord and

any persons, firms, or corporations affiliated with the Landlord and designated by the Landlord as additional insureds and shall provide that each person, firm, or corporation insured under such policies shall be insured in the same manner and to the same extent as if separate policies had been issued to each; and

(iv) all policies shall contain an undertaking by the insurers to give the Landlord not less than **thirty (30) days' prior written notice** of any cancellation or other termination thereof, or any change which restricts or reduces the coverage afforded thereby.

(c) The Tenant agrees that certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy shall be delivered to the Landlord as soon as practicable after the placing thereof. The Tenant shall, when required by the Landlord, forthwith provide to the Landlord evidence that all premiums for all insurance policies have been paid.

(d) For good and valuable consideration, and subject to **clause 8.4**, the Tenant does hereby release and relieve the Landlord and those persons for whom the Landlord is, in law, responsible, from liability and responsibility for, and waives its entire claim for recovery of any loss or damage whatsoever arising out of or incident to, the occurrence of any of the perils covered by, or which would be covered by, the insurance policies which the Tenant is obligated to obtain and maintain in force under the terms of this Lease.

(e) The Tenant shall not do or permit anything to be done upon the Premises whereby any policy of insurance against loss or damage to the Premises or against legal liability for damage to persons or property caused by the ownership, maintenance, use, or occupancy of the Premises, the Land, or the Building, or by reasons of the conduct of any business carried on thereon, may be invalidated; and for such purpose, upon receipt of notice in writing from any insurer of the Premises, the Land, or the Building requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant shall comply therewith.

(f) The Tenant agrees that if the Tenant fails to take out or keep in force any insurance coverage referred to in this **clause 8.1**, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not rectify the situation within

seventy-two (72) hours after written notice by the Landlord to the Tenant setting forth the Landlord's objections, then the Landlord shall have the right, without assuming any obligation in connection therewith, to effect such insurance coverage and shall have the right to recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to **clause 8.1**.

8.2 Indemnify Landlord

The Tenant shall indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind (including without limitation legal fees on a solicitor and client basis) which the Landlord may sustain, incur, or be put to by reason of or arising out of any act or omission of the Tenant or any persons for whom the Tenant is, at law, responsible, or from the use or occupation of the Premises, the Land, or the Building, in whole or in part and, without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant or any persons for whom the Tenant is, at law, responsible of any of the obligations imposed under the provisions of any laws, ordinances, regulations, or requirements of any federal, provincial, municipal, or other authority, or any of the covenants, agreements, terms, conditions, and provisos contained in this Lease to be observed and performed by the Tenant; and such liability to indemnify and save harmless shall survive any termination of this Lease and the expiry of the Term or any renewal hereof, anything in this Lease to the contrary notwithstanding.

8.3 Landlord's Insurance

(a) The Landlord shall, during the Term and any renewal thereof, take out and maintain in full force and effect insurance against all risks of physical loss or damage to the Building, and such fixtures and improvements as the Landlord shall determine, including the perils of flood and earthquake and including gross rental value insurance, in amounts equal to the full insurable value thereof calculated on a replacement cost basis, and subject to such deductibles as the Landlord may reasonably determine. Provided, however, that the full insurable value shall not include, and the insurance shall not cover, any property of the Tenant, whether owned by the Tenant or held by it in any capacity, nor Leasehold Improvements nor any other property of whatsoever kind and description located at the Premises whether made or installed by or on behalf of the Tenant. The Landlord shall, upon **thirty (30) day's written notice** from the Tenant, advise the Tenant of the amount of the deductible referred to in this subclause.

(b) The Landlord shall, upon written request by the Tenant, provide the Tenant with evidence from time to time that such insurance has been effected.

(c) The Landlord may, but shall not be obligated to, take out and carry any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may consider advisable or beneficial, including, without limiting the foregoing, comprehensive liability insurance and boiler and machinery insurance.

(d) Notwithstanding any contribution by the Tenant to any Insurance Costs as provided for herein, no insurable interest shall be conferred upon the Tenant under policies carried by the Landlord.

8.4 Limitation of Liability of Landlord

(a) The Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or those doing business with it on the Premises, in the Building, or on the Land, no matter how caused, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and the Tenant:

(i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and

(ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.

(b) Without limiting the foregoing, the Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or invitees on the Premises, in the Building, or on the Land caused by theft or breakage or by steam, water, rain, snow, radioactive materials, microwaves, deleterious substances, gases, pollutants, or any other materials or substances which may leak into, or issue or flow from any

neighbouring lands or adjacent premises, or from the water, steam, or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring, or any damage caused or anything done or omitted to be done by any other tenant or occupant of the Land except to the extent caused by the negligence of the Landlord or by those persons for whom the Landlord is, in law, responsible; and the Tenant:

(i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and

(ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.

9. MAINTENANCE, REPAIRS, AND ALTERATIONS

9.1 Repair by Tenant

The Tenant shall, at all times during the Term and any renewal thereof and at its own expense, promptly repair, decorate, clean, renew, and maintain the Premises and the Easement Area in a reasonable operating condition, excluding repairs required by reasonable wear and tear, but including without limiting the foregoing, the interior walls, and the floor of the Premises, and all other fixtures, machinery, facilities, equipment, and appurtenances installed by the Tenant or installed by the Landlord as part of the Building and directly servicing the Premises or any part thereof and not comprising part of the Common Areas and Facilities. The Tenant shall be responsible in addition, for keeping any garbage properly contained, and to keep any parking area adjacent to their premises or leased area outside the Premises under their control properly maintained and clean at all times including ensuring snow is properly removed. The Tenant shall give notice to the Landlord of any accidents, damage nuisance, obstructions, or required repairs in and to the Premises, the Building, or the Easement Area within **twenty-four (24) hours** of the Tenant's knowledge thereof. The Tenant shall also heat the Premises in a reasonable manner so as to prevent any damage thereto by reason of frost or moisture. At the end or sooner termination of the Term or any

renewal thereof the Tenant shall yield up to the Landlord, without notice from the Landlord, the Premises and Easement Area including all fixtures, repaired, decorated, paved, cleaned, renewed, and maintained in the condition required under this Lease. Without limiting the generality of the foregoing, the Tenant shall repaint all internal work of the Premises which the Landlord may from time to time require to be repainted, such repainting to be done by the Tenant during every fifth year of the Term and any renewal thereof and also during the earlier of:

(a) The last year of the Term or any renewal thereof; or

(b) the **thirty (30) day** period immediately following the termination or surrender of this Lease.

All repainting shall be in accordance with reasonable specifications approved by the Landlord and shall be completed to the reasonable satisfaction of the Landlord.

Notwithstanding else contained within this **clause 9.1**, the repainting shall only apply to the interior of the Premises, and only to such an extent to bring the interior of the Premises back to the same state as it was at the commencement of this Lease.

9.2 Repair on Notice

(a) The Tenant shall permit the Landlord and its duly authorized against or nominees, with or without workers and others, at all reasonable times to enter upon the Premises for the purpose of examining the state of repair, condition, and use thereof, and to permit such entry after the Landlord shall have given **twenty-four (24 hours' notice** in writing to the Tenant of such intended entry and examination, or without notice in the event of an emergency or a perceived emergency, and in every case the Tenant shall afford the Landlord all aid and facilities in such entry and examination, and upon notice in writing of defect or want of repair being given by the Landlord to the Tenant, to cause the same to be repaired, as required by **clause 9.1**, within **thirty (30) days** from the date of the giving of such notice by the Landlord. If the Tenant shall at any time default in the performance or observance of any of the covenants in this Lease for or relating to the repair, maintenance, cleaning, renewal, or decoration of the Premises or any part thereof and such default shall continue for **thirty (30) days** after notice in writing from the Landlord of default in respect of repair, maintenance, cleaning, renewal, or decoration of the Premises, then the Tenant shall permit the Landlord

and its duly authorized agents and nominees, with or without workers and others, and without prejudice to the Landlord's right of re-entry, to enter into and upon the Premises and repair, decorate, clean, renew, and maintain the same at the expense of the Tenant; and the Tenant shall afford the Landlord all aid and facilities in doing or causing the same to be done and shall repay to the Landlord on demand all costs and expenses in respect of such repairs, maintenance, cleaning, renewal, and decoration as aforesaid.

(b) The Tenant shall pay to the Landlord administration charges of the Landlord in the sum of **fifteen (15%) percent** of the total cost of any work specifically completed by the Landlord on behalf of the Tenant, such work being deemed to be the responsibility of the Tenant.

9.3 Business and Trade Fixtures

The Tenant may install its usual business and trade fixtures in the usual manner in the Premises, provided such installation does not damage the Premises or the Building and provided further that, if requested by the Landlord, the Tenant shall have submitted to the Landlord plans and specifications for such business and trade fixtures and obtained the prior written consent of the Landlord thereto, which consent shall not be unreasonably withheld. The Tenant shall not mortgage, charge, encumber, or grant a security interest in its business and trade fixtures in stalled in or on the Premises without the prior written consent of the Landlord, which consent may be unreasonably withheld. All business and trade fixtures owned or installed by the Tenant in or on the Premises shall remain the property of the Tenant and shall be removed by the Tenant at the expiration of the Term or any renewal thereof or at the sooner termination thereof, provided that the Tenant at its expense shall repair any damage to the Premises, the Land, or the Building caused by such removal. Such removal by the Tenant shall be permitted provided that the Tenant is not in default under any covenant or agreement contained herein at the time of such removal; and if in default, the Landlord shall have a lien on the Tenant's business and trade fixtures as security against loss or damage resulting from any such default by the Tenant, and the Tenant's business and trade fixtures shall not be removed by the Tenant until such default is cured, unless otherwise directed by the Landlord. The Landlord may elect to require the Tenant to remove all or any part of the business and trade fixtures owned or installed by or on behalf of the Tenant at the expiration or termination of the Term or any renewal thereof, in which event such removal shall be done at the Tenants expense and the Tenant shall, at its expense, repair any damage to the Premises, the Building, and the Land caused by such removal. If the Tenant does not remove its business and trade fixtures forthwith after written demand by the

Landlord, such property shall, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant and the cost of such removal shall be paid by the Tenant forthwith to the Landlord on written demand, and the Landlord shall not be responsible for any loss or damage to such property as a result of such removal.

9.4 Alterations and Additions

The Tenant shall not remove, alter, or change the position or style of, or add to, the Premises or any part thereof, or make any excavations on the Land, without in any and every such case having first submitted plans and specifications thereof to the Landlord and having obtained the prior written consent of the Landlord thereto, and, unless otherwise provided by such consent, all such alterations, additions, erections, or excavations shall be done either by or under the direction of the Landlord, as the Landlord may determine, but at the cost of the Tenant. All work shall be done in a good and workmanlike manner by contractors or tradespeople approved in writing by the Landlord. The Tenant shall pay to and reimburse the Landlord forthwith on demand for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant shall obtain and pay for all required building and occupancy permits in respect of its work as aforesaid. The Tenant shall, at its own cost and expense, take out or cause to be taken out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed.

9.5 Leasehold Improvements

Any and all Leasehold Improvements, but not Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord or a previous occupant of the Premises, shall immediately upon such placement become, and shall thereafter remain, the property of the Landlord without compensation therefor to the Tenant. Notwithstanding anything herein contained, the Landlord shall be under no obligation to repair, maintain, replace, or insure the Leasehold Improvements. The Landlord may elect that any or all Leasehold Improvements made or installed by or on behalf of the Tenant under this Lease, or under the provisions of any previous lease to the Tenant, be removed at the expiry or earlier termination of the Term or any renewal thereof, and it shall be the Tenant's obligation to restore the Premises to the condition in which they were prior to the installation of the Leasehold Improvements. Such removal and restoration shall be at the sole expense of the Tenant. The Tenant shall not

mortgage, charge, encumber, or grant any security interest in any Leasehold Improvements made or installed by or on behalf of the Tenant hereunder.

9.6 Landlord's Repairs

Subject to **clauses 4.1, 4.2, 5.2, 9.1 and Article 10**, the Landlord shall repair and maintain the Land and the Building, including without limitation the Common Areas and Facilities.

10. DAMAGE, DESTRUCTION, OR EXPROPRIATION OF THE PREMISES

10.1 Damage and Destruction

(a) If the Premises are damaged by fire or other casualty which renders all of the Premises or a substantial area of the Premises unusable by the Tenant and material adversely affects the business carried on by the Tenant on the Premises, then the Annual Basic Rent shall from and after the date of the damage abate in the same proportion as such unusable area of the Premises bears to the total Area of the Premises, and such abatement shall continue until such unusable area of the Premises is capable of use by the Tenant or until the lease is terminated, whichever shall first occur.

(b) Except as provided in **subclause 10.1(c)**, if the Premises are damaged by fire or other casualty not caused by the negligence of the Tenant or those for whom it is responsible in law, and the damage is covered by insurance held by the Landlord under this Lease, then the damage to the Premises shall be repaired by the Landlord at its expense provided that the Landlord shall, to the limits of insurance it ought to have received under the terms of this Lease, be responsible for any costs in excess of insurance proceeds received. The Tenant shall, at its expense, repair all Leasehold Improvements and any installations, alterations, additions, partitions, improvements, and fixtures made by or on behalf of the Tenant and all damage caused by its negligence or the negligence of those for whom it is responsible in law. At the option of the Landlord, such repairs shall be performed by the Landlord at the expense of the Tenant if the Landlord considers that this would be more efficient and cost-effective. All repairs which the Landlord is required to make hereunder shall be made with due diligence, provided that the Landlord shall not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of the

circumstances described in **clause 16.7**.

(c) If, in the Landlord's opinion, the Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within **one hundred eighty (180) days** after the occurrence of such damage, and if the Landlord shall consequently decide not to restore the same, then the Landlord shall, within **fifteen (15) working days** after the happening of such fire or other casualty, give to the Tenant a notice in writing of such decision and thereupon the Term and any renewal of this Lease shall expire effective the **fifteenth (15th) business day** following the occurrence of the damage, and the Tenant shall vacate the Premises and the Easement Area and surrender the Premises and the Easement Area to the Landlord, and all rights of the Tenant hereunder shall cease and determine within **two (2) business days** following the effective date of termination. If the Building is damaged as aforesaid and the Landlord does not give notice as aforesaid, then the Landlord shall diligently proceed to repair or rebuild the Building in accordance with **subclause 10.1(b)**. If such repair or rebuilding is not completed and available for occupation by the Tenant within **two hundred forty (240) days** from the time of the fire or other casualty causing the damage, the Tenant may at its option, to be exercised within **ten (10) days** of the termination of the said period of **two hundred forty (240) days** (or the termination of such later period as extended by **clause 16.7**) by notice in writing, terminate this Lease and all of the rights of the Tenant hereunder, and the Tenant shall then have no further liability for Rent in respect of any period after the date of termination.

10.2 Expropriation

If the whole of the Premises shall be acquired or condemned by an authority having the power for such acquisition or condemnation then the Term and any renewal thereof shall cease from the date of entry by such authority. Nothing herein contained shall prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests or for such other damages and expenses allowed by law.

11. ASSIGNMENT AND SUBLETTING

11.1 Assignment and Subletting

(a) The Tenant shall not make, grant, execute, enter into, consent to, or permit any Transfer without the prior written consent of the Landlord, such consent not to be unreasonably withheld. In the event that the

Tenant desires to make, grant, execute, enter into, consent to, or permit any Transfer then the Tenant shall give prior written notice to the Landlord of such desire, specifying therein the proposed Transferee and providing to the Landlord such information on the nature of the business of the proposed Transferee, together with its financial responsibility and standing, as the Landlord may reasonably require, together with the terms and conditions of the proposed Transfer. The Tenant shall also deliver to the Landlord a copy of the Transfer intended to be executed by the Tenant and the Transferee, together with the Landlord's administration fee required hereunder. The Landlord shall, within **ten (10) business days** thereafter, notify the Tenant in writing that:

(i) it consents to such Transfer; or

(ii) that it does not consent to such Transfer, in which event the Landlord must advise the Tenant of its reason for not consenting; or

(iii) that is has elected to terminate the Lease as provided in **subclause 11.1(f)**.

(b) Provided always and notwithstanding **subclause 11.1(a)**, the Landlord's consent to a Transfer does not constitute a waiver of the necessity for the Tenant to obtain the prior written consent of the Landlord to any subsequent Transfer, and no Transfer shall in any manner release the Tenant from its obligations for the payment of the Rent and the observance and performance of the covenants, terms and conditions herein provided during the Term and any renewal of the Term.

(c) Upon the initial request for a Transfer together with receipt from the Tenant of the administration fee and undertaking required in **subclause 11.1(d)**, and provided that the Landlord does not withhold its consent to such Transfer, the Landlord shall provide to the Tenant its standard form written agreement pertaining to Transfers. The Tenant shall require each Transferee, at the time of any Transfer, to execute and deliver the Landlord's standard form written agreement between the Tenant, the Landlord, and the Transferee wherein the Transferee agrees to observe and perform all of the covenants, agreements, provisos, terms, and conditions of this Lease, and wherein the Tenant acknowledges and agrees that it shall continue to be liable under this Lease during the Term and any renewal of the Term. If either the Tenant or the Transferee fails to execute and

deliver the said standard form written agreement then the Landlord shall have the right to refuse to grant its consent to such Transfer, or where such consent is not required the Transfer shall not be effective until the said standard form written agreement is executed and delivered by the Tenant and the Transferee. Without in any way restricting the generality of the Landlord's right to refuse consent to any Transfer, the Landlord shall have the right to refuse to consent to any Transfer if the Lease is not in good standing.

(d) The Tenant shall, together with its initial request to the Landlord for consent to any Transfer, pay to the Landlord an administration fee of a minimum of **$250.00** or such other greater fee as the Landlord may reasonably charge from time to time, and the Tenant shall also undertake to reimburse to the Landlord any solicitors' fees and any other costs, charges, and expenses which may be incurred by the Landlord in connection with the Tenant's request for consent to any Transfer.

(e) If the Tenant is a corporation or if the Transferee is a corporation, and at any time during the Term or any renewal thereof any or all of the corporate shares or voting rights of shareholders of the Tenant or the Transferee shall be transferred by sale, assignment, bequest, inheritance, trust, operation of law, or other disposition, or treasury shares be issued, so as to result in the control of the Tenant or the Transferee having changed from one person or group of persons to another person or group of persons without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, then and so often as such a change of control shall occur the Landlord shall have the right to terminate this Lease at any time after such change of control by giving the Tenant **sixty (60) days' prior written notice** of such termination. The Tenant shall, upon request by the Landlord, make available to the Landlord from time to time for inspection and copying all books and records of the Tenant which alone or with other data show the applicability or otherwise of this subclause. This subclause shall not be applicable to any transfer of shares which are listed on a security exchange regulated by governmental authority.

12. DEFAULT

12.1 Payments by Landlord Regarded as Rent

If the Tenant shall fail to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may

from time to time at its discretion perform or cause to be performed any of such covenants or obligations or any part thereof, and for such purpose may do such things as may be requisite, and may enter upon the Premises to do such things; and all costs and expenses incurred and expenditures made by or on behalf of the Landlord shall be forthwith paid by the Tenant to the Landlord. If the Tenant fails to pay the same, the Landlord may add the same to the Rent and recover the same by all remedies available to the Landlord for the recovery of Rent in arrears. Nothing in this **clause 12.1** shall require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations. If the Landlord shall suffer or incur any damage, loss, cost, or expense whatsoever for which the Tenant is in any way liable hereunder, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant in this Lease, then in every such case the amount of any such damage, loss, cost, or expense shall be due and payable by the Tenant to the Landlord on demand by the Landlord and the Landlord shall have the right at its option to add the cost or amount of any such damage, loss, cost, or expense to the Rent hereby reserved, and any such amount shall thereupon immediately be due and payable as Rent and recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

12.2 Re-Entry on Default

The Tenant further covenants with the Landlord that in the event of the breach, non-observance, or non-performance of any covenant, agreement, stipulation, proviso, condition, rule, or regulation herein contained on the part of the Tenant to be kept, performed, or observed hereunder, and any such breach, non-observance, or non-performance shall continue for **seven (7) days** after written notice thereof to the Tenant by the Landlord, or, notwithstanding the foregoing, if any payments of the Rent or any part thereof, whether the same are demanded or not, are not paid when they become due, or in case the Term shall be taken in execution or attachment for any cause whatsoever, then and in any such case the Landlord, in addition to any other remedy now or hereafter provided, may re-enter and take possession immediately of the Premises or any part thereof in the name of the whole by reasonable persons and property therefrom, and may use such reasonable force and assistance in making such removal as the Landlord may deem advisable to recover at once full and exclusive possession of the Premises and the Easement Area; and such re-entry shall not operate as a waiver or satisfaction in whole or in part of any right, claim, or demand arising out of or connected with any breach, non-observance, or non-performance of any covenant or agreement on the part of the Tenant to be kept, observed, or performed.

12.3 Bankruptcy or Insolvency of Tenant

(a) If during the Term or any renewal thereof any of the goods and chattels of the Tenant shall be seized or taken in attachment by any creditor of the Tenant, or if a writ of execution, sequestration, or extent shall issue against the goods and chattels of the Tenant, or if any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation or winding up of the Tenant or for the appointment of a received or receiver and manager, or if the Tenant shall become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors, or if the Premises shall be used for any purpose other than permitted by **clause 7.1** without the prior written consent of the Landlord, or if the Tenant shall make an assignment for the benefit of creditors or shall make any sale or other disposition of all or substantially all of its goods and chattels (except incidental to is amalgamation with any other company), then and in every case the Tenant shall be, and be deemed to be, in default under this Lease; the then current and the next ensuing **three (3) months'** Annual Basic Rent and Additional Rent (to be determined for the current year at rates estimated by the Landlord acting reasonably) and any additional money owing hereunder shall immediately become due and payable, the Landlord may re-enter and take possession of the Premises and the Easement Area or any part thereof in the name of the whole, and have again, repossess, and enjoy the Premises and the Easement Area in its former estate, anything herein to the contrary notwithstanding, as though the Tenant were holding over after the expiration of the Term; and the Term and any renewal thereof shall, at the option of the Landlord, forthwith become forfeited and determined and the then current and the next ensuing **three (3) months'** Annual Basic Rent, the Additional Rent (to be determined for the current year at rates estimated by the Landlord acting reasonably) and any additional money owing hereunder shall be recoverable by the Landlord as if it were Rent in arrears, but the Tenant shall remain liable under this Lease.

(b) The Tenant acknowledges and agrees that unless it received the prior written consent of the Landlord, under no circumstances shall it file any notice of termination, repudiation, or disclaimer seeking to take advantage of s.65.2 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c.B-3 as amended from time to time and hereby waives any and all rights to do so. The Tenant agrees that if, in breach of this section, it files such a notice, the Landlord may, in addition to all of its other remedies, produce and rely on this section in challenging the

validity of the notice in the court proceedings contemplated by s.65.2 of the *Bankruptcy and Insolvency Act*; and the Landlord may, in those or any other proceedings, apply for injunctive relief or other relief against the Tenant filing the notice.

12.4 Sale and Reletting

The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Premises and the Easement Area under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, shall have the right to enter the Premises and the Easement Area as the agent of the Tenant either by reasonable force or otherwise without being liable for any prosecution therefor, and to relet the Premises and the Easement Area as the agent of the Tenant, and to receive all rent therefor, and as agent of the Tenant to take possession of any business and trade fixtures of the Tenant and any goods and property whatsoever on the Premises and the Easement Area, and to sell the same at public or private sale without notice, and to apply the proceeds of such sale and any rent derived from reletting the Premises in payment of the Rent due under this Lease, after deducting its costs of conducting such sale and its costs of reletting; and the Tenant shall be liable to the Landlord for any deficiency.

12.5 Termination

The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Premises and the Easement Area under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, shall have the right to forthwith terminate this Lease and the Term or any renewal thereof and all of the rights of the Tenant hereunder by giving notice in writing addressed to the Tenant of its intention so to do, and any other payments for which the Tenant is liable under this Lease shall be paid and the Tenant shall forthwith deliver up possession of the Premises to the Landlord, and the Landlord may re-enter and take possession of the Premises without limitation to its right to claim damages arising from the Tenant's breach.

12.6 Distress

At any time that the Landlord is entitled to levy distress against the goods and chattels of the Tenant, it may use such reasonable force as it may deem necessary for the purpose of gaining admission to the Premises without being liable for any action in respect thereof or for any loss or damage occasioned thereby, and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims, or demands whatsoever for or on

account of or in respect of any such forcible entry or any loss or damage sustained by the Tenant in connection therewith. The Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and covenants and agrees that notwithstanding any such statute none of the goods and chattels of the Tenant on the Premises at any time during the Term or any renewal thereof shall be exempt from levy by distress for Rent in arrears. The Tenant covenants and agrees to indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind which the Landlord may sustain, incur, or be put to by reason of or arising out of the distress, seizure, or the levy of distress against any goods or chattels on or in the Premises, whether owned by the Tenant or any other person, and such liability to indemnify and save harmless shall survive any termination of this Lease and the expiry of the Term or any renewal thereof, anything in this Lease to the contrary notwithstanding.

12.7 Landlord's Expenses Enforcing Lease

If it is necessary for the Landlord to retain the services of any person for the purpose of assisting the Landlord in enforcing any of its rights under this Lease or otherwise available at law, the Landlord shall be entitled to collect from the Tenant the cost of all such services including, but not limited to, all charges by any bailiff effecting a distress and all legal fees and disbursements incurred in enforcing the Landlord's rights hereunder and in connection with the necessary court proceedings at trial or on appeal on a solicitor and own client basis, as if the same were Rent reserved and in arrears hereunder.

12.8 Remedies Cumulative

No remedy conferred upon or reserved to the Landlord under this Lease, by statute or otherwise, shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy available to the Landlord and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as the Landlord deems expedient.

13. SUBORDINATION, ATTORNMENT, AND STATUS CERTIFICATE

13.1 Provide Financial Information

INTENTIONALLY DELETED - NOT APPLICABLE

13.2 Subordination

This Lease is and shall be subject, subordinate, and postponed to all Mortgages to the extent that without execution of any document other than this Lease, the Mortgages shall have priority over this Lease notwithstanding the respective dates of execution, delivery, or registration thereof. Without limiting the generality of the foregoing, the Tenant agrees to promptly execute any document in confirmation of such subordination and postponement of this Lease to any of the Mortgages, provided, however, that such subordination or postponement shall not be effective with respect to a specific Mortgage unless and until the Landlord's Mortgagee holding such Mortgage shall confirm in writing to the Tenant that the Tenant shall have the right, if not in default under this Lease, to remain in possession of the Premises in accordance with the terms of this Lease in the event that such Landlord's Mortgagee obtains title to the Premise by way of foreclosure or otherwise.

13.3 Attornment

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages, or in the event of an exercise by any of the Landlord's Mortgagees of the power of sale in any of the Mortgages, the Tenant shall attorn to and become, in each case, a tenant of such Landlord's Mortgagees or any purchaser from such Landlord's Mortgagee for the then unexpired residue of the Term upon all of the terms and conditions hereof.

13.4 Estoppel Certificate

The Tenant shall at any time and from time to time upon **ten (10) days' prior notice** from the Landlord execute and deliver to the Landlord, or the Landlord's Mortgagees, or a prospective purchaser of the whole or any portion of the Landlord's interest in the Land or the Building, a statement in writing confirming the terms of this Lease, certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the same is in full force and effect as modified), and certifying the amount of the Rent then being paid hereunder, the dates to which the Rent and other charges hereunder have been paid, that the Landlord has complied with all the terms of this Lease, that the Premises are acceptable to the Tenant, that the Tenant shall not amend, modify, or surrender this Lease or make any prepayment of the Rent other than the Rent for the current month without the prior written consent of the Landlord's Mortgagees or prospective purchaser, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Landlord and the Tenant, that no money other than a maximum of **one (1) month's Rent** in

accordance with the provisions of the Lease has been prepaid by the Tenant to the Landlord, that the Tenant is aware of the assignment by the Landlord to the Landlord's Mortgagees of all Rents under this Lease, and any other matter pertaining to this Lease in respect of which the Landlord may desire certification.

14. QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment, subject to the charges, exceptions, and reservations in **Article 2** and subject to any rights of entry by the Landlord as provided in this Lease.

15. MISCELLANEOUS COVENANTS

15.1 Signs

The Tenant shall not, at any time, affix or exhibit or permit to be affixed or exhibited upon any part of the Premises or the Easement Area except within the Premises, any Sign, unless such Sign shall have been first approved in writing by the Landlord and such Sign complies at all times with the requirements of any lawful authority having jurisdiction over the same. If any Sign no longer complies with the terms of the consent given by the Landlord or the requirements of any lawful authority having jurisdiction over the same, then the Landlord, after giving the Tenant **thirty (30) days' notice,** shall have the right at any time to remove any such Sign at the Tenant's expense; and the costs, charges, and expenses of such removal shall forthwith be paid by the Tenant to the Landlord. The repair provisions of **clauses 9.1 and 9.2** shall also apply to the Signs.

15.2 Rubbish

The Tenant shall keep the Premises and the Easement Area, if any, clean and tidy and in good order.

15.3 Abate Nuisance

Upon written notice to the Tenant from the Landlord or from any lawful authority having jurisdiction, the Tenant shall forthwith, at its sole expense, abate any nuisance caused by vibration, noise, or offensive smell, or by any undue emission of smoke, vapour, or dust caused by the Tenant or arising directly or indirectly out of the operations carried on upon the Premises or the Easement Area.

15.4 Pollution

The Tenant shall:

(a) Not use or permit to be used all or any part of the Premises for the sale, storage, manufacture, disposal, use, or any other dealing with any Hazardous Substances, without the prior written consent of the Landlord, which may be unreasonably withheld;

(b) strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;

(c) promptly provide to the Landlord a copy of any environmental site assessment, audit, or report relating to the Premises conducted by or for the Tenant at any time, and, at the Landlord's request from time to time, obtain from an independent environmental consultant approved by the Landlord an environmental audit of the operations at the Premises, including any additional investigations as the environmental consultant may recommend;

(d) promptly notify the Landlord in writing of any release of a Hazardous Substance or Hazardous Substances or any other occurrence or condition at the Premises or any adjacent property which would contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;

(e) on the expiry or earlier termination of this Lease, or at any time if requested by the Landlord or required by any governmental authority pursuant to Environmental Laws, remove from the Premises all Hazardous Substances and remediate any contamination of the Premises or any adjacent property resulting from Hazardous Substances, in either case brought onto, used at, or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Hazardous Substances shall remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises;

(f) indemnify the Landlord and its directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages,

claims, losses, costs, fines, penalties, and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Premises and any adjacent property) arising from or in connection with:

(i) any breach of or non-compliance with the provisions of this paragraph by the Tenant; or

(ii) any release or alleged release of any Hazardous Substance or Hazardous Substances at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this **clause 15.4** shall survive the expiry or earlier termination of this Lease.

15.5 No Excavation

The Tenant shall not excavate, dig, or extract any sand, gravel, earth, or minerals of any description out of the Land, and further in any event the Tenant shall receive written permission from the Landlord prior to doing any excavation work.

15.6 Easements

The Tenant shall not, without the prior written consent of the Landlord, permit any encroachment, right of way, easement, or other encumbrance to be made or entered into, against, or upon the Premises or the Land or any part thereof.

15.7 Liens

The Tenant shall use its best efforts to ensure that no claim of lien shall be filed in respect of any work which may be carried out by it or on its behalf in the Building or on the Land, and if a claim of lien shall be filed in respect of any such work the Tenant shall take all necessary steps to have the claim of lien cancelled and discharged from the land and the Building within **fifteen (15) days** of the date the Tenant has knowledge of such filing, and the Tenant shall indemnify and save harmless the Landlord from any and all loss, cost, expense, damage, and liability in respect of such claim of lien. The Landlord, in addition to any right or remedy, shall have the right, but shall not be obliged, to discharge any claim of lien from the Land and the Building by paying the amount claimed to be due or by procuring a discharge

of such liens by deposit in the appropriate Court, and in any such even the Landlord shall be entitled, it is so acts, to expedite the prosecution of any action for the enforcement of such claim of lien by the lien claimant and to pay the amount of the judgment, if any, in favour of the lien claimant with interest and costs. In any such event the Tenant shall forthwith pay to and reimburse the Landlord for all money expended by the Landlord and all costs and expenses incurred by the Landlord.

15.8 Registered Charges

The Tenant shall pay all money owed by it under any security interest or other charge registered or filed against the Land or the Building, and immediately upon all of the payments having been made thereunder, the Tenant shall obtain a memorandum of satisfaction or other appropriate document of discharge and shall register the same at its own expense in the proper land title office or other appropriate office of public record as the Landlord may require to discharge the same from the title to the Land and the Building.

15.9 Exhibit Premises

The Landlord shall have the right to exhibit the Premises and the Easement Area to:

(a) Prospective tenants or subtenants during the **nine (9) month period** prior to the Expiry Date or the date of expiration of any renewal of the Term; and

(b) the Landlord's Mortgagees and prospective mortgagees and any prospective purchaser of the whole or any part of the Landlord's interest in the Premises;

and for such purposes the Landlord may place upon the Premises a sign or notice stating that the Premises are for rent or for sale, and the Landlord shall have the right of entry to the Premises at any reasonable time, and the Tenant at its option may have a servant or agent present at the time of such entry.

15.10 No Auctions

The Tenant shall not permit any sale by auction nor any fire sale, bankruptcy sale, moving sale, going out of business sale, or bulk sale to be held upon the Premises or the Land or any part thereof.

15.11 Entry for Benefit of Adjoining Premises

The Tenant shall permit the Landlord, its agents, workers, and other persons authorized by the Landlord, and the tenants of any adjoining or neighbouring premises and their respective agents and workers, to enter upon the Premises at all reasonable times so far as may be necessary or useful in order to construct, examine, repair, or rebuild any adjoining or neighbouring premises or for any other reasonable purpose, provided that the Landlord shall make good all damage occasioned by the exercise of such rights by the Landlord, its agents, workers, and any other persons authorized by the Landlord. Insofar as any tenant of any adjoining or neighbouring premises and its respective agents and workers are concerned, no such rights shall be exercisable until such tenant and its agents and workers shall have covenanted with the Tenant to make good all damage occasioned by the exercise of such rights by that tenant and its respective agents and workers. A representative of the Tenant shall be entitled to accompany any person entering upon the Premises pursuant to this paragraph.

16. MISCELLANEOUS

16.1 Registration of Lease

The Landlord shall have no obligation to execute and deliver this Lease in registrable form, provided, however, that if the Tenant wants to register this Lease, then the Tenant shall at its expense, negotiate whatever priorities it requires and make those changes that are necessary, if any, to put this Lease into registrable form under the *Land Title Act*, and to prepare whatever supporting documents and plans that may be required to achieve registration in the appropriate Land Title Office. The Landlord agrees to sign such further documents and plans as may be necessary to achieve this purpose.

16.2 No Warranties

The Tenant acknowledges and agrees that no representations, warranties, agreements, or conditions have been made other than those expressed herein, and that no agreement collateral hereto shall be binding upon the Landlord unless it be made in writing and duly executed on behalf of the Landlord.

16.3 No Waiver

(a) The failure of the Landlord to exercise any right or option in connection with any breach or violation of any term, covenant, or condition herein contained shall not be deemed to be a waiver or

relinquishment of such term, covenant, or condition nor of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord shall not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant, or condition of this Lease.

(b) The acceptance of any of the Rent from, or the performance of any obligation hereunder by, a person other than the Tenant shall not be construed as an admission by the Landlord of any rights, title, or interest of such person as a Transferee or otherwise in the place and stead of the Tenant.

(c) The acceptance by the Landlord of a part payment of any money required to be paid hereunder shall not constitute waiver or release of the right of the Landlord to payment in full of such money.

16.4 Notices

All notices, demands, and requests which may be or are required to be given pursuant to this Lease shall be writing and shall be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended, or faxed with a confirmation copy mailed, or mailed prepaid and registered to the respective addresses specified in the Lease Summary or such other addresses specified in the Lease Summary or such other addresses as the parties may from time to time advise by notice in writing. The Tenant shall require each Transferee to supply its respective mailing address to the Landlord. The date of receipt of any such notice, demand, or request shall be deemed to be the date of delivery of such notice, demand, or request if delivered or if faxed as aforesaid it shall be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in British Columbia), or if mailed as aforesaid it shall be deemed to be received on the third day next following the date of such mailing (excluding Saturdays, Sundays, and statutory holidays in British Columbia), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in British Columbia, in which case the party giving the notice, demand, or request shall deliver such notice, demand, or request by an alternative method.

16.5 Peaceful Surrender

The Tenant shall, at the expiration or sooner determination of the Term, forthwith peacefully surrender and yield up unto the Landlord the Premises

and its appurtenances, together with all fixtures or improvements which at any time during the Term shall be made therein or thereon, in the state of repair required to be maintained by the Tenant hereunder, without notice from the Landlord; and shall deliver to the Landlord all keys to the Premises which the Tenant has in its possession.

16.6 Holding Over

If the Tenant shall hold over with the Landlord's written consent after the expiration of the Term or any renewal thereof, and the Landlord shall accept the new Rent or any portion thereof, the new tenancy thereby created shall be deemed to be a monthly tenancy and not a yearly tenancy and shall be subject to the covenants and conditions herein contained insofar as the same are applicable to a tenancy from month to month, except that if the Tenant remains in possession without the Landlord's written consent, the monthly instalments of Annual Basic Rent shall be **two (2) times** the monthly instalments of Annual Basic Rent payable for the last month of the later of the Term or any renewal thereof, prorated on a daily basis for each day that the Tenant remains in possession, and in addition the Tenant shall be liable for all costs, expenses, losses, and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord.

16.7 Inability to Perform

Whenever and to the extent that the Landlord shall be unable to fulfill, or shall be delayed or restricted in the fulfilment of any obligation hereunder by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfill any such obligation, or by reason of any statute, law, or order-in-council or any regulation or order passed or made pursuant thereto, or by reason of the order or direction of any administrator, controller, or board, or any governmental department or officer of other authority, or by act of God, or by reason of not being able to obtain any permission or authority required thereby, or by reason of strikes, lockouts, or other industrial disturbances, explosion, breakage or accident to machinery, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant shall not be entitled to compensation for any inconvenience, nuisance, discomfort, or damage thereby occasioned, and shall not be entitled to cancel or terminate this Lease.

16.8 Interest

Interest on any money due to the Landlord under this Lease shall be paid by the Tenant and shall accrue on a daily basis at the Prime Rate plus **three (3%) percent** per annum, such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord.

16.9 Governing Law

This Lease shall be construed in accordance with, and governed by, the laws of the Province of British Columbia.

16.10 Number and Gender

Where required the singular number shall be deemed to include the plural and the neuter gender the masculine or feminine.

16.11 Covenants

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision thereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from this Lease and its remaining provisions shall remain in force and be binding upon the parties as though the said provision or provisions had never been included.

16.12 Time of the Essence

Time shall be of the essence of this Lease, save as herein otherwise specified.

16.13 Headings

Any captions, headings, and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify, or add to the interpretation, construction, or meaning of any provision of or the scope or intent of this Lease not in any way affect this Lease.

16.14 Enurement

This Lease shall extend to, be binding upon, and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors, and permitted assigns.

16.15 Continuation of Obligations

This Lease and the obligations of the Tenant hereunder shall continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

16.16 Landlord's Limit of Liability

The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned shall be limited to mean the Landlord as described in the Lease Summary, while it retains its interest in the Premises, but upon a sale, transfer, or other disposition of that interest, the Landlord shall be automatically and immediately relieved from all liability arising out of the requirement for performance of any obligations on the part of the Landlord herein contained, it being understood and agreed hereby that the obligations contained in this Lease on the part of the Landlord shall be binding upon the Landlord, its successors, and assigns, only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee, or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the necessity of the execution of any further instrument on the part of the Landlord, the Tenant or any other person.

16.17 Consents

Wherever and whenever the approval or consent of the Landlord is required to be obtained, such approval or consent may be given by such officers, agents, committee, person, or persons as may from time to time be nominated or appointed in writing by the Landlord for such purpose, and any such power of nomination or appointment may be delegated by the Landlord. Subject to the terms of this Lease, such nominees, appointees, or delegates shall have the right to withhold approval of or consent to, and may reject, any matter or thing submitted for approval or consent, and every such approval or consent given shall be in writing and may contain such conditions and stipulations as the Landlord may deem fit.

16.18 Amendments

This Lease shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the parties or by their successors and permitted assigns.

16.19 Deposit

A "Security Deposit" is deposited with the Landlord as security for the faithful performance by the Tenant of all the terms, covenants, and conditions of this Lease; and if, at any time during the Term, Annual Basic Rent, or Additional Rent is overdue and unpaid, the Landlord may, at its option, apply any portion of the Security Deposit toward the payment of such overdue Annual Basic Rent or Additional Rent without thereby limiting or excluding any other rights which the Landlord may have hereunder, or at law or in equity. If the Security Deposit is not so applied during the Term, then such sum shall be applied on account of Rent payable for the last month of the Term. In the event the entire Security Deposit amount or any portion thereof is applied by the Landlord toward the payment of overdue Rent prior to the expiry of the Term, then the Tenant shall forthwith on demand by the Landlord remit to the Landlord such sum as is sufficient to restore the Security Deposit to the initial amount (plus Sales Tax applicable thereon).

16.20 Charge on Leasehold Improvements

The Tenant hereby grants to the Landlord a security interest in the Tenant's right, title, and interest in the Leasehold Improvements and all present and after acquired property of any kind which is now or hereafter affixed or built into the Premises or which otherwise becomes part of the Leasehold Improvements, as security for all present and future obligations of the Tenant to the Landlord under this Lease. This security interest secures a running account and will not be discharged if the Tenant is not indebted to the Landlord at any particular time or times. In the event of any default under this Lease in respect of which the Landlord has given notice to the Tenant to cure, and the Tenant has not cured the default, or has not commenced to cure the default within the period set out herein and continued diligently thereafter to fully cure such default, the Landlord will have the right to enter the Premises, to sever where applicable, and to take possession of any property secured hereby, and shall have all the rights of a secured party under the *Personal Property Security Act*, to retain possession, sell, and otherwise deal with such property. The Tenant waives its right to receive copies of all financing statements and verification statements that may be filed or issued with respect to the security interests created hereby. The

Tenant agrees to enter into and grant such further and other documents as are requested by the Landlord, acting reasonably, to confirm or enhance this security interest. The security interest shall survive expiry or early termination of this Lease and is in addition to, and shall not prejudice any of the other rights or remedies of the Landlord under this Lease.

16.21 Schedules

The Schedules attached hereto are hereby incorporated and form part of this Lease.

IN WITNESS WHEREOF the parties have duly executed and delivered this Lease as of the day and year first above written.

SIGNED AND DELIVERED by the Landlord in the presence of:

0867473 B.C. LTD.
by its authorized signatories:

SIGNED AND DELIVERED by the Tenant in the presence of:

STRUCTURLAM PRODUCTS LTD.
by its authorized signatories:

SIGNED AND DELIVERED by the Indemnifier(s) in the presence of:

_____

_____

_____

NOT APPLICABLE

_____

NOT APPLICABLE

_____

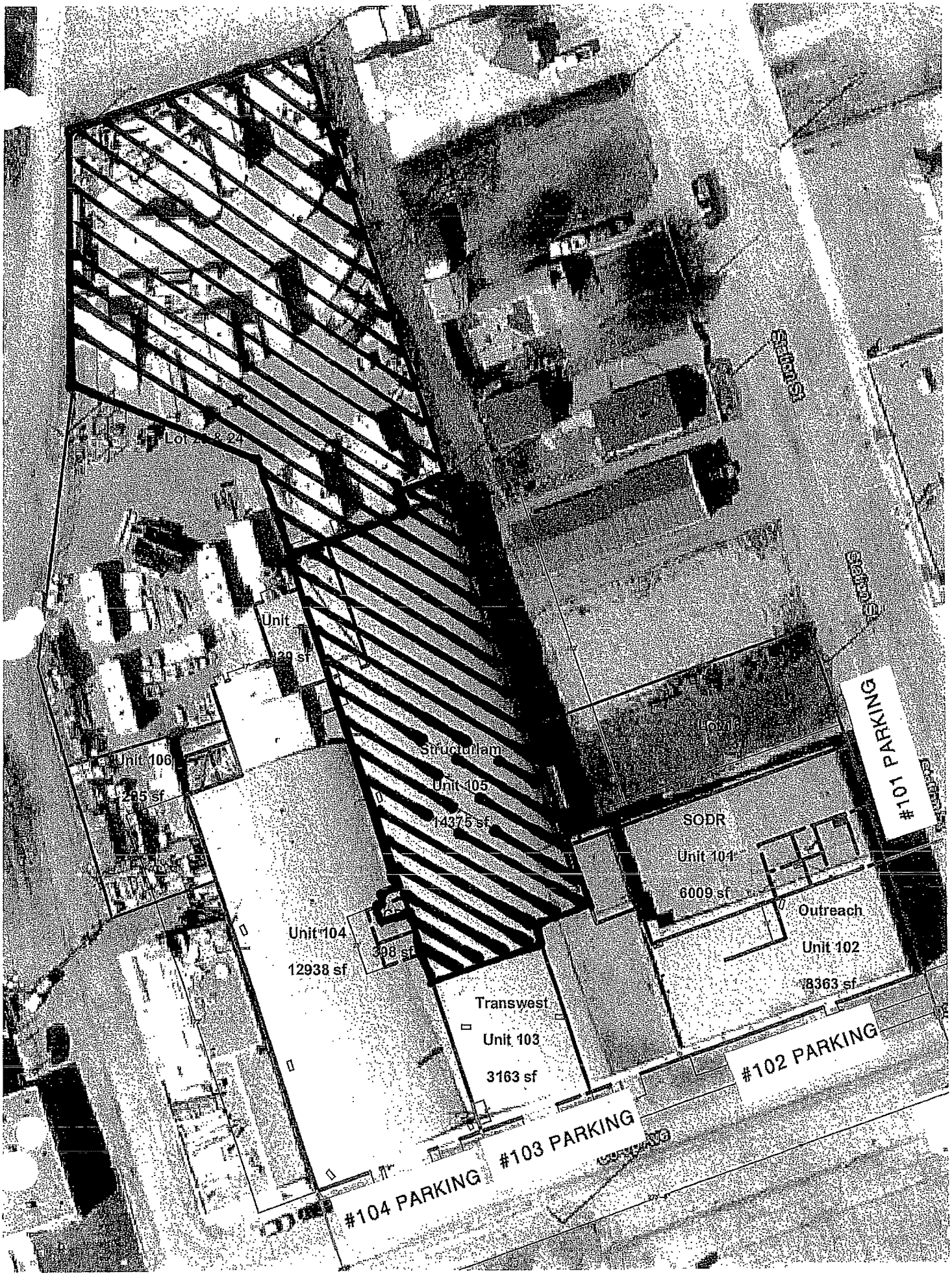
SCHEDULE "A"

PLAN OF DEMISED PREMISES

PLAN OF PREMISES: SEE PLAN OF PREMISES AND EASEMENT AREA ATTACHED HERETO OUTLINED IN HEAVY BLACK AND CROSSHATCHED DESCRIBED AS:

"Structurlam Unit 105 14375 sf"

SCHEDULE "A"


Lot
Unit
Unit 106
Structurlam
Unit 105
14375 sf
Unit 104
12938 sf
Transwest
Unit 103
3163 sf
SODR
Unit 101
6009 sf
Outreach
Unit 102
#101 PARKING
#102 PARKING
#103 PARKING
#104 PARKING

SCHEDULE "B"

RENEWAL OPTION

RENEWAL PROVISION

The Landlord covenants and agrees with the Tenant that if the Tenant duly and punctually observes and performs the covenants, agreements, and provisos in this Lease on the part of the Tenant to be observed and performed, the Landlord will, at the expiration of the Term and upon the Tenant's written request delivered to the Landlord in accordance with **clause 16.4** not later than **six (6) months** prior to the expiration of the Term nor earlier than **nine (9) months**, grant to the Tenant a renewal lease of the Premises for a term of **five (5) years** upon the terms, covenants, agreements, and provisos contained in this Lease except:

(1) The Annual Basic Rent shall be the then fair market rent for the Premises, being the rent which would be paid therefor as between persons dealing in good faith and at arm's length, and if the Landlord and the Tenant have not mutually agreed on the amount of such Annual Basic Rent at least **two (2) months** prior to the renewal term such Annual Basic Rent shall be decided by binding arbitration pursuant to the *Commercial Arbitration Act* (British Columbia), but in any event the rent shall not be less than the existing rent under the first Term of this Lease. Notwithstanding anything else contained herein, unless negotiated otherwise, the Annual Basic Rent shall be no less than the preceding year with a cost of living percentage increase added in each year of the renewal term.

(2) This right of renewal.

Until the Annual Basic Rent has been determined as provided herein, the Tenant shall pay **one hundred twenty-five (125%) percent** of the monthly Annual Basic Rent of the last year of the Term as well as its proportionate share of Additional Rent. The Landlord and the Tenant acknowledge and agree that, by this clause, the Tenant is only given the option of renewing the Term for **one (1) renewal term**, and at the expiration of the renewal term there shall be no further right of renewal.

ARBITRATION

If under the Renewal Provisions the Landlord and the Tenant have failed to agree as to the Annual Basic Rent payable for the Premises with respect to the renewal term by the date specified in the Renewal Provision, the determination of such Annual Basic Rent shall be referred to a Board of **three (3) arbitrators**, one to be appointed by each of the Landlord and the Tenant and a third arbitrator to be appointed in writing by the first two named arbitrators; if the Landlord or the Tenant shall refuse or neglect to appoint an arbitrator

within **ten (10) days** after the other shall have served a written notice upon the party so refusing or neglecting to make such appointment, the arbitrator first appointed shall, at the request of the party appointing him, proceed to determine such rent as if he were a single arbitrator appointed by both the Landlord and the Tenant for the purpose. If **two (2) arbitrators** are so appointed within the time prescribed and they do not agree within a period of **ten (10) days** from the date of appointment of the second arbitrator upon the appointment of the third arbitrator, the third arbitrator shall be appointed by a Justice of the Supreme Court of British Columbia. The determination by the arbitrators or the majority of them, or by the single arbitrator, as the case may be, shall be final and binding upon the Landlord and the Tenant and their respective successors and assigns. Each party shall pay the fees and expenses of the arbitrator appointed by it and one-half of the fees and expenses of the third arbitrator. The provisions of this section shall be deemed to be a submission to arbitration within the provisions of the *Commercial Arbitration Act* (British Columbia) and any statutory modifications or re-enactment thereof, provided that any limitation on the remuneration of the arbitrators imposed by such legislation shall not be applicable.

SCHEDULE "C"

INDEMNIFIER('S)(S') COVENANTS

In consideration of the Landlord entering into this Lease with the Tenant, and in consideration of the sum of **TEN ($10.00) DOLLARS** and other good and valuable consideration now paid by the Landlord to the Indemnifier(s), the receipt and sufficiency of which is hereby acknowledged by the Indemnifier(s), the Indemnifier(s) hereby covenants and agrees with the Landlord as follows:

(1) The Indemnifier(s) shall:

(a) Make or cause to be made the due and punctual payment of all Rent and all other amounts expressed to be payable by the Tenant under this Lease during the period of the Term and any renewals thereof;

(b) effect prompt and complete performance of all and singular the terms, covenants, conditions, and provisions in this Lease contained and on the part of the Tenant to be kept, observed and performed during the period of the Term and any renewals thereof; and

(c) indemnify and save harmless the Landlord from any and all loss, costs, damages, or liability whatsoever arising out of any failure by the Tenant to perform any and all of the terms, covenants, conditions, and provisions of this Lease.

(2) In the event of a default by the Tenant under this Lease, the Indemnifier(s) hereby waive(s) any right to require the Landlord:

(a) To proceed against the Tenant or pursue any rights or remedies with respect to this Lease;

(b) to proceed against or exhaust any security of the Tenant held by the Landlord; or

(c) to pursue any other remedy whatsoever in the Landlord's power or otherwise available to the Landlord.

The Landlord shall have the right to enforce this indemnity regardless of the acceptance of additional security from the Tenant and regardless of the release or discharge of the Tenant by the Landlord or by others, or by operation of any law.

(3) The Indemnifier(s) hereby expressly waive(s) notice of the acceptance of this

indemnity and all notice of non-performance, non-payment, or non-observance on the part of the Tenant of the terms, covenants, conditions, and provisions of this Lease.

(4) This indemnity is absolute and unconditional and, without limiting the generality of the foregoing, the liability of the Indemnifier(s) under this indemnity shall not be deemed to have been waived, released, discharged, impaired, or affected by reason of the release or discharge of the Tenant in any receivership, bankruptcy, winding up, or other creditors' proceedings, or the rejection, surrender, disaffirmation, or disclaimer of this Lease by any party or in any action or proceeding, and shall continue with respect to the periods prior thereto and thereafter for and with respect to the Term and any renewals thereof. The liability of the Indemnifier(s) shall not be affected by any repossession of the Premises by the Landlord, provided, however, that the net payments received by the Landlord, after deducting all costs and expenses of repossession and reletting the same, shall be credited from time to time by the Landlord to the account of the Indemnifier(s) and the Indemnifier(s) shall pay any balance owing to the Landlord from time to time immediately upon ascertainment.

(5) The Indemnifier(s) shall, without limiting the generality of the foregoing, be bound by this indemnity in the same manner and though the Indemnifier(s) were the Tenant named in this Lease.

(6) At the request of the Landlord, the Indemnifier(s) shall enter into a new lease as tenant, on the terms and conditions of this Lease, for the then remaining unexpired term of the Lease.

(7) All of the terms, agreements, and conditions of this indemnity shall extend to and be binding upon the Indemnifier(s), its heirs, executors, administrators, successors, and assigns, and shall ensure to the benefit of and may be enforced by the Landlord, its successors, and assigns, and the Landlord's Mortgagees, and where the Indemnifier(s) include(s) more than one person the covenants and obligations of each of the persons comprising the Indemnifier(s) shall be both joint and several.

SCHEDULE "D"

PLEASE SEE ATTACHED SPREADSHEET

2012 TRIPLE NET COSTS

SCHEDULE "D"

310 Co-Op Ave (General Coach Property)
2012 Triple Net Costs

Property Taxes

Property Tax Breakdown	Square Feet	Property Taxes
Downstairs (95% value)**	46,370	$ 11,313.89
Upstairs (5% value)**	5,000	$ 595.47
Lot 16 (Lot north of SODRG)		$ 1,598.98
Lot 23 (Lot included in fenced yard)		$ 1,194.02
Lot 24 (Lot included in fenced yard)		$ 1,331.33
	51,370	$ 16,033.69

Unit Number	Tenant	Space Occupied	Percent	Land Occupied	Building Tax	Land Tax	Total	Pro-Rated	
101	SODRG	6,009	12.96%	50% - Lot 16	$ 1,466.15	$ 799.49	$ 2,265.64	$ 1,699.23	(Apr - Dec)
102	Outreach	8,363	18.04%	50% - Lot 16	$ 2,040.50	$ 799.49	$ 2,839.99	$ 1,656.66	(June - Dec)
103	Transwest	3,163	6.82%	No land space	$ 771.75	$ -	$ 771.75	$ 418.03	(June 18 - Dec)
104		13,777	29.71%	Lot 23&24	$ 3,361.47	$ 631.34	$ 3,992.81		
105	Structurlam	14,375	31.00%	Lot 23&24	$ 3,507.38	$ 1,262.68	$ 4,770.05	$ 2,782.53	(June - Dec)
106	BFI ??	285	0.61%	Lot 23&24	$ 69.54	$ 631.34	$ 700.88		
	Bathroom/common area	398	0.86%		$ 97.11		$ 97.11		
First Floor SQFT		46,370							
201		2,200	44.00%	No land space	$ 262.01	$ -	$ 262.01		
202		2,800	56.00%	No land space	$ 333.46	$ -	$ 333.46		
		5,000							
Total SQFT		51,370			$ 11,909.36	$ 4,124.33	$ 16,033.69	$ 6,556.45	

Building Insurance - March 29 Policy Date

Downstairs (95% value)**	46,370	$ 6,917.90
Upstairs (5% value)**	5,000	$ 364.10
		$ 7,282.00

Unit Number	Tenant	Space Occupied		Tenant Insurance	Pro-Rated	
101	SODRG	6,009	12.96%	$ 896.48	$ 896.48	(Apr - Mar 2012)
102	Outreach	8,363	18.04%	$ 1,247.67	$ 1,039.72	(June - Mar 2012)
103	Transwest	3,163	6.82%	$ 471.89	$ 373.58	(June 18 - Mar 2012)
104		13,777	29.71%	$ 2,055.38		
105	Structurlam	14,375	31.00%	$ 2,144.59	$ 1,787.16	(June - Mar 2012)
106	BFI ??	285	0.61%	$ 42.52		
	Bathroom/common area	398	0.86%	$ 59.38		
First Floor SQFT		46,370				
201		2,200	44.00%	$ 160.20		
202		2,800	56.00%	$ 203.90		
		5,000				
Total SQFT		51,370		$ 7,282.00	$ 4,096.94	

** The value of the building, in order to allocate triple net costs, was detrermined as 95% of the total assessed value is allocated to the main floor and the remaining balance (5%) is related to the upstairs.

LEASE RENEWAL AND MODIFICATION AGREEMENT

THIS LEASE MODIFICATION AGREEMENT is dated for reference the 28day of November, 2017.

BETWEEN:

0867473 B.C. LTD., duly incorporated under the laws of the Province of British Columbia, and having an office at PO Box 457, Salmon Arm, British Columbia, V1E 4N6 (Incorporation No. BC0867473)

(The "Landlord")

AND:

STRUCTURLAM MASS TIMBER CORPORATION, having a place of business at 2176 Government Street, Penticton, British Columbia, V2A 8B5

(The "Tenant")

AREA OF PREMISES:	**UNIT 104 - 14,375 SQUARE FEET AND THE YARD AREA** **UNIT 105b – 7,500 SQUARE FEET AND THE YARD AREA** **UNIT 105a – 6,960 SQUARE FEET** **ADDITIONAL LOTS – KNOWN AS 6036 & 6042 STATION STREET**
TERM:	**THREE (3) YEARS** **WITH ONE (1) THREE (3) YEAR RENEWAL OPTION**
EFFECTIVE DATE:	**JANUARY 1, 2018**
ANNUAL BASIC RENT:	**COMMENCING: JAN 1, 2018** **TERMINATING: DEC 31, 2020**
PER ANNUM BASIC RENT:	**UNIT 104 - $79,062.50 ($6,588.54 PER MONTH) PLUS GST** **UNIT 105b - $41,250.00 ($3,437.50 PER MONTH) PLUS GST** **UNIT 105a - $34,800.00 ($2,900 PER MONTH) PLUS GST** **ADDITIONAL LOTS - $14,400 ($1,200 PER MONTH) PLUS GST**

ADDITONAL RENT TO REMAIN THE SAME AS ORIGINAL LEASE

WHEREAS:

A. By a lease, ("the lease"), dated for reference as at the commencement date therein being, June 1, 2012, between the Landlord and the Tenant, the Tenant leased premises on lands being all and singular that certain parcel or tract of land and portion of a building known and described as "Structurlam unit 104, 14,375 sf", as set out on a plan of the premises, and the adjacent yard area attached to the said Lease outlined in heavy black and crosshatched, as Schedule "A" to the said lease; AND

B. By a lease renewal and modification agreement, ("the modification agreement"), dated August 17, 2014 between the Landlord and Tenant, the Tenant leased premises on lands being all and singular that certain parcel or tract of land and portion of a building known and described as "Structurlam unit 105b, 7,500 sf", as set out on a plan of the premises, and the adjacent yard area attached to the said Lease outlined in black and lightly crosshatched, as Schedule "A" to the said lease; AND

C. On or about November 14, 2017 the Landlord and Tenant came to an agreement whereby the Tenant would lease the additional area now described as "Structurlam 105a, 6,960 sf", as set out on a plan of the premises, as Schedule "A" to the said lease; AND

D. On or about November 14, 2017 the Landlord and Tenant came to an agreement whereby the Tenant would lease the additional lots known as 6036 and 6042 Station Street in Oliver BC now described as "Structurlam Additional Lots", the Tenant agrees to pay basic rent of $1,200 a month, plus GST and triple net costs, and the Landlord agrees to pay for the lot cleanup, fence installation and a gravel base as soon as possible.

E. On or about November 14, 2017 the Landlord and Tenant came to an agreement whereby the Tenant has the right to terminate the Lease and Modification agreement dated November 28, 2017, if the Town of Oliver prevents Structurlam from running 24 hours a day, 7days a week. Structurlam agrees to continue to operate the premises and equipment in good operating order and to comply with the current Bylaws in place.

F. The parties wish to formalize their arrangement for the Premises from **Jan 1, 2018,** onward for a period of **three (3) years** as the Tenant wishes to modify and extend on the terms and conditions set forth in this agreement, (the "Agreement").

1. DEMISE

The Landlord hereby demises and leases to the Tenant, and the Tenant hereby leases and takes from the Landlord, the Premises for the Term.

2. EXTENSION

From and after the Effective Date, the Lease will be extended and modified to set out the three (3) year renewal of the Lease for the area of premises noted above by the Tenant, all provisions of the Lease will apply to the Lease Renewal and Modification as they do to the Original Premises and all references in the Lease to "Premises" will include all area of Premises.

3. RENEWAL

The Tenant shall be entitled to one (1) three (3) year further period of renewal for the Premises to be exercised in the same method as set out in Schedule "B" of the original Lease.

4. MINIMUM RENT

The Tenant will pay to the Landlord, during the Premises Term, of this Renewal, for the Premises set out herein a monthly renewal rent as set forth in the per annum basic rent above, commencing on the effective date herein being **January 1, 2018,** continuing through the Premises Term, in addition to any other triple net costs associated with the Premises that the parties herein have agreed to.

5. AMOUNTS DUE

The Landlord and the Tenant acknowledge to each other that all amounts due and owing by the Tenant to the Landlord with respect to the Lease have been paid to and including the Effective Date; and all amounts, if any, due and owing by the Landlord to the Tenant with respect to the Lease have been paid to and including

The Effective Date. Both parties agree that as of the effective date herein, that to the best of their knowledge all covenants under the original Lease which are required to be performed by either of them have been performed and that the Lease is in good standing

6. TERMINATION

Notwithstanding anything else contained herein, the Landlord and Tenant came to an agreement whereby the Tenant has the right to terminate the Lease and Modification agreement dated November 28, 2017, if the Town of Oliver prevents Structurlam from running their operations 24 hours a day, 7days a week. The Tenant herein must provide written confirmation of a notice from the Town of Oliver restricting the operating hours and the Landlord has the right to challenge the written notice for a period of 90 days before the Termination agreement is finalized. Structurlam agrees to continue to operate the premises and equipment in good operating order and to comply with the current Bylaws in place by the Town of Oliver.

7. IMPROVEMENTS

The Landlord, at its cost, will be responsible for providing access to unit 105a directly from 105b and all the costs related to creating a doorway between the two premises. The Tenant will be responsible, at its cost, for all the work required to fixture Unit 105a for the Tenant's intended use. Provided that prior to installing any such improvements or fixtures the Tenant shall have received approval of the same from the Landlord, such approval not to be unreasonably refused by the Landlord.

8. GST (GOODS AND SERVICES TAX)

The parties herein agree to modify the original Lease wherever applicable to refer to GST (Goods and Services Tax) rather than the former HST (Harmonized Sales Tax) throughout the original Lease and this Agreement wherever stated.

9. CONTINUING EFFECT

This Agreement as and from the date hereof will be read and construed along with the Lease, and treated as part hereof; and the Lease, as hereby modified, renewed and extended will continue to be of full force and effect; and the Landlord and Tenant

10. ENUREMENT

This Agreement will enure to the benefit of and be binding upon each of the Landlord and the Tenant and their respective successors and permitted assigns.

11. COUNTERPARTS

This document may be executed in any number of counterparts, each of which so executed shall be deemed an original and the counterparts together form a valid and binding document which may be sufficient evidence by any one such original counterpart.

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

SIGNED; SEALED AND DELIVERED by
The LANDLORD in the presence of:

Trent Sismey)
Name)
#2 - 480 Harbourfront Dr)
Address)
Salmon Arm, BC)
Owner)
Occupation

0867473 B.C. LTD,
By its authorized signatories:

SIGNED; SEALED AND DELIVERED by
The Tenant in the presence of:

HARDY WENITZEL)
Name)
2176 GOVERNMENT ST.)
Address)
PENTICTON, BC)
CHIEF EXECUTIVE OFFICER)
Occupation

STRUCTURLAM MASS TIMBER CORPORATION
By its authorized signatories:

VANCOUVER
JUL 12 2022
REGISTRY

No. S-223941
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., 1985 c. C-36, AS AMENDED

-AND-

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF FRESHLOCAL SOLUTIONS INC. AND THOSE OTHER PETITIONERS SET OUT ON THE ATTACHED SCHEDULE "A"

NOTICE OF APPLICATION

Names of Applicants: Freshlocal Solutions Inc. ("**Freshlocal**") and those other petitioners listed at Schedule "A" hereto (collectively, the "**Applicants**").

To: The Service List

TAKE NOTICE that an application will be made by the Applicants, Food-X Technologies Limited Partnership ("**Food-X Partnership**") and FoodX Technologies SA ("**FoodX SA**" and together with the Applicants and Food-X Partnership, the "**Freshlocal Group**") at 800 Smithe Street Vancouver BC V6Z 2E1 on July 14, 2022 at 10:00 a.m. before Madam Justice Fitzpatrick for the order set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An Order substantially in the form attached as Schedule "B" hereto (the "**Stay Extension, SISP and Financial Advisor Order**"), providing for the following relief:

   (a) abridging the time for service of this Notice of Application, to the extent necessary;

   (b) extending the Stay of Proceedings (as defined below) to and including August 19, 2022 (the "**Stay Extension**");

   (c) approving: (i) the engagement agreement dated June 21, 2022 (the "**FA Agreement**") by and between Desjardins Securities Inc. ("**Desjardins**") in its capacity as financial advisor (in such capacity, the "**Financial Advisor**") for the sale and investment solicitation process in respect of the Freshlocal Group's assets

and operations (the "**SISP**"); and (ii) the appointment of the Financial Advisor in connection with the SISP;

(d) granting the Monthly Fee Charge and the Transaction Fee Charge (each as defined below) over the Property in favour of the Financial Advisor;

(e) approving the Stalking Horse Agreement (as defined below) for the purposes of the SISP;

(f) approving the Freshlocal Group's obligation to pay the Expense Reimbursement and, if applicable, the Break Fee, and granting the Expense Reimbursement Charge and the Break Fee Charge over the Property in favour of the Stalking Horse Purchaser (each as defined below or in the Stalking Horse Agreement, as the case may be);

(g) approving the proposed sale and investment solicitation process (the "**SISP**") attached as Schedule "C" to the Stay Extension, SISP and Financial Advisor Order.

2. An Order providing that the Confidential Supplement to the Third Report (each as defined below) be filed under seal (the "**Sealing Order**").

3. Such further and other relief as this Honourable Court may deem just.

Part 2: FACTUAL BASIS

1. Since its inception in 1997, the Freshlocal Group has evolved from a local and organic online grocery company into an award-winning complete eGrocery management solution with over 20 years of experience in the space. The eGrocery business, which operates under the banner "SPUD.ca", has evolved from its award-winning local and organic online grocery company to include a high growth prospect software-as-a-service ("**SaaS**") eGrocery Management Solution ("**eGMS**") technology platform for global markets. The Freshlocal Group continues to build and innovate in the domestic and international eGrocery markets through its "Brick & Click" model.

2. On May 16, 2022, the Freshlocal Group obtained an order in these proceedings (the "**Initial Order**") granting them various relief pursuant to the *Companies' Creditors Arrangement Act,*

R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Initial Order among other things, appointed Ernst & Young, Inc. as monitor (the "**Monitor**") in these proceedings, established a stay of proceedings to and including May 26, 2022 (the "**Stay of Proceedings**"), and approved an interim financing facility (the "**DIP Loan**") pursuant to the terms of a term sheet dated May 13, 2022 (the "**DIP Agreement**") with Third Eye Capital Corporation, as administrative and collateral agent (in such capacity, the ("**DIP Agent**") for one or more investment vehicles managed, advised or operated by the DIP Agent or its affiliates (such entities, together with the DIP Agent, the "**DIP Lender**").

3. On May 26, 2022, the Court granted an amended and restated Initial Order (the "**Amended and Restated Initial Order**"), among other things:

(a) extending the Stay of Proceedings until and including June 30, 2022;

(b) increasing the quantum of the Interim Lender's Charge to $7,000,000 (plus interest and costs); and

(c) approving a key employee retention plan for certain senior level management and essential employees of the Freshlocal Group.

4. On June 30, 2022, the Court granted an order (the "**Stay Extension Order**") which, among other things, extended the Stay of Proceedings until and including July 15, 2022.

Update on the Proceeding

5. Since the Stay Extension Order was granted, the Freshlocal Group have, among other things, with the assistance of the Monitor, as more fully set out in the Third Report of the Monitor, to be filed (the "**Third Report**") and the affidavit of Monika Russell sworn July 12, 2022 (the "**Fourth Affidavit**"):

(a) continued to undertake extensive communication with employees, customers, suppliers and other key stakeholders;

(b) engaged further with TEC, including responding to a number of due diligence inquiries, which efforts resulted in the execution of the Stalking Horse Agreement;

(c) continued to advance the Freshlocal Group's SISP, including by continuing to engage with a number of unsolicited expressions of interest from interested parties and retaining Desjardins to act as the Financial Advisor pursuant to the terms of the FA Agreement, subject to this Court's approval;

(d) continued to develop and finalize the SISP in consultation with the Monitor, DIP Lender and Financial Advisor;

(e) issued disclaimers pursuant to section 32 of the CCAA in connection with Food-X Technologies Inc. ("**Food-X**") license and service agreements with Carrefour Belgium S.A., in Belgium, and Centros Commerciales Carrefour S.A., in Spain;, as well as in connection with Food-X's Escrow as a Service Access + Master Deposit Account Agreement with NCC Group Escrow Europe B.V.

(f) undertook other cash-conservation measures to extend operational liquidity, including cancelling certain cash-collateralized credit cards, and reducing certain web hosting and license services associated with the Food-X business unit;

(g) terminated approximately 35 employees who were hired to support the SaaS eGMS platform business which operated under the Food-X banner in connection with the wind-down of same;

(h) met with certain of the Freshlocal Group's pre-filing secured creditors, including Export Development Canada; and

(i) continued to stabilize their business operations.

Financial Advisor

6. On June 21, 2022, the Freshlocal Group engaged Desjardins to act as the financial advisor with the responsibility of administering the SISP. At this time, the Freshlocal Group is seeking approval of the FA Agreement and the appointment of Desjardin as Financial Advisor in connection with the SISP. The engagement of the Financial Advisor is in the best interests of the SISP and therefore in the best interests of the Freshlocal Group and its creditors and other stakeholders.

7. In connection with, and as required under the terms of, the FA Agreement, the Freshlocal Group, with the support of the Monitor, is requesting two Court-ordered charges in favour of the Financial Advisor to secure certain fees payable pursuant to the FA Agreement. Pursuant to the FA Agreement, Desjardins is entitled to a monthly working fee of $25,000 ("**Monthly Fee**"), plus a transaction fee of up to a maximum of $2,500,000 ("**Transaction Fee**"), depending on the ultimate purchase price realized in any SISP transaction(s).

8. It is a condition of the FA Agreement that Desjardins be granted two Court-ordered charges to secure the Monthly Fee (the "**Monthly Fee Charge**") and the Transaction Fee (the "**Transaction Fee Charge**") in the aggregate amount of $2,600,000 (i.e. the maximum amount of the Transaction Fee, plus four times the Monthly Fee). First, the proposed Monthly Fee Charge in the amount of $100,000 is proposed to rank *pari passu* with the Administration Charge previously granted. Second, the Transaction Fee Charge in the amount of $2,500,000 is proposed to rank subordinate to the Administration Charge and the Interim Lender's Charge, but senior to the Directors' Charge and the KERP Charge (as such terms are defined in the Amended and Restated Initial Order).

The Stalking Horse Agreement

9. As discussed in previous Court materials, on June 23, 2022, the Freshlocal Group and TEC entered into a binding letter of intent (the "**TEC LOI**") describing a stalking horse bid to be presented in the form of a definitive agreement. Since the execution of the TEC LOI, the Freshlocal Group has been facilitating and responding to ongoing TEC due-diligence inquiries and requests.

10. A first draft of the Definitive Agreement contemplated in the TEC LOI was received by the Freshlocal Group at 10:25am (Pacific Time) on July 7, 2022. Despite the best efforts of the Freshlocal Group, and its advisors (including disruptive communications issues arising as a result of the nation-wide Rogers Communications service outage on July 8, 2022), the definitive stalking horse bid agreement was not completed until the morning of July 12, 2022.

11. Subject to Court-approval, and as a result of the foregoing efforts, Freshlocal, Sustainable Produce Urban Delivery Inc. ("**SPUD**"), 569672 BC Limited, Organics Express Inc., Mainland Fresh Distribution Inc., Food-X Urban Delivery Inc., Food-X, Food-X Technologies Limited

Partnership, Food-X Technologies GP Inc., Food-X Technologies (eGMS) Inc., FoodX SA, Be Fresh (AB) Inc., and Blush Lane Organic Produce Ltd. ("**Blush Lane**"), entered into a stalking horse agreement (the "**Stalking Horse Agreement**") with a special purpose company to be formed (the "**Purchaser**") and TEC (the Purchaser and TEC in such capacity, collectively, the "**Stalking Horse Purchaser**").

12. Notwithstanding the foregoing, the Freshlocal Group, in the circumstances, is of the opinion that the Stalking Horse Agreement establishes a valuable baseline price that will: (a) act as a "protective bid" by ensuring a going-concern outcome for the Freshlocal Group's remaining business units (being SPUD and Blush Lane), thereby preserving approximately 850 jobs, as well as the supplier relationships that support these businesses, and (b) provide value to the SISP by setting a baseline purchase price intended to create a competitive bidding environment, thereby increasing the likelihood of a value maximizing transaction in the SISP.

13. Consistent with the DIP Term Sheet and TEC LOI, the Stalking Horse Agreement contemplates a Break Fee and Expense Reimbursement which are intended to compensate the stalking horse bidder for the time and resources spent in developing the Stalking Horse Agreement. The Freshlocal Group, in the exercise of their sound business judgment, believe that the Break Fee and Expense Reimbursement are reasonable in the circumstances.

14. Additionally, the Stalking Horse Agreement requires that the Break Fee and Expense reimbursement be secured by charges on the Property in favour of the Stalking Horse Purchaser.

The SISP

15. The SISP was developed with input from the Monitor, the DIP Lender and the Financial Advisor.

16. Pursuant to the proposed SISP, the Financial Advisor will be responsible for the marketing and sale of: (i) the assets and operations of the Blush Lane business unit (the "**Blush Lane Business**"), (ii) the assets and operations of the SPUD business unit (the "**SPUD Business**"), and (iii) the assets of the Food-X Business Unit, including the Food-X IP ("**Food-X Assets**", and together with the Blush Lane Business and the SPUD Business, the "**Business**").

17. The SISP has been designed to be broad and flexible. Accordingly, the SISP contemplates one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Freshlocal Group as a going concern or a sale of all, substantially all or one or more components of the Business, all with a view to completing one or more value maximizing transactions in respect of the Business. A copy of the SISP is attached as Schedule "C" to the Stay Extension, SISP and Financial Advisor Order.

18. The SISP contains four (4) milestones which are described below in the following table:

Milestone	Deadline
Teaser Letters sent to known Potential Bidders	Preliminary solicitation efforts commenced on or around June 22, 2022. The Financial Advisor has been and will continue to send the Teaser Letter and Confidentiality Agreement to potential bidders and any other interested Persons.
Phase 1 Deadline to submit non-binding LOIs	August 11, 2022
Phase II Deadline to submit Proposed Final Agreement	September 1, 2022
Auction (optional)	September 7, 2022
Court Application to Approve Successful Bid	No later than September 15, 2022, or as the Court may permit or otherwise direct

19. The SISP was developed with input from the Monitor, the Financial Advisor and the DIP Lender. The SISP is intended to provide a flexible, fair and efficient structure for canvassing the market for the Property and/or Business.

20. The flexibility afforded to the Financial Advisor, the Monitor and the Freshlocal Group will ensure that the Freshlocal Group's restructuring proceeds in a way that maximizes stakeholder value. This flexibility is critical to the Freshlocal Group's ability to maximize stakeholder recoveries given, among other things, the Freshlocal Group's liquidity constraints, the related operating costs, and the market uncertainty created by the COVID-19 pandemic.

21. The proposed SISP is appropriate and reasonable in the circumstances and provides a fair and efficient means of canvassing the market for the Property and/or Business. The SISP provides the appropriate degree of oversight and consultation to ensure that the SISP proceeds fairly and in the best interests of the Freshlocal Group and their stakeholders without unduly tempering its efficiency.

22. The SISP is supported by the Financial Advisor and the DIP Lender.

Stay Extension

23. The Freshlocal Group seek an extension of the Stay of Proceedings to and including August 19, 2022. The Stay Extension is necessary and in the best interests of Freshlocal Group and its stakeholders to, among other things, allow the Freshlocal Group to:

(a) assist the Financial Advisor, under the supervision of the Monitor, in undertaking Phase 1 of the SISP in accordance with its terms;

(b) continue to take steps to reduce their cash-burn and improve liquidity; and

(c) continue to operate the Business to ensure the highest likelihood of a going concern outcome to these proceedings and a value maximizing transaction for the benefit of stakeholders.

24. As demonstrated in the Cash Flow Forecast appended to the Third Report, the Freshlocal Group is forecast to have sufficient liquidity to fund their obligations and the administrative costs of these proceedings through the end of the Stay Extension.

Request for Sealing Order

25. A copy of the unredacted FA Agreement and the unredacted Stalking Horse Agreement will be attached to a confidential supplement (the "**Confidential Supplement**") the Third Report.

26. Is it a condition of the FA Agreement that a sealing order be sought to maintain its confidentiality, specifically details relating to the structure of the Financial Advisor's fee arrangement. The redacted terms of the FA Agreement are commercially sensitive and, if

disclosed, could impact and impair Desjardins' ability to, among other things, obtain market rates in future engagements.

27. The redacted terms of the Stalking Horse Agreement are commercially sensitive terms which, if disclosed, could significantly impact and impair the Freshlocal Group's business in a material way to the detriment of stakeholders.

Part 3: LEGAL BASIS

28. The Freshlocal Group rely on the CCAA, the Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court.

Stay Extension

29. Pursuant to s. 11.02(3) of the CCAA, the Court may extend the stay of proceedings for any period that the Court considers necessary provided that:

(a) the extension sought is appropriate in the circumstances; and

(b) the Petitioners have acted and are acting in good faith and with due diligence.

30. Since the Stay Extension Order was granted, the Freshlocal Group has acted and continues to act and operate in good faith and with due diligence.

31. The Stay Extension is necessary to, among other things, enable the Freshlocal Group to:

(a) assist the Financial Advisor in undertaking Phase 1 of the SISP in accordance with its terms;

(b) continue to take steps to reduce their cash-burn and improve operating liquidity; and

(c) continue to operate the Business to ensure the highest likelihood of a going concern outcome to these proceedings and a value maximizing transaction for the benefit of stakeholders.

32. Having regard to all of the circumstances of this case, the Stay Extension sought is reasonable and appropriate, and is supported by the Monitor.

Financial Advisor Appointment and the Monthly Fee Charge and Transaction Fee Charge

33. It is not unusual in proceedings that professionals are engaged to advance the restructuring where the existing management is unable to bring the required expertise to bear. In this case, the appointment of a financial advisor to administer the SISP was determined to be necessary for the pursuit of one or more value maximizing transactions in the SISP.

Walter Energy Canada Holdings, Inc. (Re), 2016 BCSC 107 at para 27.

34. Unlike the Freshlocal Group's current management team, the Financial Advisor has significant experience running similar sale and investment solicitation processes in restructuring scenarios. The Financial Advisor is also is well regarded and has considerable experience in similar roles. Further, in this case, Desjardins had been previously retained in respect of a pre-CCAA sale process that did not commence, and so has been able to leverage existing work product to enhance its efficiencies in the SISP. Absent the appointment of the Financial Advisor, and given how far management is currently stretched, there is a legitimate risk that the Freshlocal Group would become rudderless if management was required to administer the SISP, and this outcome to the detriment of the company's creditors and stakeholders. In the circumstances, the appointment of the Financial Advisor is desirable and necessary for to promote a successful SISP outcome as Desjardins' involvement will enhance the likelihood that the SISP generates maximum value for the Freshlocal Group's creditors and other stakeholders.

35. On notice to those secured creditors likely to be affected by the charge, the court may order that all or part of the property of the Petitioners be subject to a charge, in an amount the court considers appropriate, in favour of any financial, legal or other experts engaged by the company for the purposes of proceedings under the CCAA (s. 11.52(1) of the CCAA).

36. Justice Wilton-Siegel has commented on the necessity of charges similar to the Monthly Fee Charge and the Transaction Fee Charge in a restructuring, as they are usually required to

ensure the involvement and alignment of the professionals involved to achieve the best outcome for stakeholders through value maximizing transactions.

U.S. Steel Canada Inc. (Re), 2014 ONSC 6145 at para. 22.

37. The factors to consider in determining whether to approve a charge securing compensation are as follows:

(a) the size and complexity of the businesses being restructured;

(b) the proposed role of the beneficiaries of the charge;

(c) whether there is an unwarranted duplication of roles;

(d) whether the quantum of the proposed charge appears to be fair and reasonable;

(e) the position of the secured creditors likely to be affected by the charge; and

(f) the position of the monitor.

Re Canwest Publishing Inc./Publications Canwest Inc., 2010 ONSC 222 at para. 54.

38. The Freshlocal Group is a complex business consortium with multiple and disparate business units and assets spanning traditional bricks and mortar grocery to software and technology. It follows that there are likely to be separate categories of interested parties to be attracted and attended to in connection with the SISP. The role to be undertaken by the Financial Advisor will not be duplicative of the role currently being undertaken by the professionals currently retained by the Freshlocal Group. While the Monitor will be consulted with respect to various aspects of the SISP, this consultative role is to ensure visibility to the Court's officer, and will not in any meaningful way duplicate the role to be performed by the Financial Advisor. The primary secured creditors have been given notice of the within application. The Freshlocal Group views the proposed Monthly Fee Charge and Transaction Fee Charge as reasonable in the

circumstances and necessary for the go-forward participation of the Financial Advisor. The Monitor is supportive of the Monthly Fee Charge and Transaction Fee Charge.

39. In connection with the appointment of Desjardins as the Financial Advisor, the Freshlocal Group are also seeking relief to limit Desjardins' potential liability in connection with its mandate and the SISP. This relief is required as a condition of the FA Agreement, and is substantially similar to relief that has been granted in favour of sale process advisors in other CCAA proceedings.

> *2607380 Ontario Inc.*, (July 10, 2020) Toronto, CV-20-00636875-00CL at para 6 (Order Approving SISP and Extending Stay of Proceedings); *Essar Steel Algoma Inc. et al*, (February 10, 2016) Toronto, CV-15-000011169-00CL at para 5 (SISP Approval Order).

Stalking Horse Agreement

40. Approval of the Stalking Horse Agreement is being sought at this stage for the purpose of approving it as the stalking horse bid under the SISP and approving the Break Fee and Expense Reimbursement. If the Stalking Horse Agreement is ultimately designated as the "Successful Bid" in the SISP, further approval from the Court will be sought.

41. Stalking horse agreements facilitate sales processes by establishing a baseline price and deal structure for superior bids from interested parties, maximizing the value of a business for the benefit of its stakeholders and enhancing the fairness of the sale process. Stalking horse agreements have been approved concurrently with a sale process under the CCAA in a number of other proceedings, where doing so is deemed to be accretive to a sales process.

> *Nortel Networks Corp (Re),* 2009 CanLII 39492 (ON SC) at para 56; *Aralez Pharmaceuticals Inc*, (October 20, 2018) Toronto, CV-18-603054-00CL at para 6 (Order Re Bidding Procedures Approval); *Clover Leaf Holdings Company*, (December 20, 2019) Toronto, CV-19-631523-00CL at para 6 (Bidding Procedures, Stalking Horse Approval and Stay Extension Order); *In the Matter of a Plan of*

Arrangement of UrtheCast Corp., 2020 BCSC 2024 (CanLII) at para 4 (Sales Process Order dated October 16, 2020).

42. The Stalking Horse Agreement is the result of negotiations with TEC and establishes a valuable baseline price that will: (a) act as a "protective bid" by ensuring a going-concern outcome for the Freshlocal Group's remaining business units (being SPUD and Blush Lane), thereby preserving nearly 900 jobs and the numerous supplier relationships that support those business units, and (b) provide value to the SISP by setting a baseline purchase price intended to create a competitive bidding environment, thereby increasing the likelihood of a value maximizing transaction in the SISP.

43. The Monitor and the DIP Lender are supportive of the approval of the Stalking Horse Agreement.

44. The Stalking Horse Agreement includes the Break Fee should the Stalking Horse Purchaser not be declared as the Successful Bidder. The Stalking Horse Agreement also includes the Expense Reimbursement, in an amount consistent with that contemplated in the TEC LOI

45. In this case: (i) the Break Fee is approximately 2.5% of the purchase price provided for in the Stalking Horse Agreement (without regard for any potential overbids that may be submitted in the SISP); and (ii) the Expense Reimbursement is up to the maximum amount stipulated in the Stalking Horse Agreement, subject to the provision of duly issued invoices in respect of legal fees and disbursements included therein. Further, if the Break Fee is payable and Expense Reimbursement is collected in full, the aggregate amount collectable by the Stalking Horse Purchaser would be equivalent to approximately 3.7% of the purchase price.

46. Fee structures like the Break Fee and the Expense Reimbursement are intended to compensate a stalking horse bidder for the time and resources spent in developing the stalking horse agreement, and the opportunity cost of undertaking such detailed diligence. Courts considering break or termination fees in similar CCAA processes have approved break fees in the range of 3% and expense reimbursements in the range of 2%. Market comparables suggest an overall break fee range of 1.8% to 5% of the value of the bid. Agreeing to such payments is a matter of business judgment and therefore judicial deference is appropriate, provided the business

decision falls within the range of reasonableness. Courts have also afforded significant deference to the monitor's position and have recognized that break fees and accompanying charges are common place in court-supervised insolvency proceedings, including under the CCAA.

> *Danier Leather Inc, Re*, 2016 ONSC 1044 (CanLII) at paras 41-42 and para 44; *CCM Master Qualified Fund Ltd v blutip Power Technologies Ltd*, 2012 ONSC 1750 (CanLII) at para 13; *Brainhunter Inc. Re*, 2009 CanLII 72333 (ON SC) at para 20; *Quest University Canada (Re)*, 2020 BCSC 1845 (CanLII) at paras 55-57 and 62.

47. The aggregate percentage of approximately 3.7% in this case is well within the overall range approved by Courts in CCAA and other insolvency proceedings.

48. The Stalking Horse Agreement requires that the Break Fee and Expense Reimbursement be secured by a charge on the Property in favour of the Stalking Horse Purchaser and TEC. Courts have found the s. 11.2(4) factors (the test applicable to approving interim financing) useful when considering whether to grant a charge securing break fees in the context of a proposed stalking horse arrangement. Other relevant factors that may be considered by the Court in determining whether to approve a break fee and grant a charge include:

(a) Was the agreement reached as a result of arm's length negotiations?

(b) Has the agreement been approved by the debtor company's board or specifically constituted committees who are conducting the sales process?

(c) Is the relief supported by the major creditors?

(d) What may be the effect of such a fee/charge? Will it have a chilling effect on the market, or will it facilitate the sales process?

(e) Is the amount of the fee reasonable? In relation to expenses anticipated to be covered, is the amount reasonable given the bidder's time, resources and risk in the process?

(f) Will the fee and charge enhance the realization of the debtor's assets?

(g) Will the fee and charge enhance the prospects of a viable compromise or arrangement being made in respect of the company?; and

(h) Does the monitor support the relief?

Quest University Canada (Re), 2020 BCSC 1845 (CanLII) at paras 54 and 59.

49. The Stalking Horse Agreement is the result of arm's length negotiations and has been approved by the Freshlocal Group's board. Consistent with the DIP Agreement and TEC LOI, the Break Fee and Expense Reimbursement, and the accompanying Break Fee Charge and Expense Reimbursement Charge, are requirements under the Stalking Horse Agreement. The Stalking Horse Agreement establishes a valuable baseline price that will benefit the Freshlocal Group's creditors and stakeholders, as well as the SISP generally. As previously noted, the quantum of the Break Fee and Expense Reimbursement are reasonable and well within the range of market comparables. The primary secured creditors have been given notice of the within application.

50. Substantially similar relief has recently been granted by this Court.

In the Matter of a Plan of Arrangement of UrtheCast Corp., 2020 BCSC 2024 (CanLII) at paras 57 and 58 (Third Amended and Restated Initial Order dated October 16, 2020); *In the Matter of a Plan of Arrangement of UrtheCast Corp.*, 2020 BCSC 2024 (CanLII) at para 5 (Sales Process Order dated October 16, 2020)

51. As stated above, the Monitor is supportive of the Break Fee and the Expense Reimbursement along with the Expense Reimbursement Charge and the Break Fee Charge over the Property and believes them to be appropriate in the circumstances.

The SISP

52. The CCAA is remedial in nature and confers broad powers to facilitate restructuring, including the power to approve a sale process in relation to a CCAA debtor's business and assets, prior to or in the absence of a plan of compromise and arrangement. Although there is no requirement to have a sale process approved under the CCAA, it is customary to do so to ensure that the debtor company's intended sale process has approval before significant financial and professional resources are deployed, and to reduce the risk of process-based objections later in the

CCAA process, typically at the time of sale approval. The court in *Nortel* identified several factors to be considered in determining whether to approve a sale process:

(a) Is a sale warranted at this time?

(b) Will the sale be of benefit to the whole "economic community"?

(c) Do any of the debtors' creditors have a bona fide reason to object to a sale of the business?

(d) Is there a better viable alternative?

Nortel Networks Corp (Re), 2009 CanLII 39492 (ON SC) at paras 47-49; *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, s 11 and s 36.

53. While not technically applicable at the sale process stage, the factors set out in subsection 36(3) of the CCAA have also been considered when deciding whether to approve a sale process:

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process leading to the proposed sale or disposition;

(c) whether the monitor filed with the court a report stating that in its opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

U.S. Steel Canada Inc, (Re), 2015 ONSC 2523 at para 8.

54. Having regard to the above factors, the SISP should be approved given that:

(a) a sale of the Property and/or Business through one or a combination of transactions will maximize value for creditors and will promotes a going-concern outcome for the Freshlocal Group;

(b) the SISP will benefit the economic community as a whole as the SISP is designed and intended to solicit the highest and best bid;

(c) to date, no creditor has objected to the SISP and in the circumstances the Freshlocal Group do not believe any creditor has a reasonable basis to object to the SISP. Importantly, the SISP timelines reflect the reality of the Freshlocal Group's current cash runway, as well as the imperative to run an expeditious process for the benefit of creditors;

(d) the SISP will be led by Desjardins which has extensive experience leading sale processes across a number of industries, including in distressed and court-supervised restructuring situations;

(e) the DIP Lender has been consulted and involved in the development of the SISP and is supportive; and

(f) the Monitor is supportive of the SISP.

Sealing Order

55. The Freshlocal Group bears the burden of establishing as a threshold requirement that openness presents a serious risk to a competing interest of public importance. This is a high bar to clear. Even where it is met, an applicant must still show that the order is necessary to prevent the risk and that, as a matter of proportionality, the benefits of that order restricting openness outweigh its negative effects.

> *Sierra Club of Canada v Canada (Minister of Finance),* 2002 SCC 41 at para 53; *Sherman Estate v Donovan*, 2021 SCC 25 at paras. 38 and 43.

56. Commercial interests such as preserving confidential information or avoiding a breach of a confidentiality agreement are an "important public interest" when considering whether to seal documents from the public record.

> *Sierra Club of Canada v Canada (Minister of Finance),* 2002 SCC 41 at para 55; *Sherman Estate v Donovan*, 2021 SCC 25 at paras. 41-43.

57. A serious risk relating to the disclosure of the information has been established in the present circumstances. The information sought to be sealed contains confidential and sensitive information which, if disclosed, could:

(a) impact and impair Desjardins' ability to, among other things, obtain market rates in future engagements; and

(b) impact and impair the Freshlocal Group's business in a material way to the detriment of stakeholders.

58. Additionally, disclosing the confidential terms of the Stalking Horse Agreement and the FA Agreement at this time could negatively impact the integrity and the outcome of the SISP, which would in turn prejudice creditors and other stakeholders. It is also a condition of the FA Agreement that the Freshlocal Group apply for a sealing order. Further, SISP participants will receive an unredacted copy of the Stalking Horse Agreement, as well the Freshlocal Group's pre-filing secured creditors that are party to confidentiality arrangements with the company. In this way, neither the SISP nor the secured creditors will be prejudiced by sealing this commercially sensitive information.

59. The proposed Sealing Order reflects a proportional approach recognizing that the deleterious effects are minimal and outweighed by the benefits of sealing the Confidential Supplement. The Monitor supports the proposed Sealing Order.

60. The procedure to be followed in British Columbia for seeking a sealing order is set out in the Supreme Court of British Columbia PD-58, *Sealing Orders in Civil and Family Proceedings* (effective February 10, 2020), which the Monitor and the Freshlocal Group, to the extent applicable, intend to comply with.

Part 4: MATERIAL TO BE RELIED ON

1. At the hearing of this Application, the Freshlocal Group will rely on:

   (a) Affidavit of Monika Russell, made May 13, 2022 and filed herein;

   (b) Affidavit of Monika Russell, made May 20, 2022 and filed herein;

   (c) Affidavit of Monika Russell, made June 27, 2022 and filed herein;

   (d) Affidavit of Monika Russell, made July 12, 2022;

   (e) the First Report of the Monitor dated May 24, 2022;

   (f) the Second Report of the Monitor dated June 28, 2022;

   (g) the Third Report of the Monitor, to be filed; and

   (h) such further and other materials as counsel may advise and this Honourable Court may allow.

The Freshlocal Group estimates that the application will take three hours.

☒ This matter is not within the jurisdiction of a master. Madam Justice Fitzpatrick is seized of this proceeding.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

(a) file an application response in Form 33,

(b) file the original of every affidavit, and of every other document, that

   (i) you intend to refer to at the hearing of this application, and

   (ii) has not already been filed in the proceeding, and

(c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:

   (i) a copy of the filed application response;

(ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

(iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: July 12, 2022

David E. Gruber
Lawyer for the Petitioners

THIS NOTICE OF APPLICATION is prepared and delivered by David E. Gruber of the firm Bennett Jones LLP, Barristers & Solicitors, counsel for the Freshlocal Group, File No. 091824.3, whose place of business and address for delivery is 2500 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. Telephone: (604) 891-7500. Facsimile: (604) 891-5100. gruberd@bennettjones.com

SCHEDULE"A"

Sustainable Produce Urban Delivery Inc.

569672 BC Limited

Organics Express Inc.

Mainland Fresh Distribution Inc.

Food-X Urban Delivery Inc.

Food-X Technologies Inc.

Food-X Technologies GP Inc.

Food-X Technologies (eGMS) Inc.

Be Fresh (AB) Inc.

Blush Lane Organic Produce Ltd.

SCHEDULE "B"

This is Exhibit " G " referred to in the Affidavit of **SHAWN TURKINGTON**, sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

LEASE SUMMARY

THIS LEASE SUMMARY is attached to and forms part of this Lease dated May 31, 2018.

BETWEEN:

EAGLE HOMES SALES LTD.

(the "Landlord")

AND:

STRUCTURLAM MASS TIMBER CORPORATION

(the "Tenant")

Article or Clause	
Schedule A	Civic Address of the Premises: 1716 Wallis Road, Okanagan Falls, BC
1.1	Area of the Premises: Approximately 35,250 square feet in the Building and the yard surrounding the Building, but excluding the 3,000 square foot secondary building, as shown on plan attached as Schedule A hereto
1.1 and 3	Term: Five (5) years
1.1	Commencement Date: June 1, 2018
1.1	Expiry Date: May 31, 2023
4.1(a)	Annual Basic Rent Commencing: June 1, 2018 and terminating: May 31, 2023 payable as follows:

Period	Per Annum	Per Month
June 1, 2018 to May 31, 2019	$141,000.00 plus GST	$11,750.00 plus GST
June 1, 2019 to May 31, 2021	$176,250.00 plus GST	$14,687.50 plus GST
June 1, 2021 to May 31, 2023	$211,500.00 plus GST	$17,625.00 plus GST

4.1(b)	Additional Rent commences June 1, 2018
7.1	Use of Premises: Manufacture, storage and distribution of engineered wood products and associated products and accessories
18.4	Landlord's Address for Rent Payments and Notices: 120 Harbourfront Drive NE Salmon Arm, BC V1E 2T3
18.4	Tenant's Address for Notices: 2176 Government Street Penticton, BC V2A 8B5
18.19	$35,000.00 plus GST as Security Deposit.
Schedule B	Renewal option: Two options to renew of five (5) years each.
Schedule C	Tenant's Work

Schedules:

Schedule A—Plan of Premises and Description of Land

Schedule B—Renewal Option

Schedule C—Tenant's Work

The articles, clauses, and schedules of this Lease identified above are those articles, clauses, and schedules where references to particular Lease information initially appear. Each such reference will incorporate the applicable information from this Lease Summary.

THIS LEASE made May 31, 2018 is

BETWEEN:

EAGLE HOMES SALES LTD. (Inc. No. BC0879137), a company incorporated under the laws of British Columbia

(the "Landlord")

AND:

STRUCTURLAM MASS TIMBER CORPORATION (Inc. No. BC1143483), a company incorporated under the laws of British Columbia

(the "Tenant")

1. DEFINITIONS

1.1 The Landlord and the Tenant hereby agree that in this Lease the following words or phrases will, unless there is something in the context inconsistent with them, have the following meanings:

(a) **"Additional Rent"** means:

(i) to the extent they are not paid directly by the Tenant, the Utility Costs and Tenant's Taxes;

(ii) INTENTIONALLY DELETED;

(iii) the Tenant's Proportionate Share of the Operating Expenses; and

(iv) all other sums that may be payable to the Landlord or reimbursable to the Landlord, including, without limitation, all interest and penalties payable by the Tenant, whether or not such sums are referred to as Rent or Additional Rent or otherwise,

but Additional Rent does not include the Annual Basic Rent.

(b) **"Annual Basic Rent"** means the amount specified as such in the Lease Summary.

(c) **"Area of the Premises"** means the aggregate of the areas specified in the Lease Summary, measured from the exterior face of exterior walls and the centre line of any internal demising walls, without deduction for any columns or projections.

(d) **"Building"** means all buildings and improvements erected or to be erected on the Land.

(e) **"Commencement Date"** means the date specified as such in the Lease Summary.

(f) **"Common Areas and Facilities"** means all of the Land and the Building including, without limitation, the Roof, exterior and interior walls and structural elements including bearing walls, electrical, plumbing, drainage, mechanical, and other installations or services as well as the structures housing them, fire prevention and communication systems, loading areas, parking

areas, driveways, landscaped areas, retaining walls, washrooms (other than washrooms within the Premises or within other premises leased to tenants), any railway spur lines servicing the Building, and all fixtures, general signs, lighting facilities, improvements, equipment, and installations on or in them that the Landlord provides or designates from time to time for the general use by or for the benefit of the Tenant in common with other tenants and other persons permitted by the Landlord; provided however that the Common Areas and Facilities will exclude all of the Rentable Area, whether or not leased to tenants, and it will further exclude all areas of the Land in respect of which the Landlord has granted to the Tenant or any other tenant an exclusive easement or an easement in common only with the Landlord.

(g) INTENTIONALLY DELETED

(h) INTENTIONALLY DELETED

(i) **"Environmental Laws"** means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements of any government authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, health, occupational health and safety, or transportation of dangerous goods, including the principles of common law and equity.

(j) **"Expiry Date"** means the date specified as such in the Lease Summary.

(k) **"GST"** means the tax levied under Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as that tax may be amended or substituted from time to time.

(l) **"Hazardous Substance"** or **"Hazardous Substances"** means any pollutants, contaminants, deleterious substances, underground or above-ground tanks, asbestos materials, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance that is now or hereafter prohibited, controlled, or regulated under Environmental Laws.

(m) **"Insurance Costs"** means all premiums and other amounts the Landlord may expend in effecting or maintaining insurance coverage under the provisions of this Lease.

(n) **"Land"** means all and singular the certain parcel or tract of land described in Schedule A.

(o) **"Landlord"** means the owner or the mortgagees in possession for the time being of the Premises only during and in respect of their respective periods of interest in the Premises.

(p) **"Landlord's Mortgagees"** means any and all existing or proposed mortgagees, debenture-holders, and trustees on behalf of mortgagees holding any Mortgages.

(q) **"Lease"** means this indenture together with the Lease Summary and all schedules attached to it.

(r) **"Leasehold Improvements"** means all fixtures (other than the Tenant's trade fixtures), improvements, additions, partitions, equipment, and alterations from time to time made to or installed in the Premises by any person.

(s) **"Lease Summary"** means pages 1 and 2 attached to and forming part of this Lease and headed "Lease Summary".

(t) **"Management Fee"** means an amount established by the Landlord on account of management and administration, such Management Fee to be paid in equal monthly instalments on the fifteenth day of each month during the Term as part of the Operating Expenses.

(u) **"Mortgages"** means all mortgages, debentures, deeds of trust, and mortgages securing bonds and all instruments and indentures supplemental to them that may now or hereafter charge the Land and Premises, and all renewals, modifications, consolidations, replacements, and extensions of them.

(v) **"Operating Expenses"** means all expenses in connection with the operation and maintenance of all or any portion of the Land, the Building, and the Premises and, without restricting the generality of the foregoing, includes:

(i) the Taxes;

(ii) the Insurance Costs;

(iii) all charges for water, gas, electricity, and other utilities and services used on or in respect of any part of the Land and the Building and all fittings, machines, apparatus, meters, and any other thing leased in respect of them, and all work and services performed by any corporation, authority, or commission in connection with such utilities, but excluding Utility Costs;

(iv) salaries and wages (including employee benefits and workers' compensation assessments), and all independent service contract and supplies incurred in cleaning, maintenance, garbage collection and disposal, operation, security, landscape repair and maintenance, snow removal, and traffic control;

(v) repairs and maintenance of all or any portion of the Land and the Building, including without limitation the Common Areas and Facilities;

(vi) consultants' fees as required from time to time and the costs and fees incurred in the preparation of any audit of Operating Expenses, and incurred by the Landlord for legal proceedings taken in order to protect or preserve the general well-being of the tenants of the Building or their use and enjoyment of the Building, or to enforce covenants in any leases as they affect the general well-being of the tenants of the Building;

(vii) capital improvements required pursuant to any government law or regulation that were not required at the time of construction of the Building, capital improvements that in the opinion of the Landlord will reduce projected Operating Expenses, and all other capital improvements deemed necessary by the Landlord for periodic repair or replacements, all amortized over the useful life of the improvements as determined by the Landlord in accordance with generally accepted accounting principles, plus the cost of purchasing any extended warranties, but excluding any costs of repairs to structural elements of the Building or costs of replacement or substantial repair of the Roof, except for any repairs required as a result of damage caused by the negligence of the Tenant;

(viii) an amount equal to the difference between the proceeds of insurance payable to the Landlord in respect of the damage or destruction of the Building and the costs and expenses to repair, rebuild, and make fit the Building to the extent of any deductible contained in any insurance policy effected by the Landlord pursuant to its covenant to insure herein contained;

(ix) the Management Fee; and

(x) GST or other Sales Taxes on goods and services provided by or on behalf of the Landlord;

but Operating Expenses does not include interest on the Landlord's debt, capital retirement of the Landlord's debt, costs incurred in leasing or procuring new tenants, or any other expenses in respect of easement areas on the Land that the Landlord requires any other tenant to pay separately from the Operating Expenses.

(w) **"Operating Year"** means a 12-month period that is established by the Landlord from time to time, commencing on the fifteenth day of a month in any calendar year and ending on the last day of the 12th following month, provided that the first operating period will commence on the Commencement Date and end on the last day of the Landlord's designated Operating Year next following and the last operating period will terminate to coincide with the Expiry Date.

(x) **"Premises"** means the portion of the Building and the Land shown outlined in red and identified as "Premises" on the plan attached to this Lease as Schedule A, with any exclusions as indicated on Schedule A, together with the Leasehold Improvements and specifically excluding the portion of the Building and the Land shown outlined in blue on the plan attached to this Lease as Schedule A.

(y) **"Prime Rate"** means the rate of interest, expressed as an annual rate, at the relevant time or times, established by the Bank of Montreal at its main branch in Vancouver, British Columbia, as a reference rate for commercial loans in Canadian dollars commonly referred to by the Bank of Montreal as its "prime rate".

(z) **"Relative Portion"** means, with respect to any amount payable under this Lease, that fraction having as its denominator the period of time expressed in days in respect of which an amount payable under this Lease is calculated and having as its numerator the number of days within the same calculation period, but which fall within the Term or any renewal period.

(aa) **"Release"** includes release, spill, leak, pump, pour, emit, discharge, eject, escape, leach, dispose, or dump.

(ab) **"Rent"** means the Annual Basic Rent and the Additional Rent.

(ac) **"Rentable Area"** means the total area expressed in square feet or its metric equivalent of space set aside by the Landlord for leasing to tenants of the Building, as may be amended by the Landlord from time to time.

(ad) **"Roof"** means the roof membrane, roof insulation, and roof deck of the Building.

(ae) "Sales Taxes" means any and all taxes, fees, levies, charges, assessments, rates, duties, and excises (whether characterized as sales taxes, purchase taxes, goods and services taxes, or any other form) that are imposed on the Landlord, that the Landlord is liable to pay or that the Landlord is liable to collect and remit, and that are levied, rated, or assessed on the act of entering into this Lease or otherwise on account of this Lease, on the use or the occupancy of the Premises or any portion of them, on the Rent payable under this Lease or any portion of it, or in connection with the business of renting the Premises or any portion of them, including, without limitation, GST.

Provided however that Sales Taxes exclude all of the following:

(i) income tax under Part I of the Income Tax Act, R.S.C. 1985, c. 1 (5th supp.) as it existed on the Commencement Date;

(ii) the Tenant's Taxes;

(iii) the Taxes; and

(iv) corporation capital tax.

(af) "Security Deposit" means the amount specified as such in the Lease Summary;

(ag) "Sign" means any sign, picture, notice, lettering, direction, or other advertising or informational device of whatever nature.

(ah) "Taxes" means all taxes, fees, levies, charges, assessments, rates, duties, and excises that are now or may hereafter be levied, imposed, rated, or assessed upon or with respect to the Land or the Building or any part of them or any personal property of the Landlord used for them, whether levied, imposed, rated, or assessed by the government of Canada, the government of British Columbia, or any political subdivision, political corporation, district, municipality, city, or other political or public entity, and whether or not now customary or in the contemplation of the parties on the date of this Lease. Without restricting the generality of the foregoing, Taxes includes all:

(i) real property taxes, general and special assessments, and capital taxes;

(ii) taxes, fees, levies, charges, assessments, rates, duties, and excises for transit, housing, schools, police, fire, or other government services, or for purported benefits to the Land or the Building;

(iii) local improvement taxes, service payments in lieu of taxes, and taxes, fees, levies, charges, assessments, rates, duties, and excises, however described, that may be levied, rated, or assessed as a substitute for, or as an addition to, in whole or in part, any property taxes or local improvement taxes; and

(iv) costs and expenses, including legal and other professional fees and interest and penalties on deferred payments, incurred by the Landlord in contesting or appealing any taxes, assessments, rates, levies, duties, excises, charges, or other amounts as specified;

but Taxes excludes all of the following:

(v) income tax under Part I of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th supp.) as it existed on the Commencement Date;

(vi) the Tenant's Taxes;

(vii) the Sales Taxes; and

(viii) corporation capital tax.

(ai) **"Tenant's Proportionate Share"** means the percentage calculated to the second decimal place, which percentage is equivalent to a fraction having as its numerator the Area of the Premises expressed in square feet or the metric equivalent and having as its denominator the Rentable Area expressed in the same form of measurement as the numerator, provided that the percentage will be changed in the event of a change to the Rentable Area or the Area of the Premises.

(aj) **"Tenant's Taxes"** means all taxes, fees, levies, charges, assessments, rates, duties, and excises that are now or may hereafter be levied, imposed, rated, or assessed by any lawful authority relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture, and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of the Leasehold Improvements or other improvements to the Premises built, made, or installed by the Tenant, on behalf of the Tenant or at the Tenant's request, whether any such amounts are included by the taxing authority in the Taxes.

(ak) **"Term"** means the term specified in the Lease Summary.

(al) **"Transfer"** means any transfer, assignment, charge, mortgage, sublease, licence, sharing of possession, parting with possession, or any other disposition of this Lease or any estate or interest in it or the Premises or any part of them, including without limitation a transfer by operation of law.

(am) **"Transferee"** means any person to whom a Transfer is made or intended to be made.

(an) **"Utility Costs"** means all charges for water, gas, telephone, electric light and power, cable and other telecommunications, and all other utilities and services used on or in respect of the Premises or any part of them, whether separately metered to the Premises or as allocated by the Landlord, acting reasonably, to the Premises together with all costs and charges for all fittings, machines, apparatus, meters, and any other thing leased or supplied in respect of them and all costs and charges for all work and services performed by any corporation, authority, or commission in connection with such utilities and services in respect of the Premises, whether separately charged to the Premises or allocated by the Landlord, acting reasonably, to the Premises.

2. THE DEMISE

In consideration of the rents, covenants, conditions, and agreements in this Lease, the Landlord hereby leases to the Tenant the Premises, subject to the easements and rights-of-way now registered against the title to the Land and any future easements and rights-of-way that may be registered against title to the Land in accordance with clause 7.2.

3. TERM

The Tenant will have and hold the Premises, subject to the rents, covenants, conditions, and agreements in this Lease, for the Term from and including the Commencement Date until and including the Expiry Date.

4. RENT

4.1 Annual Basic Rent and Additional Rent

The Tenant will pay to the Landlord during the Term the following Rent payable at the Landlord's address specified in the Lease Summary or at such other place as the Landlord may from time to time designate in writing, in the following instalments:

(a) the Annual Basic Rent (plus applicable GST) payable in advance in consecutive monthly instalments on the fifteenth day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the fifteenth day of the month in which the Expiry Date falls; and

(b) the Additional Rent payable in advance in consecutive monthly instalments on the fifteenth day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the fifteenth day of the month in which the Expiry Date falls, unless indicated otherwise in this Lease.

4.2 To Pay

The Tenant will pay the Annual Basic Rent and Additional Rent when due in accordance with the provisions of this Lease.

4.3 No Abatement

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease will be paid by the Tenant without demand, deduction, set-off, or abatement whatsoever, except as specifically provided in subclause 10.1(a). The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable under the Lease in such manner as the Landlord may see fit, regardless of any designation or instructions by the Tenant to the contrary.

4.4 Post-dated Cheques

The Tenant covenants and agrees that the Tenant will deliver to the Landlord prior to the commencement of each Operating Year a series of post-dated cheques each in the amount of the monthly instalments of the Annual Basic Rent (plus applicable GST) and the Additional Rent for that Operating Year.

4.5 Adjustment

If the Term commences or ceases on a day other than the commencement of or the end of any period of time in respect to which any amount payable under this Lease is calculated, then the Tenant will pay to the Landlord its Relative Portion of such amount for such period of time. Without limiting the generality of the foregoing, if the Term does not subsist during the whole of any calendar year, the Tenant will pay the Relative Portion of the Tenant's Proportionate Share of the estimated and actual Operating Expenses for such Operating Year.

4.6 Accrual of Annual Basic Rent

The Annual Basic Rent will accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent will survive the termination or expiry of this Lease and such amounts will be payable by the Tenant upon demand by the Landlord.

4.7 Net Lease

It is the intention of the parties that this Lease will be a net lease and that the Rent provided to be paid to the Landlord under this Lease will be net to the Landlord and will yield to the Landlord the entire such rental during the Term and any renewal of it without abatement for any cause whatsoever except as specified in subclause 10.1(a). Except as specifically provided in this Lease, all costs, expenses, and obligations of every kind and nature whatsoever relating to the Premises, whether or not referred to in this Lease and whether or not of a kind now existing or within the contemplation of the parties, will be paid by the Tenant.

4.8 Sales Taxes

The Landlord will, acting reasonably, estimate the amount of Sales Taxes to be paid in advance with monthly payments of Rent for the period to which the estimate applies; and any necessary adjustment will be made in the same manner as set out in clause 5.2. Amounts payable by the Tenant as Sales Taxes will not be deemed to be Rent or Additional Rent, but the Landlord will have the same rights and remedies for non-payment of Sales Taxes as it has for non-payment of Rent.

5. ADDITIONAL RENT

5.1 Estimated Expenses

The Landlord will have the right to make reasonable estimates of the amount of any or all of:

(a) the Additional Rent for each Operating Year during the Term; and

(b) INTENTIONALLY DELETED.

5.2 Payment

The Tenant will pay to the Landlord, in equal monthly instalments on the fifteenth day of each month during each Operating Year, the Additional Rent or any portion of it as estimated by the Landlord for the Operating Year that falls in whole or in part within the respective Operating Year. As soon as reasonably possible after the end of the Operating Year, the Landlord will make a final determination of Additional Rent for such Operating Year and notify the Tenant of the actual amount of Additional Rent payable. If the Tenant has made any overpayment to the Landlord on account of any Additional Rent payable under this Article 5 during any Operating Year, the

Tenant will be entitled to a credit or a refund, at the Landlord's option, to the Tenant's account in respect of the payment of such item of Additional Rent for the next succeeding Operating Year. If the Tenant has paid less than the amount finally determined by the Landlord, the Tenant will pay the deficiency forthwith.

5.3 Landlord's Certificate

A certificate of an officer of the Landlord as to the actual Additional Rent or any portion of it for any Operating Year will be final and binding upon the Tenant and the Landlord.

6. TENANT'S TAXES AND UTILITY COSTS

6.1 Payment

The Tenant will promptly pay to the applicable authorities the Tenant's Taxes and the Utility Costs as they become due.

6.2 Evidence of Payment

The Tenant will provide to the Landlord, when and if requested by the Landlord, receipts for payments made by the Tenant in respect of the Tenant's Taxes and the Utility Costs.

7. USE OF PREMISES

7.1 Use of Premises

The Tenant will not use the Premises or allow the Premises to be used for any purpose other than that specified in the Lease Summary, or in any manner inconsistent with such use and occupation, and the Tenant will not, at any time during the Term or any renewal of it, commit or permit to be committed any waste upon the Premises, nor will the Tenant use, exercise, carry on, or permit to be used, exercised, or carried on, in or on the Premises or the Land, or any part of them, any noxious, noisome, or offensive art, trade, business, or occupation, or keep, sell, use, handle, or dispose of any merchandise, goods, or things that are objectionable, or by which the Premises or the Land or any part of them may be damaged or injuriously affected, and no act, matter, or thing whatsoever will, at any time during the Term or any renewal of it, be done in or on the Premises or the Land or any part of them that may result in annoyance, nuisance, grievance, damage, or disturbance to other tenants or occupiers of the Building or to the occupiers or owners of any other lands or premises or to the holders of any registered easement, right-of-way, or other encumbrance charging the whole or part of the Land or the Building. The Tenant will use its best efforts to prevent anything being done on the Premises or the Land that may result in any premises other than the Premises being picketed or otherwise subjected to industrial action or demonstrations. The Tenant will promptly take all action and proceedings reasonably necessary to cause such picketing, industrial action, and demonstrations to cease without delay. The Tenant will not place in the Premises any heavy machinery or equipment without first obtaining the consent, in writing, of the Landlord. The Tenant will immediately advise the Landlord of the presence of, and will do all things necessary to remove, any dangerous condition from time to time existing on the Premises, the Building, or the Land, and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is, at law, responsible.

7.2 **Common Areas and Facilities**

(a) The use and occupation of the Premises by the Tenant will include the non-exclusive licence to use, in common with others so entitled, the Common Areas and Facilities, subject to this Lease and to the exclusive control, management, and direction of the Landlord. The Landlord hereby grants to the Tenant:

(i) INTENTIONALLY DELETED;

(ii) a non-exclusive licence, during the subsisting Term and any renewal of it, in common with all others so entitled, to pass, with or without vehicles, over those areas of the Land as the Landlord may from time to time designate in writing, and to use, for the parking of motor vehicles, those parking spaces on the Land as the Landlord may from time to time designate in writing for the use of the Tenant;

provided however that the easement and licence granted in this clause will be subject to Article 2 of this Lease. Notwithstanding the foregoing grant of easement and licence by the Landlord to the Tenant, the Landlord will have the right to alter the location and size of the areas that are the subject of the specified licence, provided that reasonable access to the Premises is provided to the Tenant.

(b) The Common Areas and Facilities will at all times be subject to the exclusive control and management of the Landlord and will be provided or designated by the Landlord from time to time for the general use by or for the benefit of the Tenant and its employees, invitees, and licensees in common with the other tenants of the Landlord and such others as may be designated by the Landlord. The Landlord has the right from time to time to establish, modify, and enforce rules and regulations with respect to the Common Areas and Facilities, including those related to their use, maintenance, and operation, and the rules and regulations in all respects will be observed and performed by the Tenant and the employees, invitees, and licensees of the Tenant. The Landlord has the right to change the area, level, location, and arrangement of the Common Areas and Facilities and to enter into, modify, and terminate easements and agreements pertaining to the use and maintenance of them, and to police the Common Areas and Facilities and to close all or any portion of them to such an extent as may in the reasonable opinion of the Landlord be legally sufficient to prevent the accrual or creation of rights to any person or the public in them, and to do and perform such other acts and things in and to the Common Areas and Facilities as the Landlord, acting reasonably, considers advisable.

(c) The Tenant covenants that it will and will cause its employees, licensees, and invitees to observe all regulations made by the Landlord from time to time with respect to parking on those portions of the Land provided for that purpose, and that the Tenant will supply automobile licence numbers of its employees to the Landlord upon request. In particular, the Landlord reserves the right to remove any automobile infringing regulations made by the Landlord with respect to parking from time to time, such removal to be at the risk and expense of the Tenant.

(d) It is understood and agreed that notwithstanding anything in this Lease to the contrary, the Landlord will have the right at all times and from time to time throughout the Term and renewal to:

(i) change the area, size, or arrangement of the Building and the Land and any part of them including the Common Areas and Facilities;

(ii) construct other buildings, structures, or improvements on the Land and make alterations or re-arrangements of them, additions to them, demolish parts of them, build additional stories on the Building (and for such purposes to construct and erect columns and support facilities in the Building), and construct additional buildings or facilities adjoining or proximate to the Building;

(iii) relocate or rearrange or make changes or additions to the Common Areas and Facilities from those existing at the Commencement Date in order to facilitate expansion or alteration of the Building;

(iv) add additional lands to the Land;

(v) grant new easements and rights-of-way in favour of other tenants or others; and

(vi) temporarily obstruct or close off the Common Areas and Facilities or any parts of them for the purposes of maintenance, repair, or construction;

provided however that the Landlord will not unreasonably interfere with the use and enjoyment of the Premises beyond the extent necessarily incidental to such changes, additions, and installations, and will make good any physical damage to the Premises arising in the course of such changes, additions, and installations. The Landlord agrees to use its reasonable efforts to complete all construction, alterations, maintenance, and repairs as expeditiously as possible under the circumstances.

(e) The Tenant will not have any right to object to or any right to any claim of damages, compensation, or other sums whatsoever, or any right of set-off or reduction of the Rent as a result of or on account of any exercise of the Landlord's rights under subclauses 7.2(b) and 7.2(d). It is further understood and agreed that the exercise by the Landlord of its rights under subclauses 7.2(b) and 7.2(d) will not be deemed to be constructive or actual eviction of the Tenant, or a breach of any covenant of quiet enjoyment or other covenant contained in this Lease.

7.3 Compliance with Laws

The Tenant will do, observe, and perform all of its obligations and all matters and things necessary or expedient to be done, observed, or performed by the Tenant by virtue of any law, statute, bylaw, ordinance, regulation, or lawful requirements of any government authority or any public utility lawfully acting under statutory authority, and all demands and notices in pursuance of them whether given to the Tenant or the Landlord and in any manner or degree affecting the exercise or fulfilment of any right or obligation arising under or as a result of this Lease and affecting the Premises and the use of them by the Tenant. If any such demand or notice is given, lawfully requiring the execution of works by reason of anything done, omitted, or permitted by the Tenant, then:

(a) if such notice is given to the Tenant, the Tenant will promptly deliver it or a true copy of it to the Landlord and the Tenant will promptly execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord may approve in writing in order to comply with the requirements of that notice; and

(b) if such notice is given to the Landlord, the Landlord will notify the Tenant and thereupon the Tenant will promptly execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord and the person giving such notice may require in order to comply with the requirements of the notice.

Notwithstanding the foregoing, the Landlord will have the right to execute any such works and the Tenant will give to the Landlord all necessary access to the Premises and other facilities for such purpose and the Tenant will, on demand by the Landlord, pay to the Landlord all costs and expenses incurred by the Landlord in executing and performing any and all such works.

8. INDEMNITY AND INSURANCE

8.1 Tenant's Insurance

(a) The Tenant will, at its sole cost and expense during the Term and during such other period of time that the Tenant occupies the Premises, take out and maintain in full force and effect, the following:

(i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, Leasehold Improvements, and other property of every kind and description located at the Premises, owned by, or made or installed by or on behalf of the Tenant and any sub-tenant or licensee or for which the Tenant is responsible or legally liable, in an amount at least equal to the full insurable value of them, calculated on a stated amount co-insurance and replacement cost basis;

(ii) automobile liability insurance to a limit of liability of not less than $2,000,000 in any one accident, covering all licensed motor vehicles owned by the Tenant and used in connection with its and its licensee's or sub-tenant's business carried on from the Premises;

(iii) commercial general liability insurance applying to the operations of the Tenant and its licensee or sub-tenant carried on from the Premises and that will include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile liability, and protective liability coverage with respect to the occupancy of the Premises by the Tenant; and such insurance will be written for an amount of not less than $5,000,000 per occurrence, or such higher amount as the Landlord may from time to time reasonably require;

(iv) tenant's all-risks legal liability insurance in an amount not less than the replacement cost of the Premises;

(v) broad form comprehensive boiler and machinery insurance on all boilers and pressure vessels in the Premises;

(vi) business interruption insurance in such amounts as will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils required to be insured against by the Tenant under this Lease; and

(vii) any other form or forms of insurance as the Landlord may reasonably require from time to time in amounts and for perils against which a prudent tenant acting reasonably would protect itself in similar circumstances.

(b) All policies of insurance referred to in this clause 8.1 will include the following provisions:

(i) the policies will not be affected or invalidated by any act, omission, or negligence of any person that is not within the knowledge or control of the insured under this Lease;

(ii) subject to subclause 10.1(b), all Commercial General Liability and Property Insurance policies written on behalf of the Tenant will contain a waiver of any subrogation rights that the Tenant's insurers may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any insured loss or damage is caused by the act, omission, or negligence of the Landlord, or by those for whose acts the Landlord is, in law, responsible, or otherwise;

(iii) all policies of liability insurance will include the Landlord and any persons, firms, or corporations affiliated with the Landlord and designated by the Landlord as additional insureds and will provide that each person, firm, or corporation insured under such policies will be insured in the same manner and to the same extent as if separate policies had been issued to each; and

(iv) ~~all policies will contain an undertaking by the insurers to give the Landlord not less than 30 days' prior written notice of any cancellation or other termination of it, or any change that restricts or reduces the coverage afforded by it~~DELETED.

(c) The Tenant agrees that certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy will be delivered to the Landlord as soon as is practicable after the placing of them. The Tenant will, when required by the Landlord, promptly provide to the Landlord evidence that all premiums for all insurance policies have been paid.

(d) For good and valuable consideration, and subject to clause 8.4, the Tenant hereby releases and relieves the Landlord and those persons for whom the Landlord is, in law, responsible, from liability and responsibility for, and waives its entire claim for recovery of any loss or damage whatsoever arising out of or incident to, the occurrence of any of the perils covered by, or that would be covered by, the insurance policies that the Tenant is obligated to obtain and maintain in force under the terms of this Lease.

(e) The Tenant will not do or permit anything to be done upon the Premises whereby any policy of insurance against loss or damage to the Premises or against legal liability for damage to persons or property caused by the ownership, maintenance, use, or occupancy of the Premises, the Land, or the Building, or by reasons of the conduct of any business carried on on them, may be invalidated; and for such purpose, upon receipt of notice in writing from any insurer of the Premises, the Land, or the Building requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant will comply with it.

(f) The Tenant agrees that if the Tenant fails to take out or keep in force any insurance coverage referred to in this clause 8.1, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not rectify the situation within 72 hours after

written notice by the Landlord to the Tenant specifying the Landlord's objections, then the Landlord will have the right, without assuming any obligation in connection with it, to effect such insurance coverage and will have the right to recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to clause 8.1.

8.2 Indemnify Landlord

The Tenant will indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind (including without limitation legal fees on a solicitor and client basis) that the Landlord may sustain, incur, or be put to by reason of or arising out of any act or omission of the Tenant or any persons for whom the Tenant is, at law, responsible, or from the use or occupation of the Premises, the Land, or the Building, in whole or in part and, without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant or any persons for whom the Tenant is, at law, responsible of any of the obligations imposed under the provisions of any laws, ordinances, regulations, or requirements of any federal, provincial, municipal, or other authority, or any of the covenants, agreements, terms, conditions, and provisos contained in this Lease to be observed and performed by the Tenant; and such liability to indemnify and save harmless will survive any termination of this Lease and the expiry of the Term or any renewal of it, anything in this Lease to the contrary notwithstanding.

8.3 Landlord's Insurance

(a) The Landlord will, during the Term and any renewal of it, take out and maintain in full force and effect insurance against all risks of physical loss or damage to the Building, and such fixtures and improvements as the Landlord will determine, including the perils of flood and earthquake and including gross rental value insurance, in amounts equal to the full insurable value of it calculated on a replacement cost basis, and subject to such deductibles as the Landlord may reasonably determine. Provided however that the full insurable value will not include, and the insurance will not cover, any property of the Tenant, whether owned by the Tenant or held by it in any capacity, or Leasehold Improvements or any other property of whatsoever kind and description located at the Premises whether made or installed by or on behalf of the Tenant. The Landlord will, upon 30 days' written notice from the Tenant, advise the Tenant of the amount of the deductible referred to in this subclause.

(b) The Landlord will, upon written request by the Tenant, provide the Tenant with evidence from time to time that such insurance has been effected.

(c) The Landlord may, but will not be obligated to, take out and carry any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may consider advisable or beneficial, including, without limiting the foregoing, commercial general liability insurance and boiler and machinery insurance.

(d) Notwithstanding any contribution by the Tenant to any Insurance Costs as provided for in this Lease, no insurable interest will be conferred upon the Tenant under policies carried by the Landlord.

8.4 Limitation of Liability of Landlord

(a) The Landlord will not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or those doing business with it on the Premises, in the Building, or on the Land, no matter how caused, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and the Tenant:

(i) will indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and

(ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.

(b) Without limiting the foregoing, the Landlord will not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or invitees on the Premises, in the Building, or on the Land caused by theft or breakage or by steam, water, rain, snow, radioactive materials, microwaves, deleterious substances, gases, pollutants, or any other materials or substances that may leak into, or issue or flow from any neighbouring lands or adjacent premises, or from the water, steam, or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring, or any damage caused or anything done or omitted to be done by any other tenant or occupant of the Land except to the extent caused by the negligence of the Landlord or by those persons for whom the Landlord is, in law, responsible; and the Tenant:

(i) will indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and

(ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.

9. MAINTENANCE, REPAIRS, AND ALTERATIONS

9.1 Repair by Tenant

The Tenant will, at all times during the Term and any renewal of it and at its own expense, promptly repair, decorate, clean, renew, and maintain the Premises in a reasonable operating condition, excluding repairs required by reasonable wear and tear, but including, without limiting the foregoing, the interior walls, and the floor of the Premises, and all other fixtures, machinery, facilities, equipment, and appurtenances installed by the Tenant or installed by the Landlord as part of the Building and directly servicing the Premises or any part of them and not comprising part of the Common Areas and Facilities. The Tenant will give notice to the Landlord of any accidents, damage, nuisance, obstructions, or required repairs in and to the Premises or the Building within 24 hours of the Tenant's knowledge of them. The Tenant will also heat the Premises in a reasonable manner so as to

prevent any damage to them by reason of frost or moisture. At the end or sooner termination of the Term or any renewal of it the Tenant will yield up to the Landlord, without notice from the Landlord, the Premises including all fixtures, repaired, decorated, paved, cleaned, renewed, and maintained in the condition required under this Lease. Without limiting the generality of the foregoing, the Tenant will repaint the interior of the Premises that the Landlord may from time to time require to be repainted, such repainting to be done by the Tenant during every fifth year of the Term and any renewal of it and also during the earlier of:

(a) the last year of the Term or any renewal of it, or

(b) the 30-day period immediately following the termination or surrender of this Lease.

All repainting will be in accordance with reasonable specifications approved by the Landlord and will be completed to the reasonable satisfaction of the Landlord.

9.2 Repair on Notice

(a) The Tenant will permit the Landlord and its duly authorized agents or nominees, with or without workers and others, at all reasonable times to enter upon the Premises for the purpose of examining the state of repair, condition, and use of them, and to permit such entry after the Landlord has given 24 hours' notice in writing to the Tenant of such intended entry and examination, or without notice in the event of an emergency or a perceived emergency, and in every case the Tenant will give the Landlord all aid and facilities in such entry and examination, and upon notice in writing of defect or want of repair being given by the Landlord to the Tenant, to cause them to be repaired, as required by clause 9.1, within 30 days from the date of the giving of such notice by the Landlord. If the Tenant at any time defaults in the performance or observance of any of the covenants in this Lease for or relating to the repair, maintenance, cleaning, renewal, or decoration of the Premises or any part of them and such default continues for 30 days after notice in writing from the Landlord of default in respect of repair, maintenance, cleaning, renewal, or decoration of the premises, then the Tenant will permit the Landlord and its duly authorized agents and nominees, with or without workers and others, and without prejudice to the Landlord's right of re-entry, to enter into and upon the Premises and repair, decorate, clean, renew, and maintain them at the expense of the Tenant; and the Tenant will give the Landlord all aid and facilities in doing or causing them to be done and will repay to the Landlord on demand all costs and expenses in respect of such repairs, maintenance, cleaning, renewal, and decoration as provided.

(b) The Tenant will pay to the Landlord administration charges of the Landlord in the sum of 15% of the total cost of any work specifically completed by the Landlord on behalf of the Tenant, such work being deemed to be the responsibility of the Tenant.

9.3 Business and Trade Fixtures

The Tenant may install its usual business and trade fixtures in the usual manner in the Premises, provided such installation does not damage the Premises or the Building and provided further that, if requested by the Landlord, the Tenant has submitted to the Landlord plans and specifications for such business and trade fixtures and obtained the prior written consent of the Landlord to them, which consent will not be unreasonably withheld. The Tenant will not mortgage, charge, encumber, or grant a security interest in its business and trade fixtures installed in or on the Premises without the prior written consent of the Landlord, which consent may not be unreasonably withheld. All business and trade fixtures owned or installed by the Tenant in or on the Premises will remain the property of the Tenant and will be removed by the Tenant at the expiration of the Term or any renewal of it or at

the sooner termination of it, provided that the Tenant at its expense will repair any damage to the Premises, the Land, or the Building caused by such removal. Such removal by the Tenant will be permitted provided that the Tenant is not in default under any covenant or agreement in this Lease at the time of such removal; and if in default, the Landlord will have a lien on the Tenant's business and trade fixtures as security against loss or damage resulting from any such default by the Tenant, and the Tenant's business and trade fixtures will not be removed by the Tenant until such default is cured, unless otherwise directed by the Landlord. The Landlord may elect to require the Tenant to remove all or any part of the business and trade fixtures owned or installed by or on behalf of the Tenant at the expiration or termination of the Term or any renewal of it, in which event such removal will be done at the Tenant's expense and the Tenant will, at its expense, repair any damage to the Premises, the Building, and the Land caused by such removal. If the Tenant does not remove its business and trade fixtures promptly after written demand by the Landlord, such property will, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove it at the expense of the Tenant and the cost of such removal will be paid by the Tenant promptly to the Landlord on written demand, and the Landlord will not be responsible for any loss or damage to such property as a result of such removal.

9.4 Alterations and Additions

The Tenant will not remove, alter, or change the position or style of, or add to, the Premises or any part of them, or make any excavations on the Land, without in any and every such case having first submitted plans and specifications of the proposal to the Landlord and having obtained the prior written consent of the Landlord to it, and, unless otherwise provided by such consent, all such alterations, additions, erections, or excavations will be done either by or under the direction of the Landlord, as the Landlord may determine, but at the cost of the Tenant. All work will be done in a good and workmanlike manner by contractors or tradespeople approved in writing by the Landlord. The Tenant will pay to and reimburse the Landlord promptly on demand for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant will obtain and pay for all required building and occupancy permits in respect of its work as aforesaid. The Tenant will, at its own cost and expense, take out or cause to be taken out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed.

9.5 Leasehold Improvements

Any and all Leasehold Improvements, but not the Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord or a previous occupant of the Premises, will immediately upon such placement become, and will thereafter remain, the property of the Landlord without compensation to the Tenant. Notwithstanding anything in this Lease, the Landlord will be under no obligation to repair, maintain, replace, or insure the Leasehold Improvements. The Landlord may elect that any or all Leasehold Improvements made or installed by or on behalf of the Tenant under this Lease, or under the provisions of any previous lease to the Tenant, be removed at the expiry or earlier termination of the Term or any renewal of it, and it will be the Tenant's obligation to restore the Premises to the condition in which they were prior to the installation of the Leasehold Improvements. Such removal and restoration will be at the sole expense of the Tenant. The Tenant will not mortgage, charge, encumber, or grant any security interest in any Leasehold Improvements made or installed by or on behalf of the Tenant.

9.6 Landlord's Repairs

Subject to clauses 4.1, 4.2, 5.2, 9.1, and Article 10, the Landlord will repair and maintain the Land and the Building, including without limitation the Common Areas and Facilities.

9.7 Tenant's Work

The Tenant may, but is not obligated to, construct, build or install the works/improvements listed on Schedule C in or upon the Premises at the Tenant's sole cost and expense.

The Tenant must obtain the prior written consent of the Landlord before carrying out any of the Tenant's work. In the event the Tenant wishes to carry out any of the Tenant's Work, the Tenant shall submit detailed plans and specifications of the proposed alterations or changes to permit the Landlord to ascertain that the structural integrity and the value of the Building and the improvements in the Premises will not be impaired or lessened by reason of the proposed Tenant's Work. The Landlord agrees that, provided it determines (in its sole discretion) that there will be no impairment or diminution in value of the Premises or the Building, it shall not unreasonably withhold its consent to the Tenant's Work requested under this Section 9.7 if the Tenant has provided the required plans and specifications and obtained all necessary approvals from any municipal, provincial or federal authority having jurisdiction. The Tenant agrees that all alterations and changes made by it shall be made in a first class workmanlike manner using only new materials (or, with the Landlord's prior written approval, suitable used materials) and shall be constructed in compliance with all applicable bylaws, building codes and other governmental requirements and only after the required permits have been obtained.

10. DAMAGE, DESTRUCTION, OR EXPROPRIATION OF THE PREMISES

10.1 Damage and Destruction

(a) If the Premises are damaged by fire or other casualty that renders all of the Premises or a substantial area of the Premises unusable by the Tenant and materially adversely affects the business carried on by the Tenant on the Premises, then the Annual Basic Rent will from and after the date of the damage abate in the same proportion as such unusable area of the Premises bears to the total Area of the Premises, and such abatement will continue until the Landlord has completed its repairs under subclause 10.1(b) or until this Lease is terminated, whichever first occurs.

(b) Except as provided in subclause 10.1(c), if the Premises are damaged by fire or other casualty not caused by the negligence of the Tenant or those for whom it is responsible in law, and the damage is covered by insurance held by the Landlord under this Lease, then the damage to the Premises will be repaired by the Landlord at its expense, provided that the Tenant will, to the limits of insurance it ought to have received under the terms of this Lease, be responsible for any costs in excess of insurance proceeds received. The Tenant will, at its expense, repair all Leasehold Improvements and any installations, alterations, additions, partitions, improvements, and fixtures made by or on behalf of the Tenant and all damage caused by its negligence or the negligence of those for whom it is responsible in law. At the option of the Landlord, such repairs will be performed by the Landlord at the expense of the Tenant if the Landlord considers that this would be more efficient and cost-effective. All repairs the Landlord is required to make under this clause will be made with due diligence, provided that the Landlord will not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay that may arise by reason of adjustment of insurance on the part of the Landlord or on account of the circumstances described in clause 18.7.

(c) If, in the Landlord's opinion, the Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within 180 days after the occurrence of such damage, and if the Landlord consequently decides not to restore the same, then the Landlord will, within 3040 working days after the happening of such fire or other casualty, give to the Tenant a notice

in writing of such decision and thereupon the Term and any renewal of this Lease will expire effective the 30th~~15th~~ business day following the occurrence of the damage, and the Tenant will vacate the Premises and surrender the Premises to the Landlord, and all rights of the Tenant under this Lease will cease and determine within two business days following the effective date of termination. If the Building is damaged as described and the Landlord does not give notice as provided, then the Landlord will diligently proceed to repair or rebuild the Building in accordance with subclause 10.1(b). If such repair or rebuilding is not completed and available for occupation by the Tenant within 240 days from the time of the fire or other casualty causing the damage, the Tenant may at its option, to be exercised within 10 days of the termination of the period of 240 days (or the termination of such later period as extended by clause 18.7) by notice in writing, terminate this Lease and all of the rights of the Tenant under it, and the Tenant will then have no further liability for Rent in respect of any period after the date of termination.

10.2 Expropriation

If the whole of the Premises is acquired or condemned by an authority having the power for such acquisition or condemnation then the Term and any renewal of it shall cease from the date of entry by such authority. Nothing in this Lease will prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests or for such other damages and expenses allowed by law.

11. ASSIGNMENT AND SUBLETTING

11.1 Assignment and Subletting

(a) The Tenant will not make, grant, execute, enter into, consent to, or permit any Transfer without the prior written consent of the Landlord, such consent not to be unreasonably withheld. In the event that the Tenant desires to make, grant, execute, enter into, consent to, or permit any Transfer then the Tenant will give prior written notice to the Landlord of such desire, specifying in the notice the proposed Transferee and providing to the Landlord such information on the nature of the business of the proposed Transferee, together with its financial responsibility and standing, as the Landlord may reasonably require, together with the terms and conditions of the proposed Transfer. The Tenant will also deliver to the Landlord a copy of the Transfer intended to be executed by the Tenant and the Transferee, together with the Landlord's required administration fee. The Landlord will, within 10 business days thereafter, notify the Tenant in writing that:

(i) it consents to such Transfer, or

(ii) that it does not consent to such Transfer, in which event the Landlord must advise the Tenant of its reason for not consenting, or

(iii) that it has elected to terminate the Lease as provided in subclause 11.1(f).

(b) Provided always and notwithstanding subclause 11.1(a), the Landlord's consent to a Transfer does not constitute a waiver of the necessity for the Tenant to obtain the prior written consent of the Landlord to any subsequent Transfer, and no Transfer will in any manner release the Tenant from its obligations for the payment of the Rent and the observance and performance of the covenants, terms, and conditions provided in this Lease during the Term and any renewal of the Term.

(c) Upon the initial request for a Transfer together with receipt from the Tenant of the administration fee and undertaking required in subclause 11.1(d), and provided that the Landlord does not withhold its consent to such Transfer, the Landlord will provide to the Tenant its standard-form written agreement pertaining to Transfers. The Tenant will require each Transferee, at the time of any Transfer, to execute and deliver the Landlord's standard-form written agreement between the Tenant, the Landlord, and the Transferee wherein the Transferee agrees to observe and perform all of the covenants, agreements, provisos, terms, and conditions of this Lease, and wherein the Tenant acknowledges and agrees that it will continue to be liable under this Lease during the Term and any renewal of the Term. If either the Tenant or the Transferee fails to execute and deliver the standard-form written agreement then the Landlord will have the right to refuse to grant its consent to such Transfer, or, where such consent is not required, the Transfer will not be effective until the standard-form written agreement is executed and delivered by the Tenant and the Transferee. Without in any way restricting the generality of the Landlord's right to refuse consent to any Transfer, the Landlord will have the right to refuse to consent to any Transfer if the Lease is not in good standing.

(d) The Tenant will, together with its initial request to the Landlord for consent to any Transfer, pay to the Landlord an administration fee of a minimum of $500.00 or such other greater fee as the Landlord may reasonably charge from time to time, and the Tenant will also undertake to reimburse to the Landlord any solicitors' fees and any other costs, charges, and expenses that may be incurred by the Landlord in connection with the Tenant's request for consent to any Transfer.

(e) If the Tenant is a corporation or if the Transferee is a corporation, and, at any time during the Term or any renewal of it, any or all of the corporate shares or voting rights of shareholders of the Tenant or the Transferee are transferred by sale, assignment, bequest, inheritance, trust, operation of law, or other disposition, or treasury shares be issued, so as to result in the control of the Tenant or the Transferee having changed from one person or group of persons to another person or group of persons without the prior written consent of the Landlord, which consent will not be unreasonably withheld, then, and so often as such a change of control occurs, the Landlord will have the right to terminate this Lease at any time after such change of control by giving the Tenant 60 days' prior written notice of such termination. The Tenant will, upon request by the Landlord, make available to the Landlord from time to time for inspection and copying all books and records of the Tenant that alone or with other data show the applicability or otherwise of this subclause. This subclause will not be applicable to any transfer of shares that are listed on a security exchange regulated by government authority.

(f) Provided further that after receiving any request for a Transfer, the Landlord will have the right, at its option and despite any provision of this Lease or any statutory provision or other law to the contrary, to terminate this Lease by giving, within 10 days after receiving the required information, notice that the Lease will be terminated effective as of the commencement date of the proposed Transfer, or earlier if mutually agreed to by the Landlord and the Tenant. In the event of such termination the Rent and other payments required to be made by the Tenant under this Lease will be adjusted to the date of termination.

12. DEFAULT

12.1 Payments by Landlord Regarded as Rent

If the Tenant fails to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may from time to time at its discretion perform or cause to be performed any of such covenants or obligations or any part of them, and for such purpose may do such things as may be required, and may enter upon the Premises to do such things; and all costs and expenses incurred and expenditures made by or on behalf of the Landlord will be paid promptly by the Tenant to the Landlord. If the Tenant fails to pay, the Landlord may add the costs and expenses to the Rent and recover them by all remedies available to the Landlord for the recovery of Rent in arrears. Nothing in this clause 12.1 will require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations. If the Landlord incurs any damage, loss, cost, or expense whatsoever for which the Tenant is in any way liable under this Lease, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant in this Lease, then in every such case the amount of any such damage, loss, cost, or expense will be due and payable by the Tenant to the Landlord on demand by the Landlord and the Landlord will have the right at its option to add the cost or amount of any such damage, loss, cost, or expense to the Rent, and any such amount will immediately be due and payable as Rent and recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

12.2 Re-entry on Default

The Tenant further covenants with the Landlord that in the event of the breach, non-observance, or non-performance of any covenant, agreement, stipulation, proviso, condition, rule, or regulation required by the Tenant to be kept, performed, or observed under this Lease, and any such breach, non-observance, or non-performance continues for seven days after written notice of it to the Tenant by the Landlord, or, notwithstanding the foregoing, if any payments of the Rent or any part of them, whether they are demanded or not, are not paid when they become due, or in case the Term will be taken in execution or attachment for any cause whatsoever, then and in any such case the Landlord, in addition to any other remedy now or hereafter provided, may re-enter and take possession immediately of the Premises or any part of them in the name of the whole, and may use such reasonable force and assistance in making such removal as the Landlord may deem advisable to recover at once full and exclusive possession of the Premises; and such re-entry will not operate as a waiver or satisfaction in whole or in part of any right, claim, or demand arising out of or connected with any breach, non-observance, or non-performance of any covenant or agreement of the Tenant.

12.3 Bankruptcy or Insolvency of Tenant

(a) If, during the Term or any renewal of it, any of the goods and chattels of the Tenant are seized or taken in attachment by any creditor of the Tenant, or if a writ of execution, sequestration, or extent issues against the goods and chattels of the Tenant, or if any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation, or winding-up of the Tenant or for the appointment of a receiver or receiver and manager, or if the Tenant becomes bankrupt or insolvent or takes the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors, or if the Premises are used for any purpose other than permitted by clause 7.1 without the prior written consent of the Landlord, or if the Tenant makes an assignment for the benefit of creditors or makes any sale or other disposition of all or substantially all of its goods and chattels (except incidental to its amalgamation with any other company), then and in every case the Tenant will be, and be deemed to be, in default under this Lease; the then-current and the next ensuing three months' Annual Basic Rent and Additional Rent (to be determined for the current year at rates estimated by the Landlord acting reasonably)

and any additional money owing under this Lease will immediately become due and payable; the Landlord may re-enter and take possession of the Premises or any part of them in the name of the whole, and have again, repossess, and enjoy the Premises in its former estate, anything in this Lease to the contrary notwithstanding, as though the Tenant were holding over after the expiration of the Term; and the Term and any renewal of it will, at the option of the Landlord, immediately become forfeited and determined and the then-current and the next ensuing three months' Annual Basic Rent, the Additional Rent (to be determined for the current year at rates estimated by the Landlord acting reasonably) and any additional money owing under this Lease will be recoverable by the Landlord as if it were Rent in arrears, but the Tenant will remain liable under this Lease.

(b) The Tenant acknowledges and agrees that unless it receives the prior written consent of the Landlord, under no circumstances will it file any notice of termination, repudiation, resiliation, or disclaimer seeking to take advantage of s. 65.2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended from time to time and hereby waives any and all rights to do so. The Tenant agrees that if, in breach of this subclause, it files such a notice, the Landlord may, in addition to all of its other remedies, produce and rely on this subclause in challenging the validity of the notice in the court proceedings contemplated by s. 65.2 of the *Bankruptcy and Insolvency Act*; and the Landlord may, in those or any other proceedings, apply for injunctive relief or other relief against the Tenant filing the notice.

12.4 Sale and Reletting

The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, will have the right to enter the Premises as the agent of the Tenant either by reasonable force or otherwise without being liable for any prosecution, and to relet the Premises as the agent of the Tenant, and to receive all rent for them, and as agent of the Tenant to take possession of any business and trade fixtures of the Tenant and any goods and property whatsoever on the Premises, and to sell the same at public or private sale without notice, and to apply the proceeds of such sale and any rent derived from reletting the Premises in payment of the Rent due under this Lease, after deducting its costs of conducting such sale and its costs of reletting; and the Tenant will be liable to the Landlord for any deficiency.

12.5 Termination

The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, will have the right to immediately terminate this Lease and the Term or any renewal of it and all of the rights of the Tenant under this Lease by giving notice in writing addressed to the Tenant of its intention so to do, and any other payments for which the Tenant is liable under this Lease will be paid and the Tenant will immediately deliver up possession of the Premises to the Landlord, and the Landlord may re-enter and take possession of the Premises without limitation to its right to claim damages arising from the Tenant's breach.

12.6 Distress

At any time that the Landlord is entitled to levy distress against the goods and chattels of the Tenant, it may use such reasonable force as it may deem necessary for the purpose of gaining admission to the Premises without being liable for any action or for any loss or damage occasioned thereby, and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims, or demands whatsoever for or on account of or in respect of any such forcible entry or any loss or damage sustained by the Tenant in connection with it. The

Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and covenants and agrees that, notwithstanding any such statute, none of the goods and chattels of the Tenant on the Premises at any time during the Term or any renewal of it will be exempt from levy by distress for Rent in arrears. The Tenant covenants and agrees to indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind that the Landlord may sustain, incur, or be put to by reason of or arising out of the distress, seizure, or the levy of distress against any goods or chattels on or in the Premises, whether owned by the Tenant or any other person, and such liability to indemnify and save harmless will survive any termination of this Lease and the expiry of the Term or any renewal of it, anything in this Lease to the contrary notwithstanding.

12.7 Landlord's Expenses Enforcing Lease

If it is necessary for the Landlord to retain the services of any person for the purpose of assisting the Landlord in enforcing any of its rights under this Lease or otherwise available at law, the Landlord will be entitled to collect from the Tenant the cost of all such services including, but not limited to, all charges by any bailiff effecting a distress and all legal fees and disbursements incurred in enforcing the Landlord's rights under this Lease and in connection with all necessary court proceedings at trial or on appeal on a solicitor-and-own-client basis, as if they were Rent reserved and in arrears under this Lease.

12.8 Remedies Cumulative

No remedy conferred upon or reserved to the Landlord under this Lease, by statute or otherwise, will be considered exclusive of any other remedy, but the remedy will be cumulative and in addition to every other remedy available to the Landlord and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as the Landlord deems expedient.

13. SUBORDINATION, ATTORNMENT, AND STATUS CERTIFICATE

13.1 Provide Financial Information

Whenever any of the Landlord's Mortgagees, in connection with any financing of the Land or the Building or any part of them, requires information relating to the financial position of the Tenant, then the Tenant, within 30 days after receipt by it of a notice in writing from the Landlord requesting such information, will furnish directly to such Landlord's Mortgagee copies of the financial statements of profit and loss and surplus or deficit, in respect of each of the three years immediately preceding the year in which such notice is given. All such information will be used by such Landlord's Mortgagees in connection with such financing only, and will be supplied to such Landlord's Mortgagees on the condition that the information be treated on a confidential basis.

13.2 Subordination

This Lease is and will be subject, subordinate, and postponed to all Mortgages to the extent that without execution of any document other than this Lease, the Mortgages will have priority over this Lease notwithstanding the respective dates of execution, delivery, or registration of them. Without limiting the generality of the foregoing, the Tenant agrees to promptly execute any document in confirmation of such subordination and postponement of this Lease to any of the Mortgages, provided however that such subordination or postponement will not be effective with respect to a specific Mortgage unless and until the Landlord's Mortgagee holding such Mortgage confirms in writing to the Tenant that the Tenant has the right, if not in default under this Lease, to remain in possession of the Premises in accordance with the terms of this Lease in the event that such Landlord's Mortgagee obtains title to the Premises by way of foreclosure or otherwise.

13.3 Attornment

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages, or in the event of an exercise by any of the Landlord's Mortgagees of the power of sale in any of the Mortgages, the Tenant will attorn to and become, in each case, a tenant of such Landlord's Mortgagees or any purchaser from such Landlord's Mortgagee for the then unexpired residue of the Term upon all of the terms and conditions of this Lease.

13.4 Estoppel Certificate

The Tenant will at any time and from time to time upon 10 days' prior notice from the Landlord execute and deliver to the Landlord, or the Landlord's Mortgagees, or a prospective purchaser of the whole or any portion of the Landlord's interest in the Land or the Building, a statement in writing confirming the terms of this Lease, certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the Lease is in full force and effect as modified), and certifying the amount of the Rent then being paid under this Lease, the dates to which the Rent and other charges under this Lease have been paid, that the Landlord has complied with all the terms of this Lease, that the Premises are acceptable to the Tenant, that the Tenant will not amend, modify, or surrender this Lease or make any prepayment of the Rent other than the Rent for the current month without the prior written consent of the Landlord's Mortgagees or prospective purchaser, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Landlord and the Tenant, that no money other than a maximum of one month's Rent in accordance with the provisions of the Lease has been prepaid by the Tenant to the Landlord, that the Tenant is aware of the assignment by the Landlord to the Landlord's Mortgagees of all Rents under this Lease, and any other matters pertaining to this Lease in respect of which the Landlord may desire certification.

14. QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment, subject to the provisions in Article 2 and subject to any rights of entry by the Landlord as provided in this Lease.

15. TENANT COVENANTS

15.1 Signs

The Tenant will not, at any time, affix or exhibit or permit to be affixed or exhibited upon any part of the Premises except within the Premises, any Sign, unless such Sign is first approved in writing by the Landlord and such Sign complies at all times with the requirements of any lawful authority having jurisdiction over it. If any Sign no longer complies with the terms of the consent given by the Landlord or the requirements of any lawful authority having jurisdiction over it, then the Landlord, after giving the Tenant 30 days' notice, will have the right at any time to remove any such Sign at the Tenant's expense; and the costs, charges, and expenses of such removal will promptly be paid by the Tenant to the Landlord. The repair provisions of clauses 9.1 and 9.2 will also apply to the Signs.

15.2 Garbage

The Tenant will keep the Premises clean and tidy and in good order.

15.3 Abate Nuisance

Upon written notice to the Tenant from the Landlord or from any lawful authority having jurisdiction, the Tenant will immediately, at its sole expense, abate any nuisance caused by vibration, noise, or offensive smell, or by any undue emission of smoke, vapour, or dust caused by the Tenant or arising directly or indirectly out of the operations carried on upon the Premises.

15.4 Hazardous Substances

The Tenant will:

(a) not use or permit to be used all or any part of the Premises for the sale, storage, manufacture, disposal, use, or any other dealing with any Hazardous Substances, without the prior written consent of the Landlord, which may be unreasonably withheld;

(b) strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;

(c) promptly provide to the Landlord a copy of any environmental site assessment, audit, or report relating to the Premises conducted by or for the Tenant at any time, and, at the Landlord's request from time to time, obtain from an independent environmental consultant approved by the Landlord an environmental site assessment of the Premises or an environmental audit of the operations at the Premises, including any additional investigations as the environmental consultant may recommend;

(d) promptly notify the Landlord in writing of any release of a Hazardous Substance or Hazardous Substances or any other occurrence or condition at the Premises, or any adjacent property that would contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;

(e) on the expiry or earlier termination of this Lease, or at any time if requested by the Landlord or required by any government authority pursuant to Environmental Laws, remove from the Premises all Hazardous Substances and remediate any contamination of the Premises or any adjacent property resulting from Hazardous Substances, in either case brought onto, used at, or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant will perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Hazardous Substances will remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises;

(f) indemnify the Landlord and its directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages, claims, losses, costs, fines, penalties, and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Premises, and any adjacent property) arising from or in connection with:

(i) any breach of or non-compliance with the provisions of this clause 15.4 by the Tenant; or

(ii) any release or alleged release of any Hazardous Substance or Hazardous Substances at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this clause 15.4 will survive the expiry or earlier termination of this Lease.

15.5 No Excavation

The Tenant will not excavate, dig, or extract any sand, gravel, earth, or minerals of any description out of the Land.

15.6 Easements

The Tenant will not, without the prior written consent of the Landlord, permit any encroachment, right-of-way, easement, or other encumbrance to be made or entered into, against, or upon the Premises or the Land or any part of them.

15.7 Liens

The Tenant will use its best efforts to ensure that no claim of lien will be filed in respect of any work that may be carried out by it or on its behalf in the Building or on the Land, and if a claim of lien is filed in respect of any such work the Tenant will take all necessary steps to have the claim of lien cancelled and discharged from the Land and the Building within 15 days of the date the Tenant has knowledge of such filing, and the Tenant will indemnify and save harmless the Landlord from any and all loss, cost, expense, damage, and liability in respect of such claim of lien. The Landlord, in addition to any right or remedy, will have the right, but will not be obliged, to discharge any claim of lien from the Land and the Building by paying the amount claimed to be due or by procuring a discharge of such liens by deposit in the appropriate court, and in any such event the Landlord will be entitled, if it so acts, to expedite the prosecution of any action for the enforcement of such claim of lien by the lien claimant and to pay the amount of the judgment, if any, in favour of the lien claimant with interest and costs. In any such event the Tenant will promptly pay to and reimburse the Landlord for all money expended by the Landlord and all costs and expenses incurred by the Landlord.

15.8 Registered Charges

The Tenant will pay all money owed by it under any security interest or other charge registered or filed against the Land or the Building, and immediately upon all of the payments having been made, the Tenant will obtain a release or other appropriate document of discharge and will register the same at its own expense in the proper land title office or other appropriate office of public record as the Landlord may require to discharge the same from the title to the Land and the Building.

15.9 Exhibit Premises

The Tenant will permit the Landlord to exhibit the Premises to:

(a) prospective tenants or subtenants during the nine-month period prior to the Expiry Date or the date of expiration of and any renewal of the Term; and

(b) the Landlord's Mortgagees and prospective mortgagees and any prospective purchaser of the whole or any part of the Landlord's interest in the Premises;

and for such purposes the Landlord may place upon the Premises a sign or notice stating that the Premises are for rent or for sale, and the Landlord will have the right of entry to the Premises at any reasonable time, and the Tenant at its option may have a servant or agent present at the time of such entry.

15.10 No Auctions

The Tenant will not permit any sale by auction or any fire sale, bankruptcy sale, moving sale, going-out-of-business sale, or bulk sale to be held upon the Premises or the Land or any part of them.

15.11 Entry for Benefit of Adjoining Premises

The Tenant will permit the Landlord, its agents, workers, and other persons authorized by the Landlord, and the tenants of any adjoining or neighbouring premises and their respective agents and workers, to enter upon the Premises at all reasonable times so far as may be necessary or useful in order to construct, examine, repair, or rebuild any adjoining or neighbouring premises or for any other reasonable purpose, provided that the Landlord will make good all damage occasioned by the exercise of such rights by the Landlord, its agents, workers, and any other persons authorized by the Landlord. Insofar as any tenant of any adjoining or neighbouring premises and its respective agents and workers are concerned, no such rights will be exercisable until such tenant and its agents and workers have covenanted with the Tenant to make good all damage occasioned by the exercise of such rights by that tenant and its respective agents and workers. A representative of the Tenant will be entitled to accompany any person entering upon the Premises pursuant to this clause.

16. BASIC RENT-FREE PERIOD

Notwithstanding anything in this Lease to the contrary, the Tenant will not be required to pay Annual Basic Rent under clause 4.1 of this Lease for the initial month (the "Basic Rent-Free Period") of the Term of this Lease. During the Basic Rent-Free Period, the Tenant will be required to pay all other amounts payable under this Lease. The Basic Rent-Free Period will apply only during the initial Term of this Lease and the Tenant acknowledges and agrees that it will not be entitled to any rent-free periods during any renewal of this Lease or extension of the Term.

17. TENANT RIGHT TO TERMINATE

Notwithstanding any other provision of this Lease, the Tenant may, on March 1, 2019, upon giving the Landlord three (3) months' written notice, terminate this Lease. This right to terminate will only apply on March 1, 2019 and the Tenant acknowledges and agrees that it will not be entitled to terminate this Lease at any other time during the Term or during any renewal of this Lease or extension of the Term.

18. MISCELLANEOUS

18.1 Registration of Lease

The Landlord will have no obligation to execute and deliver this Lease in registrable form.

18.2 No Warranties

The Tenant acknowledges and agrees that no representations, warranties, agreements, or conditions have been made other than those expressed in this Lease, and that no agreement collateral to this Lease will be binding upon the Landlord unless it be made in writing and duly executed on behalf of the Landlord.

18.3 No Waiver

(a) The failure of the Landlord to exercise any right or option in connection with any breach or violation of any term, covenant, or condition to this Lease will not be deemed to be a waiver or relinquishment of such term, covenant, or condition nor of any subsequent breach of it or any other term, covenant, or condition in this Lease. The subsequent acceptance of the Rent or any portion under this Lease by the Landlord will not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant, or condition of this Lease.

(b) The acceptance of any of the Rent from, or the performance of any obligation under this Lease by, a person other than the Tenant will not be construed as an admission by the Landlord of any rights, title, or interest of such person as a Transferee or otherwise in the place of the Tenant.

(c) The acceptance by the Landlord of a part payment of any money required to be paid under this Lease will not constitute waiver or release of the right of the Landlord to payment in full of such money.

18.4 Notices

All notices, demands, and requests that may be or are required to be given pursuant to this Lease will be in writing and will be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended; or sent by fax or other electronic means; or by registered mail, postage prepaid, addressed to the respective addresses specified in the Lease Summary or such other addresses as the parties may from time to time advise by notice in writing. The Tenant will require each Transferee to supply its respective mailing address to the Landlord. The date of receipt of any such notice, demand, or request will be deemed to be the date of delivery of such notice, demand, or request if delivered; or if telecopied as specified it will be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in British Columbia), or if mailed as specified it will be deemed to be received on the fourth business day following the date of such mailing, unless there is between the date of mailing and actual receipt a mail strike or other labour dispute that adversely affects mail service in British Columbia, in which case the party giving the notice, demand, or request will deliver such notice, demand, or request by an alternative method.

18.5 Peaceful Surrender

The Tenant will, at the expiration or sooner determination of the Term, immediately peacefully surrender and yield up unto the Landlord the Premises, together with all fixtures or improvements that at any time during the Term are made in or on the Premises, in the state of repair required to be maintained by the Tenant under this Lease, without notice from the Landlord; and will deliver to the Landlord all keys to the Premises that the Tenant has in its possession.

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18.6 Holding Over

If the Tenant holds over with the Landlord's written consent after the expiration of the Term or any renewal of it, and the Landlord accepts the new Rent or any portion of it, the new tenancy thereby created will be deemed to be a monthly tenancy and not a yearly tenancy and will be subject to the covenants and conditions in this Lease insofar as they are applicable to a tenancy from month to month, except that if the Tenant remains in possession without the Landlord's written consent, the monthly instalments of Annual Basic Rent will be two times the monthly instalments of Annual Basic Rent payable for the last month of the later of the Term or any renewal of it, pro-rated on a daily basis for each day that the Tenant remains in possession, and in addition the Tenant will be liable for all costs, expenses, losses, and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord.

18.7 Inability to Perform

Whenever and to the extent that the Landlord is unable to fulfill, or is delayed or restricted in the fulfilment of any obligation under this Lease by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfill any such obligation, or by reason of any statute, law, or order-in-council or any regulation or order passed or made pursuant under such statute or law, or by reason of the order or direction of any administrator, controller, or board, or any government department or officer or other authority, or by act of God, or by reason of not being able to obtain any permission or authority required thereby, or by reason of strikes, lockouts, or other industrial disturbances, explosion, breakage or accident to machinery, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord will be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant will not be entitled to compensation for any inconvenience, nuisance, discomfort, or damage thereby occasioned, and will not be entitled to cancel or terminate this Lease.

18.8 Interest

Interest on any money due to the Landlord under this Lease will be paid by the Tenant and will accrue on a daily basis at the Prime Rate plus 3% per annum, such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord.

18.9 Governing Law

This Lease will be construed in accordance with, and governed by, the laws of the province of British Columbia.

18.10 Number and Gender

Where required the singular number will be deemed to include the plural and the neuter gender the masculine or feminine.

18.11 Covenants

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision of it. Should any provision or provisions of this Lease be illegal or not enforceable, it or they will be considered separate and severable from this Lease and its remaining provisions will remain in force and be binding upon the parties as though the illegal or unenforceable provision or provisions had never been included.

18.12 Time of the Essence

Time is of the essence of this Lease, except as specified otherwise in this Lease.

18.13 Headings

Any captions, headings, and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained in them will in no way be held or deemed to define, limit, describe, explain, modify, amplify, or add to the interpretation, construction, or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

18.14 Enurement

This Lease will extend to, be binding upon, and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors, and permitted assigns.

18.15 Continuation of Obligations

This Lease and the obligations of the Tenant under it will continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

18.16 Landlord's Limit of Liability

The term "Landlord" as used in this Lease so far as covenants or obligations of the Landlord are concerned will be limited to mean the Landlord as described in the Lease Summary, while it retains its interest in the Premises, but upon a sale, transfer, or other disposition of that interest, the Landlord will be automatically and immediately relieved from all liability arising out of the requirement for performance of any obligations of the Landlord in this Lease, it being understood and agreed that the obligations of the Landlord in this Lease will be binding upon the Landlord, its successors, and assigns, only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee, or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the necessity of the execution of any further instrument on the part of the Landlord, the Tenant, or any other person.

18.17 Consents

Wherever and whenever the approval or consent of the Landlord is required to be obtained, such approval or consent may be given by such officers, agents, committee, person, or persons as may from time to time be nominated or appointed in writing by the Landlord for such purpose, and any such power of nomination or appointment may be delegated by the Landlord. Subject to the terms of this Lease, such nominees, appointees, or delegates will have the right to withhold approval of or consent to, and may reject, any matter or thing submitted for approval or consent, and every such approval or consent given will be in writing and may contain such conditions and stipulations as the Landlord may deem fit.

18.18 Amendments

This Lease will constitute the entire agreement between the parties with respect to the subject matter of it and will not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the parties or by their successors and permitted assigns.

18.19 Deposit

"The Security Deposit" has been deposited with the Landlord as security for the faithful performance by the Tenant of all the terms, covenants, and conditions of this Lease. If the Tenant fails to pay Rent or otherwise defaults with respect to any provision of this Lease, the Landlord may use, apply, or retain all or any portion of the Security Deposit for the payment of any Rent in default, or for the payment of any other expense the Landlord may incur by reason of the Tenant's default, or to compensate the Landlord for any loss or damage the Landlord may suffer. If the Landlord so uses or applies all or any portion of the Security Deposit, the Tenant will within 10 days of the demand deposit cash with the Landlord in an amount sufficient to restore the Security Deposit to the full amount. The Landlord will not be required to keep the Security Deposit separate from its general accounts. If the Tenant performs all of the Tenant's obligations, the Security Deposit, or so much of it as has not before been applied by the Landlord, will be returned, without payment of interest or other increment for its use, to the Tenant at the expiration of the Term, and after the Tenant has vacated the Premises. No trust relationship is created herein between the Landlord and the Tenant with respect to the Security Deposit.

18.19A Rent Deposit

The Landlord acknowledges receipt of the sum of $8,000.00 from the Tenant which, upon execution of this Lease, will be applied on account of the payment of the second month's Rent.

18.20 Schedules

The Schedules attached to this Lease are hereby incorporated and form part of this Lease.

IN WITNESS WHEREOF the parties have duly executed and delivered this Lease as of the day and year first above written.

EAGLE HOMES SALES LTD.

by: _____
Authorized Signatory
I HAVE AUTHORITY TO BIND THE LANDLORD

STRUCTURLAM MASS TIMBER CORPORATION
by its general partner, _____

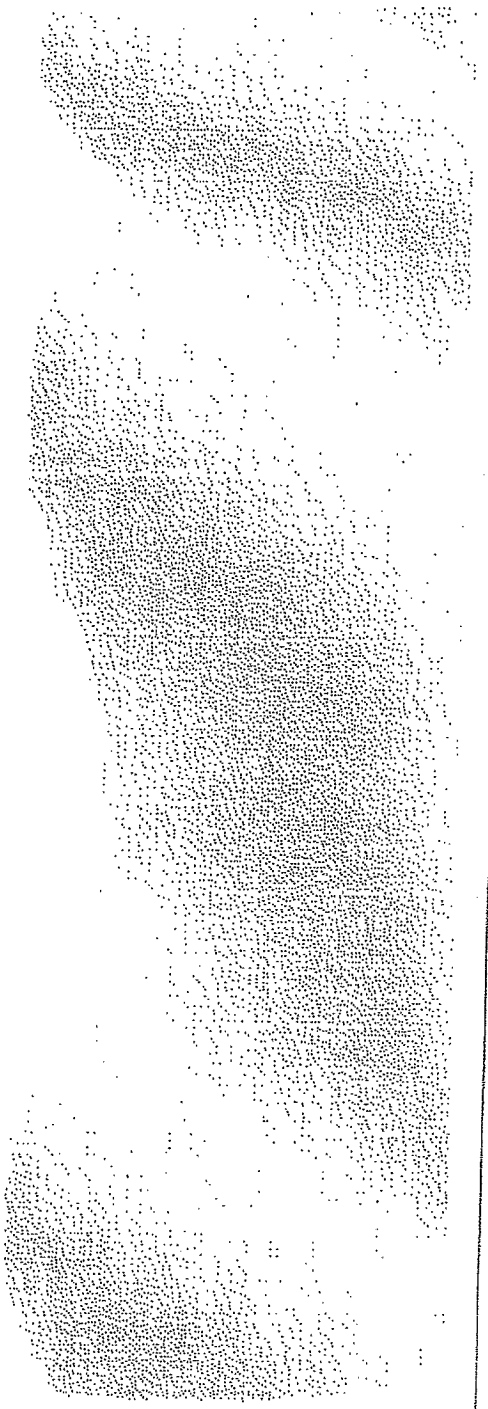
by: _____
Authorized signatory
I HAVE AUTHORITY TO BIND THE TENANT

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SCHEDULE A

PLAN OF PREMISES AND DESCRIPTION OF LAND

Civic Address:	1716 Wallis Road, Okanagan Falls, BC
Legal Description:	PID: 006-913-318, Lot B District Lots 551 and 10 Similkameen Division Yale District Plan 22388
Plan of Premises:	See next page



SCHEDULE B

RENEWAL OPTION

Renewal Provision

The Landlord covenants and agrees with the Tenant that if the Tenant duly and punctually observes and performs the Tenant's covenants, agreements, and provisos in this Lease, the Tenant will have the right to renew this Lease for two (2) further terms of five (5) years each upon the same terms and conditions as are contained in this Lease, except for the Annual Rent payable hereunder and this right of renewal.

If the Tenant wishes to exercise the Tenant's first right to renew this Lease, the Tenant shall give the Landlord written notice no later than six (6) months prior to the expiry of the Term. The Annual Basic Rent for the first renewal term (the "First Renewal Term") will be the then fair market rent for the Premises, being the rent that would be paid as between persons dealing in good faith and at arm's length, and if the Landlord and the Tenant have not mutually agreed on the amount of such Annual Basic Rent at least two months prior to the renewal term such Annual Basic Rent will be decided by binding arbitration pursuant to the *Arbitration Act*, R.S.B.C. 1996, c. 55, as amended or replaced from time to time, but in any event the rate of Annual Basic Rent will not be less than the rate of Annual Basic Rent payable in the last year of the Term.

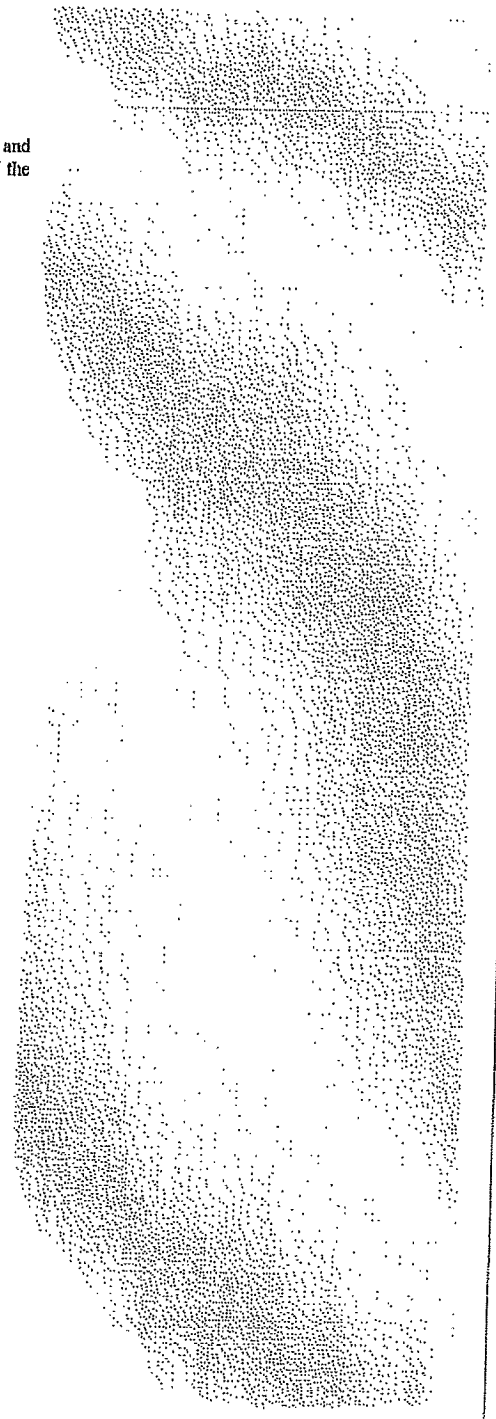
If the Tenant wishes to exercise the Tenant's second right to renew this Lease, the Tenant shall give the Landlord written notice no later than six (6) months prior to the expiry of the First Renewal Term. The Annual Basic Rent for the second renewal term (the "Second Renewal Term") shall be the then fair market rent for the Premises, being the rent that would be paid as between persons dealing in good faith and at arm's length, and if the Landlord and the Tenant have not mutually agreed on the amount of such Annual Basic Rent at least two months prior to the renewal term such Annual Basic Rent will be decided by binding arbitration pursuant to the *Arbitration Act*, R.S.B.C. 1996, c. 55, as amended or replaced from time to time, but in any event the rate of Annual Basic Rent will not be less than the rate of Annual Basic Rent payable in the last year of the First Renewal Term.

The Landlord and the Tenant acknowledge and agree that, by this clause, the Tenant is only given the option of renewing the Term for two renewal terms, and at the expiration of the Second Renewal Term there will be no further right of renewal.

Arbitration

If under the Renewal Provision the Landlord and the Tenant have failed to agree as to the Annual Basic Rent payable for the Premises with respect to the renewal terms by the dates specified in the Renewal Provision, the determination of such Annual Basic Rent will be referred to a Board of three arbitrators, one to be appointed by each of the Landlord and the Tenant and a third arbitrator to be appointed in writing by the first two-named arbitrators; if the Landlord or the Tenant refuse or neglect to appoint an arbitrator within 10 days after the other has served written notice upon the party so refusing or neglecting to make such appointment, the arbitrator first appointed will, at the request of the party appointing him or her, proceed to determine such rent as if he or she were a single arbitrator appointed by both the Landlord and the Tenant for the purpose. If two arbitrators are so appointed within the time prescribed and they do not agree within a period of 10 days from the date of appointment of the second arbitrator upon the appointment of the third arbitrator, the third arbitrator will be appointed by a judge of the Supreme Court of British Columbia. The determination by the arbitrators or the majority of them, or by the single arbitrator, as the case may be, will be final and binding upon the Landlord and the Tenant and their respective successors and assigns. Each party will pay the fees and expenses of the arbitrator appointed by it and one-half of the fees and expenses of the third arbitrator. The provisions of this section will be

deemed to be a submission to arbitration within the provisions of the *Arbitration Act*, R.S.B.C. 1996, c. 55 and any statutory modifications or re-enactment of it, provided that any limitation on the remuneration of the arbitrators imposed by such legislation will not be applicable.



SCHEDULE C

TENANT'S WORK

1. Cut hole on south side of building for sawdust extraction
2. Cut hole in side of building for return air from baghouse
3. Install concrete pads for baghouse, chip bin and grinder
4. Install footing for CNC machine above concrete if required by engineer
5. Install CNC machine
6. Install baghouse
7. Install chip bin, with self-contained cyclone (approx. 65' tall)
8. Modify building electrical supply to 600V
9. Run electrical disconnects to all equipment
10. Run pneumatic lines to all equipment as required
11. Install a sprinkler system in the building and modify new sprinkler system to also supply baghouse
12. Anchor all equipment to concrete using Hilti anchors
13. Paving and compacting of yard as required
14. Cut hole in interior wall to allow panels to run through
15. Install crane on the west end of the building with all new posts support system
16. Remove mezzanine (if required) as shown in Red on the attached site plan
17. Possibly install access mat plant if required.



EXECUTION VERSION

LEASE

BETWEEN

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP

AS LANDLORD

AND

SLP OPERATIONS LTD.

AS TENANT

December 22, 2017

1675 MAPLE STREET, OKANAGAN FALLS, B.C.

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SCHEDULE A RULES AND REGULATIONS 1

THIS LEASE made as of the 22 day of December, 2017.

BETWEEN:

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP, 2200 – 1055 Dunsmuir Street, Vancouver, BC V7X 1K8, by its general partner, **SPL WOOD PRODUCTS LTD.**

(hereinafter called the "**Landlord**")

OF THE FIRST PART

AND:

SLP OPERATIONS LTD., having a registered and records office at Suite 2300 – 550 Burrard Street, Vancouver, BC V6C 2B5

(hereinafter called the "**Tenant**")

OF THE SECOND PART

WHEREAS the Landlord has agreed to lease to the Tenant and the Tenant has agreed to lease from the Landlord certain premises civically known as 1675 Maple Street, Okanagan Falls, B.C., upon the terms and conditions set forth in this Lease.

NOW THEREFORE THIS LEASE WITNESSETH that in consideration of the rents, covenants, conditions and agreements hereinafter respectively reserved and contained on the part of the Landlord and the Tenant to be respectively paid, kept, observed and performed herein the parties agree as follows.

ARTICLE 1 – DEFINITIONS

1.1 In this Lease and any extension hereof, the following expressions shall have the meanings ascribed thereto in this Article unless the context otherwise requires:

(a) "**Additional Costs**" means the aggregate, without duplication or profit, of all costs and expenses of the Landlord incurred with respect to the Premises or this Lease, including, without limiting the generality of the foregoing:

(i) costs of all premiums of insurance with respect thereto and the deductible on any insurance policy which policy has a claim for payment arising during the Term;

(ii) reasonable costs for consultants such as accountants, engineers, architects, lawyers and property tax specialists;

(iii) the costs of contracts for supply of goods or services to the Premises;

(iv) all costs including Goods and Services Tax thereon for the supply of utilities, including electricity, water, gas and oil to the Premises,

and there shall be deducted from Additional Costs, to the extent that amounts with respect to the same have been included in calculating Additional Costs: recoveries with respect to loss for which the Landlord has obtained insurance proceeds; and recoveries pursuant to warranties or guarantees from third parties. Debt service expenses incurred by the Landlord shall not be charged as Additional Costs;

(b) "**Additional Rent**" means the sums payable by the Tenant pursuant to this Lease other than Minimum Rent;

(c) "**Alterations**" means changes, alterations, additions and improvements made by the Tenant to the Premises other than Improvements;

(d) "**Arbitration Act**" means the *Arbitration Act* of British Columbia (RSBC 1996, c. 55) and any amendments thereto or any legislation in substitution thereof;

(e) "**Building**" means the buildings and improvements located on the Lands;

(f) "**Capital Repairs/Replacements**" means repairs/replacements of a capital nature to the mechanical systems, including HVAC and plumbing, and electrical. Repairs/replacements to these systems costing in excess of $1,000.00 will be considered to be of a capital nature;

(g) "**Commencement Date**" means the commencement date of the Term, being December 22, 2017;

(h) "**Environmental Contaminants**" means any pollutants, contaminants, wastes, special wastes, or hazardous or toxic substances or materials including without limitation those defined, judicially interpreted or identified in any Environmental Laws;

(i) "**Environmental Laws**" means any federal, provincial, or local laws, by-laws, regulations, orders, guidelines and policies relating to the protection of the natural environment or public health and safety;

(j) "**Equipment**" means all machinery, chattels and tenant's trade fixtures of the Tenant situated or installed on the Premises for the proper operation of the Tenant's business from the Premises;

(k) "**Goods and Services Tax ("GST")**" means any and all taxes, levies, duties and assessments imposed on the Tenant, the Landlord or both, or for which the Landlord is liable to pay or obliged to collect from the Tenant, with respect to any or all amounts paid or payable by the Tenant pursuant to this Lease, including Minimum Rent and Additional Rent, whether in each case characterized as goods and services tax, sales tax, multi-stage sales tax, value added tax, consumption tax or any other like tax, levy, duty or assessment;

(l) "**Improvements**" means all materials, services and work to the Premises (excluding Equipment) such as walls, floors, ceilings, plumbing, electrical and sprinkler systems, plumbing fixtures, light fixtures, ducting, mill work and other improvements to the Premises;

(m) "**Lands**" means those lands and premises civically known as 1675 Maple Street, Okanagan Falls, B.C. and legally described as PID: 029-219-931 Lot 1 District Lot 551 SDYD Plan EPP34540;

(n) "**Lease**" means this agreement and all Schedules attached hereto;

(o) "**Minimum Rent**" means the rent payable pursuant to section 3.1 herein;

(p) "**Premises**" means collectively the Lands and Building;

(q) "**Rent**" means all Minimum Rent and Additional Rent payable by the Tenant during the Term and any renewals thereof;

(r) "**Structural Repairs**" means repairs and/or replacements required to the support columns, footings and foundations, bearing walls, joists, beams, floor slab, structural support of the roof and all other structural elements of the Building;

(s) "**Taxes**" means the aggregate of all taxes, local improvement or similar rates, duties, assessments and/or charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments both general or special levied or imposed upon or in respect of the Premises and all reasonable out-of-pocket costs incurred by the Landlord (acting reasonably) in connection with assessment reviews and appeals but not including business taxes charged on the Premises or taxes imposed on the income of the Landlord;

(t) "**Taxing Authority**" means any duly constituted governmental authority whether federal, provincial, city or otherwise legally empowered to impose taxes, rates, assessments or charges on, upon or in respect of the Premises in whole or in part; and

(u) "**Term**" means the duration of time expressed under Article 2.3 herein.

ARTICLE 2 – PREMISES, USE, TERM AND EXTENSION

2.1 PREMISES

The Landlord hereby demises and leases unto the Tenant the Premises.

2.2 USE

The Tenant will not use or permit any part of the Premises to be used for any purpose other than a glulam and CLT manufacturing facility or such other use as the Landlord may approve, such approval not to be unreasonably withheld or delayed.

2.3 TERM

TO HAVE AND TO HOLD the Premises for a period of ten (10) years (hereinafter called the "**Term**") computed from the Commencement Date, unless sooner terminated or renewed as hereinafter provided.

ARTICLE 3 – RENT

3.1 MINIMUM RENT

The Tenant covenants and agrees to pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada, without any set off, compensation or deduction whatsoever on the days and at the time hereinafter specified, Rent during the Term which shall be the sums specified in Articles 3.1 and 3.2 herein, monthly in advance, in 12 equal consecutive monthly installments.

The Minimum Rent shall be payable during the Term as follows:

(a) during the first 5 years of the Term, $328,440.82 per year plus GST payable in equal consecutive monthly instalments of $27,370.07 plus GST in advance on the first day of each calendar month commencing on the Commencement Date; and

(b) for the 6th through 10th years of the Term, inclusive, $366,386.82 per year plus GST payable in equal consecutive monthly instalments of $30,532.24 plus GST in advance on the first day of each calendar month commencing on the fifth anniversary of the Commencement Date.

Minimum Rent has been calculated on the basis that the area of the Building is 75,892 square feet and Minimum Rent is payable at a rate of $4.00 per square foot for the first 5 years of the Term and $4.50 per square foot for the last 5 years of the Term; that the covered area is 5,542 square feet and Minimum Rent is payable at a rate of $1.33 per square foot of the covered area during the Term; and that the excess yard area is 250,028 square feet and Minimum Rent is payable at a rate of $0.07 per square foot of such area during the Term.

The first of such instalments to be paid on the Commencement Date, and on the first day of each and every month thereafter in each and every year during the Term.

3.2 ADDITIONAL RENT

In addition to the Minimum Rent hereby reserved, the Tenant agrees to pay the following costs to the Landlord on the first day of each month in each year of the Term, commencing on the Commencement Date as billed by the Landlord by way of Additional Rent:

(a) Additional Costs;

(b) all Taxes; and

(c) every tax and license fee paid by the Landlord in respect of any and every business carried on, in or upon the Premises or in respect of the occupancy or use of the Premises by the Tenant (or by any and every of its sub-tenants) whether such taxes or license fees are charged by a Taxing Authority or other body and whether the statement or notice of such taxes or license fees are rendered to the Landlord or the Tenant.

The amount of Additional Rent which the Tenant is to pay shall be estimated by the Landlord for such period not exceeding twelve (12) months as the Landlord may

determine. The Tenant agrees to pay to the Landlord such amount in monthly installments in advance during such period on the dates and at the times for payment of Rent provided for in this Lease. Within sixty (60) days of the end of the period for which such estimated payments have been made the Tenant shall be advised of the actual amount required to be paid as Additional Rent and, if necessary, an adjustment shall be made between the parties within thirty (30) days of the determination of the actual amount.

3.3 SECURITY DEPOSIT

The Tenant will pay to the Landlord upon the execution of this Lease, a security deposit in the amount of $187,081.62, which will be applied in payment of the first month's Rent plus GST. The balance will be held without interest as security for the performance by the Tenant of all the Tenant's agreements in this Lease. The security deposit may be applied by the Landlord to satisfy any sums owing by the Tenant under the terms of this Lease. In the event that the security deposit is reduced by any deductions made by the Landlord, the Tenant shall pay immediately to the Landlord such sum or sums as may be required to restore the security deposit to its original amount. The Landlord may, at any time, return the security deposit to the Tenant rather than apply it to rectify a breach of this Lease by the Tenant.

ARTICLE 4 – COVENANTS OF THE TENANT

4.1 The Tenant covenants and agrees with the Landlord during the Term and any extensions thereof:

(a) to pay, whether to the Landlord or otherwise, Minimum Rent and Additional Rent at the times and in the manner herein provided;

(b) to pay all rates, tolls and charges incurred in respect of the Premises for electricity, gas, water, telephone, janitorial services and refuse collection;

(c) that the Tenant shall carry out repairs, maintenance and replacements (including all Structural Repairs and Capital Repairs/Replacements), to the Building and every part thereof and Improvements therein or thereon (including the fixtures and the electrical, plumbing, heating, air-conditioning and all other mechanical systems used by the Tenant and including the replacement of the said fixtures and the said electrical, plumbing, heating, air-conditioning and other mechanical systems), when, where and so often as required to maintain the Building in first class condition;

(d) that the Tenant shall keep the Premises clean and tidy and free from rodents, insects and vermin and shall provide receptacles for refuse and rubbish of all kinds and shall attend to the removal of the same from the Premises at regular intervals and shall not keep or leave any rubbish of any kind in or near the Premises and shall keep the sidewalks and roadways of the Premises clean and free from any rubbish, snow and ice;

(e) that the Tenant will allow prospective tenants, purchasers and investors to enter and inspect the Premises on business days during the period of one hundred and eighty (180) days prior to the expiration of the Term or earlier termination under this Lease and will allow the Landlord during the period of sixty (60) days prior to

the expiration of the Term or earlier determination under this Lease to place on or in a conspicuous place in the Premises a notice advertising that the Premises are for rent or sale;

(f) upon the expiry of the Term or earlier termination under this Lease, the Tenant shall remove any and all trade fixtures, chattels, Equipment, machinery and furnishings upon the Premises, unless otherwise consented to by the Landlord, and shall repair all damage caused to the Premises by such removal;

(g) that the Tenant will indemnify and save harmless the Landlord from and against all manner of claims for liens for wages or materials or for damage to persons or property caused during the making of or in connection with any repairs, Alterations, installations and additions which the Tenant shall make or cause to be made on the Premises. Nothing in this Section 4.1 is deemed to prevent the Tenant from diligently contesting, in good faith and in accordance with the appropriate law, the amount or the validity of any claim by any workmen or materialmen of the Tenant, as long as the Tenant pays the disputed amount into court or posts the necessary security so that, in either event, the lien can be vacated or discharged from title;

(h) that the Tenant will not erect or display any signs or nameplates on the outside of the Building without the Landlord's approval thereof in writing first had and obtained, such approval not to be unreasonably withheld or delayed and will at its expense remove the same upon the expiration of the Term; the Landlord confirms its approval of the signage existing on the Premises as of the date of this Lease;

(i) to observe, obey and conform to and cause its employees to observe, obey and conform to the rules and regulations attached hereto in Schedule A and all further reasonable rules and regulations from time to time made by the Landlord with regard to the use or occupation of the Premises and to have an attendant or supervisor present on the Premises at all times during the time that the Premises are in use;

(j) that, at the expiration or earlier termination of this Lease, the Tenant will peaceably surrender and give up possession of the Premises without notice from the Landlord, provided that the Tenant will have no restoration or repair obligations in respect of the Premises in connection with such surrender, and the Landlord will accept the surrender of the Premises in 'as is where is' condition other than the removal and repair obligations of the Tenant under paragraph 4.1(f);

(k) that the Tenant at its expense shall abide by and comply with all lawful by-laws, rules and regulations of every municipal or other authority which in any manner related to or affects the Premises or the use or occupation thereof by the Tenant or the business carried on and conducted on the Premises whether or not such by-laws, rules and regulations shall have been in force and effect at the commencement of the Term;

(l) that the Tenant shall forthwith discharge any liens and charges whatsoever at any time filed against the Premises and/or Equipment, fixtures and chattels relating to the Premises and/or the said Equipment, fixtures and chattels and keep the Premises and the said chattels free from liens of which the Tenant is the cause of such filing and in the event that the Tenant fails to do so, the Landlord may, but

shall be under no obligation to pay into Court the amount required to obtain a discharge of any lien filing caused by the Tenant and any amount so paid together with all disbursements and taxed costs in respect to such proceedings on a solicitor and his own client basis shall be forthwith due and payable by the Tenant to the Landlord as Additional Rent in the same manner as Rent. Nothing in this Article 4.1(l) is deemed to prevent the Tenant from diligently contesting, in good faith and in accordance with the appropriate law, the amount or the validity of any claim by any workmen or materialman of the Tenant, as long as the Tenant pays the disputed amount into court or posts the necessary security so that, in either event, the lien can be vacated or discharged from title;

(m) that the Tenant will produce to the Landlord from time to time at the request of the Landlord evidence satisfactory to the Landlord of the due payment by the Tenant of all payments required to be made by the Tenant for any improvements to the Premises made by and at the request of the Tenant;

(n) that the Tenant will indemnify and save harmless the Landlord, its servants, agents, successors and assigns from any and all manner of actions, causes of action, suits, damages, loss, costs, builders' liens, claims and demands relating to and arising during the Term out of any breach, violation, or non-performance of any covenant, condition, or agreement in this Lease to be fulfilled, kept, observed and performed by the Tenant, but excepting any consequential, indirect or special damages or loss of profits and any damage or injury which results from the negligence of the Landlord or its agents, servants, employees or contractors and such indemnity shall survive the expiry or sooner termination of the Term.

ARTICLE 5 – LANDLORD'S COVENANTS

5.1 The Landlord covenants and agrees with the Tenant:

(a) to pay all provincial, municipal and school taxes, charges or assessments levied against the Premises; and

(b) that the Tenant shall and may peaceably possess and enjoy the Premises for the Term hereby granted without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under it, provided that the Landlord shall not be responsible, for any Structural Repairs, Capital Repairs/Replacements or other repair obligations whatsoever, including keeping any electrical, gas, plumbing, heating or air-conditioning systems in operating condition, maintenance or repair, in respect of the Premises, all of which will be conducted by the Tenant at its cost in accordance with the terms hereof.

ARTICLE 6 – INSURANCE

6.1 TENANT'S INSURANCE

The Tenant shall provide at its expense and maintain in force during the Term:

(a) public liability insurance in the sum of at least FIVE MILLION ($5,000,000.00) DOLLARS in respect of injury or death to one or more persons or property damage occurring either in, upon or near the Premises;

(b) insurance on all plate glass in the Building in an amount equal to the full replacement value thereof; and

(c) standard property insurance written on an all-risk form fire insurance with extended coverage or additional perils supplemental contract including sprinkler leakages on the stock-in-trade, furniture, fixtures, improvements, machinery and all other contents of the Building or on the Premises to the full insurable value thereof and Broad Form Tenants Legal Liability tenant's fire legal liability insurance in an amount equal to the replacement value of the Building;

6.2 The Tenant shall cause all insurance referred to in Article 6.1 to:

(a) be effected with insurers and brokers and upon terms and conditions satisfactory to the Landlord, acting reasonably;

(b) name the Landlord as an Additional Insured Party respecting the Tenant's use and occupancy of the Premises, and all business operations conducted thereon; and

(c) provide that such policies shall not be cancelled or materially changed without thirty (30) days' written notice first having been given to the Landlord;

6.3 The Tenant shall deliver a certificate of insurance for the insurance policies required to be taken out by the Tenant hereunder and receipts for premiums paid therefor to the Landlord on demand.

6.4 LANDLORD'S INSURANCE

The Landlord will maintain throughout the Term, in those reasonable amounts, and with those reasonable deductions that a prudent owner of a commercial retail building similar to the Building would maintain, having regard to size, age and location:

(a) all risks insurance on the Building (excluding the foundations and excavations) and the machinery, boilers and equipment contained in it and owned by the Landlord (except property that the Tenant and other tenants are required to insure);

(b) public liability and property damage insurance with respect to the Landlord's operations of the Building; and

(c) whatever other forms of insurance the Landlord reasonably considers advisable. This Article 6.3 does not relieve the Tenant from liability arising from or contributed to by its negligence or its misconduct; no insurable interest is conferred on the Tenant under any policies carried by the Landlord; and the Tenant has no right to receive proceeds of any of those policies.

ARTICLE 7 – CONDITION OF PREMISES

7.1 The Tenant agrees to take possession of the Premises, including the Building thereon, on an "as is" basis and acknowledges that the Landlord makes no representations and warranties with respect to the state of the Premises.

ARTICLE 8 – DEFAULT AND LANDLORD'S RIGHTS AND REMEDIES

8.1 An event of default occurs:

(a) if and whenever the Rent hereby reserved or any part thereof or other monies payable by the Tenant shall not be paid on the day appointed for payment thereof, and remain unpaid following receipt by the Tenant of five (5) business days' written notice of the same; or

(b) in case of breach or non-observance or non-performance of any of the covenants, agreements, provisos, conditions or by laws, rules and regulations on the part of the Tenant to be kept, observed or performed, and such default is not remedied by the Tenant within ten (10) business days after receipt by the Tenant of written notice thereof, (or, if the same is not capable of being so remedied within ten (10) business days, the Tenant has not immediately commenced and diligently continued to remedy the same); or

(c) in case the Term of the Lease or the Lease itself shall be seized in execution or attachment for any cause whatsoever;

then and in every such case, it shall be lawful for the Landlord at any time thereafter to enter into and upon the Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in the Lease contained to the contrary notwithstanding.

8.2 If, without the prior written consent of the Landlord:

(a) the Premises shall be used by any person other than the Tenant, the Tenant's permitted assigns or permitted sublessees, or for any other purpose than that for which the same were let; or

(b) in case the Term or any of the goods and chattels of the Tenant shall be at any time seized in execution or attachment by any creditor of the Tenant; or

(c) the Tenant shall make any assignment for the benefit of creditors or any bulk sale or become bankrupt or insolvent or take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or

(d) if the Tenant is a corporation and any order shall be made for the winding up of the Tenant, or other termination of the corporate existence of the Tenant;

then in any such case this Lease shall, at the option of the Landlord, cease and determine and the Term shall immediately become forfeited and void and the then current month's Rent and the next ensuing three (3) months' Minimum Rent shall immediately become due and be paid and the Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to the Landlord by the Tenant under reserve of and without prejudice to all other rights, remedies and resources of the Landlord and the Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Premises and become the owner of and remove the Tenant's effects therefrom, any statute or law to the contrary notwithstanding; all of which is without prejudice to and under reserve of, all other rights and recourse of the Landlord to claim

any and all losses and damages sustained by the Landlord by reason of or arising from any default of the Tenant.

LANDLORD'S RIGHTS AND REMEDIES

8.3 It is hereby expressly understood and agreed that if at any time and so often as the same shall happen, the Tenant shall make default in the observance or performance of any of the Tenant's covenants herein contained (and such default continues beyond any cure periods provided for herein), then the Landlord may, but shall not be obligated so to do, without waiving or releasing the Tenant from its obligations under the terms of the Lease, itself observe and perform the covenant or covenants in respect of which the Tenant has made default (and which is not cured within any applicable cure period), and in that connection may pay such monies as may be required or as the Landlord may reasonably deem expedient, and the Landlord may thereupon charge all monies so paid out and expended by it to the Tenant together with interest as set out in Article 8.6 thereon from the date upon which the Landlord shall have paid out the same, and the Tenant covenants to repay any such monies paid out by the Landlord as aforesaid, together with interest as set out in Article 8.6 thereon forthwith on demand as Additional Rent, and the Tenant hereby covenants and agrees with the Landlord that the Landlord shall have the same rights and remedies and may take the same steps for recovery of monies so paid out by the Landlord, together with interest as set out in Article 8.6 as the Landlord could have or might have taken for the recovery of the Rent.

8.4 The Tenant acknowledges and agrees that, despite any laws to the contrary, the Landlord may seize and sell all the Tenant's goods and property, whether within the Premises or not and apply the proceeds of such sale towards rental and all other amounts outstanding and towards the costs of the seizure and sale in the same manner as might have been done if such laws had not been passed. The Tenant further agrees that if it leaves the Premises leaving any Rent or other amounts provided to be paid under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law, may seize and sell the goods and chattels of the Tenant at any place to which the Tenant or any other person may have removed them, in the same manner as if such goods and chattels had remained upon the Premises.

8.5 No condoning, excusing or overlooking by the Landlord or Tenant of any default, breach or non-observance by the Tenant or the Landlord at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's or the Tenant's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the rights of the Landlord or the Tenant herein in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord or the Tenant save only express waiver in writing. All rights and remedies of the Landlord in this Lease contained shall be cumulative and not alternative.

8.6 If the Tenant shall fail to pay any Rent from time to time promptly when due, the Landlord shall be entitled, if it shall demand it, to interest thereon at the rate of five (5%) percent per annum in excess of the rate of interest published from time to time by the main branch in Vancouver, British Columbia, of the Landlord's bank, as its most favourable rate of interest to its most creditworthy and substantial commercial customers, commonly known as its Prime Rate, from the date upon which such payment was due until actual payment thereof.

ARTICLE 9 – ASSIGNMENT, SUBLETTING

9.1 The Tenant covenants with the Landlord that the rights of the Tenant under this Lease shall not be transferred, mortgaged, assigned, sold or otherwise disposed of nor shall the Tenant sublet the whole or any part of the Premises nor grant any concession or licence within or with respect to the same to any party without the prior written consent of the Landlord first had and obtained, provided such consent shall not be unreasonably withheld or delayed. The Landlord's right of providing consent shall be exercised by the Landlord within 15 days of the Landlord's receipt of a written request from the Tenant for such consent (with appropriate supporting information as determined by the Landlord, acting reasonably). Notwithstanding any such consent being given by the Landlord and such transfer, mortgage, assignment, sale, other disposition or subleasing being effected, the original Tenant hereunder shall remain bound to the Landlord for the fulfillment of all of the obligations of the Tenant for the time being hereunder.

9.2 If the Tenant is a corporation, then any sale or other disposition of securities of the Tenant resulting in a change of the control or beneficial ownership of such securities shall be deemed to be an assignment of this Lease by the Tenant.

9.3 If not then in default hereunder, and if consented to by the Landlord pursuant to Article 9.1, the Tenant may sublet or assign the whole or any part of the Premises by way of mortgage if the funds secured by such mortgage are used in the business of the Tenant on the Premises and in connection therewith the Landlord agrees to execute and deliver such certificates as to the good standing of the Lease reasonably requested by the mortgagee, at the expense of the Tenant, or other certificates provided that the Landlord shall not be required to subordinate any rights or interests to the mortgagee. In the event of such assignment or subletting, the Tenant shall be and remain liable for the payment of all Minimum Rent and Additional Rent and the performance of all the terms, covenants and conditions of this Lease. Any mortgage by the Tenant shall be made expressly subject to the rights of the Landlord under this Lease. If requested by the. Landlord, a copy of any or all mortgages shall be furnished to the Landlord by the Tenant together with particulars of registration in the Land Title Office within thirty (30) days of such request.

9.4 The Tenant covenants with the Landlord that it shall be a condition of any mortgage permitted by this Article and granted by the Tenant that in the event the mortgagee acquires title to the Tenant's interest in the Premises, the mortgagee shall thereupon become subrogated to the rights of the Tenant under this Lease and attorn to the Landlord as Tenant and covenants and agrees to be bound by and perform the covenants and agreements of the Tenant pursuant to this Lease.

9.5 Notwithstanding the foregoing or anything to the contrary herein, the Tenant shall have the right, without the prior consent of the Landlord but upon giving prior written notice to the Landlord, to assign this Lease or sublease all or any part of the Premises to:

(a) a corporation that is related to the Tenant, including, without limitation, a parent, subsidiary or affiliate of the Tenant (as such terms are defined in the *Canada Business Corporations Act*), provided that such entity can demonstrate, prior to any such assignment or sublease, to the satisfaction of the Landlord, acting reasonably, the capacity of such corporation to fulfill the financial obligations of the Tenant under this Lease and such corporation has executed and delivered an assumption agreement;

(b) a successor corporation of the Tenant resulting from a merger, arrangement, consolidation or reorganization; and

(c) a purchaser acquiring the whole or substantially the whole of the Tenant's business in British Columbia, provided that such purchaser has executed and delivered an assumption agreement

(in each instance, a "**Permitted Transferee**"),

provided that the Tenant shall not be released from its obligations on an assignment or sublease to a Permitted Transferee except in the case of a transfer under Section 9.5(c), and, in such case, only if the Landlord provides prior written approval of the financial covenant of the Tenant (which covenant shall be equal to or better than that of the Tenant), such consent not to be unreasonably withheld.

ARTICLE 10 – OVERHOLDING – NO TACIT RENEWAL

10.1 In the event the Tenant remains in possession of the Premises after the end of the Term and without the execution and delivery of a new lease or renewal of this Lease, there shall be no tacit renewal of this Lease nor the Term hereby granted and the Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month, at a monthly rent payable in advance on the first day of each month equal to the sum of:

(a) 150% of the Minimum Rent for the Premises payable during the last month of the Term of the Lease; and

(b) the Additional Rent;

and otherwise upon the same terms, conditions and provisos as are set forth in the Lease insofar as the same are applicable to a month-to-month tenancy.

ARTICLE 11 – NO OPERATION COVENANT

11.1 Notwithstanding any other term of this Lease or as may be implied or imposed by law or otherwise, the Tenant has no obligation to operate, occupy or utilize the Premises, and may cease to operate from the Premises, provided that the Tenant continues to pay Rent and otherwise comply with the terms of this Lease.

ARTICLE 12 – LANDLORD MAY PAY ON BEHALF OF TENANT

12.1 If the Tenant from time to time fails to make any payments required to be made by it, the Landlord may make such payments in whole or in part together with interest as set out in Article 8.6 charged thereon, but the giving of notice of any such payment by the Landlord shall not be deemed an acknowledgment or admission of any liability or responsibility on the part of the Landlord. Any payment so made and any damage, loss or expense suffered or incurred by the Landlord, by reason of any failure of the Tenant to observe and comply with any of the covenants of the Tenant herein contained shall immediately become payable by the Tenant to the Landlord as Additional Rent hereunder.

ARTICLE 13 – DAMAGE OR DESTRUCTION OF PREMISES

13.1 Subject to paragraph 13.2, the partial destruction or damage or complete destruction by fire or other casualty of the Building will not terminate this Lease or entitle the Tenant to surrender possession of the Lands or the Building or to demand any abatement or reduction of the Rent or other charges payable under this Lease, any law or statute now or in the future to the contrary, except as otherwise expressly set out herein.

13.2 In the event of damage to or partial or complete destruction of the Building, unless the damage was caused by the wilful act or omission or negligence of the Tenant or those for whom it is responsible at law, in which case there shall be no abatement of Rent, the Landlord shall repair, replace or restore all or any part of the Building so damaged or destroyed, and Rent with respect to all of the Premises (or such portion that cannot be reasonably used for the Tenant's business) shall abate as mutually and reasonably agreed between the Tenant and the Landlord until the Building (or such portion thereof) is repaired, replaced or restored and can be reasonably occupied for the Tenant's business.

13.3 Notwithstanding the foregoing, if the Premises shall be so badly damaged as to be unfit for occupancy and to be incapable, with reasonable diligence, of being repaired and rendered fit for occupation within 270 days from the happening of such damage, then the Tenant may, at its option to be exercised by notice in writing to the Landlord elect to terminate this Lease with the effective date of such termination to be not less than nine (9) months following delivery of such notice, and the Term hereby granted shall cease and be at an end to all intents and purposes on the effective date of such notice and the Tenant shall on such effective date surrender the same and yield up possession of the Premises to the Landlord and the Rent hereunder shall be apportioned and paid to the date of such termination.

ARTICLE 14 – INDEMNIFICATION OF LANDLORD

14.1 The Landlord, its agents, servants and employees shall not be liable or responsible in any way for any injury, loss, damage or expense of any nature whatsoever and due to any cause or reason that may be suffered or sustained by the Tenant or any employee, agent, licensee or invitee of the Tenant or any other person who may be upon the Premises or for any loss of or damage to any property belonging to the Tenant or to its employees, agents, licensees, invitees or persons on the Premises, save and to the extent that such injury, loss, damage or expense is caused by the negligence of the Landlord or those for whom in law it is responsible.

14.2 Under no circumstances shall the Landlord be liable for indirect or consequential damage or damages for personal discomfort or illness due to any cause or reason including, but without limiting the generality of the foregoing, the heating of the Premises or the operation of the plumbing or other equipment in the Premises.

14.3 It is hereby agreed that save for matters arising out of the Landlord's negligence the Landlord shall not be responsible for any loss, damage or expense to the Premises arising from any matter or thing whatsoever including, without limiting the generality of the foregoing, any loss, damage or expense incurred by any overflow or leakage of water from any part of the Premises or any adjoining buildings or premises, occasioned by the use of water or by the breaking or bursting of any pipes or plumbing fixtures, or any other manner,

or by seepage from adjoining lands or premises or by an accident or misadventure to or arising from any electrical wiring and/or appliances.

14.4 The obligation of the Tenant to indemnify the Landlord under any provision of this Lease with respect to liability by reason of any matter arising prior to the end of the Term, will survive any termination of this Lease, anything in this Lease to the contrary notwithstanding.

ARTICLE 15 – ARBITRATION

15.1 In the event of any dispute between the Landlord and the Tenant relating to any term, condition or covenant of this Lease, the dispute shall be determined by arbitration pursuant to the Arbitration Act, and the following provisions shall apply thereto:

(a) promptly upon the provision for arbitration becoming applicable, the Landlord and the Tenant shall attempt to agree within ten (10) days upon a single arbitrator, failing which each of the Landlord and the Tenant shall give written notice to the other appointing an arbitrator on behalf of the party giving the notice. In the event that either party shall fail to give such written notice within ten (10) days, the arbitrator named in the notice given by the other party shall be the sole arbitrator. If the two (2) arbitrators are duly appointed they shall jointly appoint a third arbitrator, but if such appointment has not been made by them within ten (10) days of the appointment of whichever of the two (2) arbitrators was last appointed, either party may, on the notice to the other, apply to the Supreme Court which shall have jurisdiction to appoint a third arbitrator;

(b) the arbitrators or sole arbitrator (as the case may be) appointed hereunder shall govern their or his own proceedings subject to the terms and conditions set forth in this Article 15.1 and the decisions of the three (3) arbitrators (if three (3) arbitrators have been appointed) or the sole arbitrator made as aforesaid shall be final and binding on the parties hereto and shall not be capable of appeal or judicial review;

(c) if an arbitrator appointed as aforesaid dies or resigns or fails to act and such failure continues for a period of seven (7) days after notice thereof has been given to either party by the other, a new arbitrator shall be appointed within ten (10) days after the death, resignation or expiration of the above-mentioned period by the Landlord and the Tenant (in the case of a sole arbitrator appointed by both) or by the party which such arbitrator so represented or by the two arbitrators if such arbitrator was appointed by a third arbitrator, failing which the appointment shall be made by the Supreme Court upon application by either party;

(d) the arbitrators will have the power to obtain the assistance, advice or opinion of any expert as they may think fit and will have the discretion to act upon any assistance, advice or opinion so obtained;

(e) the cost of any arbitration shall be borne equally by the Landlord and the Tenant; and

(f) each of the Landlord and the Tenant will execute all such documents and perform all such acts as may be necessary to give effect to any award made upon any such arbitration.

ARTICLE 16 – RECEIVERSHIP OF TENANT

16.1 If the Term shall be at any time seized or taken in execution or in attachment by any creditor of the Tenant or if the Tenant shall go into liquidation or receivership or if the Tenant shall commence winding-up proceedings whether voluntary or otherwise or if the Tenant shall make any assignment for the benefit of its creditors, or becoming bankrupt or insolvent shall take the benefit of any act that may be in force for bankrupt or insolvent debtors, or in case the Premises shall be used for any purpose other than as provided herein without first obtaining the written consent of the Landlord the then current month's Rent and the next ensuing three (3) months' Minimum Rent shall immediately become due and payable and the Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to the Landlord by the Tenant; all of which is without prejudice to and under reserve of, all other rights and recourse of the Landlord to claim any and all losses and damages sustained by the Landlord by reason of or arising from any default of the Tenant and the Term shall immediately become forfeited and void.

ARTICLE 17 – SUBORDINATION AND ATTORNMENT

17.1 If required by the Landlord so to do, the Tenant shall subordinate this Lease to any mortgages, including any deed of trust and mortgage and all indentures supplemental thereto, which now or hereafter during the Term affect or relate to this Lease, the Premises and to all modifications or renewals thereof. The Tenant agrees to execute promptly from time to time any assurance which the Landlord may require to confirm this subordination and hereby constitutes the Landlord, the agent or attorney of the Tenant for the purpose of executing any such assurances and of making application at any time and from time to time to register any postponement of this Lease in favour of any such mortgage in order to give effect to the provisions of this 17.1 provided that any such registration shall be at the cost of the Landlord and provided further that the party in whose favour the subordination is made shall concurrently provide the Tenant with a non-disturbance agreement.

ARTICLE 18 – OWNERSHIP OF IMPROVEMENTS & EQUIPMENT, MORTGAGE OF LEASEHOLD INTEREST AND NON-DISTURBANCE

18.1 OWNERSHIP OF IMPROVEMENTS & EQUIPMENT

Ownership of all Equipment shall and will vest in the Tenant, regardless of who is responsible for paying for such Equipment. Upon the expiration of the Term or earlier termination of this Lease, the Tenant will remove any and all Equipment in or upon the Premises pursuant to section 4.1(f).

18.2 MORTGAGE OF LEASEHOLD INTEREST

The Tenant, when not in default hereunder, may encumber or otherwise dispose of the Equipment, provided that during the Term the Tenant shall not remove Equipment from the Premises unless, in the ordinary course of the Tenant's business, the same is being

replaced. The Tenant may not remove Improvements from the Premises during, at, or after the expiration of the Term, nor may the Tenant encumber the same. Upon the expiration or sooner termination of the Term, the Tenant shall leave the Improvements in the Premises.

(a) The Tenant shall have the right, and the Landlord hereby gives its consent to the Tenant, to mortgage, assign or pledge this Lease or the Tenant's leasehold interest in the Premises or to sublet the whole or any part of the Premises as security for any bona fide financing of, the Tenant's business operations in the Premises in the ordinary course of its business to a Canadian chartered bank or a recognized financial institution, provided that such mortgagee, assignee or pledgee covenants to perform and comply with the Tenant's obligations under the Lease in the event of any default, and otherwise in accordance with sections 9.3 and 9.4.

(b) The Tenant covenants with the Landlord that it shall pay all amounts and perform all obligations of every kind whatsoever as and when the same are due to be paid and performed by the Tenant pursuant to the terms of such leasehold mortgage, assignment or pledge.

18.3 NON-DISTURBANCE

Upon the written request of the Tenant, the Landlord shall use all commercially reasonable efforts to obtain, at the Tenant's expense, a Non-Disturbance Agreement from the permanent financing Mortgagee of the Premises, to the effect that upon the execution and delivery by the Tenant to the Landlord of this Lease, if the Tenant shall pay the Rent and comply with all terms and conditions contained in this Lease and attorn to the permanent financing Mortgagee, the Tenant shall be permitted to remain in quiet possession of the Premises without interruption or disturbance from the permanent financing Mortgagee, or at the option of the permanent financing Mortgagee, shall be entitled to obtain a new lease for the unexpired Term of this Lease, on the same terms and conditions as contained in this Lease. The Tenant shall:

(a) promptly execute such documents as may be required by the Landlord to give effect to the foregoing; and

(b) indemnify the Landlord from and against all reasonable costs including legal costs incurred by the Landlord in connection with obtaining and preparing any such agreement.

ARTICLE 19 – WAIVER OF REMEDIES

19.1 No waiver of nor neglect to enforce the right of forfeiture of this Lease nor the right of re-entry by the Landlord upon breach of any covenant, condition or agreement herein shall be deemed a waiver by the Landlord of such rights upon subsequent breach of the same or any other covenant or condition or agreement herein contained.

ARTICLE 20 – RELEASE OF LANDLORD ON SALE

20.1 If the Landlord shall sell its interest in the Premises or any part thereof, it shall, as and from the date of such sale, be relieved of the further observance and performance of all of the covenants and obligations on its part herein contained to the extent assumed in

writing by the buyer save and except such as shall have accrued or arisen prior to the date of such sale, insofar as such relate to the portion of the Premises sold. The Tenant shall attorn to the transferee as landlord.

ARTICLE 21 – NOTICE

21.1 Any notice, demand, request, consent or objection required or contemplated to be given or made by any provision of this Lease shall be given or made in writing and either delivered personally or sent by email, registered mail or postage prepaid:

Addressed to the Landlord at:

c/o 2200 — 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1K8
Attention: Kevin Mahon
Email: kevinm@adera.com

And addressed to the Tenant at:

Attention: Kevin Macdonald
Email: kam@kingfishgroup.com

with a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105

Attention: Murray A. Indick
Fax No.: (415) 268-7096
Email: mindick@mofo.com

or to such other address as either party may from time to time notify the other in writing. The time of giving or making such notice, demand, request, consent or objection shall be if delivered, when delivered, and if mailed, unless postal service has been disrupted, on the third day excluding Saturdays, Sundays and statutory holidays, after the date of mailing thereof. If in this Lease two or more persons are named as Tenant or Landlord such notice, demand, request, or objection shall be sufficiently given or made if and when the same shall be given to any one of such persons. All payments required to be made by this Lease shall be addressed as provided for in this Article 21 unless otherwise directed by the Landlord.

ARTICLE 22 – GOVERNING LAWS

22.1 This Lease shall be construed and governed by the laws of the Province of British Columbia. All of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate article herein. Should any provisions of this Lease be illegal or not enforceable, they shall be considered separate and several from this Lease and its

remaining provisions shall remain in force and be binding upon the parties hereto as though the illegal or unenforceable provisions had not been included.

ARTICLE 23 – MISCELLANEOUS

23.1 NET LEASE

The Tenant acknowledges and agrees that it is intended that this Lease shall be a completely net Lease for the Landlord and the Landlord shall not be responsible during the Term for any costs, taxes, charges, expenses or outlays of any nature whatsoever arising from or relating to the Premises or the contents thereof except as expressly set forth in this Lease.

23.2 ENVIRONMENTAL

The Tenant covenants and agrees with the Landlord to:

(a) use the Lands and Building only in compliance with all Environmental Laws;

(b) permit the Landlord at its cost to investigate the Lands and Building, any goods on the Lands or Building, and any Tenant's records relating to environmental matters at any reasonable time and from time to time upon reasonable notice to verify such compliance with Environmental Laws and this Lease, provided the Landlord shall take all reasonable steps to ensure that such does not materially adversely interfere with the Tenant's use and enjoyment of the Premises;

(c) not store, manufacture, dispose, treat, generate, use, transport, remediate or release Environmental Contaminants brought onto or created upon the Lands or Building by the Tenant or those for whom it is, responsible at law except in compliance with Environmental Laws;

(d) promptly remove any Environmental Contaminants brought onto or created upon the Lands or Building by the Tenant or those for whom it is responsible at law in a manner that conforms to Environmental Laws governing their removal; and

(e) notify the Landlord in writing of:

(i) any enforcement, clean-up, removal, litigation, or other governmental, regulatory, judicial or administrative action instituted, contemplated or threatened against the Tenant, the Lands or the Building pursuant to any Environmental Laws;

(ii) all claims, actions, orders, or investigations instituted, contemplated, or threatened by any third party against the Tenant, the Lands, or the Building relating to damage, contribution, cost recovery, compensation, loss or injuries resulting from any Environmental Contaminants or any breach of the Environmental Laws; and

(iii) the discovery of any Environmental Contaminants or any occurrence or condition on the Lands or Building or any real property adjoining or in the vicinity of the Lands that could subject the Tenant, the Lands, or the

Building to any fines, penalties, orders, or proceedings under any Environmental Laws;

of which the Tenant becomes aware.

The Tenant hereby authorizes the Landlord to make inquiries from time to time of any government authority with respect to the compliance by the Tenant with Environmental Laws, and the Tenant agrees that the Tenant will from time to time provide to the Landlord such written authorization as the Landlord may reasonably require in order to facilitate the obtaining of such information.

23.3 ESTOPPEL CERTIFICATE

Whenever requested by the Landlord, a mortgagee or an encumbrance holder or other third party having an interest in the Building, the Tenant shall within seven (7) days of the request execute and deliver an estoppel certificate or other reasonable form of certified acknowledgement to the best of the Tenant's knowledge as to the Commencement Date, the status and the validity of this Lease, the state of the rental account hereunder, any uncured defaults on the part of the Landlord alleged by the Tenant, and such other information as may reasonably be requested by the Landlord.

23.4 TIME OF THE ESSENCE

Time shall be of the essence of this Lease.

23.5 OPTION TO RENEW

The Landlord covenants with the Tenant that if the Tenant is not in default under this Lease at the time of exercise and has not frequently or persistently been in default under this Lease, the Tenant shall have the option of renewing this Lease by notice in writing given to the Landlord at least six (6) months prior to the expiry of the Term, for an additional term of sixty (60) months on the same terms and conditions as set forth in this Lease, save and except that there shall be no further right of renewal, no leasehold improvements allowance and except that the Minimum Rent reserved during the renewal term shall be the greater of:

(a) The market rent for the Premises as at ninety (90) days immediately prior to the expiry of the Term, to be determined by agreement between the parties or as hereinafter provided; and

(b) The Minimum Rent applicable during the last twelve (12) month period of the Term.

In the event that the parties are unable to agree as to the said market rent on or before sixty (60) days immediately prior to the expiry of the Term, then the said market rent shall be fixed by arbitration by a single arbitrator appointed by the parties. If the parties cannot agree on a single arbitrator, then, upon the application of either party, a Justice of the BC Supreme Court shall appoint an arbitrator whose sole determination shall be final. The arbitrator shall be a disinterested person of recognized competence in the real estate business in the Okanagan. The expense of such arbitration shall be borne equally by the Landlord and the Tenant. Except as otherwise provided herein the arbitration shall be conducted in accordance with the provisions of the Arbitration Act. Failing exercise of said

option of renewing within the time and in the manner as aforesaid, the said option shall be null and void.

23.6 HEADINGS

The headings appearing throughout this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease or any provision hereof.

23.7 REPRESENTATIONS

The Tenant acknowledges that there have been no representations made by the Landlord which are not set out in the Lease. The Tenant further acknowledges that the Lease constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing duly signed by the Landlord and the Tenant.

23.8 ENUREMENT

This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

23.9 SINGULAR AND PLURAL

Whenever the singular, masculine or neuter is used throughout this Lease, the same shall be construed as meaning the plural or feminine or body corporate or politic where the context or the parties so require.

23.10 NO REGISTRATION

The Tenant will not register or permit the registration of this Lease or any assignment or sublease or other document evidencing an interest of the Tenant or anyone claiming through or under the Tenant in this Lease or the Premises.

[***THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK***]

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

(the "Landlord")

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP,
by its general partner, **SPL WOOD PRODUCTS LTD.**

Per:

Authorized Signatory

(the "Tenant")

SLP OPERATIONS LTD.

Per:

Authorized Signatory

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

(the "Landlord")

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP,
by its general partner, **SPL WOOD PRODUCTS LTD.**

Per:

_____
Authorized Signatory

(the "Tenant")

SLP OPERATIONS LTD.

Per: J.T. Munk

_____
Authorized Signatory

SCHEDULE A

RULES AND REGULATIONS

1. GENERAL

(a) The Tenant shall not perform any acts or carry on any practice which may injure the Premises or be a nuisance to the owners or occupiers of properties adjacent to the Premises.

(b) The Tenant shall not bring into the Premises any equipment, machinery or any other thing which might damage the Premises.

(c) No one shall use the Premises for sleeping quarters.

(d) Any band trucks, carry-alls or similar appliances used in the Building shall be equipped with rubber tires and such other safeguards as the Landlord shall require.

2. REFUSE

(a) The Tenant shall place its garbage in containers approved by the Landlord but provided at the Tenant's expense and kept at a location designated by the Landlord.

(b) The Tenant shall not burn any garbage in or about the Premises.

(c) OVERLOADING, SUSPENSION

(d) The Tenant shall not overload any floor of the Premises in excess of 2,000 pounds per square foot.

(e) The Tenant shall not hang or suspend from any wall or ceiling or roof, or any other part of the Building, any equipment, fixtures, signs or displays which are not first authorized by the Landlord, acting reasonably.

3. ELECTRICAL EQUIPMENT

(a) The Tenant shall at its sole cost and expense, install and maintain all necessary lighting fixtures, electrical equipment and wiring therefor.

(b) If the Tenant requires any electrical equipment which might overload the electrical facilities in the Premises, the Tenant shall submit to the Landlord plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading, and shall obtain the Landlord's written approval to perform such works, which shall meet all the applicable regulations or requirements of any government or other competent authority, the Association of Insurance Underwriters and the Landlord's insurers, all at the sole cost and expense of the Tenant.

4. PLUMBING

No plumbing facilities shall be used for any purpose other than that for which they were designated, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision by the Tenant or by a person for whom the Tenant is responsible shall be borne by the Tenant.

5. HVAC OPERATION

(a) The Tenant shall only operate or permit to be operated the heating, ventilating and air-conditioning equipment in such a manner for which it was designed.

(b) The Tenant shall not leave open any doors or windows to the exterior of the Building which would adversely affect the performance of any heating, ventilating or air-conditioning equipment in the Building.

(c) The Tenant shall keep the Building at a temperature sufficiently high to prevent freezing of water in pipes or fixtures.

6. PESTS

Should the Premises become infested with rodents, vermin or the like, the Tenant shall forthwith remedy the same and shall use, at the Tenant's cost, such pest extermination contractor as the Landlord may direct and at such interval as the Landlord may require as being necessary by reason of the conditions in the Premises.

7. NOTICE OF ACCIDENT, DEFECTS

The Tenant shall give immediate notice to the Landlord in case of fire or accident in the Premises or of defects therein or in any fixtures or equipment thereon.

8. EMERGENCY CONTACTS

The Tenant shall provide the Landlord with the names, addresses and telephone numbers of two (2) authorized employees of the Tenant who may be contacted by the Landlord in the event of any emergency relative to the Premises.

9. PERMITS, LICENCES

The Tenant alone shall be responsible for obtaining, from the appropriate governmental authority or other regulatory body having jurisdiction, whatever permits, licences or approvals as may be necessary for the operation of its business, the whole to the entire exoneration of the Landlord.

10. TENANT'S WORK

Any work to be performed in the Premises by the Tenant or its contractors shall be first approved by the Landlord in writing and then made strictly in accordance with the rules and regulations of the Landlord from time to time in respect of work within the Premises.

11. FURTHER RULES AND REGULATIONS

For the general benefit and welfare of the Premises, the Landlord may amend these rules and regulations, by alteration or addition, and such amended rules and regulations shall be binding on the Tenant, subject to the terms and conditions of the Lease.

12. LEASE TO PREVAIL

In the event of any conflict or inconsistency between these rules and regulations and the provisions of the Lease, the provisions of the Lease shall govern and prevail.

AMENDING AGREEMENT

THIS AGREEMENT made as of the 22nd day of December 2017.

AMONG:

OK FALLS PROPERTY LIMITED PARTNERSHIP
(successor to STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP)
(hereinafter called the "Landlord")

OF THE FIRST PART

AND:

STRUCTURLAM MASS TIMBER CORPORATION
(successor to SLP OPERATIONS LTD.)
(hereinafter called the "Tenant")

OF THE SECOND PART

WHEREAS by a lease (the "Lease") dated the 22nd day of December 2017, the Landlord leased to the Tenant part of the property municipally known as 1675 Maple Street, Oliver, BC, such premises as are more particularly described in the Lease, for the term and on the terms and conditions therein set out;

AND WHEREAS the parties hereto have agreed to amend the Lease to reflect a change in Building square feet that was completed in January 2017;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises, the sum of ONE DOLLAR ($1.00) of lawful money of Canada and other valuable consideration paid by each party to the other (the receipt and sufficiency whereof is hereby acknowledged), the parties hereto covenant and agree as follows:

1. EFFECTIVE DATE

The effective date of this amendment will be the 22nd day of December 2017 (the "Effective Date");

2. PREMISES

As of the Effective Date the Building area of 75,892 square feet noted in the Lease shall be amended to include the Covered Area of 5,542 square feet for a total of 81,434 square feet of Building.

3. RENT

The Minimum Rent during the first 5 years of the Term will be 343,237.96 per year plus GST payable in equal consecutive monthly instalments of $28,603.16 plus GST in advance on the first day of each calendar month commencing on the Commencement Date; and

for the 6th through 10th years of the Term, inclusive, $383,954.96 per year plus GST payable in equal consecutive monthly instalments of $31,996.25 plus GST in advance on the first day of each calendar month commencing on the fifth anniversary of the Commencement Date.

4. The parties hereto acknowledge, confirm and agree that in all other respects the terms and conditions of the Lease remain in full force and effect, unchanged and unmodified, except as amended by this agreement, in accordance with the terms and conditions of the Lease, as amended hereby.

5. Except as specifically stated in this agreement, any expression used in this agreement has the same meaning as the corresponding expression used in the Lease.

6. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns in accordance with the Lease.

7. This agreement may be executed in one or more counterparts, each of which so executed will constitute an original and all of which will constitute one and the same agreement. This agreement may be executed by parties and transmitted by telecopy or other electronic means and if so executed and transmitted this agreement will be for all purposes as effective as if the parties had delivered an executed original agreement.

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

LANDLORD: **OK FALLS PROPERTY LIMITED PARTNERSHIP**

Per: _____ _____
(Authorized Signatory) (Witness)

TENANT: STRCUTURLAM MASS TIMBER CORPORATION

Per: _____ _____
(Authorized Signatory) (Witness)

AMENDING AGREEMENT

THIS AGREEMENT made as of the 18th day of June 2018.

AMONG:

OK FALLS PROPERTY LIMITED PARTNERSHIP
(successor to STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP)
(hereinafter called the "Landlord")

OF THE FIRST PART

AND:

STRUCTURLAM MASS TIMBER CORPORATION
(successor to SLP OPERATIONS LTD.)
(hereinafter called the "Tenant")

OF THE SECOND PART

WHEREAS by a lease (the "Lease") dated the 22nd day of December 2017, the Landlord leased to the Tenant part of the property municipally known as 1675 Maple Street, Oliver, BC, such premises as are more particularly described in the Lease, for the term and on the terms and conditions therein set out;

AND WHEREAS the parties hereto have agreed to amend the Lease to reflect a lease of additional yard space and the storage shed;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises, the sum of ONE DOLLAR ($1.00) of lawful money of Canada and other valuable consideration paid by each party to the other (the receipt and sufficiency whereof is hereby acknowledged), the parties hereto covenant and agree as follows:

1. EFFECTIVE DATE

The effective date of this amendment will be the 1st day of July 2018 (the "Effective Date");

2. PREMISES

As of the Effective Date the Building area of 81,434 square feet noted in the Lease shall be amended to include the Storage Shed of 2,816 square feet for a total of 84,250 square feet of Building and the yard area of 250,028 square feet noted in the Lease shall be amended to include the area being utilized as parking and storage of 143,748 square feet (3.3 acres) for a total of 393,776 square feet.

The parties agree that the building commonly known as the Weyerhaeuser Forestry Office, comprising of 6,416 square feet of office space, shall be available for the Tenant's use free of any Minimum Rent and that the Landlord shall have no responsibility to improve or maintain the building, any such costs to be borne by the Tenant.

3. RENT

Effective July 1, 2018, the Minimum Rent during the first 5 years of the Term will be $364,564.32 per year plus GST payable in equal consecutive monthly instalments of $30,380.36 plus GST in advance on the first day of each calendar month commencing on the Commencement Date; and

for the 6th through 10th years of the Term, inclusive, $406,689.32 per year plus GST payable in equal consecutive monthly instalments of $33,890.77 plus GST in advance on the first day of each calendar month commencing on the fifth anniversary of the Commencement Date.

4. The parties hereto acknowledge, confirm and agree that in all other respects the terms and conditions of the Lease remain in full force and effect, unchanged and unmodified, except as amended by this agreement, in accordance with the terms and conditions of the Lease, as amended hereby.

5. Except as specifically stated in this agreement, any expression used in this agreement has the same meaning as the corresponding expression used in the Lease.

6. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns in accordance with the Lease.

7. This agreement may be executed in one or more counterparts, each of which so executed will constitute an original and all of which will constitute one and the same agreement. This agreement may be executed by parties and transmitted by telecopy or other electronic means and if so executed and transmitted this agreement will be for all purposes as effective as if the parties had delivered an executed original agreement.

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

LANDLORD: **OK FALLS PROPERTY LIMITED PARTNERSHIP**

Per: _____ _____
(Authorized Signatory) (Witness)

TENANT: **STRUCTURLAM MASS TIMBER CORPORATION**

Per: _____ _____
(Authorized Signatory) (Witness)

This is Exhibit " H " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

TERMS OF INSTRUMENT - PART 2

THIS AGREEMENT is made effective as of the 30th day of June, 2006.

BETWEEN:

SWAYBACK HOLDINGS (1983) LTD., 402 Warren Avenue East, Penticton, British Columbia, V2A 3M2

(the "Landlord")

AND:

STRUCTURLAM PRODUCTS LTD., 2176 Government Street, Penticton, British Columbia, V2A 8B5

(the "Tenant")

WHEREAS:

A. The Landlord is the registered owner of the lands situate in the City of Penticton in the Province of British Columbia legally described as:

PID: 007-860-811
Lot 6 District Lots 251 and 3429S Similkameen Division Yale District Plan 11264 Except Plan KAP70095

(the "Lands")

B. The Landlord has constructed a building (the "Building") upon the Lands;

C. The Landlord has agreed to lease to the Tenant, and the Tenant has agreed to Lease from the Landlord, that portion of the Building identified as the area outlined in heavy black ink on Explanatory Plan No. KAP 84829 (the "Premises") filed concurrently with this Agreement.

WITNESS THAT in consideration of the mutual covenants of the parties hereto and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each party), the parties hereby agree each with the other as follows:

1. Premises

1.1 Pursuant to the terms of this Agreement (the "Agreement"), the Landlord hereby leases to the Tenant, and the Tenant hereby agrees to lease from the Landlord the Premises.

2. Term

2.1 The term of this Agreement is four (4) years ("Term") commencing on July 1, 2006 (the "Commencement Date") and ending on June 30, 2010.

2.2 The Tenant may renew the Term of this lease for an additional term of one (1) year and such option to renew shall be limited to one renewal period. Rent payable by the Tenant during the renewal period shall be as agreed to between the parties, in writing, subsequent to the effective date of this Agreement.

3. Rent

3.1 The Tenant covenants to pay to the Landlord during the Term, the rent (as defined below) without deduction, abatement or set off save and except on the terms and in the manner agreed upon in writing between the parties subsequent to the effective date of this Agreement.

3.2 From the Commencement Date, the Tenant shall pay rent ("Rent") in the amount of One ($1.00) Dollar per annum, or such other amounts as may be agreed upon in writing between the parties subsequent to the effective date of this Agreement.

3.3 The Tenant covenants to pay to the Landlord during the Term, the Tenant's proportionate share of operating costs and taxes on the terms and in the manner agreed upon in writing between the parties subsequent to the effective date of this Agreement.

4. Use

4.1 The Tenant shall use the Premises as a warehousing and manufacturing centre, together with related office uses and such other uses as may be reasonable or agreed to in writing between the Landlord and the Tenant subsequent to the effective date of this Agreement, having regard to the location and zoning of the Premises.

5. Assignment and Subletting

5.1 The Tenant shall not be entitled to assign this Agreement, or sublet all or any portion of the Premises without the prior written consent of the Landlord, which consent will not be

unreasonably withheld or delayed, or as may be agreed upon in writing between the parties subsequent to the effective date of this Agreement.

6. Quiet Enjoyment

6.1 The Landlord covenants with the Tenants to provide for the quiet enjoyment of the Premises subject to any exceptions or reservations set out in a written agreement between the parties dated subsequent to the effective date of this Agreement.

7. Notices

7.1 All notices, demands, and requests which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended, or faxed with a confirmation copy mailed, or mailed prepaid and registered to the following addresses as the parties may from time to time advise by notice in writing:

(a) in the case of the Landlord to:

402 Warren Avenue East
Penticton, British Columbia
V2A 3M2
Fax: (250) 493-7255

(b) in the case of the Tenant to:

2176 Government Street
Penticton, British Columbia
V2A 8B5
Fax: (250) 492-8906

7.2 The date of receipt of any such notice, demand, or request shall be deemed to be the date of delivery of such notice, demand, or request if delivered or if faxed as aforesaid it shall be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in British Columbia), or if mailed as aforesaid it shall be deemed to be received on the third day next following the date of such mailing (excluding Saturdays, Sundays, and statutory holidays in British Columbia), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in British Columbia, in which case the party giving the notice, demand, or request shall deliver such notice, demand, or request by an alternative method.

8. No Merger

8.1 This Agreement shall not create any merger or alter or prejudice the rights of the Landlord or the Tenant under any other agreement between the Landlord or the Tenant relating to the Premises, all of which rights are hereby reserved and shall survive the delivery and registration of this Agreement.

9. Construction Law

9.1 This Agreement shall be construed and governed by the laws of the Province of British Columbia. Should any provision of this Agreement be illegal or not enforceable it shall be considered separate and several from the Agreement and the remaining provisions shall remain in force and be binding upon the parties hereto as though the illegal or unenforceable provision had never been included.

10. Time of Essence

10.1 Time shall be of the essence of this Agreement.

11. Binding Effect

11.1 This Agreement and every agreement prior or subsequent to this Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors, permitted assigns and other legal representatives, as the case may be, of each of the parties hereto.

12. Purpose of Agreement

12.1 In the event that the parties execute any agreement dated subsequent to the effective date of this Agreement with respect to the Premises and there is a contradiction between the terms of this Agreement and the terms of any other agreement, the terms such other agreement shall prevail.

IN WITNESS WHEREOF, the parties hereby have executed Form C, Part 1 of this General Instrument.

END OF DOCUMENT

MODIFICATION OF LEASE

This Agreement is dated for reference the 1st day of July, 2020.

BETWEEN:

SWAYBACK HOLDINGS (1983) LTD. (Inc. No. BC0270322) of 402 Warren Avenue East, Penticton, British Columbia V2A 3M2

(the "**Landlord**")

AND:

STRUCTURLAM MASS TIMBER CORPORATION (Inc. No. BC1143483) of 2176 Government Street, Penticton, British Columbia V2A 8B5

(the "**Tenant**")

BACKGROUND:

A. The Landlord is the legal and beneficial owner of the land and the buildings situated thereon bordered by Warren Avenue East, Barnes Street, Dawson Avenue and Government Street in Penticton, British Columbia legally described as Parcel Identifier: 007-860-811 Lot 6 District Lots 251 and 3429S Similkameen Division Yale District Plan 11264 except Plan KAP70095.

B. By a lease dated for reference June 30, 2008 (the "**Original Lease**") the Landlord leased to the Tenant's predecessor in interest, Structurlam Products Ltd., those parts of the ground floor and second floor of the buildings described in Recital A hereof civically known as 2176 Government Street, Penticton, British Columbia and shown on an Explanatory Plan of Lease Area prepared by McElhanney Associates Professional Land Surveyors dated September 14, 2007 and filed in the Land Title Office on September 21, 2007 as Plan KAP84829 (the "**Original Premises**") for a five year term commencing on July 1, 2008 and ending on June 30, 2013.

C. The Original Premises contained a gross area of 43,120 square feet consisting of the Office Area of 3,584 square feet, a Shop Area of 7,000 square feet and a Warehouse Area of 32,536 square feet.

D. By an Addendum to Lease executed by the Landlord and Structurlam Products Ltd. on August 28, 2008 (the "**First Modification**") certain terms of the Original Lease were

amended to clarify the calculation of the Basic Rent and Additional Rent, to amend the method for payment of the Tenant's Taxes and Utility Costs and to amend other miscellaneous covenants in the Original Lease.

E. Subsequent to the First Modification Structurlam Products Ltd. assigned its interest in the Original Lease, as modified by the First Modification, to Structurlam Products Limited Partnership (the "**First Assignee**").

F. By a further Addendum to Lease executed by the Landlord and the First Assignee on an unspecified day and month in 2013 (the "**Second Modification**") certain terms of the Original Lease, as assigned and amended by the First Modification, were further amended to extend the Term for two years commencing on July 1, 2013 and ending on June 30, 2015, to add an option to renew, and to add covenants by the First Assignee regarding removal of fixtures upon the First Assignee vacating the Original Premises.

G. The First Assignee exercised the option to renew in the Second Modification to renew the Term of the Original Lease, as assigned and amended by the First Modification and the Second Modification for one year from July 1, 2016 to June 30, 2017 on the same terms and conditions as were then contained in the Original Lease, as assigned amended by the First Modification and the Second Modification.

G. By a Lease Extension and Modification Agreement executed by the Landlord and the First Assignee on June 16, 2017 (the "**Third Modification**") certain terms of the Original Lease, as assigned and amended by the First Modification and the Second Modification, were further amended to extend the Term for three years commencing on July 1, 2017 and ending on June 30, 2020, to revise and restate the option to renew and to reduce the size of the Warehouse Area from 32,536 square feet to 31,676 square feet effective March 1, 2016 resulting in the gross area of the Original Premises being reduced from 43,120 square feet to 42,260 square feet.

H. Subsequent to the Third Modification the First Assignee in 2017 assigned its interest in the Original Lease, as assigned and modified by the First Modification, the Second Modification and the Third Modification, to the Tenant which prior to its change of corporate name on January 5, 2018 was known as SLP Operations Ltd.

I. The Tenant entered into a construction contract with Greyback Construction Ltd. ("**Greyback**") dated the 28th day of January, 2020 (the "**Construction Contract**") having a fixed price of $610,000 for construction of an additional 1,800 square foot office area (the "**Expansion Area**") the location of which is shown in hatched line and labelled "EXPANSION AREA" on the plan attached hereto as Schedule "A" and for tenant improvements in the Original Premises and the Expansion Area more particularly set out in the Construction Contract.

J. As an inducement for the Tenant to enter into this Modification of Lease the Landlord has agreed to pay to Greyback 75% of the fixed price under the Construction Contract which amounts to $457,500 and the Tenant will pay Greyback the remaining 25% of the fixed price under the Construction Contract which amounts to $152,500 together with any and all amounts due to Greyback in addition to the fixed price under the Construction Contract howsoever arising.

K. The Landlord and the Tenant have entered into this Modification of Lease to record an extension of the Term, to reflect the restructuring of the Original Premises provided for in the Construction Contract and to modify other terms of the Original Lease, as twice assigned and modified by the First Modification, the Second Modification and the Third Modification (hereinafter collectively called the "**Lease**").

Now therefore in consideration of the grants, rents and mutual covenants hereinafter reserved and contained the parties covenant and agree with each other as follows:

1. **Extension of the Term.** The Term of the Lease is hereby extended for a further period of five years commencing on July 1, 2020 and expiring on June 30, 2025 and Section 3.1 of the Lease together with the definitions referred to therein are deemed to be amended accordingly.

2. **Expansion of the Premises.** The Original Premises are hereby expanded to include the Expansion Area resulting in the Area of the Premises under the Lease being increased from 42,260 square feet to 44,060 square feet, and Schedule "A" of the Lease is amended by replacing it in its entirety with Schedule "A" attached hereto and the Lease is deemed to be amended accordingly.

3. **Tenant Inducement.** As an inducement for the Tenant to enter into this Modification of Lease the Landlord agrees to pay to Greyback 75% of the fixed price under the Construction Contract which amounts to $457,500 and the Tenant will pay Greyback 25% of the fixed price under the Construction Contract which amounts to $152,500. Payments by the Landlord and the Tenant in the aforesaid proportions will be made to Greyback in the amounts and at the times provided for in the Construction Contract, provided that the Landlord shall not

be required to make any payments until the $152,500 initially payable by the Tenant has been exhausted. The Landlord's liability to pay Greyback under the Construction Contract is limited to $457,500 and the Tenant shall be solely liable for any and all amounts due to Greyback in addition to the fixed price under the Construction Contract including for change orders, extras, soft costs, furniture and any other matters whatsoever and howsoever arising.

4. **Basic Rent for the Extended Term.** The Basic Rent for the five year renewal Term shall be as follows and the Lease is deemed to be amended accordingly:

Year of the Term	Annual Basic Rent	Monthly Basic Rent
July 1, 2020 to June 30, 2021	$405,490.13	$33,790.84
July 1, 2021 to June 30, 2022	$413,111.13	34,425.93
July 1, 2022 to June 30, 2023	$420,922.66	35,076.89
July 1, 2023 to June 30, 2024	$428,929.47	35,744.12
July 1, 2024 to June 30, 2025	$437,136.46	36,428.04

5. **Option to Renew.** The Lease is amended by deleting the Option to Renew in Section 3.2 of the Lease and all amendments thereto in the First Modification, the Second Modification and the Third Modification and substituting therefor the following:

"Provided that:

(a) the Tenant pays the Rent and all other monies payable by it under this Lease and performs and has consistently performed all of its obligations under this Lease punctually and in accordance with this Lease and is otherwise not in default of any of its obligations to the Landlord; and

(b) the Tenant has not assigned this Lease or sublet or permitted a change in occupancy or other Transfer of the Premises,

then the Tenant will have the option of renewing this Lease by notice in writing given to the Landlord not later than one year prior to the expiry of the Term for an additional term of five years (the "**Renewal Term**") on the same terms and conditions set out in this Lease, except that:

(i) the Renewal Term will be limited to five years and will be limited to one renewal, and there will be no further renewals;

(ii) the Basic Rent to be paid during each Renewal Term will be the fair market rent at the time of the exercise of the option for space of comparable size, quality and location to that of the Premises, as determined by agreement between the Landlord and the Tenant, with or without the assistance of mediation, or if they fail to agree within three months prior to the expiration of the existing Term, then the Basic Rent will be determined by a single arbitrator appointed under the *Arbitration Act* of British Columbia as such legislation may be amended or substituted from time to time, whose decision will be final

and binding upon the Landlord and the Tenant. The cost of the arbitration will be borne by the Landlord and the Tenant equally. In any event the Basic Rent for the Renewal Term will not be less than the Basic Rent applicable during the most recent Operating Year; and

(iii) concerning the Renewal Term, the Landlord will have no obligation to pay or provide to the Tenant any allowance, concession or inducement of any nature, or provide any free rent or discounted rent of any nature, or provide any fixturing period, or do or perform any work in the Premises. The Landlord may, at its option, and at the Tenant's expense, require that the Tenant enter into an agreement prepared by the Landlord to give effect to the Renewal Term. During the period, if any, between the expiration of the Term and the date upon which the new renewal rent is determined by an arbitrator, or otherwise, the Tenant will pay Rent at the rates and in the manner provided for in this Lease for the period immediately preceding the expiry of the Term and, following determination of the renewal rent, the Tenant will pay to the Landlord the excess renewal rent, if any, together with interest thereon at the Prime Rate."

6. **Early Office Move-out Fee.** In the event that the Tenant does not renew the Lease in accordance with Section 5 above or if the Landlord and the Tenant otherwise agree to renew the Lease but exclude any portion of office space (such as any portion of the Expansion Area or the Existing Office as shown and labelled in Schedule "A") from the renewal lease, then in recognition of the genuine pre-estimate of damages that the Landlord will suffer as a result and not as a penalty, the Tenant will pay the Landlord the sum of $200,000 (the "Fee") forthwith upon the expiry of the current Term on June 30, 2025.

The Fee shall be conditioned on:

(a) the option to renew set out in Section 5 above being available to the Tenant. For greater certainty, the option to renew not being available to the Tenant as a result of the Tenant's failure to meet the standard required by Subsection 3(2)(a) of the Lease, as amended by Section 5 herein, shall not relieve the Tenant of its obligation to pay the Fee. However, if option to renew is not available to the Tenant as a result of the Lease having been assigned in accordance with the terms of Article 11 of the Lease, the Fee shall not be payable;

(b) the Landlord mitigating its damages by using commercially reasonable efforts ~~to attempt~~ to lease the Premises to another tenant (a "Substitute Tenant") during the one year notice period (the "Notice Period"); and

(c) should a Substitute Tenant be found and a lease for the Premises be executed by the Substitute Tenant and the Landlord during the Notice Period, such Substitute Tenant

being acceptable to the Landlord acting reasonably and without delay, the Fee shall not be payable.

For greater certainty, the Substitute Tenant shall be comparable to the Tenant, giving appropriate consideration to the credit of the Tenant and prevailing market conditions at the time.

7. **Lease Ratification.** This agreement is expressly made a part of the Lease to the same extent as if incorporated therein and the parties agree that all agreements, covenants, conditions, and provisos contained in the Lease, except as amended herein, shall remain in full force and effect during the extended term. The Landlord and the Tenant acknowledge and agree to perform and observe, respectively, the obligations of the Landlord and the Tenant under the Lease as modified hereby. The Landlord and the Tenant hereby confirm and ratify the Lease as hereby amended.

8. **Legal Representation.** The Landlord and the Tenant agree that this Lease has been drawn by KOKM Lawyers as legal counsel for the Landlord only and that the Tenant has been advised to obtain independent legal advice with respect to the Lease and the modification thereof provided for in this agreement.

9. **Defined Terms.** All terms not otherwise defined in this agreement shall have the same meaning as in the Lease.

10. **Binding Nature of Agreement.** This agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and permitted assigns.

11. **Method of Signing.** This agreement may be signed in counterparts and delivered by any means of electronically transmitting documents and all counterparts, taken together, shall be treated as one and the same original instrument.

The Landlord has executed this agreement at the City of Penticton, in the Province of British Columbia, this 21 day of July, 2020.

SWAYBACK HOLDINGS (1983) LTD.
By its authorized signatory:

Matthew George Kenyon, President

The Tenant has executed this agreement at the City of Penticton, in the Province of British Columbia, this 20 day of July, 2020.

STRUCTURLAM MASS TIMBER CORPORATION
By its authorized signatory:

Signature of Authorized Signatory

Michael Darby
Print name of Authorized Signatory

SCHEDULE "A"

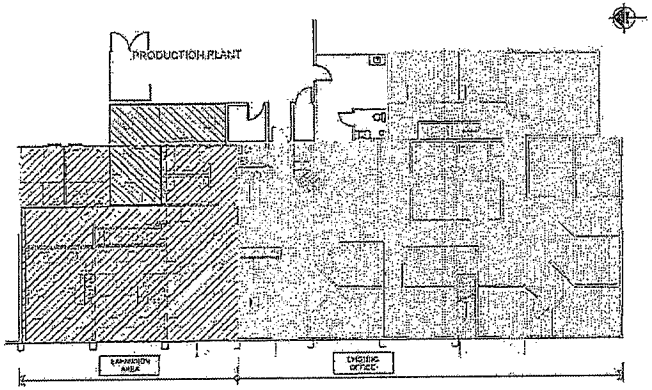
(See attached)

STRUCTURLAM OFFICE AREA -
LEASED SPACE 2020

- EXISTING OFFICE AREA 3,784SF
- NEW OFFICE AREA 1,800SF
  (INC MEZZANINE)
- TOTAL OFFICE AREA 5,584 SF

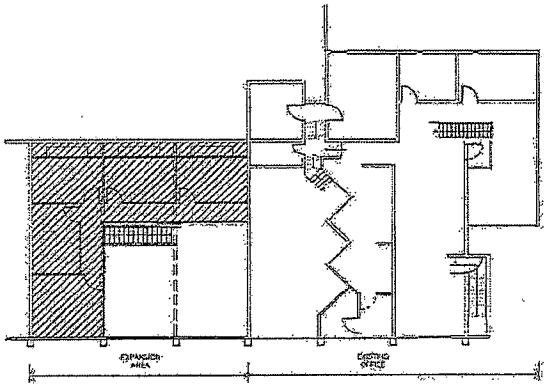
PRODUCTION PLANT 38,676 SF

TOTAL LEASE AREA 44,260 SF

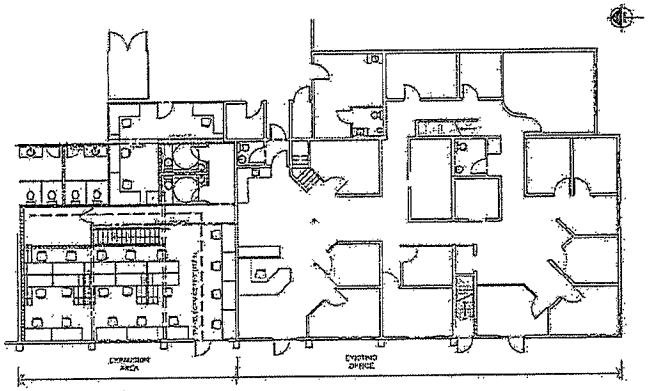


1 A111 MAIN FLOOR PLAN - NEW AREA
Scale: 1/32"=1'-0"

NEW REQUIRED OFFICE AREA TOTAL APPROX. 2,018 sf (284.6m²)



3 A111 SECOND FLOOR PLAN - NEW AREA
Scale: 1/32"=1'-0"



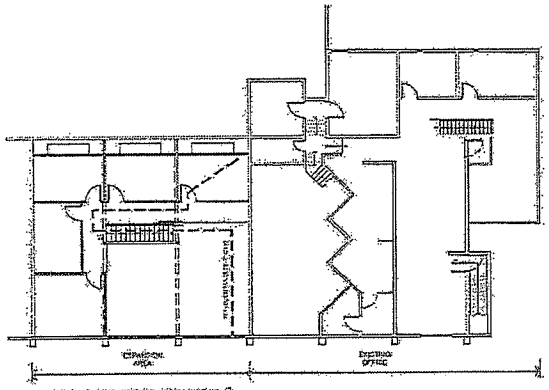
MAIN FLOOR AREA: 4,656.3sf (436.0m²)
GROUP 'D' - OFFICES = 9.3m² (110sf) / PERSON = 47 PERSONS

TOTAL FLOOR AREA: 8,164.2sf (760.3m²)
GROUP 'D' - OFFICES = 9.3m² (110sf) / PERSON = 82 PERSONS

TABLE 3.7.2.2-B - OVER 50 = 3 PLUS 1 / ADDITIONAL INCREMENT OF 50

WATER CLOSETS PROVIDED: 1 MALE - UNIVERSAL
1 FEMALE - UNIVERSAL
3 WC

3 A111 MAIN FLOOR AREA TAKE-OFF
Scale: 1/32"=1'-0"



UPPER FLOOR AREA: 3,488.3sf (324.1m²)
GROUP 'D' - OFFICES = 9.3m² (110sf) / PERSON = 35 PERSONS

4 A111 SECOND FLOOR AREA TAKE-OFF
Scale: 1/32"=1'-0"

MAD

COPYRIGHT RESERVED

NO.	DATE	REVISION
01	2019.12.11	Issued for Development Permit
02	2019.12.24	Submitted for Development Permit
03	2020.03.25	Issued for Permit
04	2020.04.20	Re-issued for Permit with Revisions

PROJECT TITLE

Structurlam
2176 Government Street
Penticton, BC

DRAWING NUMBER

A111

DRAWING TITLE

BUILDING STATISTICS
STRUCTURLAM OFFICE AREA
LEASED SPACE 2020

DATE	2019.12.11
DRAWN	TJ/JC
SCALE	AS NOTED
CHKD	GH
ORIGIN	*

This is Exhibit "I" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

L201919700
CERTIFICATE OF RECORD
FAULKNER CO. AR FEE $35.00
RECORDED: 12/27/2019 03:33:51 PM
CRYSTAL TAYLOR
CIRCUIT CLERK
BY: LIZ BAUMGARTNER, D.C.
DEPUTY CLERK
DEED
5 Pages

LIMITED WARRANTY DEED

KNOW ALL BY THESE PRESENTS:

THAT NATURAL OUTCOMES, LLC a Delaware limited liability company ("Grantor"), for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration in hand paid by the STRUCTURLAM MASS TIMBER U.S., INC., a Delaware corporation ("Grantee"), the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto Grantee and its successors and assigns forever the lands lying in Faulkner County, Arkansas, more particularly described on the attached Exhibit A, subject to all liens, reservations, restrictions, easements and other matters now of record and/or evident on the ground (collectively, the "Permitted Encumbrances").

TO HAVE AND TO HOLD unto Grantee and its successors and assigns forever, with all appurtenances thereunto belonging, subject to all Permitted Encumbrances.

And Grantor hereby covenants with Grantee that it will forever warrant and defend the title to the said lands against all claims whatsoever arising by, under or through Grantor, except the Permitted Encumbrances.

WITNESS my hand and seal this 27th day of December, 2019.

GRANTOR:

NATURAL OUTCOMES, LLC

By: _____
Name: Hardy Wentzel
Title: Manager

I certify under penalty of perjury that the correct amount of documentary stamps required by law have been placed on this instrument. Exempt or no consideration paid if none shown.
GRANTEE or AGENT: Gordon M. Wilbourn, Esq.
Address: 124 W. Capitol Avenue, Suite 2000
Little Rock, AR 72201

This Instrument Prepared by:
Gordon M. Wilbourn
Kutak Rock LLP
124 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201-3706

LIMITED WARRANTY DEED

KNOW ALL BY THESE PRESENTS:

THAT NATURAL OUTCOMES, LLC a Delaware limited liability company ("Grantor"), for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration in hand paid by the STRUCTURLAM MASS TIMBER U.S., INC., a Delaware corporation ("Grantee"), the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto Grantee and its successors and assigns forever the lands lying in Faulkner County, Arkansas, more particularly described on the attached Exhibit A, subject to all liens, reservations, restrictions, easements and other matters now of record and/or evident on the ground (collectively, the "Permitted Encumbrances").

TO HAVE AND TO HOLD unto Grantee and its successors and assigns forever, with all appurtenances thereunto belonging, subject to all Permitted Encumbrances.

And Grantor hereby covenants with Grantee that it will forever warrant and defend the title to the said lands against all claims whatsoever arising by, under or through Grantor, except the Permitted Encumbrances.

WITNESS my hand and seal ~~this~~ As of 27th day of December, 2019.

GRANTOR:

NATURAL OUTCOMES, LLC.

By: _____
Name: Hardy Wentzel
Title: Manager

I certify under penalty of perjury that the correct amount of documentary stamps required by law have been placed on this instrument. Exempt or no consideration paid if none shown.
GRANTEE or AGENT: Gordon M. Wilbourn, Esq.
Address: 124 W. Capitol Avenue, Suite 2000
Little Rock, AR 72201

This Instrument Prepared by:
Gordon M. Wilbourn
Kutak Rock LLP
124 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201-3706

ACKNOWLEDGMENT

STATE OF HAWAII)
) ss.
COUNTY OF Maui)

On December 20th 2019, before me, a duly qualified and acting Notary Public, personally appeared Hardy Wentzel, who acknowledged himself to be the Manager of Natural Outcomes, LLC. and that he, being authorized so to do, executed the foregoing instrument for the purposes and consideration therein contained, by signing his name as such officer.

In witness whereof, I hereunto set my hand and official seal.

Notary Public

DAWN HEGGER-NORDBLOM,
NOTARY PUBLIC
MY COMMISSION EXPIRES: APRIL 1, 2022

My Commission Expires:
April 1, 2022

(Seal)

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII

Doc. Date: December 20, 2019 # Pages: 11
Notary Name: Dawn Hegger-Nordblom 2nd Circuit
Doc. Description: Limited Warranty Deed

12/20/2019
Notary Signature Date

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII

State of Hawaii County of Maui
On this 20th day of December, 2019
before me personally appeared
Hardy Wentzel
to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed
Witness my hand and seal.

EXHIBIT A

Property Description

The following described real estate situated in Faulkner County, Arkansas, to-wit:

A part of the SE1/4 of Section 19, and also a part of the NE1/4 of Section 30, all in Township 5 North, Range 13 West, Faulkner County, Arkansas, more particularly described as beginning at the Southeast corner of said SE1/4, Section 19, Township 5 North, Range 13 West, thence North 88 degrees 56 minutes 42 seconds West along the South line of said SE1/4, 232.20 feet to the point of beginning; thence South 22 degrees 08 minutes 22 seconds East 508.41 feet (deeded South 22 degrees 38 minutes 17 seconds East 504.82 feet) to a concrete monument; thence South 00 degrees 09 minutes 15 seconds East parallel to the East line of the NE1/4 NE1/4, Section 30, 452.06 feet to the North line of a cemetary; thence along said North line North 89 degrees 22 minutes 58 seconds West 175.58 feet; thence South 05 degrees 14 minutes 37 seconds East 421.61 feet (deeded South 05 degrees 02 minutes 20 seconds East 412.01 feet) to a point 180.00 feet North 89 degrees 22 minutes 58 seconds West of the Northeast corner of the SE1/4 NE1/4; thence South 00 degrees 23 minutes 08 seconds West 210.00 feet; thence South 89 degrees 22 minutes 58 seconds East 180.00 feet to the East line of said SE1/4 NE1/4; thence South 00 degrees 23 minutes 08 seconds West 1101.24 feet to the Southeast corner of said SE1/4 NE1/4; thence North 89 degrees 22 minutes 58 seconds West along the South line of said SE1/4 NE1/4 944.88 feet to the East right of way of Sturgis Road (60 foot right of way); thence along said right of way to a point North 16 degrees 10 minutes 07 seconds West 477.11 feet; thence to a point North 18 degrees 52 minutes 09 seconds West 95.58 feet; thence to a point North 26 degrees 13 minutes 00 seconds West 97.11 feet; thence to a point North 32 degrees 24 minutes 38 seconds West 95.77 feet; thence to a point North 36 degrees 52 minutes 07 seconds West 92.39 feet; thence to a point North 37 degrees 53 minutes 47 seconds West 669.81 feet to a point 357.05 feet North 89 degrees 22 minutes 58 seconds West of the Northwest corner of said SE1/4 NE1/4; thence continue along said right of way to a point North 37 degrees 53 minutes 47 seconds West 352.20 feet (deeded North 37 degrees 45 minutes 00 seconds West); thence to a point North 29 degrees 07 minutes 29 seconds West 305.49 feet (deeded N-W 306.59); thence to a point North 20 degrees 05 minutes 45 seconds West 833.31 feet (deeded North 19 degrees 54 minutes 00 seconds West 833.31 feet) to the South line of Section 19; thence continue along said right of way to a point North 19 degrees 56 minutes 58 seconds West 622.61 feet (deeded North 18 degrees 59 minutes 30 seconds West 629.14 feet); thence to a point North 16 degrees 04 minutes 30 seconds West 273.78 feet; thence leaving said right of way North 89 degrees 30 minutes 00 seconds East 1206.65 feet (deeded North 89 degrees 30 minutes East 1207.08 feet); thence North 89 degrees 29 minutes 25 seconds East 405.31 feet (deeded North 89 degrees 42 minutes 00 seconds East 407.55 feet); thence South 00 degrees 35 minutes 27 seconds West 850.73 feet (deeded South 00 degrees 47 minutes 25 seconds East 850.73 feet); thence South 88 degrees 56 minutes 42 seconds East 779.31 feet (deeded East 779.84 feet); to the point of beginning. LESS AND EXCEPT: A part of the SE1/4 NE1/4 of Section 30, T-5-N, R-13-W, Faulkner County, Arkansas, described as beginning at the Northeast corner of said SE1/4 NE1/4; thence S00°23'08" West along the East line of said SE1/4 NE1/4 210.00 feet to the point of beginning; thence continue along said East line S00°23'08" West 121.00 feet; thence N89°22'58" West, parallel to the North line of said SE1/4 NE1/4 180.00 feet; thence N00°23'08" East 121.00 feet; thence S89°22'58" East 180.00 feet to the point of beginning.

Together with easements for ingress and egress:

An easement for ingress and egress over and across the South 30 feet of the East 196 feet of the South 1/2 Southeast 1/4 of Section 19, Township 5 North, Range 13 West, upon which the asphalt-surfaced crossing from U.S. Highway 365 across the Missouri Pacific Railroad is located.

AND

Also, an easement for ingress and egress over and across a part of the Northeast 1/4 of Section 30, Township 5 North, Range 13 West, more particularly described as beginning at the Northeast corner of said Northeast 1/4; thence North 88 degrees 56 minutes 42 seconds West along the North line of said Northeast 1/4, 197.74 feet (deeded 196 feet) to the westerly most right-of-way of Missouri Pacific Railroad, said point being the point of beginning, thence along the West right-of-way of Missouri Pacific Railroad to a point South 22 degrees 46 minutes 22 seconds East 514.06 feet to the intersection of said right-of-way and the east line of the Northeast 1/4 of said Section 30; thence leaving said right-of-way along said East line South 0 degrees 09 minutes 15 seconds East 448.82 feet, said point being 420 feet North 0 degrees 09 minutes 15 seconds West of the Southeast corner of the Northeast 1/4 Northeast 1/4; thence leaving said East line North 89 degrees 22 minutes 57 seconds West 41.82 feet; thence North 0 degrees 09 minutes 15 seconds West 452.06 feet to a concrete monument; thence North 22 degrees 08 minutes 22 seconds West 508.41 feet to the North line of the Northeast 1/4 of Section 30; Thence South 88 degrees 56 minutes 42 seconds East along said North line 34.45 feet to the point of beginning.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION

Arkansas Real Property Tax Affidavit of Compliance Form

Grantee (Purchaser) Name			Grantor (Seller) Name		
Structurlam Mass Timber U.S., Inc.			Natural Outcomes, LLC		
Grantee (Purchaser) Address			**Grantor (Seller) Address**		
2176 Government Street			2176 Government Street		
City	**State**	**Zip Code**	**City**	**State**	**Zip Code**
Penticton (Canada)	BC	V2A 8B5	Penticton (Canada)	BC	VA2 8B5

Date of real property transfer (as reflected on the transfer instrument): 12/27/2019

Name of the county where the property is located: Faulkner

Amount of the full consideration for the transaction: - 0 -

○ Tax is due: Value of the documentary stamps: _____

○ No tax is due: Family or Gift or Consideration of $100 or less

◉ No tax is due: Exemption (check one exemption below)

☐ Transfers to or from the United States, the State of Arkansas, or any of the instrumentalities, agencies, or political subdivisions thereof.

☐ Any instrument given in writing to secure a debt.

☐ Any instrument solely for the purpose of correcting or replacing an instrument that has been previously recorded with full payment of tax having been paid at the time of the previous recordation.

☐ Instruments conveying land sold for delinquent taxes.

☐ Instruments conveying leasehold interest in land only.

☐ Instruments, including timber deeds, which convey the right to remove timber for a period not to exceed twenty-four (24) months.

☐ Instruments given by one party in a divorce action to other party to the divorce action as a division of marital property whether by agreement or order of the court.

☐ Instruments given in any judicial proceeding to enforce any security interest in real estate when the instrument transfers the property to the same person who is seeking to enforce the security interest.

☐ Instruments given to a secured party in lieu of or to avoid a judicial proceeding to enforce a security interest in real estate.

☐ Instruments conveying a home financed by the Federal Housing Administration, Department of Veterans Affairs, or United States Department of Agriculture (USDA) Rural Development, if the sale price of the home is sixty thousand dollars ($60,000) or less and the seller files with the county recorder of deeds a sworn statement by the buyer stating that neither the buyer nor the spouse of the buyer has owned a home within three (3) years of the date of closing and also stating the sale price of the home.

☑ Instruments conveying land between corporations, partnerships, limited liability companies, or between a business entity and its shareholder, partner or member of a corporation incident to the organization, reorganization, merger,consolidation, capitalization, asset distribution, or liquidation of a corporation, partnership, limited liability company, or other business entity.

☐ A beneficiary deed under ACA 18-12-608.

☐ Other (Explain): _____

I certify under penalty of false swearing that documentary stamps or a documentary symbol in the legally correct amount has been placed on this instrument.

Gordon M. Wilbourn — (Print Name)

_____ — (Signature of Requestor)

12/27/2019 — (Date)

This is Exhibit " 5 " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

L201919703
CERTIFICATE OF RECORD
FAULKNER CO. AR FEE $185.00
RECORDED: 12/27/2019 03:33:54 PM
CRYSTAL TAYLOR
CIRCUIT CLERK
BY: LIZ BAUMGARTNER, D.C.
DEPUTY CLERK
LEASE
35 Pages

CITY OF CONWAY, ARKANSAS
Lessor

to

STRUCTURLAM MASS TIMBER U.S., INC.
Lessee

LEASE AGREEMENT

Dated as of December 27, 2019

This instrument also constitutes a Security Agreement under the Arkansas Uniform Commercial Code.

Certain rights of the Lessor under this Lease Agreement have been assigned to, and are subject to a security interest in favor of Simmons Bank, Pine Bluff, Arkansas, as Trustee under a Trust Indenture of even date herewith, securing the Lessor's not to exceed $75,000,000 Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project), Series 2019.

Prepared by:

Kutak Rock LLP
124 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201

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LEASE AGREEMENT

This **LEASE AGREEMENT** dated as of December 27, 2019 (this "Lease Agreement"), between the **CITY OF CONWAY, ARKANSAS,** as lessor (the "Lessor"), a municipal corporation duly organized and existing under the laws of the State of Arkansas, and **STRUCTURLAM MASS TIMBER U.S., INC.,** as lessee (the "Lessee"), a corporation organized and existing under the laws of the State of Delaware.

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the Lessor is authorized by the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq.* (1998 Repl. & 2017 Supp.) (the "Act"), to acquire lands, construct and equip industrial buildings, improvements and facilities, incur other costs and expenses, and make other expenditures incidental to and for the securing and developing of industry; and

WHEREAS, the Lessor is authorized by the Act to issue industrial development revenue bonds payable from revenues derived from the industrial project so acquired, constructed and equipped; and

WHEREAS, the Lessee has requested the assistance of the Lessor in the financing of a substantial industrial project consisting of the acquisition, construction, renovation, refurbishment and equipping of certain existing industrial facilities for use in the Lessee's engineered wood products business (the "Project"); and

WHEREAS, the Lessor has determined to issue its Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project), Series 2019, in the aggregate principal amount of not to exceed $75,000,000 (the "Bond"), pursuant to the provisions of a Trust Indenture dated as of even date herewith (the "Indenture"), between the Lessor and Simmons Bank, Pine Bluff, Arkansas, as trustee (the "Trustee"), for the purpose of financing the Project; and

WHEREAS, the Lessor proposes to lease the Project and the related premises to the Lessee upon the terms and conditions set forth herein; and

WHEREAS, the Lessor and the Lessee each have full right and lawful authority to enter into this Lease Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed; and

WHEREAS, pursuant to the Indenture and to secure the payment of the Bond, the Lessor shall pledge to the Trustee certain of its rights under this Lease Agreement, all revenues arising under this Lease Agreement, and certain other rights and property;

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the Lessor and the Lessee agree as follows (provided, that in the performance of the agreements of the Lessor herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part, but shall be payable solely out of the proceeds derived from this Lease Agreement and the sale of the Bond):

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. In addition to the words and terms defined in the Indenture, or elsewhere defined in this Lease Agreement, the following words and terms as used in this Lease Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Act" means the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq.* (1998 Repl. & 2017 Supp.), and all acts supplemental thereto or amendatory thereof.

"Affiliate" means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Lessee Representative" means "Authorized Company Representative," as defined in the Indenture.

"Authorized Lessor Representative" means "Authorized Issuer Representative," as defined in the Indenture.

"Bank" means Bank of Montreal.

"Bond" or *"Bonds"* means any or all of the City of Conway, Arkansas Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project), Series 2019, in the aggregate principal amount of not to exceed $75,000,000, to be issued pursuant to the Indenture.

"Bond Counsel" means any firm of nationally recognized bond counsel expert in the field of municipal finance reasonably acceptable to the Lessor.

"Bond Documents" means, collectively, the Bond, the Indenture, this Lease Agreement, the Bond Purchase Agreement and the PILOT Agreement.

"Bond Fund" means the fund by that name created by Section 4.01 of the Indenture.

"Bondholder" or *"Owner"* means the Person in whose name the Bond is registered upon the registration books maintained pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated December 27, 2019, between the Lessor and the Original Purchaser, and approved by the Lessee.

"Buildings" means those certain buildings or additions to buildings and fixtures and all other facilities forming a part of the Project, and not constituting part of the Leased Equipment,

which exist or are envisioned by this Lease Agreement to be situated on the Land, as they may at any time exist.

"Completion Date" means the date of completion of the acquisition, construction, renovation and refurbishment of the Project, as that date shall be certified as provided in Section 4.3 hereof.

"Costs of Issuance" means all costs incurred in connection with the borrowing, including all costs incurred in connection with the authorization, sale and issuance of, and draws under, the Bond and the transactions contemplated in the Indenture, including, but not limited to, (a) counsel fees and expenses (including Bond Counsel, as well as any other specialized counsel fees and expenses incurred in connection with the borrowing), (b) the initial fees and expenses of the Trustee, and (c) costs incurred in connection with the required public approval process (*e.g.*, publication costs for public notices).

"Draw Certificate" means, with respect to each draw under the Bond, a certificate of the Lessee, approved by the Owner of the Bond, such approval to be evidenced by their execution thereof, in substantially the form attached to the Indenture as Exhibit C.

"Indenture" means the Trust Indenture dated as of December 27, 2019, by and between the Lessor and the Trustee, relating to the Bond, and any indentures supplemental thereto.

"Land" means the real estate described in Exhibit "A" hereto annexed and by this reference made a part of this Lease Agreement.

"Lease Agreement" means this Lease Agreement and all amendments and supplements hereto.

"Lease Term" means the duration of the Lessee's right to occupy and use the Land, Buildings and Equipment constituting the Project as specified in Section 5.1 hereof.

"Leased Equipment" means those items of machinery, equipment, furniture and furnishings described in Exhibit B hereto annexed (as it may be amended from time to time), and maintenance and repair parts related thereto, acquired and installed in the Buildings or elsewhere on the Land with proceeds from the sale of the Bond (or reimbursed with proceeds from the sale of the Bond), and any item of machinery, equipment, furniture or furnishings acquired and installed in the Buildings or elsewhere on the Land in substitution therefor pursuant to the provisions of Sections 4.1 and 6.2 hereof, but not including the Lessee's own machinery, equipment, furniture and furnishings installed under the provisions of Section 6.1(b) hereof. All Leased Equipment shall be identified in a ledger maintained by the Lessee.

"Lessee" means Structurlam Mass Timber U.S., Inc., a Delaware corporation, and any surviving, resulting or transferee corporation as provided in Section 8.2 hereof.

"Lessor" means the City of Conway, Arkansas, a municipal corporation organized and existing under the laws of the State of Arkansas.

"Net Proceeds" means, with respect to any insurance award, the gross proceeds from the insurance award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and expenses) incurred in the collection of such gross proceeds.

"Original Purchaser" means Natural Outcomes, LLC, a Delaware limited liability company, the original purchaser of the Bond.

"Outstanding," when used in reference to the Bonds, means, as at any particular date, the aggregate of all Bonds authenticated and delivered under the Indenture except:

(a) those cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(b) those deemed to be paid in accordance with Article VIII of the Indenture; and

(c) those in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture.

"Permitted Encumbrances" means mortgages, assignments of rents, fixture filings and other liens in favor of the Bank securing debt of the Lessee to the Bank existing as of the date hereof.

"Person" means natural persons, firms, partnerships, associations, corporations, trusts, limited liability companies and public bodies.

"PILOT Agreement" means the Agreement for Payments in Lieu of Taxes dated December 27, 2019, by and between the Lessor and the Lessee.

"Project" means the Land, the Buildings and the Leased Equipment, and any other structure now or hereafter located on the Land in connection with such Project, and all real and personal property deemed necessary in connection therewith, as they may at any time exist, but not including Lessee's own machinery, equipment, furniture and furnishings installed under the provisions of Section 6.1(b) hereof.

"Project Costs" means all costs and items permitted to be financed under the provisions of the Act, including, but not limited to: (i) the cost of the acquisition, construction, repair, renovation, remodeling, refurbishment, expansion, equipping, installation or improvement of the Project; (ii) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which are necessary or incident to providing such Project; (iii) the cost of architectural, engineering, legal and related services; the cost of the preparation of plans, specifications, studies, surveys and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of the Project; (iv) the cost of all Leased Equipment and the cost of placing the same in operation; and (v) Costs of Issuance with respect to each draw under the Bond to finance the Project.

"Project Period" means the period between (i) the earlier of the beginning of the acquisition, construction, renovation and refurbishment of the Project or the date on which the Bond is first delivered to the Original Purchaser, and (ii) the Completion Date.

"Trustee" means Simmons Bank, a banking corporation organized and existing under the laws of the State of Arkansas, as trustee under the Indenture, its successors in trust and their assigns.

"Unassigned Rights" means the rights of the Lessor under Section 8.6 hereof.

Section 1.2. Use of Words. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "bond," "owner," "holder," and "person" shall include the plural as well as the singular number.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Lessor. The Lessor makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessor is a political subdivision and a body corporate and politic organized and existing under the Constitution and laws of the State of Arkansas and has authority under the Act to acquire, construct and equip industrial projects and to issue its revenue bonds to finance the acquisition, construction and equipping of such projects. Any bonds so issued are payable solely out of the revenues derived from the lease of the projects and the proceeds derived from the sale of said bonds, and shall not constitute an indebtedness of the Lessor within the meaning of any Arkansas constitutional provision or statutory limitation, and shall never constitute or give rise to a pecuniary liability of the Lessor or a charge against its general credit or taxing powers.

(b) The Lessor will perform all of its obligations with reference to the acquisition, construction, renovation and refurbishing of the Project specified in Article IV of this Lease Agreement.

(c) Notwithstanding anything herein contained to the contrary, it is the intention of the Lessor that any obligation it may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the proceeds derived from this Lease Agreement and the proceeds of draws under the Bond.

(d) The Lessor has been induced to enter into this undertaking by the commitment of the Lessee to acquire, construct, renovate, refurbish and operate certain industrial facilities on the Land within the jurisdiction of the Lessor for use in connection with the Lessee's engineered wood products business.

(e) In order to furnish necessary moneys for the payment of Project Costs and the expenses of authorizing and issuing the Bond, the Lessor has authorized the issuance of the Bond.

(f) The Bond is to be issued under and secured by the Indenture, pursuant to which the Lessor's interest in this Lease Agreement (except for the Unassigned Rights), and the revenues and receipts derived by the Lessor from the leasing of the Project, will be pledged to the Trustee as security for payment of the principal of and interest on the Bond.

(g) The Lessor will not pledge the amounts derived from this Lease Agreement other than to secure the Bond.

Section 2.2 Representations by Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly organized and existing under the laws of the State of Delaware, is in good standing under its Certificate of Incorporation and under the laws of the State of Delaware, and is in good standing and authorized to do business in the State of Arkansas, and has the power to enter into this Lease Agreement and the other Bond Documents to which it is a party, and to perform all of its obligations contained herein and therein, and by proper action, has been duly authorized to execute and deliver this Lease Agreement and the other Bond Documents to which it is a party.

(b) The leasing by the Lessor of the Project to the Lessee is an inducement to the Lessee to acquire, construct, renovate, refurbish equip and operate certain industrial facilities on the Land within the jurisdiction of the Lessor for use in connection with the Lessee's engineered wood products business.

(c) The Lessee currently intends to operate the Project for the purpose of producing engineered wood products until the expiration or earlier termination of the Lease Term as provided herein and/or, with the Lessor's written consent, for such other lawful uses as the Lessee may deem appropriate.

(d) The Lessee is not subject to any charter, bylaw or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessee from entering into this Lease Agreement or the other Bond Documents to which it is a party, or performing any of its obligations hereunder or thereunder, and covenants that, anything in this Lease Agreement to the contrary notwithstanding, so long as the Bond is Outstanding there shall be no abatement or reduction of the rent payable by the Lessee hereunder.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public board or body, pending or, to the best knowledge of the Lessee, threatened against or affecting the Lessee, nor to the best of knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by this Lease Agreement, or which, in any way, would materially and adversely affect the validity or enforceability of the Bond Documents, or any other agreement or instrument to which the Lessee is a party used or contemplated for use in the consummation of the transactions contemplated hereby.

(f) The Project consists of buildings and equipment and improvements suitable for industrial uses, the cost of which is currently estimated to be approximately $75,000,000.

(g) The proceeds of each draw under the Bond will be used only for payment of Project Costs related to such draw and Costs of Issuance.

(h) To the best knowledge of the Lessee, the Project, as designed, will comply with all presently applicable building and zoning ordinances where failure to comply would have a materially adverse effect on the Lessee's ability to utilize the Project for the purpose intended.

(i) The Lessee agrees to cooperate with all reasonable requests of the Lessor with respect to the performance of the Lessor's obligations under the Indenture.

Section 2.3. Intention. It is intended by the parties hereto that this Lease Agreement and all actions taken hereunder be consistent with and pursuant to that ordinance of the Lessor authorizing the issuance of the Bond, and that substantially all of the proceeds of the Bond be used to provide property of a character subject to the allowance for depreciation.

ARTICLE III

DEMISING CLAUSES AND WARRANTY OF TITLE

Section 3.1. Demise of Project. The Lessor demises and leases to the Lessee, and the Lessee leases from the Lessor, the Project at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Lease Agreement. The Lessor agrees that the Lessee shall have possession of the Project whenever such possession is desired by the Lessee.

THE LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE LESSEE'S PURPOSES OR THE ACTUAL OR DESIGNED CAPACITY OF THE PROJECT, OR THE FITNESS OF THE PROJECT FOR ANY PARTICULAR PURPOSE OF THE LESSEE.

Section 3.2. Warranty of Title. The Lessor warrants that it lawfully owns and is lawfully possessed of the Land and that, subject to Permitted Encumbrances, it has good and merchantable title and estate therein, free from all encumbrances, but it has no liability in regard thereto.

Section 3.3. Quiet Enjoyment. The Lessor covenants and agrees that the Lessee, upon paying the rent provided herein and upon performing and observing the covenants, conditions and agreements hereof, shall and may peaceably hold and enjoy the Project during the Lease Term without any interruption or disturbance, subject however, to the terms of this Lease Agreement.

Section 3.4. Ownership of Tax Benefits. It is the intention of the parties that any tax benefits resulting from the ownership of the Project and any tax credit or comparable credit which may ever be available shall accrue to the benefit of the Lessee, and the Lessee may, and the Lessor upon advice of counsel may, make any election and take any other action as may be necessary to entitle the Lessee to have such benefit and credit.

Section 3.5. Authorized Lessee and Lessor Representatives. All requests, approvals and agreements required on the part of the Lessee or the Lessor hereunder shall be in writing, signed by the Authorized Lessor Representative and/or Authorized Lessee Representative, as appropriate, granting such approval or entering into such agreement. The Lessor and the Lessee shall, concurrently with the delivery of this Lease Agreement, notify each other and the Trustee in writing of the Authorized Representative of each. It is agreed that each party may have more than one Authorized Representative and may change its Authorized Representative or Representatives from time to time, with each such change to be in writing forwarded to the other party and the Trustee. The Authorized Representative of each party so designated shall be authorized to enter into and execute any contracts or agreements or to grant any approvals or to take any action for and on behalf of the party hereto represented by him, and the other party to this Lease Agreement shall be entitled to rely upon the duly designated Authorized Representative as having full authority to bind the party hereto represented by him.

ARTICLE IV

ACQUISITION, CONSTRUCTION, RENOVATION, REFURBISHING AND EQUIPPING OF PROJECT; DRAWS UNDER BOND

Section 4.1. Agreement to Acquire, Construct, Renovate, Refurbish and Equip the Project. The Lessee shall make draws of Bond proceeds as provided in the Indenture using the form of Draw Certificate set forth as Exhibit C to the Indenture. After the proceeds of each draw under the Bond are available, the Lessor (or the Lessee, as agent for Lessor) will enter into or accept the assignment of contracts or purchase orders having terms, conditions, drawings, specifications and other provisions designated and prescribed by the Lessee for acquiring, constructing, renovating, refurbishing and equipping the Project. The Lessee may amend, modify, authorize or undertake any changes, alterations, extras or additions to or from such contracts. All payments necessary to acquire, construct, renovate, refurbish and equip the Project shall be made from Bond proceeds at the direction of the Lessee or reimbursed to the Lessee from such Bond proceeds for all expenditures made by it in connection with the Project. Subject to Permitted Encumbrances, title to all machinery, equipment and other personal property of every nature paid for out of Bond proceeds (either by direct payment or by virtue of reimbursement to the Lessee) shall, as directed by the Lessee, be vested in, or be transferred to, the Lessor, and Exhibit B hereto shall be amended to reflect such ownership. The obligations of the Lessor hereunder are subject to the provisions of this Lease Agreement limiting the obligations of the Lessor to the extent of moneys drawn under the Bond.

The Lessee, with the cooperation of Lessor when necessary, shall obtain all necessary approvals from any and all governmental agencies requisite to the acquisition, construction, renovation, refurbishing and equipping of the Project, and the Project shall be acquired,

constructed, renovated, refurbished and equipped in compliance with all State of Arkansas and local laws, ordinances and regulations applicable thereto.

Section 4.2. Disbursement of Proceeds of Draws Under Bond. All proceeds of each draw under the Bond shall be immediately paid (or reimbursed to the Lessee) for Project Costs. The Lessee shall maintain complete records, open to inspection by the Lessor or the Trustee at any time upon one (1) day's notice during the Lessee's regular business hours, of all draws and, with respect to each individual draw, the following:

(a) the identity of the Person(s) to whom such draw or any portion thereof was paid;

(b) the amount paid to each such Person; and

(c) a description of the work, material or equipment for which each such payment was made and, if any portion of any such payment constituted reimbursement to the Lessee for Project Costs previously paid by the Lessee, information similar to that described in (a) and (b) above with respect to each payment for which the Lessee is being reimbursed.

The Lessee's making of any draw of Bond proceeds shall constitute the Lessee's representation and warranty that each payment or reimbursement made therefrom will be for Project Costs not previously paid or reimbursed.

Section 4.3. Establishment of Completion Date. The Completion Date shall be evidenced by a certificate signed by an Authorized Lessee Representative stating that (i) acquisition, construction, renovation and refurbishment of the Project has been completed and all costs of labor, services, materials and supplies used in such acquisition, construction, renovation and refurbishment have been paid, (ii) all equipment for the Project has been acquired and installed to the Lessee's satisfaction and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, renovated and refurbished and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, renovation, refurbishing and equipping of the Project, the Lessee shall cause such certificate to be furnished to the Trustee.

Section 4.4. Lessee Required to Pay in Event Amounts Insufficient. In the event Bond proceeds available for payment of the Project Costs shall not be sufficient to pay Project Costs in full, the Lessee shall complete the Project and pay that portion of Project Costs in excess of the Bond proceeds available therefor. The Lessor makes no warranty, either express or implied, that Bond proceeds available for the payment of Project Costs will be sufficient to pay all of such Project Costs. The Lessee agrees that if after exhaustion of Bond proceeds, the Lessee should pay any portion of the Project Costs pursuant to the provisions of this Section 4.4, the Lessee shall not be entitled to any reimbursement therefor from the Lessor or the Owner of the Bond, nor shall the Lessee be entitled to any diminution of the amounts payable under Section 5.3 hereof.

Section 4.5. Enforcement of Contracts. (a) The Lessor covenants that it will take any action and institute any proceedings requested by the Lessee necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work. All expenses incurred by the Lessor in connection with the performance of its obligations under this Section 4.5(a) may be considered part of the Project Costs, and the Lessor agrees that the Lessee may, from time to time, in its own name, or in the name of the Lessor, take such action as may be necessary or advisable, as determined by the Lessee, to insure the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, to insure the peaceable and quiet enjoyment of the Project for the term of this Lease Agreement. All costs and expenses incurred by the Lessee in connection therewith may be considered part of the Project Costs.

(b) The Lessor will assign and extend to the Lessee any vendor's warranties received by the Lessor in connection with machinery and equipment purchased by the Lessor for the Project, together with any warranties given by contractors, manufacturers or service organizations who install any machinery and equipment on or in the Project. If requested, the Lessor will execute and deliver instruments of assignment to the Lessee to accomplish the foregoing. All such warranties shall inure to the benefit of the Lessee.

Section 4.6. Agreement to Issue Bond; Application of Initial Proceeds. In order to provide funds for payment of the Project Costs, the Lessor, concurrently with the execution of this Lease Agreement, will issue, sell and deliver the Bond and deliver the proceeds of the initial draw thereunder (as requested by the Lessee pursuant to a Draw Certificate) to the Lessee to pay, or to reimburse the Lessee for the payment of, Project Costs.

Section 4.7. Subsequent Draws Under Bond. To the extent the maximum principal amount of the Bonds has not been previously issued, the Lessee may request additional draws under the Bond to pay Project Costs and Costs of Issuance, at any time prior to the maturity of the Bond, by delivering completed Draw Certificates to the Trustee and the Original Purchaser, not less than five (5) days prior to the requested date of such draw.

ARTICLE V

EFFECTIVE DATE OF LEASE AGREEMENT; LEASE TERM; RENTAL PROVISIONS

Section 5.1. Effective Date of Lease Agreement; Duration of Lease Term. This Lease Agreement shall become effective upon its delivery, and the leasehold estate created herein shall then begin, and, subject to the provisions of this Lease Agreement (including particularly Section 5.3 hereof and Articles VII, X and XI hereof), shall continue until the earlier of (a) such date as payment has been made in full of the Bond or provision for such payment has been made as provided in the Indenture or (b) at midnight, Conway, Arkansas time, December 31, 2039. The Lessee has the option to terminate this Lease Agreement at any time as provided in Section 11.4 hereof.

Section 5.2. [Reserved].

Section 5.3. Rents and Other Amounts Payable.

(a) During the Lease Term, on or before 10:00 a.m., Conway, Arkansas time, on each December 31, commencing December 31, 2020, until the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee, by wire transfer of immediately available funds, for the account of the Lessor, as basic rent for the Project, an amount equal to the principal of, including redemption price if applicable, and interest on the Bond coming due on such December 31. In the event any basic rental payment under this Section shall be insufficient to pay the total amount payable on the Bond on such December 31, and if at any such date the balance in the Bond Fund is insufficient to make required payments on such date, the Lessee shall forthwith pay any such deficiency. The Lessee agrees to pay all amounts payable to the Trustee, the Registrar and the Paying Agent pursuant to Section 10.04 of the Indenture or any other provision of the Indenture.

(b) Notwithstanding the foregoing subsection (a), so long as the Outstanding Bond is owned by an Affiliate of the Lessee, the Lessee may satisfy the requirements of subsection (a) by making a like payment on or before any such due date directly to the Bondholder by wire or other transfer of immediately available funds or by means of net settlement through entries made on the books of the Lessee and the Bondholder, respectively. Written notice of the making of any such direct payment shall be given by the Lessee to the Trustee contemporaneously with the delivery of the payment.

(c) In the event the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate borne by the Bond.

Section 5.4. Obligations of Lessee Hereunder Unconditional. The obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and the payments required in Section 5.3 shall be certainly payable on the dates and at the times specified, without notice or demand, and without abatement or set-off, and regardless of any contingencies whatsoever, and notwithstanding any circumstances or occurrences that may now exist or that may hereafter arise or take place, including, but without limiting the generality of the foregoing:

(a) The unavailability of the Project, or any part thereof, for use by the Lessee at any time by reason of the failure to complete the overall industrial project by any particular time or at all or by reason of any other contingency, occurrence or circumstance whatsoever;

(b) Damage to or destruction of the Project, or any part thereof;

(c) Legal curtailment of the Lessee's use of the Project, or any part thereof;

(d) Change in the Lessor's legal organization or status;

(e) Any termination of this Lease Agreement for any reason whatsoever;

(f) Failure of consideration or commercial frustration of purposes; or

(g) Any default of the Lessor under this Lease Agreement or any other fault or failure of the Lessor whatsoever.

Nothing contained in this Section shall be construed to release the Lessor from the performance of any of the provisions of this Lease Agreement on its part to be performed.

The Lessee covenants that it will not enter into any contract, indenture or agreement of any nature whatsoever which shall in any way restrict or prevent it from performing any of its obligations under this Lease Agreement.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, REMOVALS, IMPOSITIONS AND INSURANCE

Section 6.1. Maintenance and Modifications of Project by Lessee.

(a) The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in reasonably safe condition as its operations shall permit and (ii) keep the Buildings and the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof as the Lessee shall deem appropriate.

(b) Subject to the provisions of Section 6.2 hereof, the Lessee may from time to time, in its sole discretion and at its own expense, make any additions or modifications at the Project location, including installation of additional machinery, equipment, furniture or fixtures in the Buildings or on the Land, which it may deem desirable for its business purposes. All machinery, equipment, furniture and fixtures so installed by Lessee shall remain the sole property of the Lessee (other than interests of any secured party) in which the Lessor shall have no interest, and may be sold, encumbered, modified or removed at any time; provided that any damage to the Project occasioned by any such modification or removal shall be repaired by the Lessee at its own expense.

(c) The Lessee will not permit any mechanics', materialmen's or other liens to be established or remain against the Project for labor or materials furnished in connection with any addition, modification, improvement, repair, renewal or replacement so made by it; provided, that if the Lessee shall first notify the Lessor of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom. The Lessor will cooperate fully with the Lessee in any such contest.

Section 6.2. Removal of Leased Equipment. The Lessor shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary Leased Equipment. In any instance where the Lessee in its sound discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Buildings and the Land and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Lessor therefor, provided that the Lessee may substitute (either by direct payment of the costs thereof or by advancing to the Lessor the funds necessary therefor) and install anywhere in the Buildings or on the Land other machinery or equipment having equal or greater utility (but not necessarily having the same function) in the operation of the Project as a modern industrial facility (provided such removal and substitution shall not impair the operating unity of the remaining property), all of which substituted machinery or equipment (other than substituted computer equipment) shall become a part of the Leased Equipment. The removal from the Project of any portion of the Leased Equipment shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Section 6.3. Impositions. The Lessee shall, during the Lease Term, bear, pay and discharge, before the delinquency thereof, all special assessment taxes lawfully levied and assessed against the Project which may be paid in installments. The Lessee shall be required to pay only such installments thereof as become due and payable during the Lease Term as and when the same become due and payable. Any impositions which Lessee is required to bear, pay and discharge, shall be remitted directly to the authority which is entitled to the payment thereof.

Within thirty (30) days after the last day for payment, without penalty or interest, of an imposition which the Lessee is required to bear, pay and discharge pursuant to the terms hereof, the Lessee shall deliver to the Lessor, upon its written request, a reproduced copy of the statement issued therefor duly receipted to show the payment thereof.

The Lessee shall have the right, in its or the Lessor's name, to contest in good faith the validity or amount of any imposition which the Lessee is required to bear, pay and discharge pursuant to the terms of this Section by appropriate legal proceedings; provided the Lessee, before instituting any such contest, gives the Lessor written notice of its intention so to do, and provided further the Lessee diligently prosecutes any such contest, at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, and promptly pays any final judgment enforcing the imposition so contested and thereafter promptly procures record release or satisfaction thereof. The Lessee shall hold the Lessor whole and harmless from any costs and expenses the Lessor may incur related to any such contest.

The Lessor covenants that it will not part with title to the Project or any part thereof during the Lease Term or take any other affirmative action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes on the Project or any part thereof.

Section 6.4. Insurance Required. During the Project Period and throughout the Lease Term, the Lessee shall keep the Project continuously insured against such risks as are

customarily insured against by business of like size and type, paying as the same become due all premiums in respect thereto.

Nothing in this Section 6.4 or any other portion of this Lease Agreement shall be construed to prevent the Lessee from including the Project under the Lessee's blanket forms of insurance coverage, provided that the requirements of this Section 6.4 be complied with under such blanket coverage.

Section 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance required in Section 6.4 hereof shall be applied as follows: (i) Net Proceeds with respect to casualty losses shall be applied as provided in Section 7.1 hereof, and (ii) Net Proceeds of any other insurance required in Section 6.4 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.6. Additional Provisions Regarding Insurance. All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee. With the Lessor's written consent, which shall not be unreasonably withheld, the Lessee shall have the right to self-insure.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. If the Project is destroyed (in whole or in part) or is damaged by fire or other casualty, the Lessee, subject to Section 11.2(a) hereof, (i) will promptly repair, rebuild or restore the property damaged to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity or productive capacity or the character of the Project and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Lessee necessary therefor. All Net Proceeds of insurance resulting from claims for such losses shall be paid to the Lessee. In the event said Net Proceeds are not sufficient to pay in full the cost of such repair, rebuilding or restoration, the Lessee shall nonetheless complete the work thereof and shall pay that portion of the cost thereof in excess of the amount of the Net Proceeds. The Lessee shall not, by reason of the payment of such excess cost, be entitled to any reimbursement from the Lessor or any abatement or diminution of the rents payable under Section 5.3 hereof.

Any balance of such Net Proceeds remaining after payment of all the costs of any such repair, rebuilding or restoration shall be retained by the Lessee.

Section 7.2. Lessor's Covenant Not to Condemn. The Lessor covenants that during the Lease Term it will not take or condemn any part of the Land, or attempt to do so.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1. Inspection of Project. The Lessee agrees that the Lessor and its duly authorized agents shall have the right, upon twenty-four (24) hours' notice to the Lessee, at all reasonable times during business hours to enter upon the Land and to examine and inspect the Project without interference or prejudice to the Lessee's operations. The Lessee further agrees that the Lessor and its duly authorized agents who are acceptable to the Lessee shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the acquisition, construction, renovation and refurbishing provided for in Section 4.1 hereof.

Section 8.2. Lessee to Maintain Existence. The Lessee will maintain its existence and will not dissolve, sell, lease or otherwise dispose of all or substantially all of its business and assets or consolidate with or merge into another corporation or limited liability company; provided, however, the Lessee may, without the consent of the Lessor or the Trustee, and without violating this Section 8.2, consolidate with or merge into another corporation or limited liability company, or sell to another corporation or limited liability company all or substantially all of its business and assets, on the condition that such surviving or acquiring entity shall expressly assume in writing all of the obligations of the Lessee contained in this Lease Agreement. In the event of consolidation with or merger into another entity or the sale of all, or substantially all, of its business and assets by the Lessee, as permitted by this Section 8.2, and the assumption by the surviving or acquiring entity of the obligations hereof, the Lessee shall be relieved from all further obligations hereunder. Nothing in this Section shall be deemed to prevent or restrict the Lessee from selling or issuing securities.

Section 8.3. [Reserved].

Section 8.4. [Reserved].

Section 8.5. Location of Project. The Lessee covenants that proceeds of draws under the Bond shall be used only with respect to facilities located within the corporate boundaries of the Lessor.

Section 8.6. Lessee to Hold Lessor Harmless. The Lessee shall at all times keep and hold the Lessor harmless from any and all claims and demands, losses and expenses arising out of, or connected with, the Lessee's operations at the Project, or as a result of anything claimed to be done or omitted to be done by the Lessee, provided the Lessor shall in each instance give the Lessee prompt written notice of any such claim or demand; and the Lessor shall cooperate with the Lessee in the investigation of such claim.

In the event of any claim, demand or action arising out of an occurrence covered by any of such insurance of which the Lessor has knowledge, the Lessor agrees to give the Lessee prompt notice, in writing, and to cooperate with the Lessee in the investigation thereof.

Section 8.7. Trustee, Paying Agent and Registrar Indemnity. The Lessee releases the Trustee, Paying Agent and Registrar from, and covenants and agrees that the Trustee, Paying Agent and Registrar shall not be liable for, and covenants and agrees, to the extent permitted by

law, to indemnify and hold harmless the Trustee, Paying Agent and Registrar and their directors, officers, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with (1) the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof (including without limitation any of the foregoing relating to any federal, state or local environmental law, rule or regulation); or (2) the issuance of the Bond or any certifications, covenants or representations made in connection therewith and the carrying out of any of the transactions contemplated by the Bond Documents. The Lessee further covenants and agrees, to the extent permitted by law, to pay or to reimburse the Trustee, Paying Agent and Registrar and their officers, employees and agents for any and all costs, reasonable attorney's fees and expenses, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions, except to the extent that the same arise out of the Trustee's, Paying Agent's or Registrar's willful misconduct or negligence. The provisions of this Section shall survive the retirement or defeasance of the Bond, the expiration of this Lease Agreement and the Indenture, and the removal or resignation of the Trustee for any reason.

The indemnified party shall promptly notify the Lessee in writing of any claim or action covered by this indemnity and brought against the indemnified party, or in respect of which indemnity may be sought against the Lessee, setting forth the particulars of such claim or action, and the Lessee will assume the defense thereof, including the employment of counsel satisfactory to the indemnified party and the payment of all expenses. The indemnified party may employ separate counsel in any such action and participate in the defense thereof, and the fees and expenses of such counsel shall be payable by the Lessee.

Section 8.8. Accounts and Records. The Lessee shall cause proper books of account and records to be kept of all transactions relating to the acquisition, construction, renovation, refurbishing and equipping of the Project.

ARTICLE IX

ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING; REDEMPTION OF BOND; PREPAYMENT AND ABATEMENT OF RENT

Section 9.1. Assignment and Subleasing. The Lessee shall be permitted to transfer, assign and sublet the Project to any Affiliate or successor to the interests of the Lessee by merger or consolidation or acquisition of the Lessee. The Lessee may not otherwise assign this Lease Agreement or sublet the leased premises or part thereof without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no assignment or subletting and no dealings or transactions between the Lessor and any sublessee or assignee shall relieve the Lessee of any of its obligations under this Lease Agreement and the Lessee shall remain as fully bound as though no assignment or subletting had been made, and performance by any assignee or sublessee shall be considered as performance *pro tanto* by the Lessee.

It is understood and agreed that this Lease Agreement (and the rents hereunder) will be assigned and pledged to the Trustee as security for the payment of the principal of and interest on the Bond, but otherwise the Lessor shall not, without the prior written consent of the Lessee and the Bank, assign, encumber, sell or dispose of all or any part of its rights, title and interest in and to the Project and this Lease Agreement, except to the Lessee in accordance with the provisions of this Lease Agreement and to the Trustee under the Indenture, but subject to the provisions set forth below, without the prior written consent of the Lessee.

Section 9.2. Restrictions on Sale, Mortgage or other Conveyance of Project by Lessor. The Lessor agrees that, except for the assignment of this Lease Agreement and the rentals hereunder to the Trustee pursuant to the Indenture, it will not sell, assign, mortgage, pledge, transfer or convey the Project during the Lease Term, except as specifically provided in this Lease Agreement.

Section 9.3. Redemption of Bond. The Lessor, at the request at any time of the Lessee and if the same are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bond, as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions or upon the date set for the redemption by the Lessee pursuant to Section 11.2 hereof.

Section 9.4. Prepayment of Rents. To permit the redemption of the Bond pursuant to the exercise of any options of the Lessee hereunder, and solely for that purpose, there is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Lessor agrees that it will accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their maturities, and shall be used for the redemption of the Bond on the earliest possible redemption date in accordance with the Indenture. At any time when the Bond has been paid in full (or provision for the payment of the Bond has been made as provided in Article VIII of the Indenture), the Lessee shall have the option to terminate this Lease Agreement at any time as provided in Section 11.4 hereof.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The following shall be "events of default" under this Lease Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the basic rent or any part thereof payable hereunder;

(b) Failure by the Lessee to pay any additional rent due hereunder and continuation of said failure for a period of seven (7) days after notice by certified or registered mail sent by the Lessor or the Trustee;

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) or (b) of this Section, for a period of sixty (60) days after the mailing of notice by certified or registered mail, specifying such failure and requesting that it be remedied, to the Lessee by the Lessor, unless the Lessor shall agree in writing to an extension of such time prior to its expiration;

(d) An Event of Default shall occur under the Indenture;

(e) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Lessee or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or

(f) The Lessee shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Lessee or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing.

The foregoing provisions of paragraph (c) are subject to the following limitations: If by reason of *force majeure* the Lessee is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3 and 6.4 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term *force majeure* as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of Arkansas or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

Section 10.2. Remedies on Default. Whenever any event of default shall happen, the Lessor (with the consent of the Bondholder if the Indenture has not been discharged) may take any of the following remedial steps:

(a) Declare all installments of basic and additional rent payable for the remainder of the term to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) Re-enter and take possession of the Project without terminating this Lease Agreement, and sublease any or all of the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the basic and additional rent payable by the Lessee hereunder;

(c) Terminate the Lease Term, exclude the Lessee from possession of the Project, and use its best efforts to lease any or all of the Project to another for the account of the Lessee;

(d) Have access to and inspect, examine and make copies of such of the books, records, accounts and data of the Lessee, as pertain to the Project; or

(e) Take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by the Lessee hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 10.3. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time as often as may be deemed expedient.

Section 10.4. Rentals and Damages Deposited Into Bond Fund. The foregoing provisions of this Article relating to the receipt of moneys by the Lessor as the result of an acceleration, upon a reletting or otherwise, are each to be construed as providing that all such payments by the Lessee or others shall be made into the Bond Fund referred to in Section 4.01 of the Indenture.

Section 10.5. Equitable Relief. The Lessor and the Lessee shall each be entitled to specific performance and injunctive or other appropriate equitable relief for any breach or threatened breach of any of the provisions of this Lease Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

Section 10.6. Lessor May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Lessee or the Project, the Lessor shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Lessor (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Lessor, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

Section 11.1. [Reserved].

Section 11.2. Option to Acquire Lessor's Interest in Project Prior to Payment of Bond. The Lessee shall have, and is hereby granted, the option to acquire legal title to the entirety of the Project prior to the scheduled payment in full of the Bond (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the following events shall have occurred:

(a) The Project shall have been damaged or destroyed as set forth in Section 7.1 hereof to such extent that in the judgment of the Lessee (i) it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented from carrying on its normal operation of the Project for a period of four months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 hereof, plus the amounts for which the Lessee is self-insured;

(b) Title to, or the temporary use of, all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority (including such a taking as results in the Lessee being thereby prevented from carrying on its normal operations therein for a period of four months); or

(c) As a result of any changes in the Constitution of Arkansas or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), this Lease Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Lease Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Lessor or the Lessee, including without limitation, federal, state

or other ad valorem, property, income or other taxes not being imposed on the date of this Lease Agreement.

To exercise such option, the Lessee shall, within ninety (90) days following the events described in subparagraphs (a), (b) or (c) above, give written notice to the Lessor and the Bank, and shall specify therein the date of closing such purchase, which date shall be not more than ninety (90) days from the date such notice is mailed, and shall make arrangements satisfactory to the Lessor and the Trustee for the giving of the required notice of redemption of the Bond on the date of such purchase. The purchase price which shall be paid to the Lessor by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then Outstanding Bond on the redemption date including, without limitation, principal plus accrued and unpaid interest thereon to said redemption date; plus

(2) an amount of money equal to (a) any reasonable fees and expenses of Lessor's counsel and (b) Trustee's reasonable fees and expenses, including any reasonable fees of Trustee's counsel, under the Indenture accrued and to accrue until such final payment and redemption of the Bond.

In the event of the exercise of the option granted in this Section, any Net Proceeds of insurance or condemnation shall be paid to the Lessee.

Section 11.3. [Reserved].

Section 11.4. Option to Acquire Legal Title Upon Full Payment of Bond. At any time following full payment of the Bond (or provision for the payment thereof having been made in accordance with the provisions of the Indenture) and the payment of all fees and expenses of the Trustee payable under the Indenture, including any reasonable fees and expenses of Trustee's counsel, the Lessee shall have and is hereby granted an option, exercisable at any time (including following the occurrence of an event of default hereunder or the exercise by the Lessor or the Trustee of their respective remedies in result thereof), to purchase and acquire legal title to, and Lessor agrees to sell and convey, the Project for a price of $10.00. At the closing of such purchase, the Lessor will deliver to the Lessee or its nominee documents conveying to the Lessee or its nominee good and marketable title to the Project, subject only to the following: (i) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Lessor; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease Agreement; (iv) the rights and title of any condemning authority as provided in Article VII hereof; and (v) Permitted Encumbrances.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when sent by facsimile transmission or by first class, registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If intended for Lessee:

Structurlam Mass Timber U.S., Inc.
2176 Government St.
Penticton, BC, Canada V2A 8912
Attention: Hardy Wentzel
Phone: (250) 492-8912
Fax:(250) 492-8906

If intended for Lessor:

City of Conway
1201 Oak Street
Conway, AR 72032
Attention: Mayor
Phone: (501) 450-6110
Fax: (501) 450-6145

If intended for the Trustee:

Simmons Bank
501 S. Main Street
Pine Bluff, AR 71601
Attention: Corporate Trust Department
Phone: (870) 541-1424
Fax: (870) 541-1418

If intended for the Bank:

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 4950
Vancouver, BC, Canada V7X 1L7
Attention: David K. Ma, Senior Director, BMO Sponsor Finance
Fax: (604) 687-3666
Email: davidk.ma@bmo.com

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 4950
Vancouver, BC, Canada V7X 1L7
Attention: Alex Melnikov, Director, BMO Sponsor Finance
Fax: (604) 687-3666
Email: alex.melnikov@bmo.com

A duplicate copy of each notice, certificate or other communication given hereunder by either the Lessor or the Lessee to the other shall also be given to the Trustee. The Lessor and the Lessee may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates or other communications shall be sent.

Section 12.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.2, 9.1 and 9.2 hereof.

Section 12.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.4. Amendments, Changes and Modifications. Except as otherwise provided in this Lease Agreement or in the Indenture, subsequent to the initial draw of Bond proceeds and prior to payment in full of the Bond (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Lease Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Bondholder given in the manner provided in Section 12.02 of the Indenture.

Section 12.5. Priority of Lease Agreement. This Lease Agreement (as it may be amended or supplemented pursuant to the provisions hereof) and the estate of the Lessee hereunder are and shall continue to be superior and prior to the Indenture (as it may be amended or supplemented).

Section 12.6. Execution Counterparts. This Lease Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.7. Captions. The captions or headings of this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Lease Agreement.

Section 12.8. Security Agreement; Recording and Filing.

(a) This Lease Agreement is a security agreement under the Uniform Commercial Code of the State of Arkansas, and it is contemplated by the parties that a security interest in the rentals and other money due from the Lessee to the Lessor hereunder will be granted to Trustee pursuant to the Indenture.

(b) If so requested by the Bondowner, the Lessee shall from time to time execute on its own behalf all required financing statements, continuation statements and renewals thereof with respect to the security interests granted by this Lease Agreement and file such statements or renewals thereof in all appropriate public offices. The Trustee shall have no responsibility with respect to the maintenance of any such filings.

Section 12.9. Law Governing Construction of Lease Agreement. This Lease Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

CITY OF CONWAY, ARKANSAS,
as Lessor

By: _____
Name: Bart Castleberry
Title: Mayor

ATTEST:

By: _____
Name: Mike Garrett
Title: City Clerk

STRUCTURLAM MASS TIMBER U.S., INC.,
as Lessee

By: _____
Name:
Title:

[SIGNATURE PAGE TO LEASE AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

CITY OF CONWAY, ARKANSAS,
as Lessor

By:_____
Name: Bart Castleberry
Title: Mayor

ATTEST:

By:_____
Name: Mike Garrett
Title: City Clerk

STRUCTURLAM MASS TIMBER U.S., INC.,
as Lessee

By:_____
Name: Hardy Wentzel
Title: President

[SIGNATURE PAGE TO LEASE AGREEMENT]

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF FAULKNER)

On this 20 day of December, 2019, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Bart Castleberry and Mike Garrett, Mayor and City Clerk, respectively, of the City of Conway, Arkansas, a municipality of the State of Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 20 day of December, 2019.

Notary Public

My commission expires: 11-10-2025

(S E A L)

FELICIA ROGERS
COMM. EXP.
11-10-2025
No. 12360102
FAULKNER
COUNTY
NOTARY PUBLIC ARKANSAS

ACKNOWLEDGMENT

STATE OF HAWAII)
) ss.
COUNTY OF Maui)

On this 20th day of December, 2019, before me, a duly qualified and acting Notary Public, appeared in person the within named Hardy Wentzel, the President of Structurlam Mass Timber U.S., Inc., to me personally known, who stated that he was duly authorized to execute the foregoing instrument for and in the name and behalf of the company, and further stated and acknowledged that he had so signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 20th day of December, 2019.

Notary Public

My commission expires:

April 1, 2022

DAWN HEGGER-NORDBLOM,
NOTARY PUBLIC
MY COMMISSION EXPIRES: APRIL 1, 2022

(S E A L)

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII

Doc. Date: December 20, 2019 # Pages: 11
Notary Name: Dawn Hegger-Nordblom 2nd Circuit
Doc. Description: Lease Agreement

12/20/2019
Notary Signature Date

DAWN HEGGER-NORDBLOM NOTARY PUBLIC No. 18-147 STATE OF HAWAII
4836-9340-7806.2

State of Hawaii County of Maui
On this 20th day of December, 20 19
before me personally appeared
Hardy Wentzel
to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.
Witness my hand and seal.

EXHIBIT A

LEASED LAND

Buildings of approximately 288,137 in total square feet located on the following described real estate situated in Faulkner County, Arkansas, to-wit:

A part of the SE1/4 of Section 19, and also a part of the NE1/4 of Section 30, all in Township 5 North, Range 13 West, Faulkner County, Arkansas, more particularly described as beginning at the Southeast corner of said SE1/4, Section 19, Township 5 North, Range 13 West, thence North 88 degrees 56 minutes 42 seconds West along the South line of said SE1/4, 232.20 feet to the point of beginning; thence South 22 degrees 08 minutes 22 seconds East 508.41 feet (deeded South 22 degrees 38 minutes 17 seconds East 504.82 feet) to a concrete monument; thence South 00 degrees 09 minutes 15 seconds East parallel to the East line of the NE1/4 NE1/4, Section 30, 452.06 feet to the North line of a cemetary; thence along said North line North 89 degrees 22 minutes 58 seconds West 175.58 feet; thence South 05 degrees 14 minutes 37 seconds East 421.61 feet (deeded South 05 degrees 02 minutes 20 seconds East 412.01 feet) to a point 180.00 feet North 89 degrees 22 minutes 58 seconds West of the Northeast corner of the SE1/4 NE1/4; thence South 00 degrees 23 minutes 08 seconds West 210.00 feet; thence South 89 degrees 22 minutes 58 seconds East 180.00 feet to the East line of said SE1/4 NE1/4; thence South 00 degrees 23 minutes 08 seconds West 1101.24 feet to the Southeast corner of said SE1/4 NE1/4; thence North 89 degrees 22 minutes 58 seconds West along the South line of said SE1/4 NE1/4 944.88 feet to the East right of way of Sturgis Road (60 foot right of way); thence along said right of way to a point North 16 degrees 10 minutes 07 seconds West 477.11 feet; thence to a point North 18 degrees 52 minutes 09 seconds West 95.58 feet; thence to a point North 26 degrees 13 minutes 00 seconds West 97.11 feet; thence to a point North 32 degrees 24 minutes 38 seconds West 95.77 feet; thence to a point North 36 degrees 52 minutes 07 seconds West 92.39 feet; thence to a point North 37 degrees 53 minutes 47 seconds West 669.81 feet to a point 357.05 feet North 89 degrees 22 minutes 58 seconds West of the Northwest corner of said SE1/4 NE1/4; thence continue along said right of way to a point North 37 degrees 53 minutes 47 seconds West 352.20 feet (deeded North 37 degrees 45 minutes 00 seconds West); thence to a point North 29 degrees 07 minutes 29 seconds West 305.49 feet (deeded N-W 306.59); thence to a point North 20 degrees 05 minutes 45 seconds West 833.31 feet (deeded North 19 degrees 54 minutes 00 seconds West 833.31 feet) to the South line of Section 19; thence continue along said right of way to a point North 19 degrees 56 minutes 58 seconds West 622.61 feet (deeded North 18 degrees 59 minutes 30 seconds West 629.14 feet); thence to a point North 16 degrees 04 minutes 30 seconds West 273.78 feet; thence leaving said right of way North 89 degrees 30 minutes 00 seconds East 1206.65 feet (deeded North 89 degrees 30 minutes East 1207.08 feet); thence North 89 degrees 29 minutes 25 seconds East 405.31 feet (deeded North 89 degrees 42 minutes 00 seconds East 407.55 feet); thence South 00 degrees 35 minutes 27 seconds West 850.73 feet (deeded South 00 degrees 47 minutes 25 seconds East 850.73 feet); thence South 88 degrees 56 minutes 42 seconds East 779.31 feet (deeded East 779.84 feet); to the point of beginning. LESS AND EXCEPT: A part of the SE1/4 NE1/4 of Section 30, T-5-N, R-13-W, Faulkner County, Arkansas, described as beginning at the Northeast corner of said SE1/4 NE1/4; thence S00°23'08" West along the East line of said SE1/4 NE1/4 210.00 feet to the point of beginning; thence continue along said East line S00°23'08" West 121.00 feet; thence N89°22'58"

West, parallel to the North line of said SE1/4 NE1/4 180.00 feet; thence N00°23'08" East 121.00 feet; thence S89°22'58" East 180.00 feet to the point of beginning.

Together with easements for ingress and egress:

An easement for ingress and egress over and across the South 30 feet of the East 196 feet of the South 1/2 Southeast 1/4 of Section 19, Township 5 North, Range 13 West, upon which the asphalt-surfaced crossing from U.S. Highway 365 across the Missouri Pacific Railroad is located.

AND

Also, an easement for ingress and egress over and across a part of the Northeast 1/4 of Section 30, Township 5 North, Range 13 West, more particularly described as beginning at the Northeast corner of said Northeast 1/4; thence North 88 degrees 56 minutes 42 seconds West along the North line of said Northeast 1/4, 197.74 feet (deeded 196 feet) to the westerly most right-of-way of Missouri Pacific Railroad, said point being the point of beginning, thence along the West right-of-way of Missouri Pacific Railroad to a point South 22 degrees 46 minutes 22 seconds East 514.06 feet to the intersection of said right-of-way and the east line of the Northeast 1/4 of said Section 30; thence leaving said right-of-way along said East line South 0 degrees 09 minutes 15 seconds East 448.82 feet, said point being 420 feet North 0 degrees 09 minutes 15 seconds West of the Southeast corner of the Northeast 1/4 Northeast 1/4; thence leaving said East line North 89 degrees 22 minutes 57 seconds West 41.82 feet; thence North 0 degrees 09 minutes 15 seconds West 452.06 feet to a concrete monument; thence North 22 degrees 08 minutes 22 seconds West 508.41 feet to the North line of the Northeast 1/4 of Section 30; Thence South 88 degrees 56 minutes 42 seconds East along said North line 34.45 feet to the point of beginning.

EXHIBIT B

LEASED EQUIPMENT

Those items of machinery, equipment, furniture and furnishings, and maintenance and repair parts related thereto, acquired and installed in the Buildings or elsewhere on the Land with proceeds from the sale of the Bond (or reimbursed with proceeds from the sale of the Bond), and any item of machinery, equipment, furniture or furnishings acquired and installed in the Buildings or elsewhere on the Leased Land in substitution therefor, including but not limited to:

Lifting Equipment

Stiles Grading, Sorting, FJ, Planing, and Moving Equipment PR-2239B - Equipment & Added Options

Stiles Grading, Sorting, FJ, Planing, and Moving Equipment PR-2239B – Freight

Stiles Grading, Sorting, FJ, Planing, and Moving Equipment PR-2239B - Installation, Startup and Training Services

Additional Overland Shipping

Stiles Minda CLT and Glulam Presses and Lines PR-2188C - Equipment, net Outfeed Stacker Credit

Stiles Minda CLT and Glulam Presses and Lines PR-2188C – Freight

Stiles Minda CLT and Glulam Presses and Lines PR-2188C - Installation, Startup and Training Services

Sanders

Sawdust Extraction

CNC Machines

Compressed Air

QC Equipment

Other Equipment

Millwright and Electrical Equipment

First Aid Room

IT equipment

Matting equipment

This is Exhibit " K " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

TRUST INDENTURE

between

CITY OF CONWAY, ARKANSAS
Issuer

and

SIMMONS BANK
Trustee

relating to

Not to Exceed $75,000,000
City of Conway, Arkansas
Taxable Industrial Development Revenue Bond
(Structurlam Mass Timber U.S., Inc. Project)
Series 2019

Dated as of December 27, 2019

This instrument also constitutes a Security Agreement under the Arkansas Uniform Commercial Code.

Prepared by:

Kutak Rock LLP
124 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201

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TRUST INDENTURE

THIS TRUST INDENTURE (this "Indenture"), is made and entered into as of December 27, 2019, between the **CITY OF CONWAY, ARKANSAS** (the "Issuer"), a duly organized and existing city of the first class under the laws of the State of Arkansas, and **SIMMONS BANK**, a banking corporation duly organized and existing under and by virtue of the laws of the State of Arkansas, having power and authority to accept and execute trusts, and having its designated corporate trust office at 501 S. Main Street, Pine Bluff, Arkansas 71601, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer is authorized by the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq.* (1998 Repl. & 2017 Supp.) (the "Act"), to acquire lands, construct and equip industrial buildings, improvements and facilities, incur other costs and expenses, and make other expenditures incidental to and for the securing and developing of industry; and

WHEREAS, the Issuer is authorized by the Act to issue industrial development revenue bonds payable from revenues derived from the industrial project so acquired, constructed and equipped; and

WHEREAS, the necessary arrangements have been made with Structurlam Mass Timber U.S., Inc., a Delaware corporation (the "Company"), for the acquisition, construction, renovation, refurbishment and equipping of a substantial industrial project consisting of facilities to be utilized in the Company's engineered wood products business (as more particularly defined hereinafter, the "Project"), and to lease the Project to the Company pursuant to the terms of a Lease Agreement (as hereinafter defined) of even date herewith for use in the Company's business; and

WHEREAS, permanent financing of the Project costs, necessary costs and expenditures incidental thereto, and the costs of the issuance of bonds is being furnished by the Issuer issuing from time to time its Taxable Industrial Development Revenue Bond under the provisions of the Act in the aggregate principal amount of not to exceed Seventy-Five Million Dollars ($75,000,000) (the "Bond"); and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bond have been in all respects duly and validly authorized by ordinance of the City Council of the Issuer, pursuant to the Act; and

WHEREAS, the Bond in fully registered form and the Trustee's certificate of authentication to be endorsed on such Bond are all to be in substantially the form set forth in Exhibit A hereto with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, pursuant to this Indenture and to secure the payment of the Bond, the Issuer shall pledge to the Trustee certain of its rights under the Lease Agreement, all revenues arising under the Lease Agreement, and certain other rights and property as further defined in the Granting Clauses herein; and

WHEREAS, all things necessary to constitute the Indenture a valid assignment and pledge of the Trust Estate for the payment of the principal of and interest on the Bond issued hereafter, and the creation, execution and delivery of the Indenture, have in all respects been duly authorized:

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bond by the Owner thereof, and of the sum of Ten Dollars ($10.00), lawful money of the United States of America, to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bond according to its tenor and effect and to insure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bond, has given, granted, pledged, assigned, conveyed, mortgaged and transferred and does by these presents give, grant, pledge, assign, convey, mortgage and transfer to the Trustee, and to its successors in the trusts hereby created, and to them and their assigns forever:

I.

The Lease Agreement and all rights (except with respect to rights under Section 8.6 of the Lease Agreement which are retained by the Issuer), but not obligations, of the Issuer thereunder, and all revenues and income derived by the Issuer from the leasing of the Project.

II.

All right, title and interest of the Issuer in and to the Pledged Revenues (defined herein) and all right of the Issuer in and to the collection and receipt of the Pledged Revenues.

III.

All right, title and interest of the Issuer in and to all Funds created hereunder and all moneys and Investment Securities held at any time therein.

IV.

Any and all other property of every name and nature from time to time hereafter, by delivery or by writing of any kind, given, granted, pledged, assigned, conveyed, mortgaged or transferred, as and for additional security hereunder, by the Issuer or by anyone in its behalf or

with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all time and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby given, granted, pledged, assigned, conveyed, mortgaged and transferred, or agreed or intended so to be, to the Trustee and its successors in said trusts and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of the Owner of the Bond issued under and secured by this Indenture;

PROVIDED, HOWEVER, that when the principal of and accrued and unpaid interest on the Bond secured hereby have been paid or shall be deemed to have been paid in accordance with the terms and provisions of this Indenture, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be of full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that the Bond issued and secured hereunder is to be issued, authenticated and delivered and all property hereby given, granted, pledged, assigned, conveyed, mortgaged or transferred is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the Owner, from time to time, of the Bond or any part thereof, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the words and terms defined in the Lease Agreement dated as of December 27, 2019 (the "Lease Agreement"), by and between the Issuer and the Company, or elsewhere defined in this Indenture, the following words and terms as used herein shall have the following meanings unless the context or use indicates another or different meaning or intent:

"*Act*" means the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 et seq. (1998 Repl. & 2017 Supp.), and all acts supplemental thereto or amendatory thereof.

"Affiliate" means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Authorized Company Representative*" means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the

Trustee and containing the specimen signature(s) of such person(s) and signed on behalf of the Company by the President of the Company. Such certificate may designate an alternate or alternates.

"*Authorized Issuer Representative*" means the Mayor of the Issuer and/or any other person designated by the Mayor in a written certificate furnished to the Trustee and the Company and containing the specimen signature(s) of such person(s) and signed on behalf of the Issuer by the Mayor. Such certificate may designate an alternate or alternates.

"*Bank*" means Bank of Montreal.

"*Bond*" or "*Bonds*" means any or all of the City of Conway, Arkansas Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project), Series 2019, in the aggregate principal amount of not to exceed $75,000,000, to be issued pursuant to this Indenture.

"*Bond Counsel*" means any firm of nationally recognized bond counsel expert in the field of municipal finance reasonably acceptable to the Issuer.

"*Bond Fund*" means the fund by that name created in Section 4.01 hereof.

"*Bondholder*" or "*Owner*" means the Person in whose name the Bond is registered upon the registration books maintained pursuant to Section 2.07 hereof.

"*Bond Purchase Agreement*" means the Bond Purchase Agreement dated December 27, 2019, between the Issuer and the Original Purchaser, and approved by the Company.

"*Buildings*" means those certain buildings or additions to buildings and fixtures and all other facilities forming a part of the Project, and not constituting part of the Leased Equipment, which exist or are envisioned by the Lease Agreement to be situated on the Land, as they may at any time exist.

"*Business Day*" means a day of the year other than a Saturday or Sunday on which banks located in the city in which the Principal Office of the Trustee is located, and in the city in which the Principal Office of the Paying Agent is located, are not required or authorized to close.

"*City Clerk*" means the City Clerk of the Issuer.

"*Company*" means Structurlam Mass Timber U.S., Inc., a Delaware corporation.

"*Completion Date*" means the date of completion of the acquisition, construction, renovation, refurbishment and equipping of the Project, as set forth in Article V hereof.

"*Costs of Issuance*" means all costs incurred in connection with the borrowing, including all costs incurred in connection with the authorization, sale and issuance of, and draws under, the Bond and the transactions contemplated herein, including, but not limited to, (a) counsel fees and expenses (including Bond Counsel, as well as any other specialized counsel fees and expenses incurred in connection with the borrowing), (b) the initial fees and expenses of the Trustee, and

(c) costs incurred in connection with the required public approval process (e.g., publication costs for public notices).

"Draw Certificate" means, with respect to each draw under the Bond, a certificate of the Company, approved by the Owner of the Bond, such approval to be evidenced by its execution thereof, in substantially the form attached hereto as Exhibit C.

"*Escrow Investments*" means any of the following obligations or securities:

(a) Government Obligations; and

(b) any other obligations or securities to which the Bondholder consents in writing.

"*Event of Default*" means any of the events specified in Section 9.01 hereof.

"*Fund*" means a fund or an account established under this Indenture, unless the context indicates reference to a particular fund.

"Government Obligations" means (i) direct obligations of the United States of America, (ii) obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by the United States of America (including any such securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America), and (iii) evidences of direct ownership or proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"*Indenture*" means this Trust Indenture, dated as of December 27, 2019, between the Issuer and the Trustee, including any amendments and supplements hereto.

"*Interest Period*" means the period from and including each Payment Date to and including the day preceding the next Payment Date, except the first Interest Period for the Bond shall begin on (and include) December 27, 2019.

"Investment Securities" means, if and to the extent the same are at the time legal for investment of funds held under this Indenture:

(a) Cash deposits, certificates of deposits or money market deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);

(b) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures no more than 270 days after the date of purchase;

(c) Investments in money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least one of S&P and Moody's, including, without limitation, any such fund for which the Trustee or an Affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an Affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its Affiliates; and

(d) Any cash sweep account maintained by the Trustee and consisting of investments described in clauses (a) through (c).

"*Investor Letter*" means the form of the letter attached as Exhibit B hereto.

"*Issuer*" means the City of Conway, Arkansas, its successors and assigns.

"*Land*" means the real estate described in Exhibit "A" to the Lease Agreement.

"*Lease*" or "*Lease Agreement*" means the Lease Agreement dated as of December 27, 2019, by and between the Issuer and the Company, concerning the use of the Project by the Company.

"*Leased Equipment*" means those items of machinery, equipment, furniture and furnishings described in Exhibit B to the Lease Agreement (as it may be amended from time to time), and maintenance and repair parts related thereto, acquired and installed in the Buildings or elsewhere on the Land with proceeds from the sale of Bond (or reimbursed with proceeds from the sale of the Bond), and any item of machinery, equipment, furniture or furnishings acquired and installed in the Buildings or elsewhere on the Land in substitution therefor pursuant to the provisions of Sections 4.1 and 6.2 of the Lease Agreement, but not including the Company's own machinery, equipment, furniture and furnishings installed under the provisions of Section 6.1(b) of the Lease Agreement. All Leased Equipment shall be identified in a ledger maintained by the Company.

"*Maturity*," "*due*," "*payable*" and like terms mean stated maturity and any mandatory redemption prior to maturity.

"*Mayor*" means the Mayor of the Issuer.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successor or successors.

"*Original Purchaser*" means Natural Outcomes, LLC, a limited liability organized and existing under the laws of the State of Delaware, the original purchaser of the Bond.

"*Outstanding*," when used in reference to the Bonds, means, as at any particular date, the aggregate of all Bonds authenticated and delivered under this Indenture except:

(a) those cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(b) those deemed to be paid in accordance with Article VIII of this Indenture; and

(c) those in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture.

"*Paying Agent*" means the Paying Agent appointed in accordance with Section 10.20 hereof.

"*Payment Date*" means each December 31 (or if not a Business Day, the next Business Day), commencing December 31, 2020.

"Permitted Encumbrances" means mortgages, assignments of rents, fixture filings and other liens in favor of the Bank securing debt of the Company to the Bank existing as of the date hereof.

"*Person*" means natural persons, firms, partnerships, associations, corporations, trusts, limited liability companies and public bodies.

"PILOT Agreement" means the Agreement for Payments in Lieu of Taxes dated December 27, 2019, by and between the Lessor and the Lessee.

"*Pledged Revenues*" means and shall include: (a) payments received pursuant to the Lease Agreement; (b) investment income and profits from all Funds maintained pursuant to this Indenture; and (c) any proceeds which arise from the enforcement of the obligations of the Issuer under the terms of this Indenture.

"*Principal Office*" of the Trustee means the Trustee's office in Pine Bluff, Arkansas; the Principal Office of the Paying Agent means the office thereof designated in writing to the Trustee or, if the Trustee is the Paying Agent, the Principal Office of the Trustee or a designated office of the Trustee's Affiliate; and the Principal Office of the Registrar means the office thereof designated in writing to the Trustee or, if the Trustee is the Registrar, the Principal Office of the Trustee or a designated office of the Trustee's Affiliate.

"Project" means the Land, the Buildings and the Leased Equipment, and any other structure now or hereafter located on the Land in connection with such Project, and all real and personal property deemed necessary in connection therewith, as they may at any time exist, but not including the Company's own machinery, equipment, furniture and furnishings installed under the provisions of Section 6.1(b) of the Lease Agreement.

"Project Costs" means all costs and items permitted to be financed under the provisions of the Act, including, but not limited to: (i) the cost of the acquisition, construction, repair, renovation, refurbishment, remodeling, expansion, equipping, installation or improvement of the Project; (ii) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which are necessary or incident to providing such Project; (iii) the cost of architectural, engineering, legal and related services; the cost of the preparation of plans, specifications, studies, surveys and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of the Project; (v) the cost of all Leased Equipment and the cost of placing the same in operation; and (v) Costs of Issuance with respect to each draw under the Bond to finance the Project.

"*Record Date*" means the fifteenth day of the month containing each Payment Date.

"*Registrar*" means the Registrar appointed in accordance with Section 10.22 hereof.

"*S&P*" means Standard & Poor's Ratings Group, a Division of McGraw-Hill, a corporation organized and existing under the laws of the State of New York, its successor or successors.

"Schedule A" means the Schedule of Draws and Redemptions in the form attached to the Bond certificate as Schedule A, as maintained by the Trustee.

"*State*" means the State of Arkansas.

"*Trustee*" means Simmons Bank, a banking corporation organized and existing under the laws of the State of Arkansas, as trustee under this Indenture, its successors in trust and their assigns.

"*Trust Estate*" means the property described in the granting clauses of this Indenture.

Section 1.02. Use of Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion hereof in which any such word is used. In the use of defined terms herein, the singular includes the plural and the plural includes the singular. Masculine pronouns used in this Indenture include the feminine and neuter genders, as well as the masculine.

ARTICLE II

THE BOND

Section 2.01. Issuance of the Bond.

(a) *Limitation.* No Bond may be issued under the provisions of this Indenture except in accordance with this Article.

(b) *Provisions of Bond.*

(i) The Bond shall be designated "City of Conway, Arkansas Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project) Series 2019," shall be dated as of December 27, 2019 and shall mature, subject to prior redemption, upon the terms and conditions hereinafter set forth.

(ii) (A) The Bond shall be issued in the aggregate principal amount of not to exceed $75,000,000; provided, however, that the principal amount due thereon shall be only such amount as has been drawn down and not redeemed by the Issuer as reflected on Schedule A thereto, and interest shall accrue only upon such amount. Payment of each installment of interest and principal shall be made to the Person in whose name the Bond is registered on the registration books of the Issuer maintained by the Registrar at the close of business on the Record Date, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Payment Date. The Bond shall bear interest from and including the latest of (a) its dated date, (b) the date to which interest has been paid or provided for until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise, or (c) the date of the initial draw with respect to the Bond; provided, however, that interest on the amount of each subsequent draw with respect to the Bond shall accrue from the date of such draw. The installments of interest and principal payable on Payment Dates shall be applied first to interest at the interest rate set forth in Section 2.01(b)(ii)(B) hereof upon the principal sum or so much thereof as from time to time remains unpaid, and the balance thereof shall be applied to principal. Interest on the Bond shall be paid in arrears, for the then preceding Interest Period, on each Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Bonds issued in connection with any registration of transfer or exchange shall additionally be dated the date of authentication thereof.

(B) The Bond shall bear interest at the rate of 3.50% per annum and shall mature on December 31, 2039.

(c) *Form of Bond.* The Bond and the Trustee's Certificate of Authentication shall be in substantially the form set forth in Exhibit A hereto with such appropriate variations, omissions, substitutions and insertions as are permitted or required by this Indenture and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations and as may, consistently herewith, be determined by the officers executing such Bond as evidenced by their signing thereof. There shall be included with or printed on the Bond the approving opinion of Bond Counsel.

(d) *Redemption.* The Bond shall be subject to redemption prior to maturity, as set forth in Article III hereof.

(e) *Denomination.* The Bond shall be issuable as a single fully registered Bond without coupons in the denomination of the principal amount of the Bond then drawn, and shall be numbered "R19-1".

(f) *Manner of Payment.*

(i) Principal of the Bond and accrued interest on the Bond payable at maturity or on redemption shall be payable to the Owner of such Bond upon presentation and surrender of such Bond as it becomes due at the Principal Office of the Paying Agent.

(ii) Accrued and unpaid interest and principal on the Bond due on a Payment Date shall be paid on each Payment Date by check drawn upon the Paying Agent and mailed to the Owner of such Bond as of the close of business on the Record Date next preceding the Payment Date at the registered address of such Owner as it shall appear on the registration books maintained by the Registrar, notwithstanding the cancellation of the Bond upon any exchange or registration of transfer thereof subsequent to the Record Date and prior to such Payment Date. Notwithstanding the foregoing, so long as the Bond is owned in whole by an Affiliate of the Company, all payments of principal of or interest thereon, whether on a Payment Date or upon maturity or redemption will be made directly by the Company to the sole Bondholder on the due date (by means of net settlement through entries made on the books of the Company and Bondholder) unless and until the Company notifies the Trustee of its intent to do otherwise. Written notice of the making of any such direct payment shall be given by the Company to the Trustee contemporaneously with the delivery or booking of the payment.

(iii) Payment as aforesaid shall be made in lawful money of the United States of America.

(g) *Bond Date.* The Bond shall be dated as set forth in Section 2.01(b)(i).

(h) *Draws.* So long as no uncured default exists hereunder, draws may be made under the Bond to finance the acquisition, construction, renovation, reimbursement and equipping of the Project, up to a maximum of $75,000,000 in the aggregate of all draws under the Bond. Draws shall be made upon compliance with all of the requirements of the Lease Agreement relating to additional draws and delivery to the Trustee of an executed copy of the Draw Certificate relating to such draw. Upon receipt of a validly completed Draw Certificate, the Trustee shall make appropriate notation of such draw on Schedule A. Upon the Original Purchaser's request and delivery of the Bond certificate to the Trustee, the Trustee shall make similar notation on the copy of Schedule A attached to the Bond certificate, but the copy of Schedule A maintained by the Trustee shall control in the event of any discrepancy.

Section 2.02. Execution. The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the Issuer's seal shall be affixed thereto or imprinted thereon. If any officer of the Issuer who shall have executed the Bond shall cease to be such officer before the Bond so executed (by manual or facsimile signature) shall be authenticated and delivered by the Trustee, the Bond nevertheless may be authenticated and delivered as though the person who executed the Bond had not ceased to be such officer of the Issuer, but the Bond may also be executed on behalf of the Issuer by such persons as at the actual time of such execution of the Bond shall be the proper officers of the Issuer, although at the date of the Bond such persons may not have been officers of the Issuer.

Section 2.03. Limited and Special Obligation of Issuer. The Bond is the limited and special obligation of the Issuer secured solely by a lien on and pledge of the Trust Estate and does not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation. The Bond shall never constitute or give rise to a charge against the Issuer's general credit or taxing powers. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Issuer contained in this Indenture or the Bond or any claim based thereon or otherwise in respect thereof against any officer, alderman or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any officer, alderman or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or by reason of any of the obligations, covenants, promises or agreements entered into between the Issuer and the Trustee to be implied therefrom as being supplemental thereto, and that all personal liability of that character against every such officer and employee is expressly waived and released.

Section 2.04. Authentication. Only when the Bond shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto duly executed by the Trustee shall it be entitled to any right or benefit under this Indenture. The Bond shall not be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon the Bond shall be conclusive evidence that such Bond has been authenticated under this Indenture. The certificate of authentication on the Bond shall be deemed to have been executed by the Trustee if manually signed by an authorized officer or signatory of the Trustee.

Section 2.05. Delivery of the Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bond and deliver it to the Trustee, and the Trustee shall authenticate the Bond and deliver it to the Original Purchaser.

Prior to the delivery by the Trustee of the Bond there shall be filed with the Trustee:

(a) a copy, duly certified by the City Clerk, of the ordinance or ordinances adopted by the Issuer authorizing the issuance of the Bond and the execution, delivery and performance of this Indenture;

(b) an original executed counterpart of this Indenture and the initial Draw Certificate;

(c) original executed counterparts of the Lease Agreement, the Bond Purchase Agreement and the PILOT Agreement;

(d) a Cross Receipt for Bond and Purchase Price signed by the Original Purchaser and the Trustee, evidencing the Original Purchaser's receipt of the Bond and the receipt by the Trustee of the purchase price, equal to the initial draw under the Bond, in the amount of $21,704,000;

(e) an original executed Investor Letter;

(f) a written opinion of Bond Counsel to the effect that the Bond has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, with appropriate exceptions for bankruptcy and principles of equity; and

(g) a Request and Authorization to Authenticate and Deliver Bond executed by the Issuer.

Prior to the Trustee's delivery of the Bond to the Original Purchaser, the Trustee shall make appropriate notation on Schedule A attached to the Bond certificate of the amount and date of the initial draw thereunder.

Section 2.06. Lost, Destroyed or Improperly Cancelled Bond. If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage in whole or in part or otherwise) or improperly cancelled, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond of like date and denomination and bearing a number not contemporaneously outstanding, provided that (a) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and (b) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the Issuer and the Trustee evidence of such loss or destruction, together with indemnity, satisfactory to them. If after the delivery of such duplicate Bond a protected purchaser of the original Bond in lieu of which such duplicate Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such duplicate Bond from the Person to whom it was delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith. In the event any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond the Issuer may pay the same without surrender thereof (except the surrender of the mutilated Bond not destroyed or lost) if there shall be first furnished to the Issuer and the Trustee evidence of such loss or destruction, together with indemnity, satisfactory to them. Upon the issuance of any substitute Bond, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. The Trustee may charge the Owner of any such

Bond with the Trustee's reasonable fees and expenses in connection with any transaction described in this Section 2.06.

Every substitute Bond issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Bond is lost or destroyed shall constitute an additional contractual obligation of the Issuer, whether or not the lost or destroyed Bond shall be at any time enforceable, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of lost, destroyed or improperly cancelled Bonds, notwithstanding any law or statute now existing or hereafter enacted.

Section 2.07. Transfer, Registration and Exchange of Bond. The Registrar shall maintain and keep, at its Principal Office, books for the registration and registration of transfer of the Bond, which at all reasonable times shall be open for inspection by the Issuer and the Trustee. Upon presentation for such purpose of the Bond entitled to registration or registration of transfer at the Principal Office of the Registrar, the Registrar shall register or register the transfer of such Bond in such books, under such reasonable regulations as the Registrar may prescribe. The Registrar shall make all necessary provisions to permit the exchange or registration of transfer of the Bond at its Principal Office.

The registration of transfer of the Bond shall be registered upon the registration books of the Registrar at the written request of the Owner thereof or his attorney duly authorized in writing, upon surrender thereof at the Principal Office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or his duly authorized attorney. Upon the registration or registration of transfer of any such Bond, the Issuer shall issue in the name of the transferee, in authorized denominations, a new Bond in the same aggregate principal amount as the surrendered Bond.

The Issuer, the Trustee, the Registrar or the Paying Agent may deem and treat the Owner of the Bond as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and neither the Issuer, the Trustee, the Registrar nor the Paying Agent shall be affected by any notice to the contrary. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

NOTWITHSTANDING ANYTHING IN THIS INDENTURE TO THE CONTRARY, THE BOND MAY ONLY BE TRANSFERRED ONLY IN WHOLE AND ONLY TO A PERSON OR ENTITY WHICH HAS EXECUTED AND DELIVERED TO THE ISSUER, THE COMPANY AND THE TRUSTEE AN INVESTOR LETTER IN THE FORM ATTACHED HERETO AS EXHIBIT B PRIOR TO SUCH TRANSFER.

Section 2.08. Temporary Bond. Pending the preparation of the definitive Bond, the Issuer may execute and the Trustee shall authenticate and deliver a temporary Bond. A temporary Bond shall be issuable as a registered Bond without coupons, of any authorized

denomination, and substantially in the form of the definitive Bond but with such omissions, insertions and variations as may be appropriate for a temporary Bond, all as may be determined by the Issuer. A temporary Bond may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Issuer and shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bond. As promptly as practicable, the Issuer shall execute and shall furnish definitive the Bond and thereupon the temporary Bond shall be surrendered in exchange therefor without charge at the Principal Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bond a like aggregate principal amount of the definitive Bond. Until so exchanged, the temporary Bond shall be entitled to the same benefits under this Indenture as the definitive Bond.

Section 2.09. Cancellation of Bond. If the Bond shall have been surrendered to the Paying Agent or any co-paying agent for payment or redemption, and when the Bond shall have been surrendered to the Registrar for exchange or registration of transfer, such Bond shall be delivered to the Trustee for cancellation. A Bond delivered to or acquired by the Trustee for cancellation shall be cancelled by the Trustee and shall be deemed paid for all purposes of this Indenture. In accordance with applicable law and regulations and the Trustee's applicable policies and procedures, the Trustee shall furnish to the Issuer, upon receipt of a written request from the Issuer, the Paying Agent and the Registrar counterparts of certificates evidencing such cancellation and specifying such Bond by number.

ARTICLE III

REDEMPTION OF BOND

Section 3.01. Optional Redemption. The Bond is subject to redemption at the option of the Company, communicated in a written notice to the Issuer and the Trustee, in whole or in part on any date, at a redemption price equal to the principal amount of the Bond being redeemed, plus accrued and unpaid interest due thereon to the date of redemption, from funds deposited into the Bond Fund pursuant to Section 4.01(f) hereof.

Section 3.02. [Reserved]

Section 3.03. Redemption in Part. The Bond shall be redeemed from any funds available for that purpose in accordance with the provisions of this Indenture (including any supplemental indenture). If an Owner thereof presents to the Trustee the Bond to be redeemed in part, the Trustee shall make notation of such redemption on the copy of Schedule A attached to the Bond certificate.

Section 3.04. Procedure for Redemption. In the event the Bond is called for redemption, the Trustee, after receiving written notice from the Company, shall, at the expense of the Company, give notice by first-class mail or, if an Affiliate of the Company is the only Bondholder, by facsimile transmission to a facsimile number provided to the Trustee by the Company, in the name of the Issuer, of the redemption of the Bond, which notice shall: (a) specify the Bond, or portion thereof, to be redeemed, the redemption date, the redemption

price, the location at which the Bond is to be surrendered for payment and, if fewer than all of the Outstanding principal amount of the Bond is to be redeemed, the portions of the Bond to be so redeemed; (b) state any condition to such redemption; and (c) state that on the redemption date, and upon the satisfaction of any such condition, the Bond shall cease to bear interest.

Such notice may set forth any additional information relating to such redemption. If a notice of redemption shall be unconditional, then, upon presentation and surrender of the Bond at the place or places of payment, the Bond shall be redeemed.

Notice of redemption shall be effective upon confirmed transmission in the case of a facsimile notice and upon deposit in the United States mails, with sufficient postage affixed, with respect to mailed notices, regardless of whether such notice is received. Notice of redemption under this Section 3.04 shall be given not less than 5 days prior to the redemption date unless a shorter period of time is agreed to in writing by the Owner of the Bond.

The Bond or portion thereof which has been duly selected for redemption and which is deemed to be paid in accordance with Article VIII hereof shall cease to bear interest on the specified redemption date.

Section 3.05. Payment of Redemption Price. For the redemption of the Bond, the Issuer shall cause to be deposited in the Bond Fund an amount sufficient to pay the principal of and the accrued and unpaid interest on the Bond to become due on the date fixed for such redemption. The obligation of the Issuer to cause any such deposit to be made hereunder shall be reduced by the amount of moneys in the Bond Fund available on such redemption date for payment of the principal of and the accrued and unpaid interest on the Bond. Upon the redemption of the Bond, the Trustee shall make appropriate notation of such redemption on Schedule A. Upon the Original Purchaser's written request and delivery of the Bond certificate to the Trustee, the Trustee shall make similar notation on the copy of Schedule A attached to the Bond certificate, but the copy of Schedule A maintained by the Trustee shall control in the event of any discrepancy.

ARTICLE IV

FUNDS AND DEPOSITS

Section 4.01. Bond Fund.

(a) There is hereby created a special fund to be held by the Trustee as a trust fund, which is hereby designated as the "City of Conway, Arkansas Taxable IDB Series 2019 Bond Fund" (the "Bond Fund").

(b) There shall be deposited into the Bond Fund in accordance with Section 5.3(a) of the Lease Agreement, by wire transfer to the Trustee of immediately available funds no later than 10:00 a.m., Conway, Arkansas time, on each Payment Date until the Outstanding Bond with accrued and unpaid interest thereon has been paid in full, or provision shall have been made for such payment, Pledged Revenues in an amount equal

to principal and accrued and unpaid interest due and owing on the Bond on such Payment Date.

(c) The Issuer shall also deposit into the Bond Fund, as received, all amounts received by it pursuant to Sections 5.3(b) and (c), 9.4 and 11.2 of the Lease Agreement.

If Pledged Revenues are insufficient to make any required payment into the Bond Fund on the date on which it is required to be made, the amount of any such deficiency in the payment made shall be paid from the first available Pledged Revenues.

There shall be credited against any deposit required pursuant to subsection (b) above any funds held in the Bond Fund at the time specified for such deposit in excess of the amounts required to be on deposit therein on the Business Day prior to the day on which the transfer is to be made and available for the purpose.

In the event that moneys deposited pursuant to subsection (b) above are not sufficient to provide for principal and accrued and unpaid interest due on the then next Payment Date, the Issuer shall (subject to Section 2.03 hereof), immediately upon notice from the Trustee, deposit an amount at least equal to such deficiency in the Bond Fund.

(d) All moneys in the Bond Fund shall be used solely for the purpose of paying principal and accrued and unpaid interest on the Bond and the Trustee's fees and expenses, except as herein specifically provided.

(e) The Trustee shall withdraw from the Bond Fund, on any Payment Date or any redemption date, an amount equal to the portion of principal and accrued and unpaid interest then due, for the sole purpose of paying the same, which direction the Trustee hereby accepts.

(f) The Company may deposit in the Bond Fund at any time amounts from any source, which amounts shall be applied by the Trustee to redeem the Bond pursuant to Section 3.01 hereof.

(g) Notwithstanding the requirements of this Section 4.01 with respect to the deposit of Pledged Revenues to the Bond Fund, such obligations shall be deemed satisfied to the extent of the direct payment of principal and interest due on the Bond to the Bondholder as provided in the final two sentences of Section 2.01(f)(ii).

ARTICLE V

APPLICATION OF PROCEEDS OF THE BOND

Section 5.01. Disposition of Bond Proceeds. Upon each draw under the Bond, the proceeds of such draw shall be transferred by the Original Purchaser to the Company (or at its written direction) for application to pay Project Costs and Costs of Issuance pursuant to the terms

of Section 4.2 of the Lease Agreement. Notice of all such transfers shall be given by the Original Purchaser or the Company to the Trustee contemporaneously with such transfers.

Section 5.02. Establishment of Completion Date. A Completion Date shall be established by the Company with respect to the Project in accordance with Section 4.3 of the Lease Agreement.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments. Any moneys held in the Bond Fund shall be invested and reinvested in Investment Securities. Such investments shall be made, and agreements entered into, by the Trustee as directed and designated by an Authorized Company Representative in writing. As and when any amounts thus invested may be needed for disbursements, the Trustee, at the written direction of the Company, shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of the Bond Fund. As long as no Event of Default shall have occurred and be continuing, the Company shall have the right to designate the Investment Securities to be sold and otherwise to direct the Trustee in the sale or conversion to cash of the Investment Securities in the Bond Fund. Any investment direction under this Section shall specify the particular investment to be made.

The Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it at the direction of the Company or for determining whether any such investment is an authorized investment under applicable law or for any loss resulting from sale of investments under this Article VI. The Trustee shall not be responsible for paying interest on any uninvested funds held by it hereunder or for the investment of any fund or account not held by the Trustee. Any written direction given under this Article VI may be made by facsimile transmission or other written form. As long as the Trustee provides periodic statements to the Company of investment activity, the Trustee shall not be required to provide brokerage confirmations; provided, however, no statement shall be required for any month in which there is no investment activity.

Section 6.02. Investment Earnings. All earnings, whether in the form of interest or profit, derived from the investment of moneys held pursuant to this Indenture shall be credited to the Bond Fund. All losses resulting from the investment of moneys hereunder shall be credited to the Bond Fund.

Section 6.03. Valuation of Funds. The Trustee shall sell or present for redemption any Investment Securities as necessary to provide money for the purpose of making any payment required hereunder. To the extent that any loss or reduction in value reduces the value of the Bond Fund to a level lower than the level required under this Indenture, such loss or reduction shall be made up as set forth in Section 4.01(c) hereof. The Trustee shall not be liable for any loss resulting from any such sale.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. Payment of Bond. The Issuer covenants that it will promptly pay the principal of and the accrued and unpaid interest on the Bond at the place, on the date and in the manner provided herein and in the Bond according to the true intent and meaning thereof, but only from Pledged Revenues and subject to the provisions of Section 2.03 hereof.

Section 7.02. Performance of Covenants of Issuer; Representations. The Issuer shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State, including the Act, to issue the Bond authorized hereby, to enter into this Indenture and to pledge and assign to the Trustee the Trust Estate.

Section 7.03. Limited and Special Obligation. Notwithstanding any other provision of this Indenture, no pecuniary or other obligation of the Issuer set forth herein shall constitute a general obligation or an obligation secured by the faith and credit or taxing power of the Issuer. All such obligations are special obligations of the Issuer, secured solely by the pledge of Pledged Revenues as set forth herein.

Section 7.04. Further Instruments. The Issuer shall from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required by applicable law to carry out the purposes of this Indenture; provided, however, that no such instruments or actions shall pledge the faith, credit or taxing power of the Issuer or any other political subdivision of the State.

Section 7.05. No Disposition of Trust Estate. Except as permitted by this Indenture or the Lease Agreement, the Issuer shall not sell, lease, pledge, assign or otherwise dispose of or encumber its interest in the Trust Estate and will promptly pay or cause to be discharged or make adequate provision to discharge any lien or charge on any part thereof not permitted hereby.

Section 7.06. Access to Books. All books and documents in the possession of the Issuer relating to the Project and the Pledged Revenues shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

ARTICLE VIII

DEFEASANCE; ESCHEAT

Section 8.01. Discharge of Indenture. If the Issuer shall pay or cause to be paid to the Owner of the Bond secured hereby the principal of and the accrued and unpaid interest due and payable on such Bond, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the Issuer shall pay or cause to be paid to the Owner of the

Bond secured hereby the principal of and the accrued and unpaid interest due and payable, and shall pay or cause to be paid all other sums payable hereunder by the Issuer, including, without limiting the foregoing, the fees and expenses of the Trustee, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void. In such event, the Trustee shall upon the written request of an Authorized Company Representative assign, transfer and turn over to the Company the Trust Estate, including, without limitation, any surplus in the Bond Fund.

Section 8.02. Bond Deemed Paid. All or any portion of the Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Article VIII when:

(a) in the event that the Bond or portion thereof has been selected for redemption in accordance with Section 3.03 hereof, the Trustee shall have given, or the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 3.04 hereof, notice of redemption of such Bond or portion thereof;

(b) the Trustee shall hold on deposit in the Bond Fund moneys in an amount which shall be sufficient to pay when due the principal of and the accrued and unpaid interest due and to become due on the Bond or portion thereof on and prior to the redemption date or maturity date thereof, as the case may be;

(c) in the event the Bond or portion thereof does not mature and is not to be redeemed within the next succeeding five (5) days, the Issuer shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 3.04 hereof, a notice to the Owner of the Bond, or portion thereof, that the deposit required by clause (b) above has been made with the Trustee and that the Bond, or portion thereof, is to be paid from moneys so deposited and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the accrued and unpaid interest on the Bond.

Further, the Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Indenture when (a) payment of the principal of and the accrued and unpaid interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms hereof or (ii) shall have been provided for by irrevocably depositing with the Trustee (A) moneys sufficient to make such payment and/or (B) Escrow Investments maturing as to principal and interest in such amount and at such time, without reinvestment, as will ensure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee, including the fees and expenses of Trustee's counsel, the Registrar, the Paying Agent and any Co-Paying Agent pertaining to the Bond shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as the Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture,

except for the purposes of any such payment from such moneys or Escrow Investments. In determining the sufficiency of moneys and Escrow Investments deposited pursuant to this paragraph, the Trustee may rely on a verification report of a firm of nationally recognized independent certified public accountants.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of the Bond as aforesaid until (a) proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.04 of this Indenture or, in the event that such Bond is not to be redeemed within the next succeeding 60 days, until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owner of the Bond, in accordance with Section 3.04 hereof, that the deposit required by (a)(ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Article VIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of such Bond, plus interest thereon to the due date thereof; or (b) the maturity of such Bond.

Section 8.03. Transfer to Company. On any date following the date of last maturity or redemption of the Bond Outstanding hereunder, the Trustee may transfer any or all moneys and Investment Securities held by the Trustee hereunder to a separate account or accounts established by the Trustee. Notwithstanding any other provision of this Indenture and subject to applicable escheat law, any moneys or Investment Securities held in any Fund for a period of two years after the date specified in this Indenture for payment to the Owner of the Bond (on account of interest, maturity, redemption prior to maturity or required purchase) shall, upon the written request of the Company, be remitted to the Company, and no Owner of the Bond or any other Person shall have any right to or interest in such moneys or Investment Securities. After payment of such moneys to the Company, all liability of the Trustee and the Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute and is referred to in this Indenture as an "Event of Default":

(a) a failure to pay any installment of principal or interest on the Bond when the same shall become due and payable at maturity, upon redemption or otherwise;

(b) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision (other than as specified in clause (a) of this Section 9.01) contained in the Bond or in this Indenture on the part of the Issuer to be observed or performed, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied and stating that it is a "Notice of Default" hereunder, shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the sole

Bondholder; provided, however, that in the event that (i) such failure cannot be corrected within sixty (60) days, but is expected to be corrected within 180 days, (ii) the Issuer so certifies to the Trustee in writing, and (iii) the Issuer institutes corrective action within such sixty (60) days and the Issuer certifies that fact to the Trustee, then such 60-day period shall automatically be extended to a 180-day period. Successive 180-day extensions are authorized, provided the conditions in clauses (i) through (iii) above are met; and

(c) an "event of default" shall exist under the Lease Agreement.

The Trustee may, and at the written request of the sole Bondholder and payment by the Issuer or the Company of all sums then due hereunder shall, waive any Event of Default described in clause (b) or (c) of the preceding paragraph. Notwithstanding the previous sentence, the Trustee shall waive any Event of Default described in clause (b) or (c) of the preceding paragraph upon the written request of the sole Bondholder, whether or not payments have been made by the Company of all sums then due hereunder; provided, however, that all sums due to the Trustee hereunder shall have been paid. If an Event of Default occurs of which the Trustee by Section 10.05 hereof is required to take notice or deemed to have notice, or any other Event of Default occurs of which the Trustee has been specifically notified in accordance with Section 10.05 hereof, and any such Event of Default shall continue for at least two days after the Trustee acquires actual notice thereof, the Trustee shall promptly give notice thereof by first class or certified mail to the Issuer and to the Bondholder.

Section 9.02. Remedies. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee shall, upon the sole Bondholder and receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholder, and require the Issuer to carry out any agreements with or for the benefit of the Bondholder and to perform its duties under the Act and this Indenture;

(b) bring suit upon the Bond;

(c) apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the Issuer's interest in the Project on behalf of the Issuer and the Bondholder, with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rents sufficient to provide for the payment of principal and accrued and unpaid interest on the Bond and the payment of the fees and expenses of the Trustee, and to apply said rents in conformity with the laws of the State and with this Indenture; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholder.

Notwithstanding any other provision herein to the contrary, the Trustee shall take no remedial action hereunder without the express written direction of the sole Bondholder.

Section 9.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.04. Bondholder's Right to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the sole Bondholder shall have the right by an instrument in writing executed and delivered to the Trustee, and upon providing the Trustee with indemnity to the Trustee's satisfaction, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture, provided that no such direction shall be contrary to the provisions of this Indenture or of applicable law or could involve the Trustee in personal liability.

Section 9.05. Rights and Remedies of Bondholder. The Bondholder shall have no right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other right or remedy hereunder, unless a default has occurred of which the Trustee has been notified by the Issuer or the Bondholder, or unless also such default shall have become an Event of Default and the Bondholder shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, or unless also the Bondholder has offered to the Trustee indemnity as provided in Section 9.02 or 9.04 hereof, or unless also the Trustee shall thereafter fail or refuse, for a period of at least 60 days, to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other right or remedy hereunder, it being understood and intended that the Bondholder shall have no right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided.

Section 9.06. Costs of Enforcement. In any proceeding to enforce the provisions of this Indenture or the Bond, the Trustee and the Bondholder shall be entitled to recover from the Issuer all costs of such proceeding, including reasonable attorneys' fees and expenses.

Section 9.07. Proceedings by Trustee Without Possession of Bond. All rights of action under this Indenture or under the Bond secured hereby which are enforceable by the Trustee may be enforced by it without the possession of the Bond, or the production thereof at

the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name as trustee of an express trust, subject to the provisions of this Indenture.

Section 9.08. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Bondholder is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.09. No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Article IX to the Trustee and to the Bondholder, respectively, may be exercised from time to time and as often as may be deemed expedient.

ARTICLE X

TRUSTEE AND PAYING AGENT

Section 10.01. Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article X, to all of which the Issuer agrees and the Owner of the Bond agrees by its acceptance of delivery of the Bond.

Section 10.02. No Responsibility for Recitals. The recitals, statements and representations contained in this Indenture or in the Bond, save only the Trustee's certificate of authentication upon the Bond, shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof and makes no representation as to the validity or sufficiency of the Indenture and the Bond and shall not be responsible for reviewing any financial statements or audits delivered to it hereunder or for perfecting or maintaining the perfection of the lien of this Indenture or recording or rerecording this Indenture or filing any financing statement or continuation statement or for insuring or completing the Project.

Section 10.03. Limitation on Liability. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such attorney, agent or employee selected by it with reasonable care. Without limitation, the Trustee shall be entitled to the benefit of the foregoing sentence with respect to the delegation to the Registrar and the Paying Agent of any or all of the Trustee's duties hereunder, including its duties with respect to payment of principal or interest on, or redemption of, the Bond and the exchange and transfer thereof. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with the trust created hereby, except only for its own negligence or bad faith, and shall not be liable for any

action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred on it by this Indenture. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owner pursuant to Section 9.04 hereof relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall not be liable for any error of judgment made in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The permissive rights of the Trustee enumerated herein shall not be construed as duties of the Trustee. The Trustee shall have no responsibility for any offering document relating to the Bond. The Trustee shall have no responsibility for the use of the proceeds of the Bond paid out in accordance with this Indenture.

Section 10.04. Compensation; Advances. The Trustee, Registrar and Paying Agent shall be entitled to reimbursement for their reasonable fees for services rendered hereunder and for all advances, counsel fees and expenses and other expenses reasonably and necessarily made or incurred by them in and about the execution of the trusts created by this Indenture and in and about the exercise and performance by them of their powers and duties hereunder, and for all reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from their negligence or willful default). The Issuer agrees to indemnify the Trustee, Registrar and Paying Agent for, and save them harmless from, all losses, claims and liabilities incurred without negligence or willful default on their part arising out of or in connection with acceptance or administration of their trusts and duties hereunder. In this regard, it is understood that the Issuer pledges no funds or revenues other than Pledged Revenues to the payment of any obligation of the Issuer set forth in this Indenture. The Trustee shall have a first pledge and lien with right of payment prior to payment on account of principal or interest on the Bond for such reasonable advances, fees, costs, indemnities, counsel fees and expenses incurred by the Trustee.

If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture, other than the covenants or agreements in respect of the payment of the principal of and interest on the Bond, the Trustee may, in its uncontrolled discretion and without notice to the Bondholder, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation to do so, and any and all such advances may bear interest at a rate per annum not exceeding the rate announced by the Trustee's primary banking Affiliate as its prime rate, but no such advance shall operate to relieve the Issuer from any default hereunder.

The obligations of the Issuer under this Section shall survive the resignation or removal of the Trustee and the discharge of this Indenture.

Section 10.05. Notice of Events of Default. The Trustee or the Paying Agent shall not be required to take notice, or be deemed to have notice, of any default or Event of Default under

this Indenture other than an Event of Default under clause (a) of the first paragraph of Section 9.01 hereof, unless specifically notified in writing of such default or Event of Default by the Bondholder. The Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Section 10.06. Good Faith Reliance. The Trustee, the Paying Agent and the Registrar, in the absence of bad faith on their part, shall be protected and shall incur no liability in acting or refraining from acting upon any resolution, ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which they shall believe to be genuine and to have been passed or signed by the proper board, body or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Lease Agreement, or upon the written opinion of any attorney, engineer, accountant or other expert, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely, as to the Issuer, upon any writing signed by the Mayor or the City Clerk of the Issuer and upon any writing signed by an Authorized Issuer Representative.

Section 10.07. Identity of Bondholder. Neither the Trustee, the Registrar nor the Paying Agent shall be bound to recognize any Person as Bondholder or to take any action at his or her or their request unless the Bond shall be deposited with such entity or satisfactory evidence of the ownership of the Bond shall be furnished to such entity.

Section 10.08. [RESERVED].

Section 10.09. [RESERVED].

Section 10.10. Construction of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholder.

Section 10.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and filing the same with the Mayor of the Issuer and the Authorized Company Representative and by giving notice of such resignation by first class or certified mail to the Bondholder. No resignation of the Trustee pursuant to this Section shall become effective until the acceptance of appointment of a successor Trustee under Section 10.13.

Section 10.12. Removal of Trustee. The Trustee may be removed at any time by filing with the Trustee so removed and with the Issuer and the Company an instrument or instruments in writing appointing a successor or an instrument or instruments in writing consenting to the

appointment by the Issuer of a successor and accompanied by an instrument of appointment by the Issuer of such successor, and in any event executed by the Bondholder.

Section 10.13. Appointment of Successor Trustee. In case at any time the Trustee shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed, and in case at any time the Trustee shall resign, a successor may be appointed, by filing with the Issuer an instrument in writing, which may be executed in counterparts, executed by the Bondholder. Copies of such instrument shall be promptly delivered by the Issuer to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholder as herein authorized, the Issuer, by an instrument authorized by resolution of the Issuer, shall appoint a successor Trustee. After any appointment by the Issuer, the Issuer shall cause notice of such appointment to be given by first class or certified mail to the Bondholder. Any new Trustee so appointed by the Issuer shall immediately and without further act be superseded by a Trustee appointed by the Bondholder in the manner above provided.

Section 10.14. Qualifications of Successor Trustee. Every successor Trustee (a) shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof authorized by law to perform all the duties imposed upon it by this Indenture and (b) shall have a combined capital stock, surplus and undivided profits of at least $25,000,000 if there can be located, with reasonable effort, such an institution willing and able to accept the trust on reasonable and customary terms.

Section 10.15. Judicial Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within 30 days after such resignation, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within six months after a vacancy shall have occurred in the office of Trustee, the Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

Section 10.16. Acceptance of Trusts by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, such predecessor Trustee and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property rights, powers and trusts hereunder of such predecessor Trustee and, subject to the provisions of Section 10.04 hereof, such predecessor Trustee shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.17. Successor by Merger or Consolidation. Any corporation or association into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation or association to which the Trustee shall sell or otherwise transfer all or substantially all of its corporate trust business, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding.

Section 10.18. Standard of Care; Action by Trustee. Notwithstanding any other provisions of this Article X but subject to Section 10.03 hereof, the Trustee shall, during the existence of an Event of Default of which the Trustee by Section 10.05 hereof is required to take notice or deemed to have notice, or any other Event of Default of which the Trustee has been specifically notified in accordance with Section 10.05 hereof, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances in the conduct of his own affairs; provided, however, that the Trustee shall be under no obligation to take any action in respect of any default or Event of Default hereunder or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Bondholder, and, if in its opinion such action may tend to involve it in expense or liability unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it, but the foregoing proviso is intended only for the protection of the Trustee and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any default or Event of Default without such notice or request from the Bondholder or without such security or indemnity. Except during the existence of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

Without limiting the generality of anything set forth elsewhere in this Indenture, the Trustee shall have no responsibility for the deposit, handling or securing of funds which may, under this Indenture, be deposited other than with the Trustee.

Anything herein to the contrary notwithstanding, prior to the occurrence of an Event of Default of which the Trustee by Section 10.05 hereof is required to take notice, the Trustee shall have no obligation to enforce or monitor any of the covenants of the Company under the Lease Agreement.

Section 10.19. Intervention in Litigation of Issuer. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of the Bondholder, the Trustee may intervene on behalf of the Bondholder and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the Bondholder if permitted by the court having jurisdiction in the premises.

Section 10.20. Paying Agent. The Issuer shall, with notice to the Trustee, appoint the Paying Agent for the Bond, subject to the conditions set forth in Section 10.21 hereof. The Paying Agent (if other than Trustee) shall designate to the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee and the Issuer under which such Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the principal of or interest on Bond in trust for the benefit of the Bondholder until such sums shall be paid to such Bondholder or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Issuer, the Company and the Trustee at all reasonable times; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

The Issuer shall cooperate with the Trustee to cause the necessary arrangements to be made and to be thereafter continued whereby funds derived from the sources specified in Section 4.01 hereof will be made available for the payment when due of the Bond as presented at the Principal Office of the Paying Agent.

Simmons Bank is hereby appointed the initial Paying Agent.

Section 10.21. Qualifications of Successor Paying Agent; Resignation; Removal. Any successor Paying Agent shall be a corporation or association duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $25,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice by certified or first class mail to the Issuer, the Trustee and the Company. The Paying Agent may be removed at any time, by an instrument, signed by the Issuer, filed with the Paying Agent, the Trustee and the Company.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Paying Agent hereunder, or in the event the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court of administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment of the Paying Agent or successor Paying Agent, as the case may be.

Section 10.22. Registrar. The Issuer shall, with written notice to the Trustee, appoint the Registrar and any successor Registrar for the Bond, subject to the conditions set forth in Section 10.23 hereof. The Registrar (if other than the Trustee) shall designate to the Trustee its Principal Office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Company and the Trustee at all reasonable times.

The Issuer shall cooperate with the Trustee to cause the necessary arrangements to be made and to be thereafter continued whereby the Bond, executed by the Issuer and authenticated by the Trustee, shall be made available for exchange, registration and registration of transfer at the Principal Office of the Registrar. The Issuer shall cooperate with the Trustee and the Registrar to cause the necessary agreements to be made and thereafter continued whereby the Paying Agent shall be furnished such records and other information at such times as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

Simmons Bank is hereby appointed the initial Registrar.

Section 10.23. Qualifications of Successor Registrar; Resignation; Removal. Any successor Registrar shall be a corporation or association duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $25,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice by certified or first class mail to the Issuer, the Trustee, each Paying Agent and the Company. The Registrar may be removed at any time by an instrument signed by the Issuer and filed with the Registrar, the Trustee and the Company.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Registrar, the Trustee shall ipso facto be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the Registrar or successor Registrar, as the case may be.

Section 10.24. Co-Trustees. The Trustee and the Issuer shall have power to appoint and, upon the request of the Trustee, the Issuer shall for such purpose join with the Trustee in the execution of all instruments necessary or proper to appoint another corporation or association or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees jointly with the Trustee of all or any of the Pledged Revenues or any of the properties, tangible or intangible,

subject to the lien hereof or with respect to which the Trustee has powers or duties hereunder, or to act as separate trustee or trustees of all or any such Pledged Revenues or properties, with such powers as may be provided in the instrument of appointment and to vest in such corporation or association or person or persons as such separate trustee or co-trustee any property, title, right or power deemed necessary or desirable. In the event that the Issuer shall not have joined in such appointment within 15 days after the receipt by it of a written request so to do, the Trustee alone shall have the power to make such appointment. Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed for more fully and certainly vesting in and confirming to him, her, they or to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Every such co-trustee and separate trustee shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(a) The Bond shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody of all money and securities pledged or deposited hereunder shall be exercised solely by the Trustee; and

(b) The Trustee, at any time by an instrument in writing, may remove any such separate trustee or co-trustee.

Every instrument, other than this Indenture, appointing any such co-trustee or separate trustee, shall refer to this Indenture and the conditions of this Article X and, upon the acceptance in writing by such separate trustee or co-trustee, he, she, they or it shall be vested with the estate or property specified in such instrument, jointly with the Trustee (except insofar as local law makes it necessary that any separate trustee act alone), subject to all the trusts, conditions and provisions of this Indenture. Any such separate trustee or co-trustee may at any time, by an instrument in writing, constitute the Trustee as his, her, their or its agent or attorney-in-fact with full power and authority, to the extent authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, her, them or it, for and on behalf of him, her, them or it and in his, her, their or its name. In case any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all the estate, properties, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee shall vest in and be exercised by the Trustee.

Section 10.25. Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent or a Co-Paying Agent and the Registrar and in any other combination of such capacities to the extent permitted by law. The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers or otherwise in respect of the premises herein.

Section 10.26. Waiver of Noncompliance of Trustee, Paying Agent and Registrar. Anything in this Indenture to the contrary notwithstanding, the Bondholder may waive noncompliance with any provision of this Indenture by the Trustee, Paying Agent or Registrar where such waiver has no negative effect on the rights of the Issuer hereunder or the validity of

the Bond. The Trustee may condition the effectiveness of such a waiver on the delivery of an opinion of Bond Counsel to such effect.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY BONDHOLDER; PROOF OF OWNERSHIP OF BOND

Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by the Bondholder may be in any number of concurrent instruments of similar tenor and may be signed or executed by the Bondholder in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bond shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution or by such other manner as the Trustee deems sufficient.

(b) The ownership of the Bond shall be provided by the registration books kept under the provisions of Section 2.07 hereof.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request or consent of the Bondholder shall bind every future Owner of the Bond or any Bond or Bonds issued in exchange thereof, on registration of transfer thereof or in lieu thereof in respect of anything done by the Trustee or the Issuer in pursuance of such request or consent.

ARTICLE XII

SUPPLEMENTAL INDENTURES

Section 12.01. [Reserved]

Section 12.02. Supplemental Indentures Requiring Consent of the Bondholder. Subject to the terms and provisions contained in this Section, and not otherwise, the Bondholder shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture.

If the Issuer shall request that the Trustee enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, give notice by certified or first class mail of the proposed execution of such supplemental indenture to the Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies are on file at the Principal Office of the Trustee for inspection by the Bondholder. If, within 60 days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the Bondholder shall have consented to and approved the execution of such supplemental indenture as herein provided, the Bondholder shall not have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereon, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be modified and amended in accordance therewith.

Section 12.03. Discretion of Trustee in Entering Into Supplements and Amendments. In every case provided for in this Article, the Trustee shall not be obligated to execute any proposed supplements or amendments if the rights, obligations and interests of the Trustee, under this Indenture or otherwise, would be thereby affected, and the Trustee shall not be under any responsibility or liability to the Issuer or to the Bondholder or to anyone whomsoever for its refusal in good faith to enter into any such supplement or amendment if such supplement or amendment is deemed by it to be contrary to the provisions of this Article.

The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Bond Counsel as conclusive evidence that any such proposed supplement or amendment does or does not comply with the provisions of this Indenture, and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such supplement or amendment.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Successors of Issuer. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred. In the event that the offices of Mayor, City Clerk or City Council shall be abolished or shall be merged or consolidated or in the event the duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his or her office by reason of sickness, absence or otherwise, all powers conferred and all obligations and duties imposed upon such office or officer shall be performed by the office or officer

succeeding to the principal functions thereof, or by the office or officer upon whom such powers, obligations and duties shall be imposed by law.

Section 13.02. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Issuer, the Trustee, the Paying Agent, the Registrar and the Bondholder any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agent, the Registrar and the Bondholder.

Section 13.03. Severability. In case any one or more of the provisions of this Indenture or of the Bond shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of the Bond, and this Indenture and the Bond shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 13.04. No Personal Liability of Issuer Officials. No covenant or agreement contained in the Bond or in this Indenture shall be deemed to be the covenant or agreement of any official, officer, alderman, agent or employee of the Issuer in his individual capacity, and no official of the Issuer executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.05. [RESERVED].

Section 13.06. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Indenture.

Section 13.07. Governing Law. The laws of the State of Arkansas shall govern the construction and enforcement of this Indenture and of the Bond issued hereunder; provided, however, the administration of the trust imposed upon the Trustee by this Indenture and the rights and duties of the Trustee hereunder shall be governed by, and construed in accordance with, the laws of the jurisdiction in which the Trustee has its Principal Office.

Section 13.08. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by facsimile transmission or by first class, certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to the Issuer:

City of Conway
1201 Oak Street
Conway, AR 72032
Attention: Mayor
Phone: (501) 450-6110
Fax: (501) 450-6145

(b) If to the Company:

Structurlam Mass Timber U.S., Inc.
2176 Government St.
Penticton, BC Canada V2A 8912
Attention: Mr. Hardy Wentzel
Phone: (250) 492-8912
Fax: (250) 492-8906

With a copy to the Bondholder:

Natural Outcomes, LLC
2176 Government St.
Penticton, BC Canada V2A 8912
Attention: Mr. Hardy Wentzel
Phone: (250) 492-8912
Fax: (250) 492-8906

And with copies to the Bank:

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 49500
Vancouver, BC, Canada V7X 1L7
Attention: David K. Ma, Senior Director,
BMO Sponsor Finance
Fax: (604) 687-3666
Email: davidk.ma@bmo.com

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 49500
Vancouver, BC, Canada V7X 1L7
Attention: Alex Melnikov, Director,
BMO Sponsor Finance
Fax: (604) 687-3666
Email: alex.melnikov@bmo.com

(c) If to the Trustee, Registrar or Paying Agent:

Simmons Bank
501 S. Main Street
Pine Bluff, AR 71601
Attention: Corporate Trust Department
Phone: (870) 541-1424
Fax: (870) 541-1418

A duplicate copy of each notice, certificate or other communication given hereunder by any of the Issuer, the Trustee or the Company to any one of the others shall also be given to all of the others. The Issuer, the Trustee, the Company, the Registrar and the Paying Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

The Trustee and the Issuer acknowledge that the Original Purchaser has appointed the Bank as proxy pursuant to an Irrevocable Proxy to make all decisions, grant or withhold waivers, consents and amendments and otherwise vote all of the interests of the Original Purchaser in and to the Bond and this Indenture.

The Mayor and any Authorized Issuer Representative are authorized to effect any approval, consent or direction on behalf of the Issuer under this Indenture, and the Trustee may rely upon any written approval, consent or direction signed by the Mayor or any Authorized Issuer Representative.

Section 13.09. Holidays. Unless otherwise provided herein, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 13.10. Commencement of Effectiveness. This Indenture shall not create any right of any kind and no right of any kind shall arise hereunder until the Bond is issued.

Section 13.11. Captions. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

Section 13.12. Electronic Communications. The Trustee shall have the right to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the Issuer by an Authorized Issuer Representative or for the Company by an Authorized Company Representative, as applicable, who shall provide to the Trustee an incumbency certificate listing such designated and authorized persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Company, as applicable, elects to give the Trustee e-mail or facsimile instructions (or instructions by similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Company, as applicable, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be executed in their respective names by their duly authorized officers and signatories, all as of the day and year first above written.

CITY OF CONWAY, ARKANSAS,
as Issuer

By: _____
Name: Bart Castleberry
Title: Mayor

ATTEST:

By: _____
Name: Mike Garrett
Title: City Clerk

[CITY SIGNATURE PAGE TO TRUST INDENTURE]

SIMMONS BANK, as Trustee

By: _____
Name: Glenda L. Dean
Title: Vice President & Corporate Trust Manager

[TRUSTEE SIGNATURE PAGE TO TRUST INDENTURE]

EXHIBIT A
(Form of Bond)

THIS BOND IS SUBJECT TO SIGNIFICANT RESTRICTIONS SET FORTH IN THE INDENTURE, AS DEFINED HEREIN, INCLUDING WITHOUT LIMITATION THE REQUIREMENT THAT THIS BOND MAY BE TRANSFERRED ONLY IN WHOLE, AND NOT IN PART, AND THAT EACH PURCHASER HEREOF MUST DELIVER AN INVESTOR LETTER IN THE FORM SET FORTH AS EXHIBIT B TO THE INDENTURE.

REGISTERED

No. R19-1

REGISTERED

NOT TO EXCEED
$75,000,000
[See Schedule A]

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF FAULKNER
CITY OF CONWAY, ARKANSAS
TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND
(STRUCTURLAM MASS TIMBER U.S., INC. PROJECT)
SERIES 2019

Interest Rate: 3.50% Maturity Date: December 31, 2039
Dated Date: December 27, 2019
Registered Owner: NATURAL OUTCOMES, LLC
Principal Amount: NOT TO EXCEED $75,000,000 (See Schedule A) Dollars

KNOW ALL MEN BY THESE PRESENTS:

That the City of Conway, Arkansas, (the "Issuer"), for value received, hereby promises to pay, but solely from the sources as hereinafter provided and not otherwise, to the Registered Owner shown above, or registered assigns, upon the presentation and surrender hereof at the Principal Office of Simmons Bank, or its successor or successors (the "Paying Agent"), on the Maturity Date shown above, such portion of the principal amount shown above as shall have been advanced to the Issuer as reflected by the Schedule of Draws and Redemptions maintained by the Trustee (hereinafter defined) in the form of Schedule A hereto (and as may be confirmed by the Trustee on such attached Schedule A), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay to the Registered Owner hereof interest thereon, but solely from the sources as hereinafter provided and not otherwise, in like coin or currency from the Dated Date hereof or

from the most recent payment date to which interest has been paid or duly provided for at the Interest Rate per annum shown above, payable on December 31, 2020 and annually on each December 31 thereafter until payment of such principal sum or, if this Bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this Bond; provided, however, that the installments of interest and principal payable on payment dates shall be applied first to interest at the interest rate set forth above upon the principal sum or so much thereof as from time to time remains unpaid and the balance thereof shall be applied to principal. Payment of each installment of interest shall be by check or draft drawn on the Paying Agent and mailed to the Person in whose name this Bond is registered on the registration books of the Issuer maintained by the Registrar, Simmons Bank, at the close of business on the fifteenth day of the month (whether or not a Business Day) next preceding each payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to or on such payment date. Notwithstanding the foregoing, so long as this Bond is owned in whole by an Affiliate of the Company (as defined below), all payments of principal of or interest hereon, whether on a payment date or upon maturity or redemption will be made directly by the Company to the Registered Owner on the due date (by means of net settlement through entries made on the books of the Company and Registered Owner) unless and until the Company notifies the Trustee of its intent to do otherwise.

This Bond constitutes the City of Conway, Arkansas Taxable Industrial Development Revenue Bond (Structurlam Mass Timber U.S., Inc. Project), Series 2019, aggregating not to exceed $75,000,000 in principal amount (the "Bond"), issued for the purpose of financing the costs of acquiring, constructing, renovating, refurbishing and equipping certain industrial facilities for use in the engineered wood products business (the "Project") to be leased to and operated by Structurlam Mass Timber U.S., Inc., a Delaware corporation (the "Company").

The Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Arkansas Code Annotated Section 14-164-201 *et seq.* (1998 Repl. & Supp. 2017), as amended (the "Act"), and pursuant to an Ordinance of the Issuer, duly adopted and approved on December 10, 2019. The Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation. The Bond is not a general obligation of the Issuer but is a special obligation payable solely from the revenues derived under the Lease Agreement dated as of December 27, 2019 (the "Lease Agreement"), between the Issuer and the Company. The Bond is secured pursuant to a Trust Indenture dated as of December 27, 2019 (the "Indenture"), between the Issuer and Simmons Bank, as trustee (the "Trustee"). Reference is hereby made to the Indenture for a detailed statement of the terms and conditions upon which the Bond is issued, the nature and extent of the security for the Bond, and the rights and obligations of the Issuer, the Trustee, the Paying Agent, the Registrar and the Registered Owner of the Bond. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bond is subject to redemption at the option of the Company, communicated in a written notice to the Issuer and the Trustee, in whole or in part on any date, at a redemption price equal to the principal amount of the Bond being redeemed, plus interest due thereon to the date of redemption.

In the case of redemption of the Bond, the Trustee shall give notice by, if an Affiliate of the Company is the only Bondholder, facsimile transmission to a facsimile number provided to the Trustee by the Company, or by first-class mail, in the name of the Issuer, of the redemption of the Bond, which notice shall (i) specify the principal amount of the Bond to be redeemed, the redemption date, the redemption price, the location at which the Bond is to be surrendered for payment, and (ii) state that on the redemption date the principal amount of the Bond to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption.

Notice of redemption shall be given not less than 5 days prior to the redemption date unless a shorter period of time is agreed to in writing by the Registered Owner of the Bond to be redeemed. Notice of redemption shall be effective upon confirmed transmission in the case of a facsimile notice, and with respect to mailed notices, upon deposit in the U.S. mails, with sufficient postage affixed, regardless of whether such notice is received.

This Bond is transferable by the Registered Owner hereof in person or by his or her attorney in fact duly authorized in writing at the Principal Office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon the request of any holder or transferee of this Bond, and surrender of the affected Bond, a new fully registered Bond for the same aggregate principal amount will be issued in exchange therefor. This Bond is issued with the intent that the laws of the State of Arkansas shall govern its construction. NOTWITHSTANDING ANYTHING IN THIS BOND OR THE INDENTURE TO THE CONTRARY, THIS BOND MAY BE TRANSFERRED ONLY AS A WHOLE AND ONLY TO A PERSON OR ENTITY WHICH HAS EXECUTED AN INVESTOR LETTER PRIOR TO SUCH TRANSFER IN THE FORM ATTACHED TO THE INDENTURE AS EXHIBIT B.

The Issuer, the Trustee, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute Owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and no notice to the contrary shall be of any effect.

The Bond is issuable only as a single fully registered Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the Bond, together with all obligations of the Issuer, does not exceed any constitutional or statutory limitation; and that the above referred to revenues pledged to the payment of the principal of and interest on the Bond as the same becomes due and payable will be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Conway, Arkansas has caused this Bond to be executed by its Mayor and City Clerk, by their manual or facsimile signatures duly authorized, and its corporate seal to be affixed or imprinted on this Bond, all as of the Dated Date shown above.

CITY OF CONWAY, ARKANSAS

(SEAL)

By:_____
Mayor

ATTEST:

By:_____
City Clerk

Dated: December 27, 2019

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond constitutes the Bond issued under the provisions of the within-mentioned Indenture.

SIMMONS BANK, Trustee

By:_____
Authorized Officer

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, _____ ("Transferor") hereby sells, assigns and transfers unto _____

_____

Social Security or other identifying number: _____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

as attorney to transfer the within bond on the books kept for registration thereof with full power of substitution in the premises.

DATE: _____

_____

Transferor

GUARANTEED BY:

_____

NOTICE: Signature(s) must be guaranteed by a member firm of a national securities exchange. Notarized or witnessed signatures are not acceptable.

NOTICE: The Signature on this assignment must correspond with the name of the Registered Owner as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

SCHEDULE A

SCHEDULE OF DRAWS AND REDEMPTIONS

Date of Draw/Redemption	Amount Of Draw	Cumulative Principal Amount Drawn	Amount of Redemption	Cumulative Outstanding Principal Amount
December 27, 2019	$21,704,000	$21,704,000	$ -	$21,704,000

EXHIBIT B

FORM OF INVESTOR LETTER

[PREPARED ON LETTERHEAD OF BOND PURCHASER]

December 27, 2019

Kutak Rock LLP
124 West Capitol Avenue
Suite 2000
Little Rock, AR 72201

City of Conway, Arkansas
1201 Oak Street
Conway, AR 72032
Attn.: Mayor

Simmons Bank
501 S. Main Street
Pine Bluff, AR 71601
Attention: Corporate Trust Department

Structurlam Mass Timber U.S., Inc.
2176 Government St.
Penticton, BC Canada V2A 8912
Attention: Mr. Hardy Wentzel

Not to Exceed $75,000,000
City of Conway, Arkansas
Taxable Industrial Development Revenue Bond
(Structurlam Mass Timber U.S., Inc. Project)
Series 2019

Ladies and Gentlemen:

In connection with the purchase by us of the above-described bond (the "Bond"), we hereby certify as follows:

1. We understand that we will not receive from the City of Conway, Arkansas (the "Issuer"), Structurlam Mass Timber U.S., Inc. (the "Company"), Simmons Bank (the "Trustee"), their governing bodies, their members or any of their officers, employees or agents or Kutak Rock LLP ("Bond Counsel") any information with respect to the use of the proceeds of the Bond and the Project, as defined in the Trust Indenture dated as of December 27, 2019 (the "Indenture"), the Bond itself, the provisions for

payment thereof, the security therefor or the sufficiency of such provisions for payment thereof and security therefor, except (a) in the documentation executed in connection with the issuance of the Bond, copies of which have been provided to us and reviewed by us prior to our purchase of the Bond (the "Bond Documents"), and (b) as has been specifically requested by us from the Company and which has been provided to us and reviewed by us prior to our purchase of the Bond (the "Additional Information").

2. Neither the Issuer, the Company, the Trustee, their governing bodies, their members nor any of their officers, employees or agents nor Bond Counsel will have any responsibility to us for the accuracy or completeness of information obtained by us from any source regarding the Project, the Issuer, the Company or its assets, business, circumstances, financial condition and properties, or regarding the Bond, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the Bond Documents. We acknowledge that, as between us and all of such parties: (a) we have assumed responsibility for obtaining such information and making such review as we have deemed necessary or desirable in connection with our decision to purchase the Bond, and (b) the Bond Documents and the Additional Information constitute all the information and, with the investigation made by us (including specifically our investigation of the Company and the Project) prior to our purchase of the Bond, review that we have deemed necessary or desirable in connection with our decision to purchase the Bond.

3. We have been offered copies of or full access to all documents relating to the issuance of the Bond and all records, reports, financial statements and other information concerning the Issuer, the Company and the Project and pertinent to the source of payment for the Bond which we, as a reasonable investor, have requested and to which we, as a reasonable investor, would attach significance in making investment decisions. We have been afforded the opportunity to ask such questions of representatives of the Company as we have deemed necessary in making our investment decisions; and we have based our decision to invest in the Bond solely on our own investigation, including, without limitation, our review of such documents, records, reports, financial statements and other information concerning the Company and the Project and discussions with representatives of the Company.

4. We are either (a) an "affiliate" (as defined in Rule 501 of the United States Securities and Exchange Commission) of the Company, (b) a bank, registered investment company, insurance company or other "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, or (c) described in paragraph 5. If described in this paragraph 4, we are duly and validly organized under the laws of our jurisdiction of incorporation or organization, and we can bear the economic risk of the purchase of the Bond and have such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, as to be capable of evaluating the merits and risks of an investment in the Bond on the basis of the information and review described in paragraph 2. If I am a natural person described in this paragraph 4: (i) I have a net worth, or joint net worth

with my spouse, of at least $ 1,000,000, or (ii) I had an individual income in excess of $200,000 in each of the two most recent years or joint income with my spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

5. If not described in paragraph 4, we are a registered investment advisor purchasing the Bond for inclusion in the portfolio of a registered investment company advised by us and over whose transactions we have discretionary power. If described in this paragraph 5, we have such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, as to be capable of evaluating the merits and risks of an investment in the Bond on the basis of the information and review described in paragraph 2, and the investment company for which we are purchasing the Bond is duly and validly organized under the laws of its jurisdiction of incorporation or organization and can bear the economic risk of the purchase of the Bond.

6. The Bond has been purchased for our own account for investment and not with a view to the distribution, transfer or resale thereof, provided that the disposition of the Bond shall at all times be within our sole control.

7. We are duly and legally authorized to purchase obligations such as the Bond.

8. We have not and will not rely on any action taken by the Issuer of the Bond, including, but not limited to, issuance of the Bond, as evidence that the Bond or the Project financed with the proceeds of the Bond comply with the provisions of any legislation.

9. We understand that the Bond has not been registered with any federal or state securities agency or commission.

10. We have satisfied ourselves that the Bond is a lawful investment for this organization under all application laws.

11. We have carefully read the Bond Documents and the Additional Information in their entirety and understand the risks described therein and understand and acknowledge that there may exist other risks with respect to the Bond that are not described therein.

12. We acknowledge that no credit rating has been sought or obtained with respect to the Bond, and we acknowledge that the Bond is a speculative investment and that there is a high degree of risk in such investment.

13. We acknowledge that we have read the form of approving opinion of Bond Counsel regarding the Bond.

NATURAL OUTCOMES, LLC
Bond Purchaser

By:_____
Name:
Title:

EXHIBIT C

FORM OF DRAW CERTIFICATE

[date of draw]

Not to Exceed $75,000,000
City of Conway, Arkansas
Taxable Industrial Development Revenue Bond
(Structurlam Mass Timber U.S., Inc. Project)
Series 2019

Simmons Bank
501 S. Main Street
Pine Bluff, AR 71601
Attention: Corporate Trust Department

Ladies and Gentlemen:

The undersigned, an Authorized Company Representative, as defined in the Trust Indenture dated as of December 27, 2019 (the "Indenture"), between the City of Conway, Arkansas (the "Issuer"), and Simmons Bank, as trustee (the "Trustee"), providing for the issuance of the captioned bond (the "Bond"), hereby certifies and requests as follows:

1. Pursuant to this Draw Certificate (as defined in the Indenture), Structurlam Mass Timber U.S., Inc. (the "Company") requests a draw under the Bond on the date hereof in the amount of $_____ (the "Draw").

2. The Draw shall be utilized to reimburse the Company for the payment of Project Costs or Costs of Issuance (as defined in the Indenture).

3. The requested amount of this Draw, when added to the amount of all prior Draws under the Indenture, does not exceed $75,000,000.

4. The undersigned has examined the provisions of the Indenture and the Lease Agreement dated as of December 27, 2019 (the "Lease Agreement"), between the Issuer, as lessor thereunder, and the Company, as lessee thereunder, relating to draws under the Bond, and hereby certifies that the Company has complied with all conditions to the effectiveness of the Draw.

5. To the knowledge of the undersigned, as of the date hereof, there is no uncured default under the Lease Agreement or the Indenture.

6. The undersigned acknowledges that the amount of the Draws to be made by the Company pursuant to Section 5.01 of the Indenture are intended to be contemporaneously funded from time to time through purchases of the Bond by the Original Purchaser (as defined in the

Indenture) or its successor. Such purchases may be made by wire transfer of federal funds equal to the applicable purchase price to the Company or by means of net settlement through entries made on the books of the Company and the Original Purchaser. Contemporaneous notice shall be given to the Trustee of all amounts transferred to the Company for the purchase of the Bond.

7. The Trustee is requested to make appropriate notation of the Draw on Schedule A of the Bond.

8. As required pursuant to Section 4.3 of the Lease Agreement, you are hereby notified that the Completion Date has occurred and that (i) acquisition, construction, renovation and refurbishment of the Project has been completed and all costs of labor, services, materials and supplies used in such acquisition, construction, renovation and refurbishment have been paid, (ii) all equipment for the Project has been acquired and installed to the Lessee's satisfaction and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, renovated and refurbished and all costs and expenses incurred in connection therewith have been paid. This notification is given without prejudice to any rights against third parties of the Company or any related party that exists as of the date hereof or which may subsequently come into being.

STRUCTURLAM MASS TIMBER U.S., INC.

By:_____
Name:
Title:

The foregoing is acknowledged and approved by the undersigned:

SIMMONS BANK, as Trustee

By:_____
Name:
Title:

NATURAL OUTCOMES, LLC, as Original Purchaser

By:_____
Name:
Title:

This is Exhibit " L " referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

COLLECTIVE AGREEMENT

BETWEEN

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP

AND

UNITED STEELWORKERS (USW), LOCAL 1-423

JANUARY 1, 2019 TO DECEMBER 31, 2023

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP
AGREEMENT INDEX

(1) OBJECT
(2) JURISDICTION OF THIS AGREEMENT
(3) BARGAINING AGENCY
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(5) UNION LABEL
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(27) CLASSIFICATIONS AND JOB DESCRIPTIONS
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(30) DURATION OF AGREEMENT

APPENDIX A – WAGES – APPLICABLE TO NORTH & SOUTH PLANTS
APPENDIX B – WAGES – APPLICABLE TO OLIVER PLANT
APPENDIX C – WAGES – APPLICABLE TO MAINTENANCE (ALL PLANTS)
LETTER OF UNDERSTANDING #1 – Over-Rates

COLLECTIVE AGREEMENT

BY AND BETWEEN

STRUCTURLAM PRODUCTS LIMITED PARTNERSHIP
(Hereinafter known as the Employer or Company)

AND:

UNITED STEELWORKERS (USW), LOCAL 1-423
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy,
Allied Industrial and Service Workers International Union
2040 Rutland Road North, Kelowna, B.C. V1X 4Z6
(Hereinafter referred to as the Union)

SECTION 1: OBJECT

The objective of this agreement is to promote the laminating industry, elevate the trade, promote peace and harmony between the employers and employees, facilitate the peaceful adjustment of all disputes and grievances, prevent strikes and lockouts and avoid waste of time and unnecessary delays and expenses in the settlement of disputes connected with the laminating industry.

SECTION 2: JURISDICTION OF THIS AGREEMENT

This agreement shall apply to all employees of the Employer, except those excluded by the certificate of bargaining authority issued by the Labour Relations Board to the Union.

This agreement shall apply to all employees engaged in the manufacturing, handling and assembly of materials used in the products produced for sale in the Company's operation. It shall not apply to new construction or major additions.

SECTION 3: BARGAINING AGENCY

The Employer recognizes the Union as the sole Collective Bargaining Agency of the employees of the Employer in its operations in Penticton, Okanagan Falls, and Oliver, B.C., and will continue to recognize the Union as such Bargaining Agency subject to the provisions of the Federal and Provincial Laws and Regulations.

SECTION 4: MANAGEMENT RIGHTS

1. The Management of the operation and the direction and promotion of the Employees are vested exclusively in the management, provided however that this will not be used for the purpose of discrimination against the employees.

   The Company shall have the right to select its employees and to discipline them or discharge them for proper cause.

2. The Company maintains the appointment of all Shift Lead Hands. They agree to post a notice of intent to allow employees to indicate their preference for the position within 5 days from the date of the posting.

   The designated Shift Lead Hand shall have a regular full-time job. They are classified as a work co-ordinator in their respective area of employment. They have no authority to hire, fire o discipline Employees. They can exercise job direction in their work area, all of which shall be relayed to them by supervision.

   Shift Lead Hand's wage is the highest wage in the department where they work plus a $.35 premium.

   Shift Lead Hands shall be trained on all positions associated to the department where they work. Both the Company and the Union agree that the Shift Lead Hand can be used to cover positions during break periods, or to cover a position due to absenteeism if relief is not available (see 15B, 4a). Shift Lead hands are not to be used for the displacement of overtime opportunities. Furthermore, it is agreed that the training a Shift Lead Hand receives will not be recognized for future job postings or reduction of the work force.

SECTION 5: UNION LABEL

It is hereby understood and agreed by the Employer and the Union that the Union Label may be placed upon the Employer's products. The Union to provide the Union Labels. It is also agreed that the Company will fly a Union flag at their operations, flags to be supplied by the Union.

SECTION 6: UNION SECURITY

1. The Employer agrees that there shall be no discrimination against any member of the Union by the Company because of Union activities, as long as such activities do not interfere with the efficiency of the plant or employees and as long as there shall be no discussion of Union business during working hours.

Union business representatives shall have access to the Employer's lunchroom at the employees' lunchtime; at all other times permission shall be obtained from the Employer. The Union Representative may access the Company parking lot at any time without Company permission.

2. **Employees outside of the bargaining unit will not perform work that is normally done by employees in the bargaining unit. However, nothing in this Agreement shall be construed as prohibiting exempt employees from doing work for the purposes of employee evaluation and instruction, training, and equipment assessment, provided in so doing a lay-off of bargaining unit employees does not result, or in the case of emergency when regular employees are not available provided every reasonable effort is made to find a replacement.**

3. Every employee who is now or hereafter becomes a member of the union shall maintain his membership in the union as a condition of his employment, and every new employee whose employment commences hereafter shall within thirty (30) calendar days after the commencement of his employment apply for and maintain membership in good standing in the union as a condition of employment, provided that any employee in the appropriate bargaining unit who is not required to maintain his membership or apply for and maintain his membership in the union shall as a condition of his employment tender to the union the periodic dues uniformly required to be paid by the members of the union.

4. All new employees hired shall be given a brief orientation by the Employer and be given a walk through the plant, be introduced to the Plant Chairman on the shift and made aware that a Collective Agreement is in place. A copy of the Agreement is posted on the employee bulletin board. In addition each employee will be made aware of the safety procedures and who the First Aid Attendants are.

5. The Company shall require all employees at the time of hiring to execute the following assignment of wages in duplicate. The forms are to be supplied by the union.

USW Local 1-423
CHECK-OFF

DATE _____ 20____
Name of Employer _____
Print Operation _____
Name of Employee _____ Phone _____
Address _____
Social Insurance No _____ Are you a member of the USW? _____
In what IWA or USW operation were you last employed? _____
_____ Local Union _____

I hereby authorize and instruct you to deduct from my wages and remit to Local 1-423 the following in payment of the amounts set out below:

1. Union Initiation Fees in the amount of $ _____
2. Union Back Dues in the amount of $ _____
3. Union Dues $ _____ per month commencing _____
4. Union Assessments in the amount and at the time stated in notice received by you from the Local Union designated above.

Application for Membership

I hereby request and accept membership in the USW, Local 1-423 and agree to abide by the constitution and by-laws of the organization. In case of misstatement of qualification for membership I agree to forfeit all rights privileges and monies paid.

Signature of Applicant-Employee _____

Clock No. _____

Duplicate copy to be forwarded to the Local Union.

The Company shall furnish the union with the social insurance number of each employee on its payroll on the first occasion when dues are forwarded to the union.

The union shall notify the company by letter the amount of back dues owing by new employees and a copy of such letter shall be furnished to the employee and the committee.

SECTION 7: DUES CHECK OFF

The Employer shall, during life of this agreement, deduct as a condition of each employee's continued employment, a sum equivalent to initiation fees, dues and other legal assessments as set by the Union from the first, second and/or third cheques due in each calendar month to such employee and remit the same prior to the fifteenth (15th) day of the month following the month in which such deductions are made, to the Financial Secretary of the Union and name the employees from whose pay such payment had been deducted and his or her status with the Employer, i.e. termination, lay-off, or leave of absence. The Employer/Union agrees that if signed authorizations are deemed required to make such deductions, the Employer/Union will obtain them.

School students shall not be required to join the Union for a three (3) month period from date of hire, but they will be required to pay the established monthly Union dues for said three (3) month period.

New hire package is a condition of employment to be filled out prior to 1st day of work, and not to exceed 15 days. Orientation will be done on first day worked, at the respective plant where work will commence, and will be paid. First day worked is considered the date of hire.

SECTION 8: HOURS OF WORK/SHIFT PREMIUMS/OVERTIME/CALL OUT TIME

8.01 HOURS OF WORK

1. The regular hours of work shall consist of: forty (40) hours shall constitute a full week's work from Monday to Friday; eight (8) consecutive hours shall constitute a work day between five (5:00 a.m.) and five (5:00 p.m.) Monday to Thursday, (5:00 a.m. to 4:00 p.m.) on Friday, or as otherwise mutually agreed. The regular week shall be forty (40) hours; employees may start one (1) hour early on Fridays, if all employees and manager agree. **The Company may also have a 10-hour week-day shift from Monday to Thursday, days and afternoons.**

2. The Union agrees to be flexible re: loading trucks and washing the glue machine. The employee involved shall be given reasonable notice. All time worked in excess of eight (8) hours per day Monday to Friday shall be considered overtime and paid for at the overtime rates as hereinafter set forth.

3. The Employer may establish a workweek for Tuesday to Saturday for maintenance workers; regular days off will be Sunday and Monday. Hours of work and overtime will be calculated as per the Monday to Friday shifts.

4. Alternate Shifts - 7 Day Operation
   - Monday to Thursday – Day Shift 10 hours – No Shift Differential.
   - Monday to Thursday – Afternoon Shift 10 hours - Afternoon Shift Differential.
   - Friday to Sunday – Day Shift 12 hours (36 hours total, pay for 40 hours) No Shift Differential.
   - Friday to Sunday – Afternoon Shift 12 hours (36 hours total, pay for 40 hours) Afternoon Shift Differential.
   - 4 Hour Allowance is reduced by two (2) hours if an employee misses 8 hours or more during the 3x12 Weekend Shift.
   - Note – Could be single shift on weekend.
   - Company will provide 2 weeks' notice of shift change to an alternate shift.
   - There will be a minimum of one month of alternate shift, unless reduction of forces.
   - The Company will allow employees the opportunity to rotate back to regular schedule, one time only after a minimum of one month on the alternate shift. Changes will be made at time of shift scheduling; pre-notification is required.
   - Any alternate shifts worked will be recorded and converted as days for purposes of tracking employee probationary period and advancement steps – examples: 12 hour shift worked is recorded as 1.5 days; 10 hour shift worked is recorded as 1.25 days. If an employee works 8 hours or less on an alternate shift, this will be recorded as 1 day only.

   a. During slow times, if shifts are removed, weekend shift would be the first to be removed.

b. Senior employees would be given the option to go to the weekend shift before the hiring of new employees. All new employees will be hired as "Weekend Shift Employees".

c. Bid jobs – All jobs for the weekend shift will be posted as "Weekend". If the weekend shift ceases to exist, employees will return to their last held bid position. All other employees will be put in motion and bump to where their seniority and skill & ability take them.

d. Vacation – A 40 hour paid week will be as one week vacation. Example: If an employee is working the weekend shift and takes Friday, Saturday and Sunday as vacation days, this will be observed as one week vacation. If an employee on the weekend shift takes a single day off, that day will be counted as 1.67 days' vacation.

e. Statutory Holiday – On a 12 hour shift the Statutory will be paid at a regular days pay and the 10 hour shift will be paid at a regular days pay. 8 hours shifts will be paid at 8 hours. Note – If the Statutory Holiday lands on the employee's regular scheduled work date, the employee shall take the day off with Statutory Pay (if entitled). If the Statutory Holiday does not fall on the employees work day, the employee will be paid for the day but will not receive a day off. See Statutory Pay - Section 11.

f. Overtime – Overtime on 10 hour shifts will be paid at time and one half for the first 1 hours and double time after 12 hours. On 12 hours shifts, overtime will be paid at double time after 12 hours.

g. Breaks for 12 hour shifts shall be three (3), twenty (20) minute breaks. Breaks shall be taken every three (3) hours. All breaks are paid so the employee would work 12 hours only.

h. If a shift were to be removed, the first shift removed will be the Weekend Afternoon Shift.

8.02 SHIFT PREMIUMS

Day Shift work will be paid at standard rates. A shift premium shall be paid in addition to the standard rate of pay for the first shift after the established day shift is completed (afternoon shift). Any work performed during the second shift following the established day shift (graveyard shift) shall be paid at an additional shift premium in addition to the standard rate of pay.

In the event of three (3) shifts being worked, the shifts will be eight (8) hours plus ½ hour for unpaid lunch break and be paid the following premiums:

Day Shift, eight (8) hours; - Straight time pay

Second Shift, eight (8) hours; Straight time plus premium (afternoon shift differential – see below)

Third Shift, eight (8) hours; Straight time plus premium (graveyard shift differential – see below)

January 1, 2017

Afternoon Shift Differential - $0.75
Graveyard Shift Differential - $0.90

No employee will be allowed to work more than one (1) regular shift in any day. In the event the employee does not receive a full eight hours break between shifts all subsequent hours worked shall be paid at applicable over-time rates with the understanding that the employee must agree to perform the work. Employees will be given a minimum of forty (40) hours' notice of change of hours, with the exception of first aid attendants and reserve relief positions. Established shifts will be for a minimum of one week period otherwise overtime provisions will apply.

The working force on the day shift shall alternate with the working force on the second and third shift on a four week rotation. Exceptions will be made to maintain production on all required shifts. In the event that such exceptions are required the Company will first notify the Local Union and Chairman of the Plant Committee to discuss and mutually agree.

8.03 OVERTIME PREMUIMS

1. Overtime shall be paid for all hours worked in excess of eight (8) hours in a day and forty (40) hours in a week at the following rates:

    a. Time and a Half applies – 1st 2 Hours; Double-time after 10 Hours in a Day. This applies to any designated 8 hour shifts.

    b. Time and a Half applies – 1st 1 Hour; Double-time after 11 Hours in a Day. This applies to any designated 10 hour shifts.

    c. Saturdays and Sundays – Double Time (unless designated shift – i.e. Graveyards starting Sunday Night is at straight time).

2. Any work in excess of a regular shift schedule will be voluntary. All time to be tabulated by a time clock and paid for in completed fifteen (15) minute intervals.

3. Employees such as clean-up men and watchmen who, of necessity, regularly work on Saturday or Sunday shall take two (2) other rest days off during the week, to be mutually acceptable to the Employer and the Local Union. In such event, Saturday and Sunday shall be working days and overtime rates shall not apply. It is agreed that overtime rates shall apply when established rest days are worked. Employer shall provide a meal allowance of $15.00 for all employees working overtime in excess of two (2) hours in any one shift.

8.04 CALLOUT TIME

An Employee reporting for work on the call of the Company, except school students reporting for work on school days shall be paid his regular rate of pay for the entire period spent at the place of work in response to the call, with a minimum in any one day of:

- Two (2) hours' pay at the Employee's regular rate except when the Employee's condition is such that he is not competent to perform his duties or he has failed to comply with the accident prevention regulations of the Work Safe BC; and

- If the Employee commences work, four (4) hours' pay at his regular rate, except where his work is suspended because of inclement weather or other reasons completely beyond the control of the Company.

8.05 CALL BACK TIME

Employees called back to work on the same day, after completion of their regular scheduled shift shall be paid a minimum of three (3) hours at rate and one-half. Meal allowance does not apply.

8.06 STANDYBY ALLOWANCE

Maintenance employees will receive a $50 per shift standby allowance, when required by the Manager, to be on call. The maintenance employees will go through a rotation for on call duties. The employee must answer all calls while on standby and must make best effort to be on location within ½ an hour if required.

"Shift" is defined as any period of time no less than 8 hours, no more than 12 hours depending on the regular shift needed for coverage.

SECTION 9: COFFEE BREAKS

All employees shall be entitled to two (2) fifteen (15) minute rest periods, portal to portal during each regular shift. The Employer shall ensure that such periods are taken during the mid two (2) hours of each half of each regular shift. No rest period will be allowed at the end of shift unless overtime exceeds one (1) hour, in which case a 10 minute coffee break is permitted. Where required the Employer will establish stop and start signals.

SECTION 10: COMMITTEES

The union shall elect or appoint two (2) Shop Stewards per plant and so inform the Employer in writing. It shall be the duty of the Shop Steward to investigate and settle, if possible, all grievances under his jurisdiction.

A: DEFINITION

For the purpose of this Agreement, when the word "Committee" is used it shall mean Plant Committee, members of which are appointed by the Union.

B: COMPOSITION

The committee shall consist of not less than three (3) employees and not more than seven (7) employees with completed probationary period of employment with the Company who are members of the Union, and they shall be selected, wherever possible, on a departmental basis.

C: NOTIFICATION

The Union will, within sixty (60) days from the date of this Agreement, notify the Company in writing of the members of the committee. The Union or Committee will inform the Company in writing when any member change takes place on the Committee. No member of the Committee will be recognized by the Company unless the above procedure is carried out.

EXCEPTIONS

The provisions of A, B and C will not apply in reference to:

Article XIII, Section 2: Accident Prevention Committee or Safety Committee, where the members are designated according to the provisions of the "WorkSafeBC".

SECTION 11: STATUTORY HOLIDAYS

Eligibility

- To be eligible for statutory holiday pay an employee must:
    - Have been employed for 30 calendar days before the statutory holiday and,
    - Have been paid or earned wages on their last scheduled shift before and their first scheduled shift after the statutory holiday, both of which must fall within a 30 day period.
        - Worked or earned wages includes: regular wages, vacation, bereavement leave, company paid wage indemnity 2nd & 3rd day (doctor's note required).
        - No statutory holiday pay shall be paid in respect to any day for which the employee has been compensated under the disability benefits plan or WCB.
        - Exceptions to the 30 day restriction are leaves for union business and for compensable occupational injury (WCB).
        - **Unscheduled sick days do not count as paid or earned wages.**

No Pay for Ineligible Employees

- An employee who is not eligible for statutory holiday pay is not entitled to be paid a regular day's pay for the stat. If an ineligible employee works on a statutory holiday he or she will be paid time and a half for the first 10 hours and double time thereafter.

Statutory Holiday Pay

- Notwithstanding Alternate Shift Schedule language, when an employee is given a day off on a statutory holiday, or it falls on a regular day off, an eligible employee is entitled to be paid a regular day's pay.
- A regular day's pay is based on the rate paid and hours on the last regular shift worked and/or scheduled to be worked, excluding overtime premiums.

- An eligible employee who works on a statutory holiday is entitled to be paid time and a half for the first 12 hours worked and double time for any work over 12 hours, plus a regular day's pay.

Substituting Statutory Holidays

- When a statutory holiday falls on a Saturday or Sunday, the following workday will be observed.

The twelve (12) statutory holidays are:

- New Year's Day
- Family Day
- Good Friday
- Easter Monday (in addition to regular BC Stat holidays)
- Victoria Day
- Canada Day
- B.C. Day
- Labour Day
- Thanksgiving Day
- Remembrance Day
- Christmas Day
- Boxing Day (in addition to regular BC Stat holidays)

SECTION 12: PAY DAY

Employees shall be paid every two (2) weeks. Payment will typically be made via direct deposit. There may be exceptions where manual cheques are issued. Pay stubs shall be issued during working hours every second Friday. Where employees are on shift work they will receive pay stubs one day prior to the regular pay day.

All new hires must fill out the direct deposit form and other related payroll forms upon hire. The payroll department requires that any amended bank information be in place two (2) weeks prior to pay date.

It is agreed between the parties that if there is an error or a grievance resolve that includes monetary compensation, and the amount exceeds one hundred dollars ($100.00), it will be provided to the Employee within 5 days of notice to the Company to be paid. If necessary, this will be on a separate cheque. If monies' owed does not exceed one hundred dollars ($100.00), the Company shall pay on the Employee's next cheque.

SECTION 13: VACATION WITH PAY AND HOLIDAY PAY

Vacation Time

1. Vacation Time is allotted on a calendar year basis per the "Seniority Year" of the employee in the table below.

a. For the purposes of Vacation Time, Year 0 is the calendar year in which the date of hire falls. Year 1 is the following year, etc.

2. In Year 1, the employee is entitled to the prorated amount of Vacation Time earned from date of hire to December 31 per the chart below.
    a. Example: An employee hired on November 1, 2017 will earn Vacation Time of: 2 months / 12 months x 2 weeks' vacation = 1/3 week or 1.67 days or 13.3 hours.

3. In each subsequent calendar year (Year 2 and onward) an employee is entitled to the amount of vacation time (in weeks) as listed in the chart below.
    a. Example: An employee hired on November 12, 2017 will hit their 3 year seniority date on November 12, 2020 and qualify for 3 weeks of vacation time in the 2020 calendar year.

4. Vacation time may not be carried over from one year to the next year.

Seniority	Vacation Time
Year 0	No vacation time
Year 1	2 weeks (prorated by % of Year 0 worked)
Year 2	2 Weeks
Years 3 to 5	3 Weeks
Years 6 to 9	3 Weeks
Years 10 to 14	4 Weeks
Year 15 or more	5 Weeks

Vacation Pay

1. Vacation pay is earned in the current calendar year at the Vacation Pay rate listed in the chart below on all wages paid by Structurlam. Vacation pay earned is paid in the following calendar year as per item 2 below.
    a. Wages paid by Structurlam are limited to regular pay, stat pay, shift differential, first aid premium, and overtime.
    b. The Vacation Pay rate for vacation pay earned changes on the employee's anniversary date.
        i. Example: An employee hired on November 12, 2017 will immediately begin earning vacation pay at 4% of wages paid and will start earning 6% of wages paid on November 12, 2020.

2. Vacation pay will be paid at a regular day's pay on each day of vacation taken, up to a maximum of the amount of vacation pay earned in the prior calendar year. Once the vacation pay earned

in the prior year is fully paid out, no further vacation pay will be paid until the next calendar year.

   a. Note that in a transition year where both Vacation Time and Vacation Pay increase, an employee will always have more Vacation Time than Vacation Pay and should be prepared for the final days of vacation to be without pay.

3. At the end of each calendar year, any remaining vacation pay earned in the prior year and not paid in the current year will be paid out on the first pay of the next calendar year.
   a. Example: In 2017 an employee earns $2,000 in vacation pay. In 2018 they are paid $1,800 in vacation pay for vacation taken. In the first pay of 2019 they will be paid out the remaining $200 of vacation pay earned in 2017.

4. Upon termination of employment, vacation pay will be paid out. However, accrued vacation pay will not be paid out on lay off, unless the employee will not be returning (i.e. permanent layoff).

Seniority	Vacation Pay
0 to 2 Years (0 – 36 months)	4%
3 to 5 Years (36 – 72 months)	6%
6 to 9 Years (72 – 120 months)	7%
10 to 14 Years (120 – 180 months)	8%
15 Years or more (180 + months)	10%

Effective Date

In order for employees to prepare for the change in cash flow that this language creates, the wording in this agreement will take effect on the first pay date, 1 month following ratification of this agreement. Until this date, vacation pay will continue to be paid out on each pay cheque. After this date, vacation pay will be accrued for the following calendar year.

As of January 1, 2018, in the current calendar year, employees will only be paid a maximum amount of vacation pay as was accrued and not paid in the previous year.

Vacation Planner

1. A vacation planner will be supplied for the employees to indicate their choice of time for vacations. The vacation planner will be posted from January 1st to March 31st of each year and all employees will be obliged to fill out their preferences within that time period. **Employees will submit 1st, 2nd and 3rd choices in the event that their first choice is already taken.** It is understood that the vacation planner is used to assist in assuring your vacation period. The Employer will notify the employees of their vacation requests one week following the cut-off date or sooner if finalized. Vacations periods of up to three (3) weeks may be taken consecutively at the discretion of the employee, seniority in each department to be the deciding factor. In the

event that employees choose the same time off and where it effects the operation or production, then seniority by department shall apply. Failing a senior employee to fill out the vacation planner within the period over less senior employee(s) who have, then that senior employee will not be given first option of vacation. Vacation changes beyond the control of the employee will be taken into consideration for re-scheduling purposes.

2. A vacation list of those who have not taken their full entitlement along with the balance of vacation days remaining for each of the employees will be sent to the Union office by October 1st of each year. Any scheduled vacations after this date will also be included.

3. Employees that have not booked their minimal amount of vacation by September 30th will be given a final opportunity to do so.

4. All applications for annual holidays shall be made out in duplicate and deposited with the Plant Manager no later than March 31st yearly, for consideration and approval. Employees, when making application for holidays, will indicate alternate dates as their second choice.

5. The maximum number of employees permitted to take holidays during any one period will be based on 10%, provided productivity can be maintained.

6. When employees request the same time off for vacation, the Employer will approve vacation requests equally as possible in all departments. Additional employees will be allowed holidays in the same period if departmental operations can be maintained.

7. All applications for annual holidays submitted prior to the March 31st cutoff shall be filed with the Plant Manager not less than thirty (30) days prior to the commencement date of holidays. Confirmation will be given to the employee within five (5) days of submission.

8. It is agreed that trading holidays between employees will be permitted for a good and sufficient reason and when the operation of the plant will allow. Notice of such trade to be made to the Plant Manager, in writing, not less than two (2) calendar weeks prior to first holiday period affected by such change. No employee will be permitted more than one such change.

9. When a Statutory Holiday falls within the employees' vacation period, it is agreed that the additional day to which the employee is entitled may be taken by the employee at his convenience upon written application not less than two (2) weeks prior to the date applied for.

10. When extraordinary circumstances arise and an employee requires time off, request shall be made through the regular channels providing for leave of absence.

11. It is each employee's responsibility to ensure that they book and take their vacation entitlement each year. However, the employer will only enforce that a minimum of 1 weeks' vacation each year is taken by each employee, unless they have less than one year service.

12. Any employees, who are laid off during the year for 2 months or more, are not required to take their vacation entitlement.

SECTION 14: SAFETY AND HEALTH

1. Both parties agree that the Industrial Health and Safety Regulations of Work Safe BC will be rigidly applied and adhered to in all sections of the plant(s). It shall not be a breach of this agreement and no employee shall be disciplined or discharged for failure or refusal to work on a job or in any work place or to operate equipment under unsafe or unhealthy conditions. Where in such circumstances the employee does not work, the employee shall not suffer loss of pay.

   As per Work Safe BC
   "Workers have the right to refuse unsafe work. If you have reasonable cause to believe that performing a job or task puts you or someone else at risk, you must not perform the job or task. You must immediately notify your supervisor or employer, who will then take the appropriate steps to determine if the work is unsafe and remedy the situation."

2. A joint Safety and Health Committee will be established in accordance with Work Safe BC Regulations. **Each Plant will have its own JOSHC meetings on a monthly basis.**

   The Committee shall meet at least once (1) a month or as required upon immediate safety concerns. Time spent in such meetings is to be considered time worked. Minutes shall be taken of all meetings and copies shall be sent to the Employer and the Union. **This committee shall consist of not less than four (4) people in total for Oliver and Penticton. This Committee shall consist of not less than eight (8) people in total for OK Falls.**

3. The findings of the committee shall be posted on the Bulletin Board. In the event of accident or injury such representatives shall be notified immediately and shall investigate and report as soon as possible to the Union and the Employer on the nature and causes of the accident or injury. Furthermore, such representatives must be notified on the inspection of a Work Safe BC Inspector. There shall at all times be one Union Safety Representative/Shop Steward accompanying the Work Safe BC Inspectors for all inspections.

4. All first aid, safety equipment and devices mutually agreed upon or as required by law, shall be provided by the Employer.

5. In case of injury to an employee, which in the opinion of the First Aid Attendant requires medical attention, the Employer shall provide transportation to the doctor or to the hospital, if deemed necessary. If the employee is sent to the hospital by competent medical authority he shall be paid for the balance of his regular shift, if this is a Workplace Injury.

6. All new employees shall be presented with safety and health procedures by a Structurlam Representative at the time of hire, and they also shall be introduced to the location of the first

aid room and introduced to the First Aid Attendant on the employee's shift. Attendance for orientation will be paid at the applicable rates set out in Appendices A, B or C.

7. The Employer agrees to supply safety equipment and apparel, etc... Leather aprons, gloves, safety hats, rubber clothing, safety goggles, ear protectors and prescription safety eyeglasses (to a maximum of $450.00, subject to Supplier Approval by Company).

   In the event an employee requires special safety glasses that exceed the maximum, the employee will provide the Employer with a reasonable explanation prior to the purchase. Only those employees with one (1) year seniority, or greater, will be eligible to have company paid safety eyeglasses.

   The Employer shall replace such equipment at no cost to the employee when these articles are presented worn or damaged beyond repair, except the prescription safety eyeglasses. Prescription safety eyeglasses may be replaced a maximum of once every two (2) years, whether by a change in prescription or worn or damaged beyond repair. The Employer further emphasizes that they will not tolerate unnecessary waste; once such safety apparel is issued, the employees are responsible for its safekeeping. If an employee fails to do so, the employee will replace his equipment at no cost to the Employer. The Employer does not include tape measures as safety equipment. Management is to ensure that crews have appropriate protective equipment in their possession at start of shift.

FIRST-AID TRAINING PERIOD AND RATES

8. The Employer agrees to pay the following rates of pay to employees holding a valid Occupational First Aid Certificate. The following rates shall be paid to First Aid Attendants, as outlined below.

   OFA Level 1 Class $0.35 per hour in addition to his/her hourly rate (if required)

   OFA Level 2 Class $0.50 per hour in addition to his/her hourly rate (@ North Plant)
   a. Training – Level 2, 40 hours @ Regular Rate (North Plant and Oliver Plant)

   OFA Level 3 Class $0.60 per hour in addition to his/her hourly rate (@ South Plant)
   b. Training – Level 3, 80 hours @ Regular Rate (South Plant)

   The current employees who hold valid First Aid Certificates will be the employees to receive the above rates. At the time of expiration, should the Employer require the employee to renew their certification the Employer will agree to pay their regular wage for the training period for the duration of the course and the cost of course tuition and materials required (Level 1 – 1 day @ Either Plant, Level 2 – 1 week @ North Plant and Oliver Plant, Level 3 – 2 weeks @ South Plant). If the employee fails the course, the Employer will recover 50% of the wages paid, and 50% of the tuition and course materials.

The Company agrees to pay two first aid attendants per shift, if available, at each of the North and South Plants, at the established rates above. The Company will pay for one first aid attendant per shift at the Oliver Plant. First aid attendants will be protected in the case of layoff up to the point that they are no longer needed.

9. In the case of any employee being absent due to a non-compensable injury or illness for two (2) or more consecutive days, the Employer shall have the right to request reasonable evidence that the employee has been under the care of a qualified medical practitioner.
10. **An EFAP (Employee Family Assistance Program) Committee will be set up with the company and the Union.**

SECTION 15: SENIORITY

15A: SENIORITY

The Employer recognizes the principle of plant wide seniority for employees who have completed sixty (60) working days of employment. Notwithstanding anything to the contrary in the Agreement, all employees will be on probation for the first sixty (60) working days of employment, during which time they shall have no seniority rights. Upon completion of the sixty (60) working days, such employees shall be entitled to seniority commencing with their first date of hire with the Employer. New employee orientation will be considered a day of work and will be paid for all hours attended.

This is considered Company Probation, and therefore the Company will only begin paying for Benefits/Group RRSP starting on the 61st day.

Before the Company hires for Penticton or Okanagan Falls Plants, Oliver Plant employees will be given the option of moving to either of these plants when opportunities arise, provided they have progressed to GL2 rate.

15B: JOB POSTING AND TRAINING

This agreement between the Parties is designed to define the procedure by which employees of the Penticton (North) & Okanagan Falls (South) and Oliver Plants are to be promoted, bid for jobs, and train for relief purposes in a fashion that will enable moves to be carried out smoothly and without the loss of efficiency. It is understood, that a good posting and training program takes considerable time to operate properly and both Parties agree to do their utmost to see that the program works effectively.

1. Seniority

For the purpose of clarity, the following definitions are hereby accepted by both Parties: Plant Seniority.

a. The Employer will maintain a North Plant, South Plant, and Oliver Plant Seniority List, and a companywide seniority list, by date of hire. However as employees migrate permanently to any Plant for posted positions, they will merge onto that Plant Seniority List by date of hire.

b. Temporary assignments between plants may occur to mitigate layoffs and/or assist plant production, as required. These employees will remain on their respective Plant Seniority List. Prior to a consolidated plant being established, there may be requirements to post permanent positions at North, South and Oliver Plants. These postings will be offered to both, North, Oliver and South Plant employees. The successful employee(s) would be placed on the Plant Seniority list after successfully qualifying for the posting and seniority will be based on date of hire.

c. If a layoff occurs at any plant, employees will be able to fill positions at other plants if there are openings to be filled. Seniority, skill and ability will be considered in employee selection. Also, if there are layoffs at any plant and there is a need for employees at another plant, employees which are Level IV (4) **(Tool Operator/Stacker Packer)** and lower will be moved to fill the needed positions. Selection will be done by seniority if the company's needs are not met. Seniority and competency considered. If a layoff or shortage of work occurs, affected employees will be put in motion and bump to where their seniority and skill & ability take them, and immediately be paid the rate of the position acquired.

d. In the event that a single plant is established, prior to the expiration of this agreement, one combined by "Date of Hire" Seniority List will prevail.

2. **Job Posting for Bid Jobs**

a. All jobs above a level IV (4) category, upon becoming permanently vacant and required will be posted within five (5) working days. Jobs are listed in Appendix A (Wage Rates) of the Collective Agreement.

b. In posting permanently vacant jobs, the following procedures will be followed:

i) Secured bulletin boards provided for this purpose, will be supplied by the Company and placed in such locations as may be mutually agreed upon by the Company and the Consultation Plant Committee.

ii) When a permanent vacancy occurs and is required, the job will be posted for applications from employees from, North, South, and Oliver Plants for a minimum period of five (5) working days for each shift.

iii) A copy of each job posting and bid sheet will be made available to the Plant Chairman.

iv) Selection of the successful applicant in a job posting shall be based on qualifications, competency and Seniority from applicants at either, North, South, **Wallis** or Oliver Plant. Once the position is awarded the Job Notice Sheet will be reposted for three (3) days indicating the successful applicant. If two (2) candidates' qualifications and competency are the same then **Company** Seniority will prevail. If no one from the Plants applies or is not successful, then a probationary employee will be considered

or accepted, if not able to perform the job during the training period then an outside applicant may be hired.

v) If an employee is leaving for vacation or other planned, approved leave of absence from the Plant, he/she should leave his/her name at the Plant Manager's office for any specific positions for which he/she wishes to be considered. Extenuating circumstances will be considered where an employee is physically unable to notify the Plant Manager of their bid job wishes (e.g. hospitalization).

vi) Successful bidders may not bid for any job at a rate equal to or lower than the job for which they have been selected until ninety (90) days have elapsed, unless no one else has bid.

When permanent vacancies occur in the positions, which are posted as Relief Jobs, the senior qualified relief for that position shall fill the permanent bid job vacancy, and notice of the award to the permanent posting will be posted as per Job Posting b) ii.

vii) Training on Job Postings is to commence within 10 days after being awarded. If the training schedule must be delayed, for any reason, this has to be mutually agreed between the Company and the Union.

1. **Training on Bid Jobs**

It is agreed by both Parties that the Company will give as much training time as possible under existing operating conditions, to employees as required under the terms of this agreement. The Company shall select a fully qualified person to provide the training with due regard to the ability to communicate effectively. The length of the training period may be up to 30 days training. This period can be extended for a particular trainee by mutual consent of the Union and Company Consultation Committee. The Supervisor will qualify a trainee as soon as the trainee has demonstrated their ability to perform the job meeting all standards (i.e. safety, quality, cost, efficiency). Weekly evaluations will be performed and the trainee must continue to progress at a reasonable rate or the trainee will be removed before the full training period is complete.

The training period for the Framer Position will be 75 working days.

a. Rates of pay for trainees during their training period will be their regular job rate, except that they shall not receive more than the established rate for the job for which they are being trained. The job rate for the job being trained on will be paid starting at the end of the training period provided the trainee is successful at meeting the job standards or once the trainee has been deemed competent by his/her Supervisor to perform the job on their own. Normal training periods are 30 days.

   The only exception is the Framer Position, which will have a wage increase at 75 working days. The training rate that will be paid at 37 days will be the Framer Training Rate (set as mid-way between Tool Operator and Framer Rates)-See Wage Appendix A.

b. If, in Management's opinion, the trainee lacks the skill or understanding, impedes production, or endangers him/her or other employees, or equipment, the Company shall have the right to remove the trainee during the training period, from the posted job for just cause.

If an employee has been removed under this provision, and been declared incompetent on the job, he/she may invoke his/her rights under the Grievance Procedure.

In case of an applicant being passed over for training, or a trainee being declared incompetent, he/she may invoke his/her rights under the Grievance Procedure.

2. <u>Selection and Training for Relief Positions</u>

It is agreed by both Parties that for the purposes of selection and training to fill relief positions the following process will be established as follows:

a. Relief Positions will be posted in the same manner as permanent positions. The Relief bid operator will move into the equivalent permanent bid job when the permanent bid job becomes vacant due to illness, injury or vacation. If the vacancy is permanent, and the position is required, the Relief Operator would move into that position without further posting and a new Relief posting will be posted with notification to the Plant Committee.

b. Selection of the successful applicant in a job posting shall be based on company seniority, qualifications, and competency from applicants at either, North, Oliver or South Plant. If two (2) candidates' qualifications and competency are the same then Plant Seniority will prevail. **All bargaining unit members, including probationary employees can apply. If there are no successful applicants, the Employer may then canvas the workers based on seniority in an attempt to fill the positions. The Job posting will be exhausted before employees will be canvased.** If not able to perform the job during the training period then an outside applicant may be hired.

c. **Once an Employee is the successful bidder, they have one (1) day to decide if they want their training to commence (look-see period).** If an employee declines the training during the first 2 weeks of training period the employee will not have the right to be trained to fill temporary vacancies in that job for a period of six (6) months. If the employee declines after the first 2 weeks the employee will not have the right to be trained to fill temporary vacancies in that job for a period of one (1) year.

d. If, in Management's opinion, the employee lacks the skill or understanding, impedes production or endangers him/her or other employees, or equipment, he /she may be removed at any time during the training.

If an employee has been removed from training, he/she may invoke his/her rights under the Grievance Procedure.

e. Rates of pay for trainees during their training period will be their regular job rate, except that they shall not receive more than the established rate for the job for which they are being trained.

f. The Employer agrees at the employee's option to advance individual employees with more than one (1) year service from gluing to finishing departments, if there is a need by the Company.

g. Employees will be paid the rate of the position that they are performing, excluding when being trained.

h. In the event of a layoff, the Collective Agreement shall apply.

3. **Working Several Jobs**

a. Reserve/Relief positions will only be paid the applicable rate while filling the required position. If an employee works past the mid-point of a shift he/she will be paid the higher classification for the entire shift.

b. On occasion it may be necessary to put a person in a temporary position for coverage purposes (i.e. when someone is designated to act as lead hand in the absence of the lead hand). When this type of situation arises, that person would be paid the applicable rate for the time worked while filling the position.

c. When an employee with a permanent posting is moved at the request of the manager with the exception of reduction of work, the employee will receive his/her posted rate unless the job they are moved to is of a higher rate, which the employee will receive.

Upon the introduction of any new or altered jobs, a meeting will be convened between the Employer and the Union. The new position or altered job will be classified and a wage rate shall be negotiated. In the event of an impasse, the Employer will establish a rate and post the position, at which time any differences can be pursued via the Grievance Procedure. Note: It is understood that retroactive wage adjustment may apply. Where technological change applies, details will be specified on the posting.

15C: LAYOFF PROCEDURES

In the event of reduction of work forces, the last person hired shall be the first released and recall shall be in the reverse order, provided the employee has the skills, abilities, and qualifications to perform the work available. Where the Employer finds it necessary to temporarily cease gluing operations but continue finishing operations, the Plant Manager will determine who has the skills, abilities, and qualifications to perform the work available in the event of layoff. Plant seniority will again apply as soon as the finishing end work backlog is cleared up or to the end of the scheduled work week, whichever is sooner. Protected positions will be First Aid Attendants in the event of layoff.

15D: LAYOFF NOTICE

The Employer shall give the Plant Chairman or Shop Steward two (2) regular working days prior notice and a list of the names of employees concerned in the event of a layoff. Immediate posting of the

layoff notice would then occur, so that such employees also have two (2) regular working days prior notification. In the event of an emergency beyond the control of the Company, the Company will immediately contact the Plant Chairman and Local Union to mutually agree on layoff notice. The onus will be on the Company to provide proof.

In the event of a machine breakdown or in the event that lumber (or materials required to work are not received), the Plant Chairman or Shop Steward is notified immediately and the two (2) day layoff notification is not required. Seniority will apply at the beginning of the next work week in this case.

15E: TRANSFERS TO STAFF

It is agreed that when the Company has transferred an employee to a supervisory or staff position, he/she will continue to accumulate seniority for a period of ninety (90) days. At any time during this ninety (90) day period, the individual shall have the right to return to the bargaining unit job, which he/she would have held if he/she had not left the bargaining unit. Thus, if at a later date, he/she ceases to be a supervisor or staff worker, reinstatement will only be allowed under the same conditions as a new hire.

15F: RETENTION OF SENIORITY

It is agreed that seniority during layoff or leave of absence will be retained on the following basis:

1. Employees shall retain their seniority for a period equal to their seniority.

2. Due to doctor certified sickness or accident, employees shall accumulate seniority and retain total existing seniority for a period of two (2) years.

3. Employees in receipt of Work Safe BC benefits shall accumulate seniority provided he/she returns to work for the Employer or unless declared permanently disabled by Work Safe BC.

4. Employees on leave of absence in order to work for the Union on a full time basis will retain their existing seniority until their work with the Union is concluded. The provisions of this paragraph will apply to no more than two (2) employees at one time.

5. It is hereby agreed that, when calling back employees from lay-off, all employees shall be notified in the following manner:

    a. Delivery of notice either orally or by letter by a Company Representative;
    b. Local or long-distance telephone communication;
    c. Registered Letter.

    In the case of (a) such oral notice shall be confirmed by a written notice showing date delivered and the date and time the employee is to return to work. In the case of (b) such telephone communication shall be confirmed the same day registered letter and shall set out the date and time the employee is to return to work. In the case of (c) which shall be used where it is impossible to use (a) or (b) above, a period of up to seven (7) days within which the employee is

to return to work will be allowed, provided the employee replies within ninety-six (96) hours of the sending of the letter in the affirmative.

SECTION 16: ON SITE WORK

If there is the need for "On Site Work" the company will send qualified employees to perform this work. Employee will be paid their plant job rate, plus, $1.00 per hour.

The employer may hire contractors if:

1. There are not qualified employees to send.
2. If the job site is more than 300 kilometers from the Penticton plant.
3. If site demands a crew larger than 5 employees.
4. Mileage of $0.75/km will be paid, as long as transportation is not provided by the Employer.
5. Company will supply accommodations at set rates, when on site work exceeds one day.
6. Company will pay for meals – a flat rate of $15/meal, to a maximum $45/day (sales tax included) per person, without receipts. Although you do not need to keep detailed receipts for actual expenses, the Company may still ask you to provide some documentation to support your claim.

SECTION 17: LEAVE OF ABSENCE

1. Any employee desiring personal leave of absence must obtain same, in writing, from the Employer. The Employer shall forward a copy of all leaves of absence granted to the Union for file reference. Holiday entitlement must have been exhausted first before Leave of Absence can be applied for.

   All leaves of absence shall be without pay.

2. Medical Leave - The employer will grant medical leave to employees suffering injury or illness subject to a medical certification if requested by the employer. Upon return, provided the employee functionality assessment form is supplied to the employer, the employee will be reinstated as soon as possible to his position, unless physically incapable of performing regular job duties in which case the employer will endeavor to find suitable work for him/her.

3. Union Leave – The Employer will grant a leave of absence to employees who are elected as representatives to attend Union meetings and Union Conventions or as members of any negotiating committee of the Certified Bargaining Agency, in order that they may carry out their duties on behalf of the Union. The Employer shall recognize and grant leaves of absence for a maximum of four (4) members of the bargaining committee for collective bargaining purposes. All leaves of absence shall be without pay.

4. Family Responsibility Leave – An employee is entitled to up to five (5) days of unpaid leave during each employment year to meet responsibilities related to:

    a. The care, health or education of a child in the employee's care, or
    b. The care or health of any other member of the employee's immediate family.

SECTION 18: BEREAVEMENT LEAVE

When death occurs to a member of an employee's immediate family, at his request, he/she will be granted necessary time off as a Bereavement Leave of Absence to attend the funeral. For funerals within British Columbia he shall be compensated at his regular straight time hourly rate for hours lost from his regular schedule for three (3) days compensation. For funerals outside the boundaries of British Columbia he/she shall be compensated according to the same formula for five (5) days compensation.

Members of an employee's immediate family shall be limited to the employee's spouse, mother, father, brothers, sisters, sons, daughters, mother-in-law, father-in-law, step-father, step-mother, grandparents, spouse's grandparents and foster or adopted children.

SECTION 19: JURY DUTY

1. Any permanent employee who is required to perform Jury Duty on a day, which he would normally have worked, will be reimbursed by the Employer for the difference between the pay received for Jury Duty and his regular scheduled hours of work.

2. It is understood that such reimbursement shall not be for hours in excess of eight (8) per day or forty (40) per week, less pay received for Jury Duty. The employee will be required to furnish a signed statement from a responsible officer of the Court as proof of Jury Duty pay received.

3. Where an employee is off on Jury Duty or Bereavement Leave during his vacation period, such paid leave as provided in the agreement can be taken at a time mutually agreed upon between the Employer and Employee.

SECTION 20: GRIEVANCE PROCEDURE

Union Representation

1. When there is the need to discipline an employee, the company will provide any shop steward available at the time of the discipline meeting. This meeting will be held on company time.
2. Union issues will not be discussed on the shop floor or on company time.

OUTLINE OF STEPS

The Company and the Union mutually agree that, when a grievance arises in the plant or camp coming under the terms of the Agreement, it shall be dealt with without stoppage of work in the following manner:

STEP 1
The individual Employee, with or without a Job Steward, shall first take up the matter with the Manager in charge of the work within ten (10) calendar days.

STEP 2
If a satisfactory settlement is not then reached, it shall be reduced to writing by both parties, when the same Employee and the Committee shall take up the grievance with the Manager or the personnel office, or both, as designated by the Company. If desired, the Union Representative and Griever shall accompany the Committee.

STEP 3
If the grievance is not then satisfactorily solved, it shall be referred to an authorized representative of the Union and the Management, unless otherwise agreed between both Parties.

STEP 4
If the grievance is not then satisfactorily solved, it shall be dealt with by arbitration, hereinafter provided:

a. In the case of a dispute arising regarding the application, the operation or any alleged violation of this agreement which the Parties are unable to settle between themselves, the matter shall be determined by arbitration in the following manner:

   Either Party may notify the other Party and the Arbitrator in writing, by registered mail, of the question or questions to be arbitrated.

   After receiving such notice and statement the Arbitrator and the other Party shall acknowledge receipt of the question or questions to be arbitrated.

b. No one shall serve as an Arbitrator who:
   i. Either directly or indirectly has any interest in the subject of the arbitration;
   ii. Has participated in the grievance procedure preceding the arbitration;
   iii. Is, or has been, within the period of six (6) months, preceding the initiation of arbitration proceedings, employed by any local union, USW or a Company directly engaged in the forest products industry.

c. The decision of the Arbitrator shall be final and binding upon the Parties of the First and Second Parts.

d. If the Arbitrator finds that an Employee has been unjustly suspended or discharged, that the Employee shall be reinstated by the Company with all his rights and privileges preserved under the terms of this Agreement, provided always that if it is shown to the Arbitrator that the

Employee has been in receipt of wages during the period between discharge (or suspension) and reinstatement, or date of failure to rehire and rehiring, the amount so received shall be deducted from wages payable by the Company pursuant to this Section.

e. The parties shall appoint a panel of three arbitrators. The single arbitrator shall be selected from this panel. If the Parties fail to appoint the required three arbitrators, they shall forthwith request the Honourable Minister of Labour of the Province of British Columbia to appoint the arbitrator required.

Each party shall pay their own costs and expenses of the Arbitration, the remuneration and disbursements of their appointee and one-half (½) of the expenses of the Arbitrator.

SECTION 21: HEALTH AND WELFARE

1. The W.E. Consulting Benefit Plan is two dollars and seventy cents ($2.70) per hour worked in any job classification.

   Both parties agree that Health and Welfare contributions are payable on all hours worked and that there shall be no multiplying for overtime hours. This is payable on behalf of employees who have completed the company's probationary period.

2. The Employer shall make payment to W.E. Consulting Inc. by a single payment made by the tenth (10^{th}) day of the month following that which payments cover, to an agency designated for that purpose by the Union, accompanied by a report of particulars on a reporting form approved from time to time by mutual agreement of the Union and Employer.

3. **Wage Indemnity**

   In addition to any Wage Indemnity Benefits provided by the W.E. Consulting Benefit Plan the Employer agrees to pay employees the equivalent of the daily wage loss entitlement for any non-occupational disability and sickness to those employees who qualify and who are off work due to sickness or non-occupational disability on the second and third day only. The amount paid will be seventy dollars ($70.00) per day or the amount of daily Wage Indemnity rate of the Plan, whichever is higher. The employee concerned shall be required to provide satisfactory proof of illness, if requested to do so by the Employer.

4. **Benefits provided by the W.E. Consulting Benefit Plan are located in Appendix D of the Collective Agreement.**

5. **it is agreed that beginning January 1, 2020 the Employer may take responsibility for the Employees Benefit Plan and seek out other benefit providers. If they choose to move to another provider it is understood that they will take on any and all costs associated with a new provider at no cost to the Employee.**

6. **It is expressly understood that the Employer will provide a plan that can be better but cannot be less than the current W.E. Consulting Benefit Plan (Appendix D). If the Employer chooses to stay with the W.E. Consulting Benefit Plan after January 1, 2020, they agree to comply and pay what funds are recommended by W.E. Consulting to sustain the plan.**

7. **The Employer will discuss any new provider with the Local Union prior to the plan being implemented.**

SECTION 22: SAVINGS CLAUSE

1. Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or any judgement or order of a court of competent jurisdiction, such invalidation of such portion of this agreement shall not invalidate the remaining portions hereof, such remaining portions shall continue in full force and effect.
2. In the event that any clause or section is held invalid, or enforcement of, or compliance with which has been restrained, as above set forth, the parties affected thereby shall enter into immediate Collective Bargaining negotiations upon request of either party for the purpose of arriving at a mutually satisfactory replacement for such article or section during the period of invalidity or restraint. If the parties do not agree on a mutually satisfactory replacement they shall submit the dispute to the grievance procedure.

SECTION 23: TECHNOLOGICAL CHANGES CLAUSE

The Union and Employer agree that where technological changes to the plant or operations thereof are considered and appear to reduce the work forces a committee will be set up consisting of equal Union and Employer officials, to find ways and means to maintain a stable work force.

It is further agreed that upon seven (7) days written notice both parties will name their committee members and within a further seven (7) days begin to meet and resolve any differences that may arise, resulting from said changes. Where no mutual agreement can be arrived at, both parties agree to submit the dispute to the grievance procedure.

SECTION 24: GENERAL PROVISION

1. Sufficient parking space for employee's vehicles will be provided and maintained in good condition.

2. The Employer shall pay a clothing allowance of forty dollars ($40.00)/month to employees working in the Glue Room, Finger Joint Operators, **Press Workers and all Maintenance Employees** on the last pay period of each month. The Employer agrees to pay other employees working in the Glue Room for one day or any part thereof the sum of five dollars ($5.00)/day up to a maximum of forty dollars ($40.00) in any calendar month. This allowance will be paid to employees who have completed the required probation period of sixty (60) working days.

Note: (Any employee handling cured beams from the jigs to planing operations are excluded from the clothing allowance).

All areas within the General Provisions Section to remain the same for the Oliver Plant, with the exception of the following: (b) The Employer shall pay a clothing allowance of twenty-five dollars ($25.00)/month to employees who rotate through the press loading area throughout the day (General Labourers and Lead Hands only).

3. The Employer agrees to maintain clean and sanitary washrooms and lunchrooms. Paper towels and hand cleaner to be available daily. Lunchroom facilities with adequate seating and tables for all employees will be provided and maintained in a clean condition by the Employer. It shall be the responsibility of the Employer to dispose of trash for the purpose of maintaining a sanitary environment and good housekeeping.

4. Discipline: Except in the case of immediate dismissal or suspension of an employee for just and reasonable cause, in the application of plant discipline a system of progressive discipline will be used. The Plant Chairman (or designate) shall be present when it appears that an employee will be disciplined. The Plant Chairman shall be supplied with copies of all disciplinary notations*.

   *Verbal warnings will remain in employee's personnel file for 6 months, written warnings will be maintained for 1 year, and suspensions for 18 months. These will be removed only if the employee has had no other discipline during the applicable time frame.

5. Bulletin Board: A bulletin board will be provided for the Union at or near the time clock. The Shop Steward will determine material to be posted on the bulletin board, it being understood that material will not defame or malign the Employer, its' employees or third (3rd) parties.

6. Sub-Contracting Out: The Employer agrees that work that has been past practice, policy or has been traditionally performed at Structurlam Products by bargaining unit employees will not be sub-contracted or contracted out where it would affect the continued employment or recall of employees with seniority, skills, ability or qualifications to perform such work. In the event the Employer intends to sub-contract work out the reasons for their decision shall be provided to the Plant Chairman/Union.

7. Applicable to Maintenance Employees Only – any travel required by the company, other than to and from work, shall be paid at $0.75 per km, unless transportation is provided by the employer. An expense report will need to be completed by the employee once per month, and signed off by the Manager.

SECTION 25: SEVERANCE PAY

In the event of a planned permanent closure, employees terminated as a result of the closure shall receive the following severance pay package:

Employees who have three (3) years or less of seniority shall receive two (2) weeks' pay at their regular rate of pay. Employees with four (4) or more years of seniority shall receive one (1) week of pay for each year of seniority with the Employer payable upon the next scheduled payday after notice of closure was given or their last day worked.

SECTION 26: CONSULTATION COMMITTEE

On request of either party, the parties must meet at least once every two (2) months until this agreement is terminated, for the purpose of discussing issues related to the workplace that affect the parties or any employee bound by this agreement. The Union and the Employer agree not to alter, amend or misinterpret any section, article addendum or letter of understanding, unless, expressly agreed to by the Employer and the Union.

The Committee meetings shall be held at the workplace. The specific date(s) for the meetings will be arranged by the local management and the shop stewards. The meetings will normally be scheduled as mutually agreed. Each party will be responsible to inform the other as to the agenda items as far in advance as is reasonably possible to do so. The number of attendees will normally be a maximum of three (3) from each party. No union member on the Consultation Committee will lose any wages or benefits as a result of time spent on the committee, and the Local Union Representative will be included above and beyond the Union Committee mentioned above.

SECTION 27: CLASSIFICATIONS AND JOB DESCRIPTIONS

27A: CLASSIFICATION PREAMBLE

The Employer will maintain a detailed classification/job description, which will include duties and responsibilities. It is understood that all classifications and job descriptions will include other tasks and duties as directed that are not unsafe or illegal. **The Employer will provide the Union with the detailed classification/job description for all positions at Structurlam within 90 days upon ratification. Furthermore, any changes or modifications to any and all classifications/job descriptions will be provided to the Union on an ongoing basis.** The Employer will develop evaluation and performance forms/check lists and training standards for each classification. Evaluation and performance reviews will be conducted on a regular basis to ensure all employees are meeting their required standards.

Probation rate will be the entry level position at each plant as per negotiated wage rates.

27B: CLASSIFICATION TRAINING PERIODS, EVALUATION AND TRAINING WAGE INCREMENTS

Framers
This specific job is covered in Section 15B – Job Posting and Training Section.

All other posted positions will have weekly evaluations during the training period, with final evaluation at 30 days. Upon acceptable completion of 30 day training period the employee will receive the posted wage rate for that position. If final evaluation is not successful, an employee will be provided additional training up to 30 days, at their existing rate.

SECTION 28: WAGES

January 1, 2019 – 2.00% Retroactive
January 1, 2020 – 2.00%
January 1, 2021 – 2.00%
January 1, 2022 – 2.00%
January 1, 2023 – 3.00%

See Appendix A - North (Penticton) & South (OK Falls) Plants – for Wage Schedule
See Appendix B – Oliver Plant - for Wage Schedule*
See Appendix C – Maintenance Positions – All Plants – for Wage Schedule

SECTION 29: GROUP REGISTERED RETIREMENT SAVINGS PLAN (RRSP)

1. Group RRSP Contributions
    a. Applicable To – North (Penticton), South (Okanagan Falls) and Oliver Plants
    b. $1.20 per regular hours; maximum 1800 hours on regular hours only; not applicable to probation employees.
    c. **The Company will also submit employee contributions at an amount indicated by the employee along with the regular Company contributions.**

2. The Employer signatory hereto shall contribute to a Registered Retirement Savings Plan (RRSP) in the manner and for purposes called for in this Article for each regular hour worked (see maximum hours each year, as per above) by all employees covered by this Agreement who have completed their probationary period, according to the above schedule.

3. Such contributions are to be made solely by the Employer and no Employer will deduct such contributions or any portion thereof from employees' wages. Such contributions are in excess of wage rates set out in this Agreement and do not constitute a payment of wages or any portion of a payment of wages. Upon completion of their probationary period employees will have their hourly RRSP contributions remitted to the Plan.

4. Such contributions are due and payable for each employee covered by this Agreement on or before the fifteenth (15th) day of the calendar month following the month in which the obligation arose and shall be remitted to the Group Plan for each individual's RRSP.

5. Penalties for delinquent payment and/or deductions: The Union will advise the Employer within forty-eight (48) hours of notification exclusive of Saturday, Sunday, and statutory holidays and the Union shall require a ten percent (10%) penalty of the amount of late payment.

SECTION 30: DURATION OF AGREEMENT

The parties hereto mutually agree that this Agreement shall be effective from and after the 1st day of **January 2019 to and including the 31st day of December, 2023**, and thereafter from year to year, unless notice is given by either party within four (4) months and not less than one (1) day immediately preceding the date of expiry. The notice required hereunder shall be validly and sufficiently served at the Head Office of the Company, or at the Local Office of the Union, within four (4) months and not less than one (1) day immediately preceding the date of expiry of the contract period. If no Agreement is reached at the expiration of this contract, and negotiations are continued, the Agreement shall remain in force up to the time a subsequent Agreement is reached or until negotiations are discontinued by either party.

SIGNED THIS DAY OF Aug 19, **2019.**

ON BEHALF OF THE EMPLOYER

ON BEHALF OF THE UNION

WAGE RATES – APPENDIX A

APPLICABLE TO NORTH (PENTICTON), WALLIS ROAD & SOUTH (OK FALLS) PLANTS

Description	Code	01-Jan-18		01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22	01-Jan-23
				2%	2%	2%	2%	3%
Finishing End								
Plant Lead Hand – Finishing *Will be eliminated in 2019	LH-F	28.88		29.46				
*Level II – Creno Operator	CO	27.13		27.67	28.22	28.78	29.36	30.24
*Level II – PBA Operator (South Plant)	PBA	27.13		27.67	28.22	28.78	29.36	30.24
*Level II – K2 Operator	HO	26.49		27.02	27.56	28.11	28.67	29.53
*Level II – Framers	FR	26.49		27.02	27.56	28.11	28.67	29.53
*Level II-Framers **TRAINING RATE 50% Rate @ 37 days	FRTR	24.84		25.34	25.85	26.37	26.90	27.71
*Level III-Forklift Operators (With Combi Lift) (North & South)	FL-C	25.15		25.65	26.16	26.68	27.21	28.03
*Level III-Forklift Operators (Excludes Combi Lift) (North & South	FL	24.30		24.79	25.29	25.80	26.32	27.11
*Level III – Lindal Packaging Organizer	LPO	24.30		24.79	25.29	25.80	26.32	27.11
*Level III-Planer Operators (Includes Big Rex Operator)	PO	25.15		25.65	26.16	26.68	27.21	28.03
Level IV-Stain Applicator	SA	23.56		24.03	24.51	25.00	25.50	26.27
Level IV-PBA Helper (South) (Runs through breaks/lunch)	PBA-H	24.30		25.65	26.16	26.68	27.21	28.03
Level IV-Tool Operators (will be evaluated to change to this rate)	TO	23.19		23.65	24.12	24.60	25.09	25.84
Level V-Labourer 2 (181-360 days)	LB2	20.46		20.87	21.29	21.72	22.15	22.81
Level V-Labourer 1 (61-180 days) (status change only)	LB1	17.12		17.46	17.81	18.17	18.53	19.09
Level V-Labourer 1 (Probation- (0-60 Days)	PR	17.12		17.46	17.81	18.17	18.53	19.09
Level VI (CleanUp) (Fin & Glue)- (61 days onward (status change only)	CL-F	15.17		15.47	15.78	16.10	16.42	16.91
Probation (CleanUp) (Finishing & Glue End)-(0-60 Days)	PR-C	15.17		15.47	15.78	16.10	16.42	16.91

****Shift Lead Hands receive $.35 premium over highest rate in dept.**

***Posted Positions**

APPENDIX A - CONTINUED

Description	Code	01-Jan-18		01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22	01-Jan-23
				2%	2%	2%	2%	3%
Glue End								
Plant Lead Hand (Will be eliminated in 2019)	LH-G	27.02		27.56				
Plant Lead Hand –Lumber Room (Will be eliminated in 2019)	LH-LR	27.02		27.56				
Shift LH (Glue Room) (Afternoons) + Diff	SLH-G	25.80		26.32	26.85	27.39	27.94	28.78
Shift LH (Lumber Room) (Afternoons) + Diff	SLHLR	25.80		26.32	26.85	27.39	27.94	28.78
*Level II – Finger Joint (F.J.) Operator (Applicable to 4/6 Line)	FJO	25.52		26.03	26.55	27.08	27.62	28.45
*Level II – Finger Joint (F.J.) Operator (Applicable to 8/10/12 Line Bin)	FJO-BF	25.52		26.03	26.55	27.08	27.62	28.45
*Level II – CLT Press Operator	CLT	25.52		26.03	26.55	27.08	27.62	28.45
*Level III-Grader	GR	25.52		26.03	26.55	27.08	27.62	28.45
*Level III-Finger Joint (F.J.) Startup/Rover South	FJSR	25.52		26.03	26.55	27.08	27.62	28.45
*Level III-Forklift Operators (Lumber) (South)	FL-L	24.30		24.79	25.29	25.80	26.32	27.11
*Level III-Finger Joint (F.J.) Outfeed Attendant (4/6 Line) (South)	FJOA	25.52		26.03	26.55	27.08	27.62	28.45
*Level III-SRT Glue Machine Operator (South)	SRT	22.49		22.94	23.40	23.87	24.35	25.08
Level IV –Press Helper (South)	P-H	20.64		21.05	21.47	21.90	22.34	23.01
Level IV-Moulder Infeed/Outfeed (South)	MO	18.94		19.32	19.71	20.10	20.50	21.12
Level IV-Erater (South)	ER	17.85		18.21	18.57	18.94	19.32	19.90
Level IV – Stacker/Packer	SP	20.64		21.05	21.47	21.90	22.34	23.01
Level V-Lasbourer	LB1	17.12		17.46	17.81	18.17	18.53	19.09
Level V-Labourer 1 – Probation-(0-60 Days)	PR	17.12		17.46	17.81	18.17	18.53	19.09
**Note: Framer Training Rate-Existing Rate as Tool Operator Rate + ½ Difference between Framer & Tool Operator								

**Shift Lead Hands receive $.35 premium over highest rate in dept.

*Posted Positions

APPENDIX B

APPLICABLE TO OLIVER PLANT

Description	Code	01-Jan-18		01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22	01-Jan-23
				2%	2%	2%	2%	3%
Plant Lead Hand	LH	28.28		28.85	29.43	30.02	30.62	31.54
*Yard Operations	YO	23.70		24.17	24.65	25.14	25.64	26.41
*Joulin/Glue Machine Operator	JG	21.14		21.56	21.99	22.43	22.88	23.57
Plant Production – General Labourers								
General Labourer-Step 2 (Max Rate @155 days)	GL2	18.59		18.96	19.34	19.73	20.12	20.72
General Labourer-Step 1 (61 Days to 154 Days	GL1	17.59		17.94	18.30	18.67	19.04	19.61
General Labourer-Probation (0-60 Days)	GL	16.59		16.92	17.26	17.61	17.96	18.50
**Positions with First Aid would have the following codes LHFA, YOFA, JGFA, GL2FA, GL1FA, GLFA								

***Posted Positions**

APPENDIX C

MAINTENANCE POSITIONS – ALL PLANTS

Description	Code	01-Jan-18	Ratification	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22	01-Jan-23
			10%	2%	2%	2%	2%	3%
Maintenance Worker Rates								
Tradesperson – Red Seal	MW-RS	33.49	36.84	37.58	38.33	39.10	39.88	41.08
Non-Certified Tradesperson		31.66		32.29	32.94	33.60	34.27	35.30
Tradesperson Apprentice – 3rd Year	MWA-3	31.49	34.64	34.64	35.33	36.04	36.76	37.86
Tradesperson Apprentice – 2nd Year	MWA-2	27.91	30.70	31.31	31.94	32.58	33.23	34.23
Tradesperson Apprentice – 1st Year	MWA-1	26.60	29.26	29.85	30.45	31.06	31.68	32.63
Serviceman	SM	22.96	25.26	25.77	26.29	26.82	27.36	28.18
Grinderman	GM	22.10	24.31	24.80	25.30	25.81	26.33	27.12

This is Exhibit "M" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

WALMART REALTY SUPPLIER AGREEMENT
GOODS NOT FOR RESALE

This Walmart Realty Supplier Agreement – Goods Not For Resale ("Agreement") is dated as of ~~DECEMBER 3, 2019~~ (the "Effective Date"), and is by and among Walmart Inc., a Delaware corporation with offices at 2001 SE 10th Street, Bentonville, Arkansas, 72712, USA ("Walmart" or "Purchaser"), on the one hand, and Structurlam Mass Timber U.S., Inc., a Delaware corporation with offices at 2176 Government Street, Penticton, British Columbia, Canada, V2A 8B5 ("Supplier") and SLP Holdings Ltd., a company existing under the laws of British Columbia with offices at 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5, solely with respect to the obligations set forth in Section 42 herein (the "Guarantor"), on the other hand.

WHEREAS, Supplier is in the business of manufacturing and selling Goods; and

WHEREAS, Walmart intends to procure all of Walmart's requirements of Goods for use in connection with the construction of its new home office campus, which campus consists of (i) the ten buildings set forth in the floorplan attached hereto Attachment 1 (Home Office Campus Floorplan), and (ii) any additional building to be constructed on the same site between the years 2021 through 2025 (the "Project", and each of the foregoing buildings, a "Phase"); and

WHEREAS, Supplier intends to supply the Project with Goods produced in Supplier's manufacturing facility located at the Mass Timber Plant, 1800 Sturgis Road, Conway, Arkansas (the "Manufacturing Facility"); and

WHEREAS, Walmart and Supplier wish to establish the terms and conditions pursuant to which Supplier will supply and Walmart will purchase the Goods from Supplier.

NOW, THEREFORE, in consideration of the mutual promises in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS. Capitalized words used but not otherwise defined in this Agreement shall have the following meanings:

(a) "Account" shall mean any right to receive payments arising under this Agreement.

(b) "Affiliate" shall mean any entity, individual, firm, or corporation, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with Purchaser or Supplier, as the case may be.

(c) "Authorized Buyer" shall mean any Vice President of Walmart, or other party designated by a Walmart Vice President, including an appropriately authorized representative of a third-party authorized to purchase Goods for the Project under this Agreement and specifically designated in writing to Supplier by Purchaser pursuant hereto.

(d) "Business Day" shall mean any day except Saturday, Sunday, or any other day on which commercial banks located in New York, NY are authorized or required by law to be closed for business.

(e) "Calendar Day" shall mean the twenty-four (24) hour period from midnight to midnight each of those seven (7) days in the week, including Business Days.

(f) "Damages" shall mean, as appropriate, losses, fines, penalties, sanctions, deficiencies, judgments, awards, costs, expenses (including reasonable fees, disbursements, costs of attorneys, accountants, experts and investigators), and settlement payments.

(g) "Delivery Schedule" shall mean a schedule for the delivery of Goods ordered hereunder, as mutually agreed to by the Purchaser and Supplier, with volumes equal to or greater than the volume matrix attached hereto as Attachment 3 (Volume Matrix). Supplier and Purchaser shall use all commercially reasonable efforts to mutually agree to the Delivery Schedule no later than July 1, 2020.

(h) "Goods" shall mean all Cross Laminated Timber ("CLT"), Glued Laminated Timber ("Glulam"), and related accessories (including, but not limited to, all steel hardware that connects the CLT and Glulam) Supplier provides to Purchaser.

(i) "Lacey Act" shall mean the Lacey Act of 1900, as amended (including, in particular, the 2008 amendments), 16 U.S.C. §§3371 – 3378.

(j) "Purchase Order" or "Order" shall mean any written or electronic order under this Agreement for Goods issued and signed by an Authorized Buyer specifying, at a minimum, the item to be purchased, the quantity, price, Delivery Schedule, delivery location, and other relevant terms and conditions. A Purchase Order is valid only if signed by an Authorized Buyer. The terms set forth in each Purchase Order shall include those terms set forth in Attachment 2 (Purchase Order Terms and Conditions) hereto.

(k) "Recall" shall mean any removal of Goods from the stream of commerce and issued by Supplier or a government entity.

(l) "Standards" shall mean Walmart Inc.'s Standards for Suppliers, as amended and updated from time to time, posted and available to Supplier at walmartstores.com/Suppliers.

(m) "Softwood Lumber" shall mean wood sourced from Southern Yellow Pine trees, within the state of Arkansas.

(n) "Transaction" shall mean each sale of Goods by Supplier to Purchaser pursuant to a Purchase Order under this Agreement.

2. INTERPRETATION. The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement. Singular words shall be interpreted as plural and plural words shall be interpreted as singular, as the context may require. The words "include", "includes", and "including" mean include, includes, and including "without limitation" and "without limitation by specification." The words "hereof", "herein", and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision. Except as the context otherwise indicates, all references to "Schedules", "Attachments", "Appendices", "Exhibits", "Articles", and "Sections" refer to Schedules, Attachments, Appendices, Exhibits, Articles, and Sections of this Agreement.

3. TERM. The term of this Agreement shall commence on the Effective Date and shall continue until the Project is concluded (the "Term") unless terminated earlier pursuant to the terms of this Agreement.

4. PURCHASE AND SALE OF GOODS

(a) Purchase and Sale. This Agreement and a valid Purchase Order shall solely govern all Transactions. Purchaser agrees to buy directly or indirectly (e.g., through a general contractor or representative who manages the Project) exclusively from Supplier one hundred percent (100%) of Purchaser's requirements for the Goods for the Project, and Supplier agrees to provide all Goods to satisfy such requirements. If Purchaser retains a general contractor or other representative to manage the Project including purchasing the Goods for the Project on Purchaser's behalf, Purchaser shall direct via provisions in Purchaser's agreement with (including corresponding indemnity for breach thereof by) any such general contractor or other representative to purchase any Goods necessary for the Project exclusively from Supplier pursuant to this Agreement and any failure of such general contractor or other representative to

purchase the Goods required for the Project pursuant to this Agreement shall constitute a breach by Purchaser of this Agreement. If Supplier becomes aware of any purchase by a general contractor or a representative of Purchaser in breach of the foregoing, Supplier shall promptly notify Purchaser of such purchase in breach of this Agreement and Purchaser shall take diligent steps to cure the breach within seven (7) calendar days to cure the breach.

(b) Failure to Supply. For each Phase of the Project, if Supplier fails to supply Purchaser with Goods in accordance with the Delivery Schedules (i) from the Manufacturing Facility, (ii) from its facility in British Columbia, or (iii) through a third-party arrangement with another manufacturer, then Purchaser may provide Supplier with thirty (30) Calendar Days' prior written notice of its intention to terminate the exclusive sourcing arrangement with Supplier with respect to such Phase of the Project unless Supplier is able to satisfy the Delivery Schedule prior to the end of such thirty (30) Calendar Day notice period. Supplier will bear all additional costs related to sourcing the Goods from its manufacturing facility in British Columbia or from another manufacturer including freight costs to transport Arkansas Softwood Lumber to the appropriate facility and the return of Goods to the Project. If Supplier satisfies the Delivery Schedule during such thirty (30) Calendar Day period, the exclusive purchasing arrangement for the Phase that is the subject matter of the written notice will be preserved. If Supplier fails to satisfy the Delivery Schedule during such thirty (30) Calendar Day period, Purchaser may terminate the exclusive sourcing arrangement with respect to the applicable Phase of the Project at the conclusion of the thirty (30) Calendar Day period and source goods for such Phase from an alternative supplier. To the extent Purchaser so elects to source Goods for such Phase from an alternative supplier, there shall be a corresponding reduction in the remaining Minimum Volume Requirements (as defined in Section 4(c)). In the event Purchaser waives (in Purchaser's sole discretion) Purchaser's right to so source Goods from an alternative supplier and sources such Phase from Supplier, the Goods in question for such Phase shall be taken into account for purposes of calculating the threshold contemplated in Section 18(c) for purposes of determining whether an Event Of Default hereunder has occurred.

(c) Purchase Volume. In furtherance hereof, in relation to the Project, Purchaser commits to purchase from Supplier, and Supplier commits to supply to Purchaser one hundred percent (100%) of Purchaser's requirements for Goods for the Project. The minimum purchase requirements for Goods for the Project shall be comprised of an aggregate of Three Hundred Ninety-Nine Thousand Three Hundred Forty-Five cubic feet (399,345 ft^3) of Glulam and Seven Hundred Thousand Eight Hundred Thirty-One cubic feet (700,831 ft^3) of CLT from Supplier in accordance with the Volume Matrix in Attachment 3 (Volume Matrix) of this Agreement (the "Minimum Volume Requirements"), which shall commence on the date set forth in the initial Purchase Order issued in accordance with the agreed Delivery Schedule hereunder (the "Initial Purchase Order").

(d) Pricing

(i) Purchaser shall hereof, acquire the Glulam and CLT at a price equivalent to the manufacturing and other direct costs, including materials (excluding Steel and Hardware), labor and manufacturing overhead, plus the following margin (the "Target Direct Margin") per cubic foot (ft^3):

(1) **Glulam:** Nineteen Dollars and Sixty-One Cents per cubic foot ($19.61/$ft^3$).

(2) **CLT:** Nine Dollars and Forty-Four Cents per cubic foot ($9.44/$ft^3$).

(ii) Steel and Hardware and Freight (to the extent that Supplier arranges shipping) shall be priced as follows:

(1) **Steel and Hardware:** Supplier's cost plus a thirty-five percent (35%) margin to compensate Supplier for the design, detailing, installation and other coordination work related to Steel and Hardware.

(2) **Freight:** Supplier's actual cost (cost of freight plus five percent (5%) for administrative costs).

(iii) By way of illustration and to minimize doubt, Attachment 4-A (Hypothetical Calculations) contains a hypothetical price calculation outlining the various components anticipated to be taken into account when calculating Supplier's direct cost and to illustrate the application of the Target Direct Margin to such direct costs as well as similar hypothetical calculations of Target Direct Margin %, as defined below.

(iv) The Target Direct Margins above are based on structural engineering design information provided by Fast+Epp Structural Engineers and Walmart dated September 25, 2019 (the "Design Information"). To the extent Walmart proposes changes to the Design Information, the parties shall review and discuss in good faith whether such deviations merit an increase in the Target Direct Margin.

(v) Pricing will be subject to a quarterly adjustment such that the Target Direct Margin as a percentage of revenue (the "Target Direct Margin %") on the Goods delivered to Purchaser will not exceed thirty-seven and one-half percent (37.5%) and will not fall below thirty-two and one-half percent (32.5%). In the event the Target Direct Margin % on the Goods delivered to Purchaser exceeds thirty-seven and one-half percent (37.5%) in a calendar year, Supplier will make a "rebate" payment to Purchaser (or, at Purchaser's option, Purchaser may take a credit for such amount against current and future invoiced amounts from Supplier), reducing this gross profit margin to thirty-seven and one-half percent (37.5%). In the event the Target Direct Margin % on Goods delivered to Purchaser falls below thirty-two and one-half percent (32.5%), Purchaser will make an additional payment to Supplier such that this gross profit margin is increased to thirty-two and one-half percent (32.5%). Calculations of Target Direct Margin % shall exclude any payments of Delay Compensation contemplated in the last paragraph of this Section 4. Notwithstanding the foregoing, at such time as aggregate rebates/payments from Supplier to Purchaser or credits/payments from Purchaser to Supplier, as set forth in this paragraph, exceeds One Million Dollars ($1,000,000), the parties agree that they shall, in good faith, meet to review the Target Direct Margins set forth herein and determine whether or not an adjustment to the Target Direct Margins are necessary. The Target Direct Margins shall not decrease without Supplier's written consent which consent shall not be unreasonably withheld, nor shall the Target Direct Margins increase without Purchaser's written consent, which consent shall not be unreasonably withheld, from the Target Direct Margins set forth in this Section 4(d)(v).

(vi) Rebate. At the end of each calendar year 2022, 2023, and 2024, if the actual gross profit (as determined by United States generally accepted accounting principles, Canadian generally accepted accounting principles, or International Financial Reporting Standards, whichever is adopted by Supplier, consistently applied) of the Manufacturing Facility ("Actual Gross Profit") exceeds the following amounts (each a "Gross Profit Threshold"), Supplier will pay to Purchaser a rebate on Goods purchased to satisfy the Minimum Volume Requirement equal to the lesser of (A) One Dollar (US$1.00) per cubic foot ($ft^3$) for such Goods not previously subject to a prior rebate payment and (B) the excess (if any) of Actual Gross Profit over the applicable Gross Profit Threshold:

Calendar year 2022 Gross Profit Threshold: $14,250,000
Calendar year 2023 Gross Profit Threshold: $17,500,000
Calendar year 2024 Gross Profit Threshold: $20,500,000

(such rebate amount, a "Gross Profit Rebate"). Supplier will pay each Gross Profit Rebate to Purchaser within twenty (20) Business Days' of determination and will provide Purchaser with access to sufficient information to confirm the calculation of each Gross Profit Rebate.

(vii) Purchases in Excess of Minimum Volume Requirements. Notwithstanding the foregoing, the Target Direct Margin for any Goods purchased by the Purchaser in excess of the Minimum Volume Requirements will be Eighteen Dollars and Sixty-One Cents per cubic foot ($18.61/ft^3$) for Glulam and Eight Dollars and Forty-Four Cents per cubic foot ($8.44/ft^3$) for CLT and, for the avoidance of doubt, no Gross Profit Rebate shall apply to such Goods.

(e) Audit. During the Term of this Agreement, on ten (10) Business Days' prior written notice, Purchaser may at its own cost and expense reasonably inspect Supplier's books, records, and other

documents solely to the extent necessary to verify the Target Direct Margin calculation. Purchaser may conduct such audit under this paragraph at any time during Supplier's regular business hours at Supplier's principal place of business and shall not unreasonably interfere with Supplier's course of business; provided, however, that Purchaser shall not exercise its audit rights under this paragraph more than one time (1x) in any calendar year.

(f) Production Priority. Supplier agrees that during the first two (2) years of the operation of the Manufacturing Facility, the production, manufacturing, and delivery of the Goods pursuant to the Delivery Schedule shall have priority over any other production runs, with any overage being treated with equal or less priority relative to other production runs. Supplier further agrees that at any point in time, should it reasonably believe that its production at the Manufacturing Facility (including all production necessary to satisfy the Delivery Schedule) is to exceed fifty percent (50%) of the Manufacturing Facility's production capacity, Supplier shall promptly notify Purchaser accordingly whereupon Purchaser and Supplier can mutually determine whether to accelerate orders submitted pursuant to the Delivery Schedule to consume such additional capacity. Supplier shall use its commercially reasonable efforts to prioritize any Purchaser adjustments to the Delivery Schedule ahead of any non-Purchaser orders that were not previously received and accepted by Supplier.

(g) Delay Compensation

(i) Purchaser acknowledges that Supplier will reserve capacity at its facilities to manufacture the Goods for the benefit of Purchaser in accordance with the Delivery Schedule, which shall be consistent with the volume matrix attached hereto as Attachment 3 (Volume Matrix). In the event that Supplier is unable to manufacture the Goods in accordance with the Delivery Schedule due to a delay requested or caused by Purchaser, Purchaser acknowledges that Supplier may suffer damages in the form of lost opportunity costs to the extent that Supplier is unable to capture and schedule production of alternative projects to utilize the capacity reserved for Purchaser. To compensate Supplier for such costs due to a delay requested or caused by Purchaser, Purchaser agrees to pay Supplier on a quarterly basis an amount (the "Delay Compensation") equal to (i) the Target Direct Margin on the delayed Goods during such quarter less (ii) the excess (if any) of (A) the actual gross profit realized by Supplier from third-party construction projects during such quarter over (B) the projected gross profit from third-party construction projects listed in Attachment 6 (Projected Gross Profit from Third-Party Construction Projects) for such quarter. Any Delay Compensation will be excluded from the gross margin calculated for the purposes of the annual adjustment described above in this Section 4.

(ii) Purchaser's obligation to pay Delay Compensation shall be subject to the following qualifiers: (A) Supplier shall have the duty and obligation to mitigate its damages resulting from such delays by using commercially reasonable efforts to maximize gross profit from third-party construction projects during such delay period; (B) during such delay period, Supplier and Purchaser shall communicate at a frequency of at least one (1) meeting (telephonic or otherwise) weekly to ensure all information concerning Purchaser's requirements and the cause for such delays is disseminated; (C) to the extent Purchaser is required to pay in excess of One Million Six Hundred Fifty Thousand Dollars (US$1,650,000) in aggregate Delay Compensation, Supplier and Purchaser shall meet as soon as commercially practicable to discuss mutually agreeable revisions to the Delivery Schedule, provided, however, that in the event the parties fail to reach a mutually agreeable revised Delivery Schedule, the Delivery Schedule then in effect will continue to be applied; and (D) any delays requested by Purchaser shall not result in an obligation on the part of Purchaser to pay Delay Compensation to the extent that the Manufacturing Facility is not available for production whether for regulatory or operational reasons (including, but not limited to, Supplier's failure to obtain proper certifications to operate the Manufacturing Facility). An illustrative example of Delay Compensation is set forth in Attachment 4-B (Hypothetical Calculations).

(h) Other Sources of Supply. Except for Softwood Lumber already purchased or procured by Supplier in connection with previous submitted Purchase Orders, if at any time prior to sixty (60) days in advance of Purchaser's issuance of any subsequent Purchase Order, should Purchaser be able to identify a source of Softwood Lumber bearing prices at or less than prices obtained by Supplier at

such time and provided that Purchaser provides notice of the same to Supplier prior to such foregoing thirty (30) Calendar Day period, then Supplier shall, if commercially reasonable under the circumstances, procure its future Softwood Lumber requirements with respect to such delivery at such prices, provided that the Softwood Lumber from the alternative source complies with the specifications set forth in Attachment 5 (Specifications) hereof and does not materially negatively impact Supplier's ability to meet Supplier's other requirements as described in this Agreement.

(i) Purchase Orders

(i) Purchaser shall issue Purchase Orders that are consistent with the volumes and time periods in the Delivery Schedule. The parties shall negotiate in good faith and use reasonable efforts to mutually agree to procedures with regard to the receipt of Purchase Orders and the issuance of invoices to Purchaser.

(ii) Purchase Orders shall be fulfilled in accordance with the terms of this Agreement. SHIPMENTS MADE CONTRARY TO PURCHASER'S ROUTING INSTRUCTIONS AS DESCRIBED ON A PURCHASE ORDER WILL BE CONSIDERED F.O.B. DESTINATION ("F.O.B."). Supplier's invoice, confirmation memorandum, or other writing may not vary the terms of the Purchase Order, and no Purchase Order shall modify the terms of this Agreement without Supplier's written consent.

5. DESIGN PRODUCTION AND PRODUCTION PLANNING COORDINATION MEETING. During the Term, Purchaser and Supplier shall attend monthly design and production planning and coordination meetings (in form and substance reasonably satisfactory to, and mutually agreed by, both parties) at reasonable times and locations mutually agreed by the parties ("Coordination Meetings") to discuss matters relating to the Project including: (i) the detailed design requirements of the Project; and (ii) establishing manufacturing priorities for the upcoming thirty (30)-day, sixty (60)-day, and ninety (90)-day periods. Either party shall be entitled to request additional Coordination Meetings if in the reasonable discretion of the party such Coordination Meeting is reasonably required to further the goals of the Project. Deliverables and other action items decided at a Coordination Meeting shall not be valid or enforceable against the parties or otherwise relied upon absent subsequent confirmation in writing by both parties (which writing may be via email transmission).

6. REPRESENTATIONS AND WARRANTIES

(a) Limited Product Warranty. Subject to the provisions of Section 6(b), Supplier represents and warrants (and by delivery of Goods represents each time with respect to such Transaction) to Purchaser the following as related to the sale of Goods (the "Product Warranty"):

(i) for a period of thirty-six (36) months from the date of shipment of a Good (the "Warranty Period"), the Good will conform to the specifications set forth in Attachment 5 (Specifications) hereof;

(ii) the Goods shall be and are delivered free from defects in material and workmanship;

(iii) the Goods do not infringe upon, violate, or misappropriate any patent, copyright, trademark, trade name, trade secret, or without limitation, any other rights belonging to others;

(iv) Purchaser will receive good and valid title to all Goods, free and clear of all encumbrances and liens of any kind; and

(v) To the knowledge of Supplier, all weight, measures, sizes, legends, or descriptions printed, stamped, attached, or otherwise indicated with regard to the Goods are true and correct, and materially conform and comply with applicable federal, state, and local laws, rules, regulations, ordinances, codes, and/or Supplier's standards relating to the operation of its business.

(b) Product Warranty Limitations. The Product Warranty does not apply to any Good that:

(i) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, or use contrary to any instructions issued by Supplier, including, but not limited to, any direct or indirect impacts to the Good that result from any improper and non-customary, by industry standards, design, construction, or maintenance relating to the Project; or

(ii) has been reconstructed, repaired, or altered by persons other than Supplier or its authorized representative, or used with any third party products or hardware, in a manner which adversely impacts the structural integrity or performance of the Good; without the prior written approval by Supplier.

(c) Supplier's Other Representations and Warranties. Supplier further represents and warrants to Purchaser that each Transaction does not and will not violate the Foreign Corrupt Practices Act or the Lacey Act and does not and will not, to Supplier's knowledge, materially violate any other laws, ordinances, statutes, rules, or regulations of the United States, or any applicable state or local government or any subdivision or agency thereof, applicable to Supplier in its performance of its obligations pursuant to this Agreement, including, but not limited to, any laws and regulations relating to health, safety, or the environment; in each case of the foregoing, solely to the extent such laws, ordinances, statutes, rules, and regulations are applicable to Supplier as a supplier to Purchaser.

(d) Mutual Representations and Warranties. Each party represents and warrants (and represents each time with respect to a Purchase Order) with respect to itself that:

(i) it is a corporation, duly organized, validly existing, and in good standing;

(ii) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required for purposes of this Agreement;

(iii) it has the full right, corporate power, and authority to enter into this Agreement and to perform its obligations hereunder;

(iv) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement have been duly authorized by all necessary corporate action on the part of each party;

(v) the execution, delivery, and performance of this Agreement will not violate, conflict with, require consent under, or result in any breach or default under, (A) the organizational documents of either party, (B) any applicable law, or (C) with or without notice or lapse of time, or both, the provisions of any contract or agreement to which either party is a party or to which any of its material assets are bound ("Party Contracts");

(vi) this Agreement has been executed by both parties and constitutes the legal, valid, and binding obligation of both parties, enforceable against each party in accordance with its terms;

(vii) it is in compliance with all applicable laws and Party Contracts relating to this Agreement, the Goods, and the operation of its business;

(viii) it has obtained all licenses, authorizations, approvals, consents, or permits required by applicable laws to conduct its business generally and to perform its obligations under this Agreement; and

(ix) it is not insolvent and is paying all of its debts as they become due.

(e) Purchaser's Remedy for Defective Goods. Notwithstanding any other provision of this Agreement (except for Section 8 and Section 19), this Section 6(e) contains Purchaser's exclusive remedy for Goods shipped by Supplier to Purchaser pursuant to this Agreement that are not conforming to the Product Warranty ("Defective Goods"). Purchaser's remedy under this Section 6(e) is conditioned upon Purchaser's compliance with its obligations under Section 6(e)(i) and Section 6(e)(ii) below. During the Warranty Period, with respect to any allegedly Defective Goods:

(i) Purchaser shall notify Supplier, in writing, of any alleged claim or defect within seven (7) Calendar Days from the date Purchaser discovers, or upon reasonable inspection should have discovered, such alleged claim or defect (but in any event before the expiration of the applicable Warranty Period);

(ii) if necessary (e.g., if Supplier is unable to perform an on-site inspection), Purchaser shall ship, at Supplier's expense and risk of loss (and using such method of shipment instructed by Supplier in writing), such allegedly Defective Goods to the Manufacturing Facility or other location designated by Supplier for inspection and testing by Supplier;

(iii) if Supplier's inspection and testing reveals, to Supplier's reasonable satisfaction, that such Goods are Defective Goods, and any such defect has not been caused or contributed to by any of the factors described under Section 6(b) above, subject to Section 6(e)(i) and Section 6(e)(ii), Supplier shall in its sole discretion and at its expense, repair or replace such Defective Goods; and

(iv) Supplier shall ship to Purchaser, at Supplier's expense and risk of loss, the repaired or replaced Goods to the delivery location designated on the original Purchase Order for such Goods.

(v) If, however, Supplier's inspection and testing reveals that such allegedly Defective Goods are not Defective Goods, or that any such defect has been caused or contributed to by any of the factors described under Section 6(b) above or otherwise, then Purchaser shall refund to Supplier such amounts paid by Supplier to ship the allegedly Defective Goods (pursuant to Section 6(e)(ii)), and Purchaser shall not be entitled to any further right of return, repair, replacement, credit, or refund with respect to such Goods unless the costs associated with any such further repair or replacement of the Goods is borne by Purchaser.

Purchaser has no right to return for repair, replacement, credit, or refund any Good except as set forth in this Section 6(e) (or if otherwise applicable, Section 8 or Section 18). In no event shall Purchaser reconstruct, repair, alter, or replace any Good, in whole or in part, either itself or by or through any third party.

SUBJECT TO SECTION 8 WITH RESPECT TO NONCONFORMING GOODS AND SECTION 18 WITH RESPECT TO EVENT OF DEFAULT, THIS SECTION 6(E) SETS FORTH PURCHASER'S SOLE REMEDY AND SUPPLIER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED PRODUCT WARRANTY SET FORTH IN SECTION 6(A). Subject to the warranties contained in this Section 6 and the terms of this Agreement, this Agreement also expressly and specifically incorporates the warranties of the Uniform Commercial Code as in effect in the State of Arkansas.

7. SHIPPING TERMS. Purchaser and Supplier agree to the following shipping terms, unless otherwise specified in a Purchase Order:

(a) All Goods shall be shipped F.O.B. delivery to Bentonville, Arkansas, or a different location as agreed by Supplier and Purchaser. Title and risk of loss and responsibility for care, custody, and control shall transfer to Purchaser only upon delivery of the Goods to Purchaser's facility specified in the applicable Purchase Order. Supplier shall deliver Goods on board the carrier's mode of transportation

as designated by Supplier at the named port of shipment and on the date, or within the period, stipulated in the applicable Purchase Order and in the manner customary at the port. Purchaser shall pay Supplier all costs relating to the shipping of Goods plus a five percent (5%) administrative fee, and including all duties and Taxes and other official charges payable upon exportation, in accordance with the payment terms in this Agreement, including those specified in Section 4, and any Purchase Order.

(b) If Supplier has delayed shipment of all or any Goods for more than thirty (30) Calendar Days after the requested delivery date as determined in the Delivery Schedule ("Requested Delivery Date") and if such delay is not due to any action or inaction of Purchaser or otherwise excused in accordance with the terms and conditions of this Agreement, Purchaser may, as its sole remedy therefor, cancel the portion of the related Purchase Order covering the delayed Goods by giving Supplier written notice on or after the conclusion of such thirty (30) Calendar Day period. Subject to Purchaser's rights under Section 4(b), this Section 7(b) and pursuant to Section 18 hereof, no delay in the shipment or delivery of any Good relieves Purchaser of its obligations under this Agreement, including accepting delivery of any remaining installment or other orders of Goods.

(c) In the event that Supplier must ship Goods by expedited means due to Supplier's inability to meet ship dates, and if Supplier's need to do so is not due to any action or inaction of Purchaser or otherwise excused in accordance with the terms and conditions of this Agreement, Supplier will pay for any and all expedited transportation charges in excess of standard shipping and freight charges using the method of shipment of, and the carrier for, the Goods, as determined by Supplier in its sole discretion. Supplier must separately document any international shipping costs included in the cost of Goods sold.

(d) Purchaser shall include the following information on all bills of lading: the street address, city, state and zip code on the first line of the "Ship To" area; the weight of the shipment; and the Purchase Order number.

(e) Purchaser and Supplier shall cooperate to ship Goods using a cost-efficient, reliable, and effective carrier for delivery of Goods pursuant to the terms of this Section 7.

(f) Supplier acknowledges that Supplier is the importer of record of all Softwood Lumber used in the manufacture and production of the Goods, including for purposes of the Lacey Act and in cases where Softwood Lumber is exported to British Columbia for manufacturing and processing with subsequent re-importation into the United States, and, in furtherance thereof, acknowledges and covenants that one hundred percent (100%) of the Softwood Lumber used in producing all Goods shall be sourced from sawmills located within the State of Arkansas. Supplier shall additionally use reasonable commercial efforts to receive assurances from such sawmills that the Softwood Lumber is sourced from forests within the State of Arkansas, provided that if such assurances would result in a higher cost of Softwood Lumber from such sawmills, Supplier shall inform Purchaser of such cost differential whereupon Purchaser can elect to waive the need for such assurances. Supplier shall maintain reasonable records as required by applicable law to demonstrate compliance with the requirements (including the recordkeeping requirements) of the Lacey Act and the other obligations set forth in this Section 7(f).

8. REJECTION OF GOODS; RECALLS

(a) Inspection; Rejection. All Goods shall be subject to inspection by: (i) Supplier in the Manufacturing Facility and any other factories and such other places where such Goods are manufactured; and (ii) Purchaser upon delivery. Purchaser shall inspect Goods received under this Agreement upon receipt of such Goods ("Inspection Period") and either accept or, only if any such Goods are Nonconforming Goods, reject such Goods. "Nonconforming Goods" means Goods that:

(i) do not materially conform with the specifications set forth in Attachment 5 (Specifications) hereof or the mutually agreed specifications of the applicable Purchase Order; or

(ii) are materially and functionally different from Supplier-approved samples or the specifications set forth in Attachment 5 (Specifications).

Where the context requires, Nonconforming Goods are deemed to be Goods for purposes of this Agreement. With respect to (i) and (ii) above, normal, expected, or standard deviations of the Goods from the specifications set forth in Attachment 5 (Specifications) that are common in the timber supply industry are permitted and expected and shall not result in any Goods becoming Nonconforming Goods.

Purchaser will be deemed to have accepted Goods unless it provides Supplier with written notice of any Nonconforming Goods within seven (7) Calendar Days following the Inspection Period, stating with specificity all defects and nonconformities, and furnishing such other written evidence or other documentation as may be reasonably required by Supplier (including the subject Goods, or a representative sample thereof, which Purchaser contends are Nonconforming Goods). All defects and nonconformities that are not so specified will be deemed waived by Purchaser, such Goods shall be deemed to have been accepted by Purchaser, and no attempted revocation of acceptance will be effective.

(b) Inspection and Testing Procedure. If Purchaser timely notifies Supplier of any Nonconforming Goods, Supplier shall determine, in its reasonable discretion, whether the Goods are Nonconforming Goods. Supplier shall have the right to test the Goods for compliance with industry standards and this Agreement. With respect to any such allegedly Nonconforming Goods, and subject to timely notification by Purchaser as set forth above:

(i) if necessary (e.g., if Supplier is unable to perform an on-site inspection), Purchaser shall ship, at Supplier's expense and risk of loss (and using such method of shipment instructed by Supplier in writing), such allegedly Nonconforming Goods to the Manufacturing Facility or other location designated by Supplier for inspection and testing by Supplier;

(ii) if Supplier's inspection and testing reveals, to Supplier's reasonable satisfaction, that such Goods are Nonconforming Goods, Supplier shall in its sole discretion and at its expense, repair or replace such Nonconforming Goods; and

(iii) Supplier shall ship to Purchaser, at Supplier's expense and risk of loss, the repaired or replaced Goods to the delivery location designated on the original Purchase Order for such Goods.

(iv) If, however, Supplier's inspection and testing reveals that such allegedly Nonconforming Goods are conforming Goods, then Purchaser shall refund to Supplier such amounts paid by Supplier to ship the allegedly Nonconforming Goods (pursuant to Section 6(b)(i)), and Purchaser shall not be entitled to any further right of return, repair, replacement, credit, or refund with respect to such Goods unless the costs associated with any such further repair or replacement of the Goods is borne by Purchaser.

EXCEPT AS SET FORTH IN SECTION 22, THE REMEDIES SET FORTH IN SECTION 6(E) AND THIS SECTION 8(B) ARE PURCHASER'S EXCLUSIVE REMEDY FOR THE DELIVERY OF NONCONFORMING GOODS. THE REMEDIES SET FORTH IN SECTION 22 ARE PURCHASER'S EXCLUSIVE REMEDY WITH RESPECT TO ALL THIRD PARTY CLAIMS SUBJECT TO INDEMNIFICATION UNDER THIS AGREEMENT. NOTHING SET FORTH HEREIN SHALL ABROGATE PURCHASER'S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO SECTION 19(A) TO THE EXTENT THE AGGREGATE AMOUNT DESCRIBED IN SECTION 18(C) CONSTITUTES AN EVENT OF DEFAULT.

(c) Recall. If Goods purchased from Supplier are the subject of a Recall, Supplier shall be responsible for the following costs associated with the Recall:

(i) costs of removing and replacing the Recalled Goods; and

(ii) initial contact and reporting of the Recall to any governmental agency having jurisdiction over the Recalled Goods as required by applicable law.

Supplier shall promptly notify Purchaser of any formal investigation initiated by a government agency relating to a Recall that has the potential to impact Supplier's ability to provide the Goods under this Agreement and Supplier shall use commercially reasonable efforts to take steps appropriate under the circumstances to resolve the matter without exposing Purchaser to any liability. Supplier shall promptly send to Purchaser a copy of the results of such investigation relating to the Recall.

9. CANCELLATION. Purchaser may not cancel a Purchase Order (or any portion thereof) at any time unless Supplier fails to supply Purchaser with Goods either from the Manufacturing Facility, from its facility in British Columbia, or through a third-party arrangement with another manufacturer in accordance with the requirements of Section 4, and subject to the termination provision in Section 20. Except as provided under Section 6(e) and Section 8, Purchaser has no right to return any Goods shipped to Purchaser pursuant to this Agreement.

10. PAYMENT TERMS; DEPOSIT. Purchaser's standard payment terms for invoices are net fifteen (15) Calendar Days from the date of receipt of the Goods subject to such invoice, unless different, Transaction-specific payment terms are specified in the applicable Purchase Order. Notwithstanding the foregoing, within ten (10) Calendar Days after (i) with respect to the Initial Purchase Order, issuance of the Initial Purchase Order by Purchaser and Supplier and (ii) thereafter, issuance of the Purchase Order relating to construction of each new Phase as set out in the Delivery Schedule, Purchaser will pay to Supplier a deposit (the "Deposit") equal to the anticipated cost (as reasonably determined by Supplier) of the Softwood Lumber raw material required to produce the Goods for construction of that Phase to be used by Supplier towards the prepayment and purchase of such Softwood Lumber raw material. Each Deposit payment will be offset against open invoices for the applicable Phase until the Deposit is applied in full against the Supplier invoices issued for that Phase. Purchaser shall pay for, and shall hold Supplier harmless from, all shipping charges and insurance costs. In addition, all prices are exclusive of, and Purchaser is solely responsible for, and shall pay, and shall hold Supplier harmless from, all Taxes, with respect to, or measured by, the manufacture, sale, shipment, use, or price of the Goods (including interest and penalties thereon) in accordance with Section 16.

11. BILLING AND INVOICING

(a) Supplier shall issue invoices to Purchaser upon completion of shipment and delivery. Subject to the terms of this Section 11, Purchaser reserves the right to dispute any invoice in good faith. Supplier will include all pertinent information on invoices as it deems appropriate. Supplier shall transmit all invoices to a physical address and email designated in writing by Purchaser to Supplier. Purchaser will pay Supplier one hundred percent (100%) of the amount invoiced (as adjusted by any related Deposit) no later than ten (10) Calendar Days after the date of invoice unless Purchaser disputes such invoice pursuant to Section 11(b) below.

(b) Notwithstanding the foregoing, Purchaser shall notify Supplier in writing of any dispute with any invoice (along with substantiating documentation and a reasonably detailed description of the dispute) within ten (10) Calendar Days from the date of such invoice. Purchaser will be deemed to have accepted all invoices for which Supplier does not receive timely notification of dispute, and shall pay all undisputed amounts due under such invoices within the period set forth above in this Section 11. The parties shall seek to resolve any such disputes expeditiously and in good faith. Notwithstanding anything to the contrary, Purchaser shall continue performing its obligations under this Agreement during any such dispute, including Purchaser's obligation to pay all due and undisputed invoice amounts in accordance with the terms of this Agreement.

12. LATE PAYMENTS. Except for invoiced payments that Purchaser has successfully disputed, Purchaser shall pay interest on all late payments (whether during the Term or after the expiration or earlier termination of the Term), calculated daily and compounded monthly, at the lesser of the rate of

eight percent (8%) per annum or the highest rate permissible under applicable law. Purchaser shall also reimburse Supplier for all costs incurred by Supplier in collecting any late payments, including attorneys' fees and court costs. In addition to all other remedies available under this Agreement or at law (which Supplier does not waive by the exercise of any rights under this Agreement), if Purchaser fails to pay any undisputed amounts when due under this Agreement, Supplier may (a) suspend the delivery of any Goods, (b) reject Purchaser's Purchase Orders or cancel accepted Purchase Orders pursuant to the terms of Section 4, or (c) terminate this Agreement pursuant to Section 20(b).

13. PAYMENT ERRORS. Supplier shall promptly notify Purchaser of any invoice that Purchaser pays in error. Purchaser shall have the right, in its sole discretion, to request a credit or refund from Supplier for any amounts Purchaser pays in error. Supplier shall send all funds due to Purchaser to: PO Box 502215, St. Louis, MO 63150-2215.

14. NOTICE OF BANKRUPTCY PROCEEDINGS. Subject to any confidentiality obligations of Supplier or order of any court or government agency, and to the extent permitted by applicable law, Supplier shall, and shall cause its Affiliates to, promptly notify Purchaser if Supplier or any of its Affiliates intends to file for bankruptcy relief as to Supplier or any of its Affiliates, or learns that any third party has commenced any such proceeding against it in which an order for relief is entered or an adjudication or appointment is made, and which remains pending for a period of sixty (60) days or more. If any person or entity files for bankruptcy relief as to Supplier or any of its Affiliates, Supplier shall pay to Purchaser, or reimburse Purchaser for, all costs, fees, and expenses that Purchaser incurs as to the bankruptcy proceedings, subject to applicable law.

15. NOTICE REGARDING GRANT OF SECURITY INTEREST IN OR COLLATERAL ASSIGNMENT OF ACCOUNTS. The parties acknowledge and agree that Supplier's existing lender will be granted a first-priority security interest, with priority over all other liens, claims, and encumbrances, in this Agreement, any right to receive payments arising under this Agreement, all inventories of raw materials or goods purchased under this Agreement (including Goods and Nonconforming Goods), wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing, and Purchaser is hereby provided actual notice thereof (such notice shall be considered delivered upon Purchaser's execution of this Agreement). Such notice shall apply to Supplier's existing lender and any subsequent amendment, extension, refinancing or replacement of Supplier's existing credit facility, whether with Supplier's existing lender or one or more other lenders. Subject to the foregoing, Supplier will provide Purchaser written notice of any other grant of a security interest in, or other assignment of or other transfer of, its right to receive payments arising under this Agreement at least thirty (30) days prior to such grant, assignment or other transfer taking legal effect. Such written notice shall include the name and address of grantee/assignee/transferee, date the grant, assignment or transfer becomes effective, and terms of the grant, assignment or transfer. Said written notice shall be considered delivered upon receipt by Purchaser. Supplier may have only one grant, assignment or transfer legally effective at any one point in time. Supplier releases and waives any right, claim or action against Purchaser for amounts due and owing under this Agreement where Supplier has not complied with the above notice requirements. Any notice provided under this Section shall be mailed directly to Walmart Inc., c/o Manager, Accounts Payable, Real Estate Accounting, 2001 SE 10th Street, Bentonville, AR 72712-6489. To secure Purchaser's prompt and complete payment and performance of any and all present and future indebtedness, obligations and liabilities of Purchaser to Supplier, Purchaser hereby grants Supplier a first-priority security interest, with priority over all other liens, claims, and encumbrances, in all inventory of goods purchased under this Agreement (including Goods and Nonconforming Goods), wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. Purchaser acknowledges that the security interest granted under this Section 15 is a purchase-money security interest under Arkansas law. Supplier may file a financing statement for such security interest and Purchaser shall execute such statements or other documentation necessary to perfect Supplier's security interest in such Goods. Purchaser also authorizes Supplier to execute, on Purchaser's behalf, such statements or other

documentation necessary to perfect Supplier's security interest in such Goods. Supplier shall be entitled to all applicable rights and remedies of a secured party under applicable law.

16. **TAXES.** Purchaser is solely responsible for, and shall pay, and shall hold Supplier harmless from, all Taxes, with respect to, or measured by, the manufacture, sale, shipment, use, or price of the Goods (including interest and penalties thereon); provided, however, that Purchaser shall not be responsible for any Taxes imposed on, or with respect to, Supplier's income, revenues, gross receipts, personnel, or real or personal property or other assets. Supplier shall charge Taxes on taxable services at the rate applicable at the point of service. If any manufacturer's excise or other similar or different Taxes are paid on Goods subject to any Purchase Order and if such Tax, or any part thereof, is refunded to Supplier, then Supplier shall promptly pay Purchaser the amount of such refund, pursuant to applicable state and federal law. For the avoidance of doubt, this sale will be classified as a material supply (retail) sale, and not a construction subcontract, for the purposes of assessing the applicable sales taxes. "Taxes" means any and all present and future sales, income, stamp, and other taxes, levies, imposts, duties, deductions, charges, fees, or withholdings imposed, levied, withheld, or assessed by any governmental authority, together with any interest or penalties imposed thereon.

17. **NOTIFICATION.** During the term of this Agreement, Supplier will notify Purchaser of any accepted project in excess of Fifty Million Dollars (US$50,000,000) of total contract value, including the pricing, volume, and specifications of the goods to be delivered thereunder, unless prohibited from such disclosure by an obligation of confidentiality.

18. **EVENTS OF DEFAULT.** The following shall constitute events of default (each an "Event Of Default"):

(a) Supplier: (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator for all or a substantial part of its property; (ii) admits in writing its inability, or is generally unable, to pay its debts as such debts become due; (iii) makes a general assignment for the benefit of its creditors; (iv) becomes subject to a voluntary or involuntary case under any bankruptcy law, including, without limitation, title 11 of the United States Code; (v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding down, or composition or readjustment of debts; (vi) fails to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against Supplier in an involuntary case under any bankruptcy law; or (vii) takes any corporate or other action for the purpose of effecting any of the foregoing;

(b) Without Supplier's application or consent, a proceeding or case is commenced in any court of competent jurisdiction seeking: (i) Supplier's liquidation, reorganization, dissolution, or winding-down or the composition or readjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like under any bankruptcy law, and such proceeding or case continues undefended, or any order, judgment, or decree approving or ordering any of the foregoing are entered and continue unstayed and in effect for a period of sixty (60) Calendar Days;

(c) Supplier (i) loses exclusivity with respect to Goods pursuant to Section 4(b); (ii) accepts the return of Defective Goods pursuant to Section 6(e); (iii) accepts the return of Nonconforming Goods pursuant to Section 8(a); or (iv) accepts the return of Goods subjected to Recall pursuant to Section 8(c), and the aggregate volume of Goods pursuant to (i), (ii), (iii), and (iv) exceeds thirty-three and one third percent (33.33%) of the Minimum Volume Requirements of Goods contemplated under this Agreement; or

(d) Supplier knowingly or intentionally misrepresented any of its representations or warranties made pursuant to Section 6 with regard to any Goods. For purposes hereof, the term "knowingly" means acting with actual knowledge or with deliberate ignorance or reckless disregard of the truth.

19. **PURCHASER'S REMEDIES FOR EVENT OF DEFAULT.** Purchaser shall give Supplier written or electronic notice of default under Section 18 ("Notice of Default"). Supplier shall have thirty (30) Calendar Days from the date of the Notice of Default to cure the specified default to Purchaser's satisfaction

(the "Cure Period"). If Supplier fails to cure the specified default within the Cure Period, then Purchaser may avail itself of any or all of the following remedies:

(a) Termination of this Agreement upon five (5) Business Days advance written notice;

(b) Immediate cancellation of all or any part of any outstanding Purchase Orders, including without limitation, the balance of any Goods received on installment; and

(c) Rejection and return of all or any part of any shipment, at Supplier's sole risk and expense.

Purchaser shall notify Supplier of its election of one of the foregoing remedies within thirty (30) Calendar Days after the expiration of the Cure Period. If Purchaser fails to make such notification within such time period than the right to terminate pursuant to the foregoing shall be waived. To the extent actually elected by Purchaser, the remedies set forth in this Section 19 shall be Purchaser's sole and exclusive remedies arising as a result of or associated with any Event Of Default.

20. TERMINATION

(a) Purchaser's Right to Terminate. In any termination effected pursuant to the terms hereof by Purchaser, Purchaser will pay Supplier for fulfillment of any Purchase Order, or portion thereof, to the extent completed at the time of termination, except where such termination was the result of an Event Of Default under Section 18(d). Supplier shall, and shall cause its Affiliates and permitted subcontractors, to use good faith efforts to provide assistance, to Purchaser, as may be reasonably necessary or useful for Purchaser or its designee/replacement supplier to commence or continue manufacturing and producing goods reasonably comparable to the Goods for such period and cost as may be mutually agreed to by the parties prior to or after the effective date of such termination (the "Transition Period"), which assistance shall include, to the extent reasonably requested by Purchaser, provision of technical assistance as well as introduction to sources of Softwood Lumber. To the extent reasonably requested by Purchaser, and if agreed to by Supplier, which shall not be unreasonably withheld, Supplier shall use good faith efforts to continue to produce and manufacture Goods in accordance with the terms hereof during the Transition Period.

(b) Supplier's Right to Terminate. Supplier may terminate this Agreement, by providing written notice to Purchaser if Purchaser (i) fails to pay any undisputed fees within fifteen (15) Calendar Days after receipt of such notice from Supplier as to the failure of Purchaser to timely pay such fees, (ii) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due, (iii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, (iv) makes or seeks to make a general assignment for the benefit of its creditors, (v) applies for or has appointed a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business, or (vi) knowingly and intentionally misrepresented any of its representations or warranties made pursuant to this Agreement.

Any termination under this Section 20(b) will be effective on Purchaser's receipt of Supplier's written notice of termination or such later date (if any) set forth in such notice.

21. INSURANCE REQUIREMENTS. At all times during the Term, Supplier shall keep in full force and affect the minimum insurance coverage set forth in Attachment 7 (Insurance Requirements). Supplier shall obtain all insurance coverage from a company having a rating of B+ or better and a Financial Size Category rating of VII or better, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies. Supplier will not cancel or reduce coverage of the insurance without giving Purchaser at least thirty (30) Calendar Days' prior written notice. Supplier's insurance shall be primary, non-contributory and not excess coverage. Each Commercial General Liability policy shall: (i) name Walmart Inc., its subsidiaries and Affiliates as additional insureds; (ii) provide defense coverage as an additional

benefit and not within the limits of liability; (iii) contain a waiver of subrogation in favor of Purchaser; and (iv) be issued on an occurrence basis. Prior to the Effective Date, and as a condition to this Agreement becoming effective, Supplier shall provide Purchaser one or more certificates of insurance evidencing the coverage required by this Agreement. Supplier shall also provide Purchaser with one or more certificates of insurance evidencing the coverage required by this Agreement upon the renewal or replacement of a required insurance policy in effect during the Term of this Agreement and at any other time as Purchaser may request.

22. INDEMNIFICATION

(a) Mutual Indemnification. Subject to the terms and conditions of this Agreement, including those set forth in Section 22, each party (as "Indemnifying Party") shall indemnify, defend, and hold harmless the other party and its officers, directors, employees, agents, Affiliates, successors, and permitted assigns (collectively, "Indemnified Party") against any and all Damages awarded against Indemnified Party in a final non-appealable judgment, arising out of or resulting from any third-party claim, action, demand, arbitration, proceeding, or investigation ("Claim") against Indemnifying Party alleging:

(i) a material breach or non-fulfillment of any representation or warranty set forth in Section 6 of this Agreement by Indemnifying Party or Indemnifying Party's personnel;

(ii) any grossly negligent or more culpable act or omission of Indemnifying Party or its personnel (including any recklessness or willful misconduct) in connection with the performance of this Agreement;

(iii) any bodily injury, death of any person, or damage to real or tangible personal property caused by willful or grossly negligent acts or omissions of Indemnifying Party or its personnel relating to the Goods; or

(iv) any failure by Indemnifying Party or its personnel to materially comply with any applicable laws relating to their performance under this Agreement, including the Lacey Act;

Notwithstanding anything to the contrary in this Agreement, Section 22(a)(i) does not apply to any Claims for which a sole or exclusive remedy is provided for under another Section of this Agreement including, but not limited to, Sections 6, 8, and 18.

(b) Supplier Indemnification of Purchaser for Products Liability. In addition to the indemnification contemplated in Section 22(a), Supplier shall indemnify Purchaser and its officers, directors, employees, agents, Affiliates, successors, and permitted assigns against any and all Damages arising out of or resulting from any third party Claim alleging death or injury to any person, damage to any property, or any other damage or loss, by whomsoever suffered, resulting or claimed to result in whole or in part from any defect in Nonconforming Goods or Defective Goods, to the extent resulting from, arising out of, or in connection with (i) any actual or alleged failure of Supplier to provide warnings, labelings, or instructions pursuant to Supplier's normal business practices, (ii) any actual or alleged improper manufacture of such Nonconforming Goods or Defective Goods by Supplier, or (iii) any actual or alleged failure of such Nonconforming Goods or Defective Goods to comply with the Specifications or with the warranties of Supplier contemplated hereunder.

(c) Exceptions and Limitations on Indemnification. Notwithstanding anything to the contrary in this Agreement, an Indemnifying Party is not obligated to indemnify or defend (if applicable) an Indemnified Party against any Claim to the extent such Claim or corresponding Damages arise out of or result from, in whole or in part, the Indemnified Party's or its personnel's:

(i) gross negligence or more culpable act or omission (including recklessness or willful misconduct);

(ii) bad faith failure to materially comply with any of its obligations set forth in this Agreement; or

(iii) use of the Goods in any manner not otherwise authorized under this Agreement or that does not materially conform with any usage instructions, guidelines, and specifications provided by Supplier.

(iv) EXCLUSIVE REMEDY. THIS SECTION 22, TOGETHER WITH IN CERTAIN CASES TERMINATION RIGHTS SET FORTH IN SECTION 19 SETS FORTH THE ENTIRE LIABILITY AND OBLIGATION OF EACH INDEMNIFYING PARTY AND THE SOLE AND EXCLUSIVE REMEDY FOR EACH INDEMNIFIED PARTY FOR ANY CLAIMS ARISING UNDER AND DAMAGES COVERED BY THIS SECTION 22.

23. LIMITATION OF LIABILITY

(a) EXCEPT FOR PURCHASER'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY PUNITIVE, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, BUSINESS REVENUES, BUSINESS INTERRUPTION AND THE LIKE), ARISING FROM OR RELATING TO: (I) THE RELATIONSHIP BETWEEN SUPPLIER AND PURCHASER, INCLUDING ALL PRIOR DEALINGS AND AGREEMENTS; (II) THE CONDUCT OF BUSINESS UNDER THIS AGREEMENT OR ANY PURCHASE ORDER; (III) BREACH OF THIS AGREEMENT OR ANY PURCHASE ORDER; OR (IV) TERMINATION OF BUSINESS RELATIONS BETWEEN THE PARTIES, AND REGARDLESS OF WHETHER THE CLAIM UNDER WHICH SUCH DAMAGES ARE SOUGHT IS BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY, STATUTE, REGULATION, OR ANY OTHER LEGAL THEORY OR LAW, EVEN IF PURCHASER OR SUPPLIER HAS BEEN ADVISED BY THE OTHER PARTY OF THE POSSIBILITY OF SUCH DAMAGES.

(b) EXCEPT FOR PURCHASER'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT, EITHER PARTY'S INDEMNITY OBLIGATIONS AS SET FORTH IN SECTION 22, THE CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 28, DAMAGES ARISING AS A RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT, AND EITHER PARTY'S REPUDIATION OF THIS AGREEMENT IN A MANNER NOT PERMITTED HEREUNDER: EACH PARTY'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THIS AGREEMENT, A PURCHASE ORDER, OR FROM THE PERFORMANCE OR BREACH THEREOF, SHALL IN NO CASE EXCEED (I) THE TOTAL OF THE AMOUNTS PAID HEREUNDER BY PURCHASER IN THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM AND (II) IN THE EVENT THAT PURCHASER HAS NOT PAID FEES FOR A FULL TWELVE (12) MONTH PERIOD, THEN THE TOTAL OF THE AMOUNTS ANTICIPATED TO BE PAID HEREUNDER BY PURCHASER IN THE FIRST TWELVE (12) MONTH PERIOD DURING WHICH PAYMENTS WOULD BE MADE.

24. COMPLIANCE WITH LAWS. In addition to its other representations and warranties in this Agreement, Supplier represents and warrants to Purchaser that it shall comply with the Lacey Act, the Foreign Corrupt Practices Act, the Occupational Safety & Health Administration (OSHA) Act, and the Immigration Laws, and will not, to Supplier's knowledge, materially violate any other laws, ordinances, statutes, rules, or regulations of the United States, or any applicable state or local government or any subdivision or agency thereof, applicable to Supplier in its performance of its obligations pursuant to this Agreement. Supplier shall, and shall use commercially reasonably efforts to cause any and all of its agents and subcontractors to, comply with the foregoing. Supplier agrees to pay all compensation, required contributions, and taxes that arise out of the employment relationship, and to maintain workers' compensation coverage in an amount and under such terms as required by federal, state, or local labor codes. Supplier and its subcontractors shall use commercially reasonable efforts to maintain all payroll records, federal, state and local withholding records, and other filings and records related to social security,

workers' compensation, disability insurance, and unemployment insurance in accordance with its own internal policies, practices, and procedures. Supplier also warrants that it will secure any and all licenses, permits and inspections required by all applicable rules, regulations, and statutes with respect to the provision of the Goods pursuant to this Agreement. "Immigration Laws" means the Immigration Reform and Control Act of 1986, as amended, the Immigration and Nationality Act, as amended, and the Illegal Immigration Reform Immigrant Responsibility Act of 1996, as amended, and any successor statutes, laws, rules and regulations thereto.

25. STANDARDS FOR SUPPLIERS; STATEMENT OF ETHICS; MANUFACTURING AUDIT

(a) Standards for Suppliers. To the extent applicable, Supplier agrees to comply with the obligations specified in the Standards for Suppliers, as amended and updated from time to time, posted and available to Supplier at https://cdn.corporate.walmart.com/7c/c3/3d339cb74ec9a2fad98fd43d3589/standards-for-suppliers-manual-english.pdf / https://cdn.corporate.walmart.com/bc/8c/97ac8c9b43229f17480057fd684e/standards-for-suppliers-english-updated-6-30.pdf and which are incorporated herein by reference. In addition to the foregoing, all Transactions under this Agreement are subject to the Walmart Inc. Global Statement of Ethics, as amended and updated from time to time, the current version of which is posted and available to Supplier at http://ethics.walmartstores.com/ (the "Statement of Ethics") and which is incorporated herein by reference. By execution of this Agreement, Supplier confirms that it is now in compliance, and shall at all times continue to comply with, the Statement of Ethics (including all amendments) with respect to all Goods and services provided under this Agreement or any Purchase Order. Purchaser may audit Supplier's business records, including but not limited to financial statements and invoices, to determine compliance with this Agreement, applicable law and the Standards for Suppliers. Notwithstanding the foregoing, in the event of any conflict or inconsistency between the terms and conditions of the Standards for Suppliers or the Statement of Ethics (as each may be amended and updated from time to time) and the terms of this Agreement, the terms and conditions of the Standards for Suppliers or the Statement of Ethics, as the case may be, shall govern and control.

(b) Manufacturing Audits

(i) Purchaser may inspect, audit and review any of Supplier's facilities one time (1x) per year (an "Annual Manufacturing Audit") in order to verify Supplier's compliance with applicable law, Purchaser's Standards for Suppliers, and to ensure good manufacturing practices are being followed. In addition to this Annual Manufacturing Audit, Purchaser will have the right to conduct an additional manufacturing audit (an "Incident Manufacturing Audit", together with an Annual Manufacturing Audit, a "Manufacturing Audit") each time: (i) Supplier receives notification from a relevant governmental authority that documents Supplier's material violation of applicable law with respect to any regulated manufacturing, packaging, or labelling process relevant to the Goods, including, without limitation, the Lacey Act; or (ii) Purchaser has rejected a batch of the Goods where it has been finally determined in accordance with the terms of this Agreement that such Goods are Defective Goods or Nonconforming Goods.

(ii) Any representatives of Purchaser who conduct a Manufacturing Audit will have appropriate and relevant qualifications as reasonably determined by Purchaser, will comply with all of Supplier's facility rules regarding safety and security, and will comply with Purchaser's confidentiality obligations set forth herein with respect to all Confidential Information obtained during the course of any Manufacturing Audit except for disclosure to Purchaser. Any Manufacturing Audit will be conducted during Supplier's normal business hours and upon at least ten (10) Business Days' prior written notice to Supplier in the case of an Annual Manufacturing Audit, or two (2) Business Days' prior written notice to Supplier in the case of an Incident Manufacturing Audit. A Manufacturing Audit will not exceed three (3) Business Days in duration, and in all cases Purchaser will ensure that its representatives conduct each Manufacturing Audit, to the extent reasonably possible, so as not to interfere with the normal and ordinary operation of Supplier's facility. All costs of an Annual Manufacturing Audit will be paid by Purchaser, and all reasonable out-of-pocket costs of an Incident Manufacturing Audit will be paid by Supplier.

26. IMMIGRATION LAWS. After the Effective Date of this Agreement, Supplier shall maintain photocopies of all supporting employment eligibility and identity documentation for all employees who are hired by Supplier after such date. From time to time as Purchaser may request in its sole discretion, Supplier shall, at its expense, audit the Form I-9s for compliance as Purchaser may designate. At Purchaser's option, such audit shall be performed either by Supplier or by Supplier's third party immigration attorney or consultant, who must be experienced and trained in the field of immigration compliance. Such audit shall be completed within five (5) days after Purchaser's request and Purchaser may suspend deliveries or Purchase Orders pending the completion of any such audit. Supplier shall retain all such certifications on file during the term of this Agreement, and shall deliver any or all such certifications to Purchaser upon Purchaser's request. During the term of this award, and whether or not any orders are then outstanding, Supplier shall promptly, and in any event within one (1) hour, notify Walmart Stores, Inc., Legal Department Compliance, 702 SW 8th Street, Bentonville, AR 72716 via fax at (479) 277-5991 by in-person voice communication (not voice mail) of any unscheduled inspections, work site enforcement actions, investigations, inquiries, visits or audits conducted by the United States Department of Homeland Security or any other governmental agency or authority related to environmental, immigration or employee-safety issues of Supplier, its agents, or employees. For clarity and notwithstanding anything to the contrary, the requirements of this Section 26 apply only with respect to Supplier (as a United States entity) and in the United States only.

27. GOODWILL AND PUBLICITY. Neither party shall use the name, trade name, service mark, or trademark of the other party in any promotional or advertising material without such party's prior written consent. Neither party shall acquire any rights whatsoever to any of the other party's trademarks, trade names, service marks, logos, or other intellectual property rights. Neither party shall refer to the other party or any Affiliate of such other party in print or digital publication form in connection with Goods or services rendered in connection with this Agreement without the other party's prior written approval.

28. CONFIDENTIALITY. Neither party nor its respective Affiliates ("Receiving Party") shall at any time, during or after the term of this Agreement, disclose to others, and shall not take or use for its own or any third party's purposes, any trade secrets, confidential information, knowledge, designs, data, know-how, or any other information belonging to the other party ("Disclosing Party") and considered logically as "confidential." Receiving Party recognizes that this obligation applies not only to technical information, designs and marketing, but also to any business information that Disclosing Party treats as confidential. Any information that is not readily available to the public (including this Agreement and the terms hereof) shall be considered to be a trade secret and confidential (all of the foregoing, collectively "Confidential Information"). Upon termination of this Agreement, for any cause or for no cause, Receiving Party shall return to Disclosing Party, all of Disclosing Party's Confidential Information in or under Receiving Party's possession, custody, or control. To the extent such return of Confidential Information is not possible or practical, at Disclosing Party's written request, Receiving Party shall promptly destroy all copies of Confidential Information and provide Disclosing Party certification of such destruction. Notwithstanding any provision of this Agreement to the contrary, Receiving Party shall not be deemed to have violated its duty of confidentiality with respect to the following authorized disclosures of Confidential Information: (i) disclosure of Confidential Information which Receiving Party can reasonably prove is, or had previously become, generally known by third parties through no breach or fault of Receiving Party; (ii) disclosure of Confidential Information required by applicable law; and (iii) disclosure of Confidential Information to Receiving Party's employees, auditors, attorneys, or other authorized representatives or agents for purposes of performing its obligations under this Agreement, provided that Receiving Party shall take all steps necessary to ensure that such employees, auditors, attorneys and other authorized representatives maintain the confidentiality of all Confidential Information. Nothing set forth herein shall abrogate the obligations set forth in the Mutual Nondisclosure Agreement entered into by the parties on or about May 17, 2019.

29. NOTICES. All notices and other communications required or permitted to be given hereunder shall be addressed as follows:

If to Supplier:

Structurlam Mass Timber Corporation
950 Tower Lane, Suite 925
Foster City, CA 94404

Attention: Hardy Wentzel
Phone: 1.250.862.2000
Email: hwentzel@structurlam.com

If to Purchaser:

Walmart Inc.
Corporate Real Estate
1205 SE 8th Street
Suite #1
Bentonville, AR 72712

Attention: Joe Allbright, Sr. Director
Phone: (479) 250-5992
Email: Joe.Allbright@walmart.com

Attention: Brian Hooper, Vice President
Phone: (479) 273-8106
Email: Brian.Hooper@walmart.com

With copies to:

Walmart Inc.
Realty Operations
2608 SE J Street
Bentonville, AR 72716-0550

Attention: Myles A. Cochran, Managing Counsel
Phone: (479) 204-0028
Email: myles.cochran@walmartlegal.com

Walmart Inc.
Legal
2001 SE 10th Street
Mail Stop 5560
Bentonville, AR 72716-5560

Attention: Richard Martin, Lead Counsel
Phone: (479) 204-0687
Email: Richard.Martin@walmartlegal.com

Unless a different method of notice is specified, all notices and other communications required or permitted under this Agreement or any Purchase Order shall be in writing delivered by hand, email, fax, commercial courier, or certified mail, return receipt requested. Refusal of delivery for any reason shall be deemed receipt.

30. AMENDMENT AND MODIFICATION. No modification of this Agreement shall be valid or binding unless such modification is in writing, duly dated and signed by both parties. In particular, no shrink-wrap, click-wrap, click-through, click-accept, online terms, or website terms ("Additional Terms") provided with any Purchase Order hereunder shall be binding on Supplier or modify any of the terms and conditions

of this Agreement. All such Additional Terms shall be of no force or effect and shall be deemed rejected by Supplier in their entirety.

31. FORUM SELECTION; CHOICE OF LAW. This Agreement, all Orders, and all disputes arising thereunder or relating thereto, whether sounding in contract or tort, shall be governed by and construed in accordance with the laws of the State of Arkansas without regard to the internal law of Arkansas regarding conflicts of law, and the federal and state courts of Dallas, Texas, shall have exclusive jurisdiction over any actions or suits. The parties mutually acknowledge and agree that they shall not raise, and hereby waive, any defenses based upon venue, inconvenience of forum or lack of personal jurisdiction in any action or suit brought under this Agreement. Any legal action brought by Supplier against Purchaser related to this Agreement or any Orders shall be filed in one of the above referenced jurisdictions within two (2) years after the cause of action arises or it shall be deemed forever waived. This Agreement shall be executed in the English language. In the event of any conflict between this Agreement as written in the English language and any translation, this Agreement written in English shall control. The parties acknowledge that they have read and understand this clause and agree willingly to its terms and conditions.

32. ENTIRE AGREEMENT

(a) This Agreement, together with all attachments and exhibits and any Purchase Orders, contain the entire agreement of the parties with respect to Goods or services that are the subject matter of this Agreement. Any attachments or exhibits attached hereto and any Purchase Orders executed or issued concurrent with or subsequent to the Effective Date of this Agreement are integral parts and are made a part of this Agreement by reference. All prior communications, oral or written, regarding or relating to the Goods or services that are the subject matter of this Agreement are without any force and effect as it is the specific intent of the parties that this Agreement alone sets forth the terms on which the parties have mutually agreed. Notwithstanding the foregoing, this Agreement shall not contradict, nullify, or modify any other contract or agreement between Purchaser and Supplier regarding areas or matters, including but not limited to Goods or services, not subject to this Agreement.

(b) Except as expressly set forth herein, the terms of this Agreement shall control over any inconsistent terms of a Purchase Order.

(c) Each party specifically agrees that it enters into this Agreement based on its own understanding of the terms hereof and does not rely, in whole or in part, on any interpretation or representation of the other party. Each party agrees that this Agreement is the result of good faith arms' length negotiations.

33. SEVERABILITY. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the parties shall amend this Agreement, as necessary, to restore the original balance of benefits and burdens intended by the parties.

34. ASSIGNMENT. Purchaser may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Supplier. Supplier may assign any of its rights or delegate any of its obligations to any Affiliate or to any person or entity acquiring all or substantially all of Supplier's assets, in each case only to the extent that Purchaser's guaranty of Supplier's senior credit facilities is extinguished in connection therewith in a manner reasonably satisfactory to Purchaser. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the assigning or delegating party of any of its obligations under this Agreement.

35. SUCCESSORS. This Agreement and the rights and obligations hereunder shall be binding upon and shall inure to the benefit of Purchaser, Supplier, and their respective permitted successors and assigns. Except for express beneficiaries under the indemnity provisions of this Agreement, nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy, or right of any kind, it being the intent of the parties that this Agreement shall not be construed as

a third party beneficiary contract. Notwithstanding the foregoing, no sale of all or substantially all of the assets of Supplier, or a sale or exclusive license or lease of any of the Critical Assets, shall be effective unless and until such purchaser, licensee, or lessee, as the case may be, agrees to assume Supplier's obligations hereunder pursuant to an assignment in form and substance reasonably acceptable to Purchaser.

36. FORCE MAJEURE. Supplier shall not be liable or responsible to Purchaser, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, if such failure or delay is caused by or results from acts beyond Supplier's control, including: (a) acts of nature; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) requirements of law; (e) actions, embargoes, or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority (whether or not having the effect of law); (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns, or other industrial disturbances; (i) shortages of, or delays in, receiving raw materials; or (j) shortage of adequate power or transportation facilities (each, a "Force Majeure Event").

37. INDEPENDENT CONTRACTORS. The parties acknowledge that they are independent contractors and that neither party is an employee, agent, servant, representative, partner, or joint venturer of the other. Each party shall be solely responsible for the hiring, firing, direction, supervision, discipline, discharge, promoting, demoting, evaluations, rates of pay, benefits, and other terms and conditions related to its own employees. Except as expressly required by law, no employees of either party shall be considered loaned employees for any purpose, including, without limitation, the application of: (i) the Age Discrimination in Employment Act; (ii) the Americans with Disabilities Act; (iii) the Fair Labor Standards Act; (iv) the Family and Medical Leave Act; (v) the Federal Insurance Contribution Act; (vi) the Federal Unemployment Tax Act; (vii) the Immigration and Nationality Act, as amended; (viii) the Immigration Reform and Control Act; (ix) the National Labor Relations Act; (x) the Social Security Act; (xi) Title VII of the Civil Rights Act of 1964; (xii) the Worker Adjustment and Retraining Notification Act; and (xiii) state law counterparts to these laws. Neither party has the right to bind the other, nor to incur any obligation nor liability on behalf of the other party, without such party's prior written consent. Supplier shall pay all compensation, salary, and all required contributions to individuals who provide Goods or perform services for Supplier as an employee, contractor, or subcontractor. Purchaser expressly disclaims liability for any such remuneration obligations, except as otherwise expressly prohibited by law.

38. SURVIVAL. The obligations under Section 1 (Definitions), Section 2 (Interpretation), Section 6 (Representations and Warranties), Section 8 (Rejection of Goods; Recalls); Section 9 (Cancellation), Section 10 (Payment Terms; Deposit); Section 12 (Late Payments), Section 13 (Payment Errors), Section 14 (Notice of Bankruptcy Proceedings), Section 15 (Notice Regarding Grant of Security Interest in or Collateral Assignment of Accounts), Section 16 (Taxes), Section 19 (Purchaser's Remedies for Event Of Default), and other Sections and provisions of this Agreement that, by their sense and context (e.g., Sections 29-39 and Section 43), are intended to survive termination or expiration of this Agreement or any Purchase Order.

39. COUNTERPARTS. This Agreement and any Purchase Orders may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute a single instrument. The parties consent to use facsimile, electronic, and/or digital signatures to execute this Agreement, and the same are binding upon the parties as if they were original signatures. The parties shall regard facsimile, electronic, and digital copies of this Agreement, including properly executed PDF versions of this Agreement, as original instruments.

40. SPECIFIC PERFORMANCE. At any time during the Term, each party shall have the right to seek specific performance of the provisions hereof and injunctive relief against the other party.

41. RIGHT OF FIRST OFFER. In the event that Supplier shall, at any time prior to the completion of the Project, determine to sell, assign, or otherwise transfer all or part of Supplier's rights, title,

or interests with respect to the Manufacturing Facility (the "Critical Assets"), Supplier shall first notify Purchaser and Purchaser shall have the right to make a bona fide offer of to acquire the Critical Assets (the "Purchaser Offer") within thirty (30) Calendar Days of such notice. For the avoidance of doubt, the foregoing right of first offer shall not apply with respect to Supplier's determination to sell, assign, or otherwise transfer all of its assets, whether by merger, acquisition, consolidation, or sale. If Supplier accepts the Purchaser Offer, Purchaser shall purchase all, but not part, of the Critical Assets for the price and on the terms and conditions contained in the Purchaser Offer. If Supplier does not accept the Purchaser Offer, Supplier may complete a sale of all or part of the Critical Assets to a third party on terms superior to those contained in the Purchaser Offer, provided that if such sale is not completed within one hundred eighty (180) Calendar Days of Supplier's rejection of the Purchaser Offer, Purchaser shall again have the right of first offer herein provided. The Purchase Agreement governing Purchaser's purchase of the Critical Assets shall contain customary provisions, including representations and warranties concerning Supplier's title to the Critical Assets, lack of infringement with the intellectual property rights of third parties and other customary intellectual property representations and protections. Notwithstanding anything to the contrary set forth herein, (i) the rights granted to Purchaser herein shall not be triggered by any sale, assignment, or other transfer of the Critical Assets to any Affiliate, direct or indirect parent, or wholly-owned subsidiary of Supplier, and (ii) any acquirer of the Critical Assets (whether alone or as part of a purchase of a pool of assets) shall be bound, and Supplier shall cause any such acquirer to be bound, by the provisions of this Agreement, including this Section 41 which shall apply equally to such acquirer.

42. GUARANTY. Guarantor hereby guarantees (the "Guaranty") Supplier's payment of any monies to be paid to Purchaser pursuant to this Agreement and the performance of Supplier's respective obligations hereunder. This Guaranty shall be construed as an absolute and unconditional Guaranty of payment and performance and not of collection. Purchaser shall have all remedies available to it under this Guaranty, at law and in equity.

43. ATTACHMENTS. The attachments identified below are subject to the terms of this Agreement. Capitalized terms used but not defined in the Attachments will have the meanings given them elsewhere in this Agreement.

Attachment 1: Home Office Campus
Attachment 2: Purchase Order Terms and Conditions
Attachment 3: Volume Matrix
Attachment 4: Hypothetical Calculations
Attachment 5: Specifications
Attachment 6: Projected Gross Profit from Third-Party Construction Projects
Attachment 7: Insurance Requirements

IN WITNESS WHEREOF, the parties' duly authorized representatives have executed and delivered this Agreement as of the Effective Date.

Purchaser:

WALMART INC.

DocuSigned by:

By: _____
B6ED0685C4CF460...

Name: Brian Hooper

Title: Vice President

Date: 12/3/2019

Supplier:

STRUCTURLAM MASS TIMBER U.S., INC.

By: _____

Name: _____

Title: _____

Date: _____

Read and acknowledged solely with respect to its obligations set forth in Section 42:

Guarantor:

SLP HOLDINGS LTD.

By: _____

Name: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the parties' duly authorized representatives have executed and delivered this Agreement as of the Effective Date.

Purchaser:

WALMART INC.

By:_____

Name:_____

Title:_____

Date:_____

Supplier:

STRUCTURLAM MASS TIMBER U.S., INC.

By: H. Wentzel

Name: HARDY WENTZEL

Title: PRESIDENT

Date: DEC. 3, 2019

Read and acknowledged solely with respect to its obligations set forth in Section 42:

Guarantor:

SLP HOLDINGS LTD.

By: J.T. Mauk

Name: J.T. MAUK

Title: Director

Date: 12-3-19

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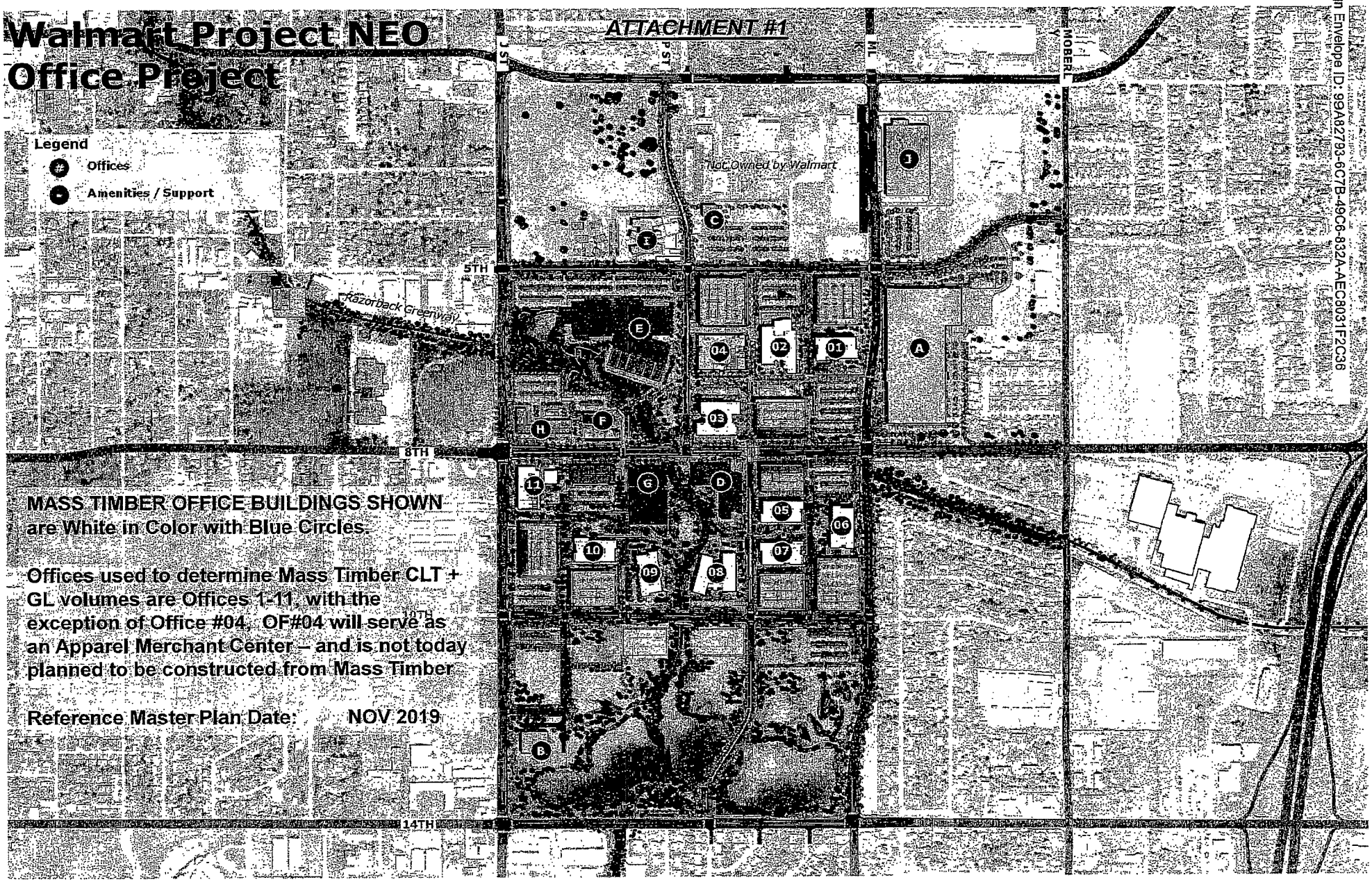
ATTACHMENT 1
HOME OFFICE CAMPUS FLOORPLAN

[See attached PDF entitled "ATTACHMENT #1, Walmart Project NEO Office Project"]

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Walmart Project NEO
Office Project

ATTACHMENT #1



MASS TIMBER OFFICE BUILDINGS SHOWN are White in Color with Blue Circles.

Offices used to determine Mass Timber CLT + GL volumes are Offices 1-11, with the exception of Office #04. OF#04 will serve as an Apparel Merchant Center – and is not today planned to be constructed from Mass Timber

Reference Master Plan Date: NOV 2019

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ATTACHMENT 2
PURCHASE ORDER TERMS AND CONDITIONS

The parties agree that they shall, in good faith, use all commercially reasonable efforts to determine the form of Purchase Order no later than July 1, 2020. Upon completion, the mutually agreed form of Purchase Order shall be attached hereto and incorporated herein (the "Form of Purchase Order"). The Initial Purchase Order, and each subsequent Purchase Order, shall be completed in substantially the same form as the Form of Purchase Order and, upon the execution of each by both parties in accordance with the terms of this Agreement, shall be attached hereto and incorporated herein.

Each Purchase Order shall contain terms customary in the timber supply industry.

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ATTACHMENT 3
VOLUME MATRIX

Pursuant to Section 4(c) of this Agreement, the minimum purchase requirements for Goods for the Project shall be comprised of an aggregate of Three Hundred Ninety-Nine Thousand Three Hundred Forty-Five cubic feet (399,345 ft^3) of Glulam and Seven Hundred Thousand Eight Hundred Thirty-One cubic feet (700,831 ft^3) of CLT from Supplier. Walmart will purchase the Goods in amounts as follows:

	Glulam (ft^3)	**CLT (ft^3)**
From month one (1) to month twelve (12) following the start of production Walmart will purchase not less than:	83,180	145,977
From month thirteen (13) to month twenty-four (24) following the start of production Walmart will purchase not less than:	182,228	319,802
From month twenty-five (25) to month thirty-six (36) following the start of production Walmart will purchase not less than:	110,157	193,321
From month thirty-seven (37) to month forty-eight (48) following the start of production Walmart will purchase not less than:	Remainder*	Remainder*

* "Remainder" means the amount remaining to be purchased by Purchaser to satisfy the minimum purchase requirements for Goods for the Project indicated above.

ATTACHMENT 4-A
HYPOTHETICAL CALCULATIONS

Hypothetical Price and Target Direct Margin % Calculation

($USD / ft^3)	CLT
Labour Costs	$3.50
Material Costs	$14.36
Lumber	$10.96
Glue	$1.34
Other	$2.06
Overhead Costs **	$2.70
Total Direct Costs	**$20.56**
Target Direct Margin (per ft^3)	**$9.44**
Selling Price *(per Section 4(d)(i)(2) of this Agreement)*	**$30.00**
Assumed Volume Delivered (ft^3)	36,500
Revenue (36,500 ft^3 x $30.00 Selling Price) on Goods	$1,095,000
Target Direct Margin (36,500 ft^3 x $9.44) on Goods	$344,560
Target Direct Margin % *(per Section 4(d)(v) of this Agreement)*	**31.5%**
Minimum Target Direct Margin %	**32.5%**
Target Direct Margin at Minimum (32.5%)	$355,875
Additional Payment to Supplier *(per Section 4(d)(v) of this Agreement)*	**$11,315**

*** Includes rent, utilities, depreciation, repair and maintenance, APA fees.*

ATTACHMENT 4-B
HYPOTHETICAL CALCULATIONS

Following is an illustrative example of Delay Compensation:

Indicative Assumptions:

- Amount of CLT to be purchased by Purchaser under Delivery Schedule:
  - Q1: 40,000 cubic feet
  - Q2: 50,000 cubic feet
- Purchaser Target Direct Margin for CLT: $9.44 per cubic foot
- Actual gross margin on third party construction projects in Q1: $2,100,000
- Projected third party Gross Profit Amount in Q1: $2,000,000

Indicative Calculation:

- Purchaser submits Purchase Orders in Q1 for 10,000 cubic feet, delaying 30,000 cubic feet.
- Target Direct Margin on 30,000 cubic feet of delayed goods in Q1 is $283,200 (30,000 x $9.44).
- Delay Compensation for Q1 under above assumptions is $183,200 ($283,200 Target Direct Margin on delayed Goods less $100,000, which is the excess of $2,100,000 actual gross margin on third party construction projects over $2,000,000 Projected Gross Profit on third-party construction projects).

If Purchaser submits Purchase Orders in Q2 for 50,000 cubic feet or more, whether such Purchase Orders are delayed Goods from Q1 or otherwise, there is no Delay Compensation in Q2.

ATTACHMENT 5
SPECIFICATIONS

Glulam in compliance with ANSI A190.1-2017 standards.

CLT in accordance with ANSI/APA PRG 320-2018 standards.

Softwood Lumber Visual Grades: To be determined. The parties agree that they shall, in good faith, use all commercially reasonable efforts to determine these Softwood Lumber visual grades no later than July 1, 2020. Upon completion, the mutually agreed specifications regarding such Softwood Lumber visual grades shall be incorporated herein.

All Softwood Lumber for the manufacture and production of the Goods to be used for the Home Office Project shall be procured by Supplier via a competitive spot market exclusively from sawmills located in the State of Arkansas.

ATTACHMENT 6
PROJECTED GROSS PROFIT FROM THIRD-PARTY CONSTRUCTION PROJECTS

Quarter Ending (mm/dd/yy)	Projected Gross Profit Amount (US Dollars)
09/30/21	$184,000
12/31/21	$940,000
03/31/22	$2,547,000
06/30/22	$2,561,000
09/30/22	$1,908,000
12/31/22	$1,918,000
03/31/23	$2,487,000
06/30/23	$2,500,000
09/30/23	$3,171,000
12/31/23	$3,187,000
03/31/24	$3,868,000
06/30/24	$3,889,000
09/30/24	$4,897,000
12/31/24	$4,922,000
03/31/25	$5,548,000
06/30/25	$5,577,000
09/30/25	$5,918,000
12/31/25	$5,948,000
03/31/26	$6,005,000
06/30/26	$6,037,000
09/30/26	$6,068,000
12/31/26	$6,100,000

ATTACHMENT 7
INSURANCE REQUIREMENTS

Supplier shall obtain insurance meeting the following minimum requirements, except to the extent Supplier is providing high risk Goods, as solely determined by Purchaser, in which case different coverages may apply:

(1) Commercial General Liability insurance including Contractual Liability, Personal and Advertising Injury Liability, Public Liability, Products-Completed Operations Liability, Medical Payments, Bodily Injury and Property Damage Liability with minimum limits of at least Ten Million Dollars ($10,000,000) per occurrence.

(2) If use of an automobile is required, Business Automobile Liability insurance, including bodily injury and property damage, for all vehicles (including owned, non-owned, and hired vehicles), with a minimum limit of at least Five Hundred Thousand Dollars ($500,000) combined single limit per occurrence.

(3) Workers' Compensation insurance within statutory limits, or One Million Dollars ($1,000,000) if no statutory requirement applies and One Million Dollars ($1,000,000) in Employer's Liability Coverage, unless Supplier is a sole proprietor and is not, pursuant to applicable laws, statutes, rules or regulations, required to carry Workers' Compensation insurance.

(4) Product Liability insurance with minimum limits of at least Ten Million Dollars ($10,000,000) per occurrence.

(5) Professional Liability insurance, including Errors and Omissions insurance, with minimum limits of at least Ten Million Dollars ($10,000,000) aggregate.

All insurance coverage required above shall be obtained from a company having a rating of B+ or better and a Financial Size Category rating of VII or better, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies. Supplier shall not cancel or reduce coverage of the insurance without giving Walmart at least thirty (30) days' prior written notice. If such notice is not given, Supplier will be liable for all resulting damages. Supplier's insurance shall be primary, non-contributory and not excess coverage. Each Commercial General Liability policy shall: (i) name Walmart Inc., its subsidiaries and its Affiliates as additional insureds; (ii) provide defense coverage as an additional benefit and not within the limits of liability; (iii) contain a waiver of subrogation in favor of Walmart; and (iv) be issued on an occurrence basis. Before the Effective Date, and as a condition to this Agreement becoming effective, Supplier shall provide to Walmart one or more certificates of insurance evidencing the coverage required by this Agreement. Supplier shall also provide Walmart with one or more certificates of insurance evidencing the coverage required by this Agreement upon the renewal or replacement of a required insurance policy in effect during the Term and at any other time as Walmart may request. Supplier shall be in material breach of this Agreement and all outstanding Purchase Orders if Supplier breaches or fails to comply with these insurance requirements.

Supplier shall promptly notify Purchaser of any aggregate limits imposed on its insurance coverage. If aggregate limits exist, Purchaser reserves the right, if necessary, to modify the insurance requirements listed above.

Worldwide coverage is required if Supplier provides Goods and services to Walmart internationally.

Holder should read:

Walmart Inc.
c/o Supplier Underwriting
2001 SE 10th Street

Bentonville, AR 72716-0550

This is Exhibit "N" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

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AMENDED AND RESTATED WALMART REALTY SUPPLIER AGREEMENT GOODS NOT FOR RESALE

This Amended and Restated Walmart Realty Supplier Agreement — Goods Not For Resale ("Agreement") is dated as of June 24, 2022 (the "Effective Date"), and is by and among Walmart Inc., a Delaware corporation with offices at 2403 SE J Street, Suite #300, Bentonville, Arkansas 72712, USA ("Walmart" or "Purchaser"), on the one hand, and Structurlam Mass Timber U.S., Inc., a Delaware corporation with offices at 2176 Government Street, Penticton, British Columbia, Canada, V2A 8B5 ("Supplier") and SLP Holdings Ltd., a company existing under the laws of British Columbia with offices at 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5, solely with respect to the obligations set forth in Section 42 herein (the "Guarantor"), on the other hand.

WHEREAS, Supplier is in the business of manufacturing and selling Goods; and

WHEREAS, subject to the terms and conditions set forth herein, Walmart intends to procure Goods for use in connection with the construction of its new home office campus, which campus consists of: (i) the twelve (12) buildings set forth in the floorplan attached hereto Attachment 1 (Home Office Campus Floorplan); and (ii) any additional building(s) to be constructed on the same site between the years 2021 through 2025 (the "Project", and each of the foregoing buildings, a "Phase"); and

WHEREAS, Supplier intends to supply the Project with Goods produced in Supplier's manufacturing facility located at the Mass Timber Plant, 1800 Sturgis Road, Conway, Arkansas (the "Manufacturing Facility"); and

WHEREAS, Walmart and Supplier established the terms and conditions pursuant to which Supplier will supply and Walmart will purchase the Goods from Supplier by entering into that certain Walmart Realty Supplier Agreement — Goods Not For Resale (the "Original Agreement"), dated December 3, 2019, along with SLP Holdings Ltd., as Guarantor solely with respect to the obligations set forth in Section 42 herein; and

WHEREAS, the Parties wish to amend and restate the Original Agreement in its entirety as further set forth herein, thereby replacing the Original Agreement in its entirety with the terms and conditions set forth in this Agreement, which amendments herein shall be effective going-forward on and after the Effective Date, with the Original Agreement governing prior to the Effective Date as contemplated in Section 32.

NOW, THEREFORE, in consideration of the mutual promises in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that agree that the Original Agreement is hereby amended and restated in its entirety as follows:

1. DEFINITIONS. Capitalized words used but not otherwise defined in this Agreement shall have the following meanings:

(a) "Account" shall mean any right to receive payments arising under this Agreement.

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(b) "Affiliate" shall mean any entity, individual, firm, or corporation, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with Purchaser or Supplier, as the case may be.

(c) "Authorized Buyer" shall mean any Vice President of Walmart, or other party designated by a Walmart Vice President, including an appropriately authorized representative of a third-party authorized to purchase Goods for the Project under this Agreement and specifically designated in writing to Supplier by Purchaser pursuant hereto.

(d) "Business Day" shall mean any day except Saturday, Sunday, or any other day on which commercial banks located in New York, NY are authorized or required by law to be closed for business.

(e) "Calendar Day" shall mean the twenty-four (24) hour period from midnight to midnight each of those seven (7) days in the week, including Business Days.

(f) "Damages" shall mean, as appropriate, losses, fines, penalties, sanctions, deficiencies, judgments, awards, costs, expenses (including reasonable fees, disbursements, costs of attorneys, accountants, experts and investigators), and settlement payments.

(g) "Delivery Schedule" shall mean the schedule for the delivery of Goods ordered hereunder attached hereto as Attachment 3, with revisions as mutually agreed in writing from time to time by the Purchaser and Supplier.

(h) "Delivery" or "Delivered" shall mean the point at which title and risk of loss or damage to the Goods transfers to the Purchaser in accordance with Ex Works (Incoterms 2000) and the terms of this Agreement. For the avoidance of doubt any reference in a Purchase Order or this Agreement to a "delivery date" (or similar term) shall mean the no-later-than date that the Goods must be made available by Supplier at the Manufacturing Facility for Purchaser's inspection in accordance with Section 8 and the Delivery Schedule.

(i) "Goods" shall mean all Cross Laminated Timber ("CLT"), Glued Laminated Timber ("Glulam"), and related accessories (including all Hardware and Steel) Supplier provides to Purchaser under this Agreement. CLT and Glulam shall be made one hundred percent (100%) of Softwood Lumber.

(j) "Hardware" shall mean all stock/pre-fabricated steel hardware fastener components (e.g., screws, bolts, nuts, rods, etc.) that connect the CLT and Glulam. For the avoidance of doubt, Hardware does not include any Steel.

(k) "Lacey Act" shall mean the Lacey Act of 1900, as amended (including, in particular, the 2008 amendments), 16 U.S.C. H3371 - 3378.

(l) "Purchase Order" or "Order" shall mean any written or electronic order under this Agreement for Goods issued and signed by an Authorized Buyer specifying, at a minimum, the item to be purchased, the quantity, price, Delivery Schedule, delivery location, and

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other relevant terms and conditions. A Purchase Order is valid only if signed by an Authorized Buyer. Each Purchase Order (and the terms set forth in the Purchase Order) shall be substantially in the form of Attachment 2 (Purchase Order Terms and Conditions), attached hereto.

(m) "Recall" shall mean any removal of Goods from the stream of commerce and issued by Supplier or a government entity.

(n) "Standards" shall mean Walmart Inc.'s Standards for Suppliers, as amended and updated from time to time, posted and available to Supplier at walmartstores.com/Suppliers.

(o) "Softwood Lumber" shall mean wood sourced from Southern Yellow Pine trees in accordance with the applicable specifications set forth in Attachment 5 (Specifications) hereto.

(p) "Steel" shall mean all custom steel timber connectors (e.g., plates, brackets, or other fabricated steel connections) designed, manufactured, or procured by or for Supplier that connect the CLT and Glulam (or are otherwise used with the CLT or Glulam in construction), and all other steel products and components of any kind (other than Hardware), if any, to be supplied by Supplier under this Agreement for use in connection with the Project, including all steel raw materials therefor.

(q) "Transaction" shall mean each sale of Goods by Supplier to Purchaser pursuant to a Purchase Order under this Agreement.

2. INTERPRETATION. The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement. Singular words shall be interpreted as plural and plural words shall be interpreted as singular, as the context may require. The words "include", "includes", and "including" mean include, includes, and including "without limitation" and "without limitation by specification." The words "hereof", "herein", and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision. Except as the context otherwise indicates, all references to "Schedules", "Attachments", "Appendices", "Exhibits", "Articles", and "Sections" refer to Schedules, Attachments, Appendices, Exhibits, Articles, and Sections of this Agreement.

3. TERM. The term of this Agreement shall commence on the Effective Date and shall continue until the Project is concluded (the "Term") unless terminated earlier pursuant to the terms of this Agreement.

4. PURCHASE AND SALE OF GOODS

(a) Purchase and Sale. This Agreement and a valid Purchase Order shall solely govern all Transactions. Purchaser may issue directly or indirectly (e.g., through a general contractor or representative who manages the Project) to Supplier Orders for Goods from time to time during the Term of this Agreement, and Supplier agrees to provide all Goods to satisfy such Orders in accordance with the volumes and time periods set forth in the Delivery Schedule.

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(b) Purchase Volume

(i) Limited Exclusive Sourcing. In relation to the Project, Purchaser commits to purchase from Supplier on an exclusive basis, and Supplier commits to supply, the minimum purchase requirements for Goods for the Project which shall consist solely of an aggregate of Three Hundred Ninety-Nine Thousand Three Hundred Forty-Five cubic feet (399,345 ft^3) of Glulam and Seven Hundred Thousand Eight Hundred Thirty-One cubic feet (700,831 ft^3) of CLT from Supplier in accordance with the Delivery Schedule of this Agreement (the "Minimum Volume Requirements"), which shall commence in accordance with the agreed Delivery Schedule hereunder and any applicable Purchase Order. The exclusive sourcing of the Minimum Volume Requirements shall be referred to herein as the "Exclusive Sourcing".

(ii) No Minimum Guarantee. Except with respect to the Minimum Volume Requirements for Goods to be purchased and supplied hereunder for the Exclusive Sourcing or as otherwise provided in a Purchase Order accepted by Supplier, Purchaser has no obligation and makes no promise to purchase any minimum amount of Goods from Supplier. No person has authority to make any representations or promises to Supplier on Purchaser's behalf about any expected or possible level of business with Purchaser or about Purchaser's intentions or expectations regarding any present or future business with Supplier. Any expenditures, investments, or commitments Supplier makes in reliance on future business from Purchaser pursuant to this Agreement or otherwise are made at Supplier's own risk and without any obligation whatsoever on the part of Purchaser, except as explicitly provided in a Purchase Order or separate written agreement signed by both parties.

(iii) Exclusivity. Except with respect to the Minimum Volume Requirements for Goods to be purchased and supplied hereunder for the Exclusive Sourcing or as otherwise provided in a Purchase Order accepted by Supplier, Supplier shall provide Goods and services to Purchaser on a non-exclusive basis, and nothing in this Agreement will limit Purchaser's right to (A) contract with other providers, or (B) develop or acquire goods that are similar to or competitive with the Goods. Except as otherwise set forth herein or in a Purchase Order, Purchaser will not have any responsibility or liability in connection with any act or expenditure, including expenditures for equipment, materials, supplies, hiring or capital, Supplier makes because of any projections or expectations as to work. For the avoidance of doubt, except as otherwise contemplated in Section 4(e) and except for Supplier's express obligations under this Agreement to provide Goods to Purchaser in such amounts as necessary to meet the Minimum Volume Requirements and to fulfill on a timely basis (in accordance with the Delivery Schedule and Supplier's production priority obligations pursuant to Section 4(e)) any Orders submitted by Purchaser therefor, Supplier is not obligated to provide Goods or any other goods and services that are the same as or similar to the Goods and services hereunder exclusively to Purchaser, and nothing in this Agreement will limit Supplier's right to (A) solicit or contract with other customers, or (B) develop, acquire, or sell goods and services that are the same as or similar to the Goods and services hereunder, including with respect to any projects that are similar to the Project.

(iv) Representatives Recognition of Exclusive Sourcing. If Purchaser retains a general contractor or other representative to manage the Project including purchasing the

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Goods for the Project on Purchaser's behalf, Purchaser shall direct via provisions in Purchaser's agreement with (including corresponding indemnity for breach thereof by) any such general contractor or other representative to recognize the Exclusive Sourcing and purchase any Goods necessary for the Project from Supplier in accordance therewith and any failure of such general contractor or other representative to purchase the Goods required for the Project in accordance therewith shall constitute a breach by Purchaser of this Agreement. If Supplier becomes aware of any purchase by a general contractor or a representative of Purchaser in breach of the foregoing, Supplier shall promptly notify Purchaser of such purchase in breach of this Agreement and Purchaser shall take diligent steps to cure the breach within fourteen (14) Calendar Days to cure the breach. For the avoidance of doubt, no general contractor or other representative shall have authority to extend the exclusivity arrangement beyond the Exclusive Sourcing or revise the Minimum Volume Requirements. Only a Vice President of Purchaser shall possess such authority.

(v) Failure to Supply. If Supplier fails to timely supply Purchaser with Goods conforming to the Product Warranty in accordance with the Delivery Schedule from the Manufacturing Facility then, in addition to Purchaser's other remedies under this Agreement or applicable law, including the cancelation and termination rights set forth in Section 19 (but subject to Supplier's right to cure an Event Of Default pursuant to Section 19), except to the extent such failure is caused by a Force Majeure Event (as described in Section 36), Purchaser may provide Supplier with written notice of termination of the Exclusive Sourcing with respect to, in Purchaser's sole discretion any or all of, the applicable Purchase Order, the applicable Phase, another Purchase Order or Phase or multiple Purchase Orders or Phases or the Exclusive Sourcing arrangement in its entirety, whereupon the Exclusive Sourcing therefor shall, without opportunity to cure (except as provided in Section 19 and Section 36), immediately terminate with respect to such Phase, Purchase Order or the entire Exclusive Sourcing arrangement, as the case may be, and Purchaser may source replacement goods for such affected Goods from an alternative supplier. For the avoidance of doubt, to the extent Purchase Orders are issued which fail to encompass a single building, Purchaser's rights to terminate Exclusive Sourcing may be applied on a building-by-building basis to the same extent Purchaser had the right to apply same to individual Purchase Orders. To the extent Purchaser so elects to source alternative goods (for the Goods) from an alternative supplier, there shall be a corresponding reduction in the remaining Minimum Volume Requirements. For the avoidance of doubt, Purchaser's election to terminate Exclusive Sourcing but not at such time simultaneously cancel all or a portion of any Purchase Order shall not preclude Purchaser's right to elect cancelation with respect to all or a portion of any unfulfilled Purchase Order at any time prior to sixty (60) days before receipt of Goods by Purchaser hereunder.

(c) Pricing

(i) Purchaser shall hereof, acquire the Glulam and CLT at a price equivalent to the manufacturing and other direct costs, including materials (excluding Steel and Hardware), labor and manufacturing overhead, plus the following margin (the "Target Direct Margin") per cubic foot (ft3) (notwithstanding the foregoing, for Goods produced prior to May 1, 2022, the price shall be $28.12 per cubic foot of CLT and $62.33 per cubic foot of Glulam):

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(1) **Glulam**: Nineteen Dollars and Sixty-One Cents per cubic foot ($19.61/ft^3).

(2) **CLT**: Nine Dollars and Forty-Four Cents per cubic foot ($9.44/ft^3).

(ii) Steel and Hardware shall be priced as follows:

(1) **Steel and Hardware**: Supplier's cost plus a thirty-five percent (35%) margin to compensate Supplier for the design, fabrication, detailing, installation and other coordination work related to Steel and Hardware.

(iii) By way of illustration and to minimize doubt, Attachment 4-A (Hypothetical Calculations) contains a hypothetical price calculation outlining the various components anticipated to be taken into account when calculating Supplier's direct cost and to illustrate the application of the Target Direct Margin to such direct costs as well as similar hypothetical calculations of Target Direct Margin %, as defined below.

(iv) The Target Direct Margins above are based on structural engineering design information provided by Fast+Epp Structural Engineers and Walmart dated September 25, 2019 (the "Design Information"). To the extent Walmart proposes changes to the Design Information, the parties shall review and discuss in good faith whether such deviations merit an increase in the Target Direct Margin.

(v) For periods after May 1, 2022, pricing will be subject to a quarterly adjustment such that the Target Direct Margin as a percentage of revenue (the "Target Direct Margin %") on the Goods delivered to Purchaser will not exceed thirty-seven and one-half percent (37.5%) and will not fall below thirty-two and one-half percent (32.5%). In the event the Target Direct Margin % on the Goods delivered to Purchaser exceeds thirty-seven and one-half percent (37.5%) in a calendar year, Supplier will make a "rebate" payment to Purchaser (or, at Purchaser's option, Purchaser may take a credit for such amount against current and future invoiced amounts from Supplier), reducing this gross profit margin to thirty-seven and one-half percent (37.5%). In the event the Target Direct Margin % on Goods delivered to Purchaser falls below thirty-two and one-half percent (32.5%), Purchaser will make an additional payment (an "Additional Payment") to Supplier such that this gross profit margin is increased to thirty-two and one-half percent (32.5%). The Target Direct Margin shall not decrease without Supplier's written consent which consent shall not be unreasonably withheld, nor shall the Target Direct Margin increase without Purchaser's written consent, which consent shall not be unreasonably withheld, from the Target Direct Margins set forth in this Section 4(c)(v). With respect to any Glulam Goods purchased by the Purchaser in excess of the Minimum Volume Requirements, Purchaser shall receive a rebate per cubic foot of Glulam (the "Additional Payment Glulam Rebate") equal to (a) the sum of Additional Payments by Purchaser for the period (the "Ramp-Up Period") between May 1, 2022 and the later of (i) September 1, 2022 or (ii) the first date Goods are actually delivered after the Effective Date (the "Ramp-up Additional Payments") divided by $9,530,000, multiplied by (b) $19.61. With respect to any CLT Goods purchased by the Purchaser in excess of the Minimum

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Volume Requirements, Purchaser shall receive a rebate per cubic foot of CLT (the "Additional Payment CLT Rebate") equal to (a) the Ramp-up Additional Payments divided by $9,530,000, multiplied by (b) $9.44. The sum of the aggregate payments per the Additional Payment Glulam Rebate plus the sum of the aggregate payments per the Additional Payment CLT Rebate shall not exceed the Ramp-up Additional Payments.

(vi) Gross Profit Rebate. At the end of each calendar year 2022, 2023, and 2024, if the actual gross profit (as determined by United States generally accepted accounting principles, Canadian generally accepted accounting principles, or International Financial Reporting Standards, whichever is adopted by Supplier, consistently applied) of the Manufacturing Facility ("Actual Gross Profit") exceeds the following amounts (each a "Gross Profit Threshold"), Supplier will pay to Purchaser a rebate on Goods purchased to satisfy the Minimum Volume Requirement equal to the lesser of (A) One Dollar (US$1.00) per cubic foot ($ft^3$) for such Goods not previously subject to a prior rebate payment and (B) the excess (if any) of Actual Gross Profit over the applicable Gross Profit Threshold:

Calendar year 2022 Gross Profit Threshold: $14,250,000
Calendar year 2023 Gross Profit Threshold: $17,500,000
Calendar year 2024 Gross Profit Threshold: $20,500,000

(such rebate amount, a "Gross Profit Rebate"). Supplier will pay each Gross Profit Rebate to Purchaser within twenty (20) Business Days' of determination and will provide Purchaser with access to sufficient information to confirm the calculation of each Gross Profit Rebate.

(vii) Purchases in Excess of Minimum Volume Requirements. Notwithstanding the foregoing, the Target Direct Margin for any Goods purchased by the Purchaser in excess of the Minimum Volume Requirements will be Eighteen Dollars and Sixty-One Cents per cubic foot ($18.61/$ft^3$) for Glulam and Eight Dollars and Forty-Four Cents per cubic foot ($8.44/$ft^3$) for CLT and, for the avoidance of doubt, no Gross Profit Rebate shall apply to such Goods.

(d) Audit. During the Term of this Agreement, on ten (10) Business Days' prior written notice, Purchaser may at its own cost and expense reasonably inspect Supplier's books, records, and other documents to verify the Target Direct Margin calculation. Purchaser may conduct such audit under this paragraph at any time during Supplier's regular business hours at Supplier's principal place of business and shall not unreasonably interfere with Supplier's course of business; provided, however, that Purchaser shall not exercise its audit rights under this paragraph more than one time (1x) in any calendar year.

(e) Production Priority. Supplier agrees that during the first two (2) years after the Effective Date, the production, manufacturing, and delivery of the Goods pursuant to the Delivery Schedule shall have priority over any other production runs, with any overage being treated with equal or less priority relative to other production runs. To the extent Supplier fails to timely deliver in compliance with the Delivery Schedule, the aforementioned two (2) years shall be correspondingly adjusted day-for-day (i.e., a five-day delay in complying with the Delivery

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Schedule will add five days to such two (2) year period). Supplier further agrees that at any point in time, should it reasonably believe that its production at the Manufacturing Facility (including all production necessary to satisfy the Delivery Schedule) is to exceed fifty percent (50%) of the Manufacturing Facility's production capacity, Supplier shall promptly notify Purchaser accordingly whereupon Purchaser and Supplier can mutually determine whether to accelerate orders submitted pursuant to the Delivery Schedule to consume such additional capacity. Supplier shall use its commercially reasonable efforts to prioritize any Purchaser adjustments to the Delivery Schedule ahead of any non-Purchaser orders that were not previously received and accepted by Supplier. Notwithstanding the foregoing, unless otherwise approved in writing by a Vice President of Purchaser, at any time Supplier is not producing Goods at a level sufficient to satisfy all amounts contemplated in the Delivery Schedule up to a date corresponding to thirty (30) days beyond the then-current date, the Manufacturing Facility shall be exclusively used by Supplier to produce Goods hereunder.

(f) Freight Charges and Purchaser Delays

(i) Pursuant to Section 7, except as may be otherwise mutually agreed by the parties in accordance with the terms therein, (A) prices for Goods are Ex Works (Incoterms 2000) Manufacturing Facility and are exclusive of all freight, shipping, and insurance charges, and (B) any such charges shall be the sole responsibility of Purchaser.

(ii) Purchaser acknowledges that Supplier will reserve certain capacity and space at its facilities to manufacture and, to the extent reasonably required for Purchaser to complete inspection and acceptance of the Goods in a prompt and timely manner, temporarily store for Purchaser during the Inspection Period pursuant to Section 8, the Goods for the benefit of Purchaser. Supplier will make the Goods ready for Purchaser and available for Delivery to Purchaser in accordance with the Delivery Schedule and the terms of this Agreement. Purchaser must arrange for all inspection, acceptance, and freight loading and transportation requirements pertaining to the Goods at the Manufacturing Facility and transportation of the Goods, via ground freight, from the Manufacturing Facility to Purchaser's Project site. SUPPLIER SHALL NOT BE RESPONSIBLE FOR ANY DELAY OR FAILURE BY PURCHASER OR A THIRD PARTY FREIGHT CARRIER DESIGNATED BY PURCHASER IMPACTING TIMELY DELIVERY OF THE GOODS, INCLUDING ANY FAILURE OR DELAY WITH RESPECT TO ARRANGING FOR THE TIMELY COMPLETION OF INSPECTION, ACCEPTANCE, AND TRANSPORTATION OF GOODS MADE AVAILABLE BY SUPPLIER FOR INSPECTION, ACCEPTANCE, AND PICKUP BY PURCHASER IN ACCORDANCE WITH THE DELIVERY SCHEDULE AND THE TERMS OF THIS AGREEMENT. ALL COSTS AND EXPENSES INCURRED BY EITHER PARTY AS A RESULT OF ANY SUCH FAILURE OR DELAY BY PURCHASER OR ITS DESIGNATED FREIGHT CARRIER SHALL BE BORNE SOLELY BY PURCHASER. PURCHASER MAY ONLY REJECT GOODS AS SET FORTH IN SECTION 8.

(g) Other Sources of Supply. Except for Softwood Lumber already purchased or procured by Supplier in connection with previous submitted Purchase Orders, if at any time prior to sixty (60) days in advance of Purchaser's issuance of any subsequent Purchase Order, should Purchaser be able to identify a source of Softwood Lumber bearing prices at or less than

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prices obtained by Supplier at such time and provided that Purchaser provides notice of the same to Supplier prior to such foregoing thirty (30) Calendar Day period, then Supplier shall, if commercially reasonable under the circumstances, procure its future Softwood Lumber requirements with respect to such delivery at such prices, provided that the Softwood Lumber from the alternative source complies with the specifications set forth in Attachment 5 (Specifications) hereof and does not materially negatively impact Supplier's ability to meet Supplier's other requirements as described in this Agreement.

(h) Purchase Orders

(i) Purchaser shall issue Purchase Orders substantially in the form of Attachment 2, attached hereto, that are consistent with the volumes and time periods in the Delivery Schedule and comply with the requirements of this Agreement. Each Purchase Order shall include at least the information and comply with all requirements set forth in Attachment 2. To the extent necessary as may be mutually agreed by the parties, the parties shall negotiate in good faith and use reasonable efforts to mutually agree to any additional procedures with regard to the issuance and receipt of Purchase Orders and the issuance of invoices to Purchaser.

(ii) Purchase Orders shall be fulfilled in accordance with the terms of this Agreement, including that Purchase Orders shall be issued in a timely manner and consistent with the sequence of the Delivery Schedule. DELIVERY SHALL BE MADE EX WORKS (INCOTERMS 2000) IN ACCORDANCE WITH SECTION 7 AND SUCH OTHER SHIPPING AND DELIVERY TERMS SET FORTH IN THIS AGREEMENT AND, SOLELY TO THE EXTENT NOT INCONSISTENT HEREWITH, THE PURCHASE ORDER. Supplier's invoice, confirmation memorandum, or other writing may not vary the terms of the Purchase Order, and no Purchase Order shall modify the terms of this Agreement without Supplier's written consent.

(i) Conflict Among Purchase Orders, Acknowledgements and this Agreement. No Purchase Order (including Purchase Orders issued prior to the date hereof), acknowledgement, other ordering documents or other communications from either Party shall vary the terms and conditions in this Agreement unless both Parties expressly agree in a writing expressly identifying the term of this Agreement being modified. In the event of any conflict between the terms and conditions of this Agreement and those of any Purchase Order, acknowledgement, other ordering documents or other communications to which both Parties have not expressly agreed in writing, then the terms and conditions of the documents shall have the following priority from most to least controlling: (i) this Agreement; (ii) any acknowledgement, (iii) any Purchase Order; and (v) all other remaining documents.

5. DESIGN PRODUCTION AND PRODUCTION PLANNING COORDINATION MEETING. During the Term, Purchaser and Supplier shall attend monthly design and production planning and coordination meetings (in form and substance reasonably satisfactory to, and mutually agreed by, both parties) at reasonable times and locations mutually agreed by the parties ("Coordination Meetings") to discuss matters relating to the Project including: (i) the detailed design requirements of the Project; and (ii) establishing manufacturing priorities for the upcoming thirty (30)-day, sixty (60)-day, and ninety (90)-day periods. Either

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party shall be entitled to request additional Coordination Meetings if in the reasonable discretion of the party such Coordination Meeting is reasonably required to further the goals of the Project. Deliverables and other action items decided at a Coordination Meeting shall not be valid or enforceable against the parties or otherwise relied upon absent subsequent confirmation in writing by both parties (which writing may be via email transmission).

6. REPRESENTATIONS AND WARRANTIES

(a) Limited Product Warranty. Subject to the provisions of Section 6(b), Supplier represents and warrants (and upon Delivery of Goods represents each time with respect to such Transaction) to Purchaser the following as related to the sale of Goods (the "Product Warranty"):

(i) for a period of thirty-six (36) months from the later of the date of Delivery and the Effective Date (the "Warranty Period"), the Good will conform to the specifications set forth in Attachment 5 (Specifications) hereto;

(ii) the Goods shall be and are delivered free from defects in material and workmanship;

(iii) the Goods do not infringe upon, violate, or misappropriate any patent, copyright, trademark, trade name, trade secret, or any other rights belonging to others;

(iv) Purchaser will receive good and valid title to all Goods, free and clear of all encumbrances and liens of any kind; and

(v) To the knowledge of Supplier, all weight, measures, sizes, legends, or descriptions printed, stamped, attached, or otherwise indicated with regard to the Goods are true and correct, and materially conform and comply with applicable federal, state, and local laws, rules, regulations, ordinances, codes, and/or Supplier's standards relating to the operation of its business.

(b) Product Warranty Limitations. The Product Warranty does not apply to any Good that:

(i) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, or use contrary to any instructions issued by Supplier, including any direct or indirect impacts to the Good that result from any improper and non-customary, by industry standards, design, construction, or maintenance relating to the Project; or

(ii) has been reconstructed, repaired, or altered by persons other than Supplier or its authorized representative, or used with any third party products or hardware, in a manner which adversely impacts the structural integrity or performance of the Good; without the prior written approval by Supplier.

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(c) Supplier's Other Representations and Warranties. Supplier further represents and warrants to Purchaser that each Transaction does not and will not violate the Foreign Corrupt Practices Act or the Lacey Act and does not and will not, to Supplier's knowledge, materially violate any other laws, ordinances, statutes, rules, or regulations of the United States, or any applicable state or local government or any subdivision or agency thereof, applicable to Supplier in its performance of its obligations pursuant to this Agreement, including any laws and regulations relating to health, safety, or the environment; in each case of the foregoing, solely to the extent such laws, ordinances, statutes, rules, and regulations are applicable to Supplier as a supplier to Purchaser.

(d) Mutual Representations and Warranties. Each party represents and warrants (and represents each time with respect to a Purchase Order) with respect to itself that:

(i) it is a corporation, duly organized, validly existing, and in good standing;

(ii) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required for purposes of this Agreement;

(iii) it has the full right, corporate power, and authority to enter into this Agreement and to perform its obligations hereunder;

(iv) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement have been duly authorized by all necessary corporate action on the part of each party;

(v) the execution, delivery, and performance of this Agreement will not violate, conflict with, require consent under, or result in any breach or default under, (A) the organizational documents of either party, (B) any applicable law, or (C) with or without notice or lapse of time, or both, the provisions of any contract or agreement to which either party is a party or to which any of its material assets are bound ("Party Contracts");

(vi) this Agreement has been executed by both parties and constitutes the legal, valid, and binding obligation of both parties, enforceable against each party in accordance with its terms;

(vii) it is in compliance with all applicable laws and Party Contracts relating to this Agreement, the Goods, and the operation of its business;

(viii) it has obtained all licenses, authorizations, approvals, consents, or permits required by applicable laws to conduct its business generally and to perform its obligations under this Agreement; and

(ix) it is not insolvent and is paying all of its debts as they become due.

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(e) Purchaser's Remedy for Defective Goods. During the Warranty Period, with respect to any Goods sold by Supplier to Purchaser pursuant to this Agreement that are not conforming to the Product Warranty ("Defective Goods"), subject to Purchaser's compliance with its obligations under Section 6(e)(i) and Section 6(e)(ii) below:

(i) Purchaser shall notify Supplier, in writing, of any alleged claim or defect within thirty (30) Calendar Days from the date Purchaser discovers, or upon reasonable inspection should have discovered, such alleged claim or defect (but in any event before the expiration of the applicable Warranty Period);

(ii) if necessary (e.g., if Supplier is unable to perform an on-site inspection), Purchaser shall ship, at Supplier's expense and risk of loss (and using such method of shipment instructed by Supplier in writing), such allegedly Defective Goods to the Manufacturing Facility or other location designated by Supplier for inspection and testing by Supplier;

(iii) if Supplier's inspection and testing reveals, to Supplier's reasonable satisfaction, that such Goods are Defective Goods, and any such defect has not been caused or contributed to by any of the factors described under Section 6(b) above, subject to Section 6(e)(i) and Section 6(e)(ii), Supplier shall in its sole discretion and at its expense, repair or replace such Defective Goods; and

(iv) Supplier shall make available to Purchaser the repaired or replaced Goods at the Manufacturing Facility, for Purchaser's inspection and acceptance in accordance with Section 8.

(v) If, however, Supplier's inspection and testing reveals that such allegedly Defective Goods are not Defective Goods, or that any such defect has been caused or contributed to by any of the factors described under Section 6(b) above or otherwise, then Purchaser shall refund to Supplier such amounts paid by Supplier to ship the allegedly Defective Goods (pursuant to Section 6(e)(ii)), and Purchaser shall not be entitled to any further right of return, repair, replacement, credit, or refund with respect to such Goods unless the costs associated with any such further repair or replacement of the Goods is borne by Purchaser.

Purchaser has no right to return for repair, replacement, credit, or refund any Good except as set forth in this Section 6(e) (or if otherwise applicable, Section 8 or Section 18). In no event shall Purchaser reconstruct, repair, alter, or replace any Good, in whole or in part, either itself or by or through any third party.

SUBJECT TO SECTION 8 WITH RESPECT TO NONCONFORMING GOODS AND SECTION 18 WITH RESPECT TO EVENT OF DEFAULT, THIS SECTION 6(E) SETS FORTH PURCHASER'S SOLE REMEDY AND SUPPLIER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED PRODUCT WARRANTY SET FORTH IN SECTION 6(A). Subject to the warranties contained in this Section 6 and the terms of this Agreement, this Agreement also expressly and specifically incorporates the warranties of the Uniform Commercial Code as in effect in the State of Arkansas.

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7. SHIPPING TERMS. Purchaser and Supplier agree to the following shipping and Delivery terms, unless otherwise specified in a Purchase Order:

(a) All Goods shall be delivered Ex Works (Incoterms 2000) Manufacturing Facility, or a different Supplier facility location as may be mutually agreed by Supplier and Purchaser. Title and risk of loss and responsibility for care, custody, and control shall transfer to Purchaser, and the Goods shall be deemed Delivered under this Agreement, upon final production, inspection, and acceptance of the Goods by Purchaser at the Manufacturing Facility unless otherwise agreed by the Supplier and Purchaser. Supplier shall notify Purchaser when the Goods are available for Purchaser's inspection by issuing an Inspection Notice in accordance with Section 8. Upon receipt of an Inspection Notice, Purchaser shall: (i) subject to Section 8, complete its inspection, acceptance, and loading of the Goods within the Inspection Period (as defined in Section 8); and (ii) provide Supplier all shipping documents, including the commercial invoice, packing list, bill of lading and any other documents necessary for Supplier to release the Goods to Purchaser's designated carrier. The Order number must appear on all shipping documents, shipping labels, bills of lading, invoices, correspondence and any other documents pertaining to the Order. Unless otherwise provided in this Agreement or in the Order accepted by Supplier, no charge shall be made by Purchaser to Supplier for shipping.

(b) Notwithstanding anything to the contrary, Supplier shall be deemed to have achieved its delivery date obligations under this Agreement and the Delivery Schedule so long as the required type(s) and quantity(ies) of Goods ordered pursuant to a valid Purchase Order are made available to Purchaser for its inspection no later than the delivery date specified in the Purchase Order.

(c) Any alternative shipping arrangements (i.e., production at a facility other than the Manufacturing Facility and shipping to a destination designated by Purchaser) shall be null and void unless (i) approved by a Vice President of Purchaser and (ii) such approval includes the mutual agreement of Purchaser and Supplier with respect to impact of such alternative shipping arrangements on title and risk of loss, responsibility for care, custody and control and allocation of responsibility for payment of freight, shipping and insurance charges to the extent not addressed herein.

(d) To the extent any alternate shipping arrangement is mutually agreed to by Supplier and Purchaser in writing, Supplier shall deliver Goods on board the carrier's mode of transportation as designated by Supplier at the named port of shipment and on the date, or within the period, stipulated in the applicable Purchase Order and in the manner customary at the port. In such case, Purchaser shall pay Supplier all costs relating to the shipping of Goods plus a five percent (5%) administrative fee, and including all duties and Taxes and other official charges payable upon exportation, in accordance with the payment terms in this Agreement, including those specified in Section 4, and any Purchase Order.

(e) As applicable, in the event that Supplier must ship Goods by expedited means due to Supplier's inability to meet ship dates, and if Supplier's need to do so is not due to any action or inaction of Purchaser or otherwise excused in accordance with the terms and

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conditions of this Agreement, Supplier will pay for any and all expedited transportation charges in excess of standard shipping and freight charges using the method of shipment of, and the carrier for, the Goods, as determined by Supplier in its reasonable discretion. For the avoidance of doubt such charges shall not be taken into account when calculating the Target Direct Margin. Supplier must separately document any international shipping costs included in the cost of Goods sold.

(f) As applicable, Purchaser shall include the following information on all bills of lading: the street address, city, state and zip code on the first line of the "Ship To" area; the weight of the shipment; and the Purchase Order number.

(g) Purchaser and Supplier shall cooperate to ship Goods using a cost-efficient, reliable, and effective carrier for delivery of Goods pursuant to the terms of this Section 7.

(h) Supplier acknowledges that Supplier is the importer of record of all Softwood Lumber used in the manufacture and production of the Goods, including for purposes of the Lacey Act, and, in furtherance thereof, acknowledges and covenants that one hundred percent (100%) of the Softwood Lumber used in producing all Goods shall be sourced from sawmills located within the State of Arkansas. Supplier shall additionally use reasonable commercial efforts to receive assurances from such sawmills that the Softwood Lumber is sourced from forests within the State of Arkansas, provided that if such assurances would result in a higher cost of Softwood Lumber from such sawmills, Supplier shall inform Purchaser of such cost differential whereupon Purchaser can elect to waive the need for such assurances. Supplier shall maintain reasonable records as required by applicable law to demonstrate compliance with the requirements (including the recordkeeping requirements) of the Lacey Act and the other obligations set forth in this Section 7(h).

(i) Delivery of Goods shall, based on the timing of the related Purchase Orders, occur sequentially by type of Good (i.e., CLT in sequence, Glulam in sequence, etc.) as coordinated by Supplier and Purchaser.

(j) THE SPECIFIED TIME STATED IN A PURCHASE ORDER FOR DELIVERY OF GOODS IS OF THE ESSENCE, AND, SUBJECT TO APPLICABLE CURE PERIODS AND RIGHTS TO NOTICE, IF DELIVERY IS NOT EFFECTED WITHIN THE TIME SPECIFIED IN THE DELIVERY SCHEDULE, PURCHASER RESERVES ITS RIGHTS PURSUANT TO SECTION 4(B)(V). Notwithstanding Purchaser's right to cancel and or reject Goods, Supplier will inform Purchaser promptly of any failure to make available for Delivery any part of any Order or the exact Goods called for on the Purchase Order on the applicable delivery date specified, provided that Supplier shall not thereby be relieved of any liability for breach of its obligations under this Agreement. Purchaser's acceptance of any Goods made available by Supplier for Delivery after the specified delivery date, except with respect to any delays caused by Purchaser or its designated freight carrier or other representatives, shall not be construed as a waiver of any of Purchaser's rights resulting from such delayed production of Goods.

8. REJECTION OF GOODS; RECALLS

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(a) Inspection; Rejection. All Goods shall be subject to inspection by: (i) Supplier in the Manufacturing Facility and any other factories and such other places where such Goods are manufactured; and (ii) Purchaser at the Manufacturing Facility and, in the case of manufacturing at any other manufacturing facilities, upon Delivery. Purchaser shall inspect Goods made available and notified to it for inspection following receipt of an Inspection Notice or otherwise received by it under this Agreement as promptly as practicable, but in no event later than fourteen (14) Calendar Days of Purchaser's receipt of the Inspection Notice or such Goods, as the case may be (the "Inspection Period"), and either accept or, only if any such Goods are Nonconforming Goods, reject such Goods. "Nonconforming Goods" means Goods that:

(i) do not materially conform with the specifications set forth in Attachment 5 (Specifications) hereof or the mutually agreed specifications of the applicable Purchase Order; or

(ii) are materially and functionally different from Supplier-approved samples or the specifications set forth in Attachment 5 (Specifications).

Where the context requires, Nonconforming Goods are deemed to be Goods for purposes of this Agreement. With respect to (i) and (ii) above, normal, expected, or standard deviations of the Goods from the specifications set forth in Attachment 5 (Specifications) that are common in the timber supply industry are permitted and expected and shall not result in any Goods becoming Nonconforming Goods.

Purchaser will be deemed to have accepted Goods, and Delivery will be deemed to have occurred, unless it provides Supplier with written notice of any Nonconforming Goods within thirty (30) days after the Inspection Period, stating with specificity all defects and nonconformities, and furnishing such other written evidence or other documentation as may be reasonably required by Supplier (including the subject Goods, or a representative sample thereof, which Purchaser contends are Nonconforming Goods).

(b) Inspection and Testing Procedure. If Purchaser timely notifies Supplier of any Nonconforming Goods, Supplier shall determine, in its reasonable discretion, whether the Goods are Nonconforming Goods. Supplier shall have the right to test the Goods for compliance with industry standards and this Agreement. With respect to any such allegedly Nonconforming Goods, and subject to timely notification by Purchaser as set forth above:

(i) if necessary (e.g., if Supplier is unable to perform an on-site inspection), Purchaser shall ship, at Supplier's expense and risk of loss (and using such method of shipment instructed by Supplier in writing), such allegedly Nonconforming Goods to the Manufacturing Facility or other location designated by Supplier for inspection and testing by Supplier;

(ii) if Supplier's inspection and testing reveals, to Supplier's reasonable satisfaction, that such Goods are Nonconforming Goods, Supplier shall in its sole discretion and at its expense, repair or replace such Nonconforming Goods; and

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(iii) Supplier shall ship to Purchaser, at Supplier's expense and risk of loss, the repaired or replaced Goods to the delivery location designated on the original Purchase Order for such Goods.

(iv) If, however, Supplier's inspection and testing reveals that such allegedly Nonconforming Goods are conforming Goods, then Purchaser shall refund to Supplier such amounts paid by Supplier to ship the allegedly Nonconforming Goods pursuant to Section 6(b)(i), and Purchaser shall not be entitled to any further right of return, repair, replacement, credit, or refund with respect to such Goods unless the costs associated with any such further repair or replacement of the Goods is borne by Purchaser.

EXCEPT AS SET FORTH IN SECTION 22, THE REMEDIES SET FORTH IN SECTION 6(E) AND THIS SECTION 8(B) ARE PURCHASER'S EXCLUSIVE REMEDY FOR THE DELIVERY OF NONCONFORMING GOODS. EXCEPT AS SET FORTH IN SECTION 22(A)(II) – (IV) AND 22(B), THE REMEDIES SET FORTH IN SECTION 22 ARE PURCHASER'S EXCLUSIVE REMEDY WITH RESPECT TO ALL THIRD PARTY CLAIMS SUBJECT TO INDEMNIFICATION UNDER THIS AGREEMENT. NOTHING SET FORTH HEREIN SHALL ABROGATE PURCHASER'S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO SECTION 19(A) TO THE EXTENT THE AGGREGATE AMOUNT DESCRIBED IN SECTION 18(C) CONSTITUTES AN EVENT OF DEFAULT.

(c) Recall. If Goods purchased from Supplier are the subject of a Recall, Supplier shall be responsible for the following costs associated with the Recall:

(i) costs of removing and replacing the Recalled Goods; and

(ii) initial contact and reporting of the Recall to any governmental agency having jurisdiction over the Recalled Goods as required by applicable law.

Supplier shall promptly notify Purchaser of any formal investigation initiated by a government agency relating to a Recall that has the potential to impact Supplier's ability to provide the Goods under this Agreement and Supplier shall use commercially reasonable efforts to take steps appropriate under the circumstances to resolve the matter without exposing Purchaser to any liability. Supplier shall promptly send to Purchaser a copy of the results of such investigation relating to the Recall.

9. CANCELLATION. Purchaser may not cancel a Purchase Order (or any portion thereof) at any time unless Supplier fails to timely supply Purchaser with Goods from the Manufacturing Facility in accordance with the requirements of Section 4, and subject to the termination provision in Section 20. Except as provided under Sections 6 and 8, Purchaser has no right to return any Goods shipped to Purchaser pursuant to this Agreement.

10. PAYMENT TERMS; DEPOSIT

(a) Payment Terms; Deposit. Purchaser's standard payment terms for invoices are net fifteen (15) Calendar Days from the date of Delivery subject to such invoice, unless

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different, Transaction-specific payment terms are specified in the applicable Purchase Order. Notwithstanding the foregoing, in accordance with the Deposit Schedule contemplated in Section 10(b) below, Purchaser will pay to Supplier a deposit (the "Deposit") equal to the anticipated cost (as reasonably determined by Supplier) of the Softwood Lumber raw material, Steel, Hardware and fabrication design services required to produce or supply the Goods for fulfillment of that Purchase Order to be used by Supplier. Deposits for the applicable Purchase Order will be applied against each invoice issued by Supplier, in proportion to the value of the invoice as a percentage of the total Purchase Order value, until the Deposit is applied in full against the Supplier invoices issued for that Purchase Order. Purchaser shall pay for, and shall hold Supplier harmless from, all shipping charges and insurance costs. In addition, all prices are exclusive of, and Purchaser is solely responsible for, and shall pay, and shall hold Supplier harmless from, all Taxes, with respect to, or measured by, the manufacture, sale, shipment, use, or price of the Goods (including interest and penalties thereon) in accordance with Section 16.

(b) Other Matters Concerning Deposits.

(i) The Parties acknowledge that Purchaser has paid to Supplier an aggregate amount of Deposits equal to $13,050,630 (the "Legacy Deposits") and other payments equal to $3,093,811, as specifically detailed on Attachment 6 (the "Deposits and Other Payments"). The Legacy Deposits shall be applied to offset and reduce invoices relating to future Orders as described in Section 10(a) above. Purchaser shall pay future Deposits in accordance with the deposits noted on the Deposit Schedule attached hereto as Attachment 7 (the "Deposit Schedule"), provided that to the extent Supplier fails to timely deliver in compliance with the Delivery Schedule, the schedule of deposits shall be correspondingly adjusted day-for-day (i.e., a five-day delay in complying with the Delivery Schedule will add five days to every scheduled Deposit payment appearing on the Deposit Schedule). Notwithstanding anything to the contrary contained herein or in the Original Agreement, Purchaser waives any claim for Damages against Supplier arising out of the Original Agreement to the extent such Damages arise as a result of Supplier's failure to apply the deposits as specifically set forth in Section 10 of the Original Agreement or otherwise pursuant to the Original Agreement.

(ii) Supplier will use commercially reasonable best efforts to maintain no less than four-and-a-half (4.5) weeks' worth of inventory of raw Softwood Lumber on hand ("DOH"). If Supplier falls below this target DOH, it will promptly inform Purchaser of its existing inventory levels and mutually and reasonably agree in good faith as to a plan intended to achieve such target DOH.

(iii) The parties recognize that, in anticipation of purchases of Goods made from Supplier, Supplier has purchased and stockpiled Hardware and Steel and that, to the extent Purchaser uses an alternative supplier to purchase Goods, Supplier will, at the election of Purchaser in its sole discretion, sell such Hardware and Steel to Purchaser in amounts designated by Purchaser at a price equal to Supplier's cost therefor with no associated markup.

11. BILLING AND INVOICING

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(a) Supplier shall issue invoices to Purchaser upon Delivery of Goods, provided that such invoices respect the sequential ordering contemplated in Section 7(i) hereof and to the extent Delivery fails to follow such order, invoicing shall not occur until the correct sequencing has been achieved. Subject to the terms of this Section 11, Purchaser reserves the right to dispute any invoice in good faith. Supplier will include all pertinent information on invoices as it deems appropriate. Supplier shall transmit all invoices to a physical address and email designated in writing by Purchaser to Supplier. Purchaser will pay Supplier one hundred percent (100%) of the amount invoiced (as adjusted by any related Deposit) no later than ten (10) Calendar Days after the date of invoice unless Purchaser disputes such invoice pursuant to Section 11(b) below.

(b) Notwithstanding the foregoing, Purchaser shall notify Supplier in writing of any dispute with any invoice (along with substantiating documentation and a reasonably detailed description of the dispute) within ten (10) Calendar Days from the date of such invoice. Purchaser will be deemed to have accepted all invoices for which Supplier does not receive timely notification of dispute, and shall pay all undisputed amounts due under such invoices within the period set forth above in this Section 11. The parties shall seek to resolve any such disputes expeditiously and in good faith. Notwithstanding anything to the contrary, Purchaser shall continue performing its obligations under this Agreement during any such dispute, including Purchaser's obligation to pay all due and undisputed invoice amounts in accordance with the terms of this Agreement.

12. LATE PAYMENTS. Except for invoiced payments that Purchaser has successfully disputed, Purchaser shall pay interest on all late payments (whether during the Term or after the expiration or earlier termination of the Term), calculated daily and compounded monthly, at the lesser of the rate of eight percent (8%) per annum or the highest rate permissible under applicable law. Purchaser shall also reimburse Supplier for all costs incurred by Supplier in collecting any late payments, including attorneys' fees and court costs. In addition to all other remedies available under this Agreement or at law (which Supplier does not waive by the exercise of any rights under this Agreement), if Purchaser fails to pay any undisputed amounts when due under this Agreement, Supplier may: (i) suspend the delivery of any Goods; (ii) reject Purchaser's Purchase Orders or cancel accepted Purchase Orders pursuant to the terms of Section 4; or (iii) terminate this Agreement pursuant to Section 20.

13. PAYMENT ERRORS. Supplier shall promptly notify Purchaser of any invoice that Purchaser pays in error. Purchaser shall have the right, in its sole discretion, to request a credit or refund from Supplier for any amounts Purchaser pays in error. Supplier shall send all funds due to Purchaser to: PO Box 502215, St. Louis, MO 63150-2215.

14. NOTICE OF BANKRUPTCY PROCEEDINGS. Subject to any confidentiality obligations of Supplier or order of any court or government agency, and to the extent permitted by applicable law, Supplier shall, and shall cause its Affiliates to, promptly notify Purchaser if Supplier or any of its Affiliates intends to file for bankruptcy relief as to Supplier or any of its Affiliates, or learns that any third party has commenced any such proceeding against it in which an order for relief is entered or an adjudication or appointment is made, and which remains pending for a period of sixty (60) days or more. If any person or entity files for bankruptcy relief as to

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Supplier or any of its Affiliates, Supplier shall pay to Purchaser, or reimburse Purchaser for, all costs, fees, and expenses that Purchaser incurs as to the bankruptcy proceedings, subject to applicable law.

15. NOTICE REGARDING GRANT OF SECURITY INTEREST IN OR COLLATERAL ASSIGNMENT OF ACCOUNTS. The parties acknowledge and agree that Supplier's existing lender will be granted a first-priority security interest, with priority over all other liens, claims, and encumbrances, in this Agreement, any right to receive payments arising under this Agreement, all inventories of raw materials or goods purchased under this Agreement (including Goods and Nonconforming Goods), wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing, and Purchaser is hereby provided actual notice thereof (such notice shall be considered delivered upon Purchaser's execution of this Agreement). Such notice shall apply to Supplier's existing lender and any subsequent amendment, extension, refinancing or replacement of Supplier's existing credit facility, whether with Supplier's existing lender or one or more other lenders. Subject to the foregoing, Supplier will provide Purchaser written notice of any other grant of a security interest in, or other assignment of or other transfer of, its right to receive payments arising under this Agreement at least thirty (30) days prior to such grant, assignment or other transfer taking legal effect. Such written notice shall include the name and address of grantee/assignee/transferee, date the grant, assignment or transfer becomes effective, and terms of the grant, assignment or transfer. Said written notice shall be considered delivered upon receipt by Purchaser. Supplier may have only one grant, assignment or transfer legally effective at any one point in time. Supplier releases and waives any right, claim or action against Purchaser for amounts due and owing under this Agreement where Supplier has not complied with the above notice requirements. Any notice provided under this Section shall be mailed directly to Walmart Inc., c/o Manager, Accounts Payable, Real Estate Accounting, 2403 SE J Street, Suite 300, Bentonville, AR 72712. To secure Purchaser's prompt and complete payment and performance of any and all present and future indebtedness, obligations and liabilities of Purchaser to Supplier, Purchaser hereby grants Supplier a first-priority security interest, with priority over all other liens, claims, and encumbrances, in all inventory of goods purchased under this Agreement (including Goods and Nonconforming Goods), wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. Purchaser acknowledges that the security interest granted under this Section 15 is a purchase-money security interest under Arkansas law. Supplier may file a financing statement for such security interest and Purchaser shall execute such statements or other documentation necessary to perfect Supplier's security interest in such Goods. Purchaser also authorizes Supplier to execute, on Purchaser's behalf, such statements or other documentation necessary to perfect Supplier's security interest in such Goods. Supplier shall be entitled to all applicable rights and remedies of a secured party under applicable law.

16. TAXES. Purchaser is solely responsible for, and shall pay, and shall hold Supplier harmless from, all Taxes, with respect to, or measured by, the manufacture, sale, shipment, use, or price of the Goods (including interest and penalties thereon); provided, however, that Purchaser

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shall not be responsible for any Taxes imposed on, or with respect to, Supplier's income, revenues, gross receipts, personnel, or real or personal property or other assets. Supplier shall charge Taxes on taxable services at the rate applicable at the point of service. If any manufacturer's excise or other similar or different Taxes are paid on Goods subject to any Purchase Order and if such Tax, or any part thereof, is refunded to Supplier, then Supplier shall promptly pay Purchaser the amount of such refund, pursuant to applicable state and federal law. For the avoidance of doubt, this sale will be classified as a material supply (retail) sale, and not a construction subcontract, for the purposes of assessing the applicable sales taxes. "Taxes" means any and all present and future sales, income, stamp, and other taxes, levies, imposts, duties, deductions, charges, fees, or withholdings imposed, levied, withheld, or assessed by any governmental authority, together with any interest or penalties imposed thereon.

17. NOTIFICATION. During the term of this Agreement, Supplier will notify Purchaser of any accepted project in excess of Fifty Million Dollars (US$50,000,000) of total contract value, including the pricing, volume, and specifications of the goods to be delivered thereunder, unless prohibited from such disclosure by an obligation of confidentiality.

18. EVENTS OF DEFAULT. The following shall constitute events of default (each an "Event Of Default"):

(a) Supplier: (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator for all or a substantial part of its property; (ii) admits in writing its inability, or is generally unable, to pay its debts as such debts become due; (iii) makes a general assignment for the benefit of its creditors; (iv) becomes subject to a voluntary or involuntary case under any bankruptcy law, including title 11 of the United States Code; (v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding down, or composition or readjustment of debts; (vi) fails to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against Supplier in an involuntary case under any bankruptcy law; or (vii) takes any corporate or other action for the purpose of effecting any of the foregoing;

(b) Without Supplier's application or consent, a proceeding or case is commenced in any court of competent jurisdiction seeking: (i) Supplier's liquidation, reorganization, dissolution, or winding-down or the composition or readjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like under any bankruptcy law, and such proceeding or case continues undefended, or any order, judgment, or decree approving or ordering any of the foregoing are entered and continue unstayed and in effect for a period of sixty (60) Calendar Days;

(c) Supplier (i) loses exclusivity with respect to Goods pursuant to Section 4(b); (ii) accepts the return of Defective Goods pursuant to Section 6(e); (iii) accepts the return of Nonconforming Goods pursuant to Section 8(a); or (iv) accepts the return of Goods subjected to Recall pursuant to Section 8(c), and the aggregate volume of Goods pursuant to (i), (ii), (iii) and (iv) exceeds twenty percent (20%) of the Minimum Volume Requirements of Goods

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contemplated under this Agreement (the "Default Threshold"); or (v) fails to fully and timely perform its delivery obligations under any one or more provisions of this Agreement;

(d) Supplier knowingly or intentionally misrepresented any of its representations or warranties made pursuant to Section 6 with regard to any Goods. For purposes hereof, the term "knowingly" means acting with actual knowledge or with deliberate ignorance or reckless disregard of the truth; or

(e) Supplier breaches the standards described in Section 25(a) hereof or other legal compliance provisions in this Agreement.

19. PURCHASER'S REMEDIES FOR EVENT OF DEFAULT. Purchaser shall give Supplier written or electronic notice of default under Section 18 ("Notice of Default"). Supplier shall have twenty (20) Calendar Days from the date of the Notice of Default to cure the specified default to Purchaser's satisfaction (the "Cure Period"), provided that (i) after Supplier takes advantage of the Cure Period one time the Cure Period shall be reduced to ten (10) Calendar Days, (ii) after Supplier takes advantage of such 10-Day Cure Period one time the Cure Period shall be reduced to five (5) Calendar Days, (iii) and after Supplier takes advantage of such 5-Day Cure Period one time the ability to cure shall be eliminated for all purposes thereafter. For the avoidance of doubt, (i) in the case of Section 18(c), the Cure Periods and limitations thereon shall apply to each individual default scenario described in (i), (ii), (iii), (iv) and (v) thereof and shall not be available with respect to the Default Threshold being achieved and (ii) Purchaser shall not be permitted to apply the different Cure Periods described above to the same default. If Supplier fails to cure the specified default within the Cure Period, then Purchaser may avail itself of any or all of the following remedies:

(a) Termination of this Agreement upon five (5) Business Days advance written notice;

(b) Immediate cancellation of all or any part of any outstanding Purchase Orders, including the balance of any Goods received on installment;

(c) Rejection and return of all or any part of any shipment, at Supplier's sole risk and expense; and

(d) Exercise of any other remedy provided at law or in equity.

The above notwithstanding, there shall be no Cure Period for Supplier Defaults under any section requiring compliance with applicable laws. Purchaser may at any time exercise any or all of the remedies in this Section 19, without obligation or liability to Supplier. Except as otherwise set forth herein, Purchaser's and Supplier's rights or remedies shall be cumulative and without prejudice to any other right or remedy, whether contained herein or not.

20. TERMINATION

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(a) Purchaser's Right to Terminate. In any termination effected pursuant to the terms hereof by Purchaser, Purchaser will pay Supplier for fulfillment of any Purchase Order, or portion thereof, to the extent completed at the time of termination, except where such termination was the result of an Event Of Default under Section 18(d). Supplier shall, and shall cause its Affiliates and permitted subcontractors, to use good faith efforts to provide assistance, to Purchaser, as may be reasonably necessary or useful for Purchaser or its designee/replacement supplier to commence or continue manufacturing and producing goods reasonably comparable to the Goods for such period and cost as may be mutually agreed to by the parties prior to or after the effective date of such termination (the "Transition Period"), which assistance shall include, to the extent reasonably requested by Purchaser, provision of technical assistance as well as introduction to sources of Softwood Lumber. To the extent reasonably requested by Purchaser, and if agreed to by Supplier, which shall not be unreasonably withheld, Supplier shall use good faith efforts to continue to produce and manufacture Goods in accordance with the terms hereof during the Transition Period. Supplier shall continue to honor all warranties granted hereunder with respect to Goods sold to Purchaser prior to Termination and, accordingly, Purchaser shall retain all rights set forth in Sections 6 and 8 hereof with respect to Defective Goods and Nonconforming Goods.

(b) Supplier's Right to Terminate. Supplier may terminate this Agreement, by providing written notice to Purchaser if Purchaser: (i) fails to pay any undisputed fees within fifteen (15) Calendar Days after receipt of such notice from Supplier as to the failure of Purchaser to timely pay such fees; (ii) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (iii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; (v) applies for or has appointed a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business; or (vi) knowingly and intentionally misrepresented any of its representations or warranties made pursuant to this Agreement. For the avoidance of doubt, Supplier and Purchaser acknowledge that Supplier has completed portions of the first Purchase Order that could have been invoiced EXW Shipping Point in the past, and that upon execution of this Agreement, Supplier will issue invoices for all completed values and Purchaser will pay for these Goods in accordance with Section 11 of this Agreement.

Any termination under this Section 20(b) will be effective on Purchaser's receipt of Supplier's written notice of termination or such later date (if any) set forth in such notice.

SUPPLIER ACKNOWLEDGES THAT PURCHASER WILL ONLY BE RESPONSIBLE TO PAY INVOICES IN THE SEQUENTIAL ORDER FOR GOODS CONTEMPLATED IN SECTION 7(I) HEREOF. TO THE EXTENT DELIVERY FAILS TO FOLLOW SUCH ORDER, INVOICING SHALL NOT OCCUR UNTIL THE CORRECT SEQUENCING HAS BEEN ACHIEVED.

21. INSURANCE REQUIREMENTS. At all times during the Term, Supplier shall keep in full force and affect the minimum insurance coverage set forth in Attachment 8 (Insurance Requirements). Supplier shall obtain all insurance coverage from a company having a rating of

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B+ or better and a Financial Size Category rating of VII or better, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies. Supplier will not cancel or reduce coverage of the insurance without giving Purchaser at least thirty (30) Calendar Days' prior written notice. Supplier's insurance shall be primary, non-contributory and not excess coverage. Each Commercial General Liability policy shall: (i) name Walmart Inc., its subsidiaries and Affiliates as additional insureds; (ii) provide defense coverage as an additional benefit and not within the limits of liability; (iii) contain a waiver of subrogation in favor of Purchaser; and (iv) be issued on an occurrence basis. Prior to the Effective Date, and as a condition to this Agreement becoming effective, Supplier shall provide Purchaser one or more certificates of insurance evidencing the coverage required by this Agreement. Supplier shall also provide Purchaser with one or more certificates of insurance evidencing the coverage required by this Agreement upon the renewal or replacement of a required insurance policy in effect during the Term of this Agreement and at any other time as Purchaser may request.

22. INDEMNIFICATION

(a) Mutual Indemnification. Subject to the terms and conditions of this Agreement, including those set forth in this Section 22, each party (as "Indemnifying Party") shall indemnify, defend, and hold harmless the other party and its officers, directors, employees, agents, Affiliates, successors, and permitted assigns (collectively, "Indemnified Party") against any and all Damages directly incurred by the Indemnified Party arising out of or resulting from, or awarded against Indemnified Party in a final non-appealable judgment, arising out of or resulting from any third-party claim, action, demand, arbitration, proceeding, or investigation ("Claim") against Indemnifying Party alleging:

(i) a material breach or non-fulfillment of any representation or warranty set forth in Section 6 or of any covenant of this Agreement by Indemnifying Party or Indemnifying Party's personnel;

(ii) any grossly negligent or more culpable act or omission of Indemnifying Party or its personnel (including any recklessness or willful misconduct) in connection with the performance of this Agreement;

(iii) any bodily injury, death of any person, or damage to real or tangible personal property caused by willful or grossly negligent acts or omissions of Indemnifying Party or its personnel relating to the Goods; or

(iv) any failure by Indemnifying Party or its personnel to materially comply with any applicable laws relating to their performance under this Agreement, including the Lacey Act.

Notwithstanding anything to the contrary in this Agreement, Section 22(a)(i) does not apply to any Claims for which a sole or exclusive remedy is provided for under another Section of this Agreement including Section 6, Section 8, and Section 18.

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(b) Supplier Indemnification of Purchaser for Products Liability. In addition to the indemnification contemplated in Section 22(a), Supplier shall indemnify Purchaser and its officers, directors, employees, agents, Affiliates, successors, and permitted assigns against any and all Damages arising out of or resulting from any third party Claim alleging death or injury to any person, damage to any property, or any other damage or loss, by whomsoever suffered, resulting or claimed to result in whole or in part from any defect in Nonconforming Goods or Defective Goods, to the extent resulting from, arising out of, or in connection with: (i) any actual or alleged failure of Supplier to provide warnings, labelings, or instructions pursuant to Supplier's normal business practices; (ii) any actual or alleged improper manufacture of such Nonconforming Goods or Defective Goods by Supplier; or (iii) any actual or alleged failure of such Nonconforming Goods or Defective Goods to comply with the Specifications or with the warranties of Supplier contemplated hereunder.

(c) Exceptions and Limitations on Indemnification. Notwithstanding anything to the contrary in this Agreement, an Indemnifying Party is not obligated to indemnify or defend (if applicable) an Indemnified Party against any Claim to the extent such Claim or corresponding Damages arise out of or result from, in whole or in part, the Indemnified Party's or its personnel's:

(i) gross negligence or more culpable act or omission (including recklessness or willful misconduct);

(ii) bad faith failure to materially comply with any of its obligations set forth in this Agreement; or

(iii) use of the Goods in any manner not otherwise authorized under this Agreement or that does not materially conform with any usage instructions, guidelines, and specifications provided by Supplier.

(d) EXCLUSIVE REMEDY. THIS SECTION 22, TOGETHER WITH IN CERTAIN CASES TERMINATION RIGHTS SET FORTH IN SECTION 19 SETS FORTH THE ENTIRE LIABILITY AND OBLIGATION OF EACH INDEMNIFYING PARTY AND THE SOLE AND EXCLUSIVE REMEDY FOR EACH INDEMNIFIED PARTY FOR ANY CLAIMS ARISING UNDER AND DAMAGES COVERED BY THIS SECTION 22.

23. LIMITATION OF LIABILITY

(a) IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY PUNITIVE, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING LOST PROFITS, BUSINESS REVENUES, BUSINESS INTERRUPTION AND THE LIKE), ARISING FROM OR RELATING TO: (I) THE RELATIONSHIP BETWEEN SUPPLIER AND PURCHASER, INCLUDING ALL PRIOR DEALINGS AND AGREEMENTS; (II) THE CONDUCT OF BUSINESS UNDER THIS AGREEMENT OR ANY PURCHASE ORDER; (III) BREACH OF THIS AGREEMENT OR ANY PURCHASE ORDER; OR (IV) TERMINATION OF BUSINESS RELATIONS BETWEEN THE PARTIES, AND REGARDLESS OF WHETHER THE CLAIM UNDER WHICH SUCH DAMAGES ARE SOUGHT IS BASED UPON BREACH OF WARRANTY,

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BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY, STATUTE, REGULATION, OR ANY OTHER LEGAL THEORY OR LAW, EVEN IF PURCHASER OR SUPPLIER HAS BEEN ADVISED BY THE OTHER PARTY OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE PARTIES ACKNOWLEDGE AND AGREE THAT PURCHASER'S PAYMENT OBLIGATIONS ARE NOT AND SHALL NOT BE CONSTRUED AS DAMAGES PURSUANT TO THIS AGREEMENT.

(b) EXCEPT FOR PURCHASER'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT, EITHER PARTY'S INDEMNITY OBLIGATIONS AS SET FORTH IN SECTION 22 (EXCEPT INDEMNIFICATION FOR MATERIAL BREACH OR NONFULFILLMENT OF ANY COVENANT PURSUANT TO SECTION 22(A)), THE CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 28, DAMAGES ARISING AS A RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT, AND EITHER PARTY'S REPUDIATION OF THIS AGREEMENT IN A MANNER NOT PERMITTED HEREUNDER: EACH PARTY'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THIS AGREEMENT, A PURCHASE ORDER, OR FROM THE PERFORMANCE OR BREACH THEREOF, SHALL IN NO CASE EXCEED: (I) THE TOTAL OF THE AMOUNTS PAID HEREUNDER BY PURCHASER IN THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM; AND (II) IN THE EVENT THAT PURCHASER HAS NOT PAID MONIES FOR A FULL TWELVE (12) MONTH PERIOD, THEN THE TOTAL OF THE AMOUNTS ANTICIPATED TO BE PAID HEREUNDER BY PURCHASER IN THE FIRST TWELVE (12) MONTH PERIOD DURING WHICH PAYMENTS WOULD BE MADE. FOR THE AVOIDANCE OF DOUBT, NOT WITHSTANDING THE RELEASE OF CLAIMS IN SECTION 32, ALL AMOUNTS PAID BY PURCHASER TO SUPPLIER PRIOR TO THE EFFECTIVE DATE SHALL COUNT TOWARDS SUCH TWELVE (12) MONTH TOTAL TO THE EXTENT THAT THEY WERE MADE DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

24. COMPLIANCE WITH LAWS. In addition to its other representations and warranties in this Agreement, Supplier represents and warrants to Purchaser that it shall comply with the Lacey Act, the Foreign Corrupt Practices Act, the Occupational Safety & Health Administration (OSHA) Act, and the Immigration Laws, and will not, to Supplier's knowledge, materially violate any other laws, ordinances, statutes, rules, or regulations of the United States, or any applicable state or local government or any subdivision or agency thereof, applicable to Supplier in its performance of its obligations pursuant to this Agreement. Supplier shall, and shall use commercially reasonably efforts to cause any and all of its agents and subcontractors to, comply with the foregoing. Supplier agrees to pay all compensation, required contributions, and taxes that arise out of the employment relationship, and to maintain workers' compensation coverage in an amount and under such terms as required by federal, state, or local labor codes. Supplier and its subcontractors shall use commercially reasonable efforts to maintain all payroll records, federal, state and local withholding records, and other filings and records related to social security, workers' compensation, disability insurance, and unemployment insurance in accordance

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with its own internal policies, practices, and procedures. Supplier also warrants that it will secure any and all licenses, permits and inspections required by all applicable rules, regulations, and statutes with respect to the provision of the Goods pursuant to this Agreement. "Immigration Laws" means the Immigration Reform and Control Act of 1986, as amended, the Immigration and Nationality Act, as amended, and the Illegal Immigration Reform Immigrant Responsibility Act of 1996, as amended, and any successor statutes, laws, rules and regulations thereto.

25. STANDARDS FOR SUPPLIERS; STATEMENT OF ETHICS; MANUFACTURING AUDIT

(a) Standards for Suppliers. To the extent applicable, Supplier agrees to comply with the obligations specified in the Standards for Suppliers, as amended and updated from time to time, posted and available to Supplier at https://cdn.corporate.walmart.com/7c/c3/3d339cb74ec9a2fad98fd43d3589/standards-for-suppliers-manual-english.pdf / https://cdn.corporate.walmart.com/bc/8c/97ac8c9b43229f17480057fd684e/standards-for-suppliers-english-updated-6-30.pdf and which are incorporated herein by reference. In addition to the foregoing, all Transactions under this Agreement are subject to the Walmart Inc. Global Statement of Ethics, as amended and updated from time to time, the current version of which is posted and available to Supplier at http://ethics.walmartstores.com/ (the "Statement of Ethics") and which is incorporated herein by reference. By execution of this Agreement, Supplier confirms that it is now in compliance, and shall at all times continue to comply with, the Statement of Ethics (including all amendments) with respect to all Goods and services provided under this Agreement or any Purchase Order. Purchaser may audit Supplier's business records, including financial statements and invoices, to determine compliance with this Agreement, applicable law and the Standards for Suppliers. Notwithstanding the foregoing, in the event of any conflict or inconsistency between the terms and conditions of the Standards for Suppliers or the Statement of Ethics (as each may be amended and updated from time to time) and the terms of this Agreement, the terms and conditions of the Standards for Suppliers or the Statement of Ethics, as the case may be, shall govern and control.

(b) Manufacturing Audits

(i) Purchaser may conduct a formal audit of the Manufacturing Facility one time (1x) per year (an "Annual Manufacturing Audit") in order to verify Supplier's compliance with applicable law, Purchaser's Standards for Suppliers, and to ensure good manufacturing practices are being followed. In addition to this Annual Manufacturing Audit, Purchaser and its representatives will have the right to: (i) conduct routine weekly inspections and reviews of the Manufacturing Facility ("Routine Inspections and Reviews"); and (ii) conduct an additional manufacturing audit (an "Incident Manufacturing Audit", together with the Routine Inspections and Reviews and Annual Manufacturing Audit, a "Manufacturing Audit") each time (A) Supplier receives notification from a relevant governmental authority that documents Supplier's material violation of applicable law with respect to any regulated manufacturing, packaging, or labelling process relevant to the Goods, including the Lacey Act, or (B) Purchaser

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has rejected a batch of the Goods where it has been finally determined in accordance with the terms of this Agreement that such Goods are Defective Goods or Nonconforming Goods.

(ii) Any representatives of Purchaser who conduct a Manufacturing Audit will have appropriate and relevant qualifications as reasonably determined by Purchaser, will comply with all of Supplier's facility rules regarding safety and security, and will comply with Purchaser's confidentiality obligations set forth herein with respect to all Confidential Information obtained during the course of any Manufacturing Audit except for disclosure to Purchaser. Any Manufacturing Audit will be conducted during Supplier's normal business hours and upon at least ten (10) Business Days' prior written notice to Supplier in the case of an Annual Manufacturing Audit, or two (2) Business Days' prior written notice to Supplier in the case of an Incident Manufacturing Audit. A Manufacturing Audit will not exceed three (3) Business Days in duration, and in all cases, Purchaser will ensure that its representatives conduct each Manufacturing Audit, to the extent reasonably possible, so as not to interfere with the normal and ordinary operation of Supplier's facility. All costs of an Annual Manufacturing Audit will be paid by Purchaser, and all reasonable out-of-pocket costs of an Incident Manufacturing Audit will be paid by Supplier.

26. IMMIGRATION LAWS. After the Effective Date of this Agreement, Supplier shall maintain photocopies of all supporting employment eligibility and identity documentation for all employees who are hired by Supplier after such date. From time to time as Purchaser may request in its sole discretion, Supplier shall, at its expense, audit the Form I-9s for compliance as Purchaser may designate. At Purchaser's option, such audit shall be performed either by Supplier or by Supplier's third party immigration attorney or consultant, who must be experienced and trained in the field of immigration compliance. Such audit shall be completed within five (5) days after Purchaser's request and Purchaser may suspend deliveries or Purchase Orders pending the completion of any such audit. Supplier shall retain all such certifications on file during the term of this Agreement, and shall deliver any or all such certifications to Purchaser upon Purchaser's request. During the term of this award, and whether or not any orders are then outstanding, Supplier shall promptly, and in any event within one (1) hour, notify Walmart Stores, Inc., Legal Department Compliance, 702 SW 8th Street, Bentonville, AR 72716 via fax at (479) 277-5991 by in-person voice communication (not voice mail) of any unscheduled inspections, work site enforcement actions, investigations, inquiries, visits or audits conducted by the United States Department of Homeland Security or any other governmental agency or authority related to environmental, immigration or employee-safety issues of Supplier, its agents, or employees. For clarity and notwithstanding anything to the contrary, the requirements of this Section 26 apply only with respect to Supplier (as a United States entity) and in the United States only.

27. GOODWILL AND PUBLICITY. Neither party shall use the name, trade name, service mark, or trademark of the other party in any promotional or advertising material without such party's prior written consent. Neither party shall acquire any rights whatsoever to any of the other party's trademarks, trade names, service marks, logos, or other intellectual property rights. Neither party shall refer to the other party or any Affiliate of such other party in print or digital publication form in connection with Goods or services rendered in connection with this Agreement without the other party's prior written approval.