

JOINT VENTURE AGREEMENT

This Agreement is made as of the date specified in Schedule A ("Date of Agreement")

BETWEEN:

Finder (as defined in Schedule A)

- and -

Venturers (as defined in Schedule A)

By this Agreement we have formed:

THE _____ **JOINT VENTURE**

(the "Joint Venture" or "Venture") concerning the "Property" defined in Schedule A.

ANY INVESTMENT IS SPECULATIVE; REAL ESTATE IS NO DIFFERENT. EVERY INVESTOR SHOULD CONSULT INDEPENDENT ADVISORS WITH EXPERIENCE IN REAL ESTATE INVESTMENT. FINDER DOES NOT GUARANTEE VENTURERS' INVESTMENT IN THIS JOINT VENTURE.

For good consideration, the receipt and sufficiency of which we hereby acknowledge, and the mutual promises contained in this Agreement, we agree to the following Articles and Schedules of the Agreement:

ARTICLE I: FORMING THE JOINT VENTURE

ARTICLE II: THE COMMITTEE AND THE FINANCIAL MANAGER

ARTICLE III: FINANCING THE JOINT VENTURE

ARTICLE IV: TRANSFER OF OWNERSHIP

ARTICLE V: ACCOUNTING AND DISTRIBUTIONS

ARTICLE VI: GENERAL PROVISIONS

SCHEDULE A

SCHEDULE _____

SCHEDULE _____

SCHEDULE _____

SCHEDULE _____

SCHEDULE _____

ARTICLE I: FORMING THE JOINT VENTURE

1.01 Formation

Finder and Venturers (jointly the "Investors" and individually an "Investor") agree that the assets of the Joint Venture, including the title to the Property, shall be held as set out in Schedule 'A'

1.02 Purpose

The purpose ("Purpose") of the Venture is to acquire and manage the Property with long-term rental income.

1.03 Protection of Investment

Any Investor shall have the right to register this Agreement or notice thereof on the title of the Property at his own expense.

1.04 Tenancy-in-Common

All Property comprising or used in connection with the Joint Venture shall be owned beneficially by the Investors as tenants-in-common. Unless this Agreement otherwise provides, all revenues and benefits derived from, and all obligations and liabilities incurred in respect of, the Property shall be shared by the Investors on the basis of their respective percentage participation in the Joint Venture ("Investor Percentage Participation" or "Interest") as specified by percent in Schedule A.

1.05 Relationship of the Investors

This Agreement creates a Joint Venture to carry out the Purpose and does not create a partnership between the Parties nor does it authorize any Party to act as agent or trustee for the other Party SAVE AND EXCEPT as set out in this Agreement.

1.06 Term

The term of the Joint Venture shall start as of the Date of Agreement, and shall continue, unless sooner terminated in accordance with other provisions of this Agreement, for so long as the Investors or any of their heirs, executors, administrators, successors or permitted assigns hold any interest in or have any obligations relating to the Property.

1.07 Release and Indemnification

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Venturers hereby:

- (a) remise, release and forever discharge Finder and his heirs, executors, administrators and personal representatives and all shareholders, Officers and Directors of Finder of and from all manner of actions, causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, claims and demands whatsoever which the Venturers ever had, now have or can, shall or may have for or by any reason of any cause, matter or thing whatsoever existing now or arising in the future, including without limiting the generality of the foregoing, any cause, matter or thing howsoever arising out of the Venturers' investment in this Joint Venture; and
- (b) agree not to make any claim or take any proceedings against any other person, firm, corporation or other entity in respect of matters and claims hereby released who might claim contribution from or to be indemnified by Finder; and
- (c) further agree that, if the Venturers or any of them are corporations, such Venturers ("Corporate Venturers") hereby indemnify Finder against all manner of actions, causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, claims and demands whatsoever which the shareholders, Officers or Directors of such Corporate Venturers ever had, now have or can, shall or may have for or by any reason of any cause, matter or thing whatsoever existing up to the date of this Release and Indemnification, including without limiting the generality of the foregoing, any cause, matter or thing howsoever arising out of:
 - (i) the Venturers' investment in this Joint Venture; or
 - (ii) the shareholders' investment in the Corporate Venture; or

- (iii) the Officers or Directors involvement in the Corporate Venturer.
- (d) confirm that the Venturer's decision to invest in this Joint Venture was made solely on the basis of:
 - (i) the Venturer's own due diligence which the Venturers hereby confirm that they have completed to their own satisfaction;
 - (ii) the provisions of this written Joint Venture Agreement which the Venturers hereby confirm that they fully understand; and
 - (iii) the advice received by the Venturers from their own chosen professional and personal advisors, competent in the Venturers' opinion to offer said advice and totally independent of Finder.

ARTICLE II: THE COMMITTEE AND THE FINANCIAL MANAGER

2.01 Committee and Financial Manager

- (a) The Investors hereby create a committee ("Committee") charged by the Investors with the management and operation of the Joint Venture and the Property. The Committee and the Investors are responsible in every way for the Venture, the Property and all related agreements and commitments.
- (b) The Committee hereby creates the position of financial manager ("Financial Manager") and appoints the Financial Manager specified in Schedule A to conduct the day-to-day financial affairs of the Property and the Joint Venture. The Financial Manager may be, in the discretion of the Committee:
 - (i) a person; or
 - (ii) a corporation.

2.02 Details and Duties of the Committee

- (a) Each Investor shall appoint one representative ("Representative") to the Committee which Representative may be the Investor himself or any other Investor or any other person of his choosing. In addition, each Investor shall have the right to appoint, in writing, one or more Alternates to serve in the event the Representative is absent or unable to serve. Until such appointment has been revoked by written notice to the Committee, any decision made by any such Representative or Alternate at a Committee meeting shall be binding upon his Investor. Appointments or replacements of Representatives or Alternates shall be made in writing to the Committee.
- (b) Investors, Representatives or Alternates ("Members") may invite outside advisors to meetings, none of whom shall be entitled to remuneration from the Joint Venture for their services to or on the Committee. The Financial Manager (also a "Member") may invite outside advisors to attend meetings and such advisors shall be entitled to remuneration from the Joint Venture, subject to approval by the Committee.
- (c) Meetings of the Committee shall be held at the request of any Member upon at least three business days' notice unless the Investors waive such notice in writing. Any such notice of meeting shall include an agenda of the business to be introduced together with relevant background materials. A quorum for any meeting shall consist of one Representative or Alternate from each Investor who shall be present in person, by telephone or other approved form of communication throughout the meeting. The Members present shall represent and vote their respective Investor's Interest. The Financial Manager shall keep minutes of all meetings.
- (d) A majority ("Majority") decision representing more than fifty percent (50%) of the Interests in the Property ("Resolution") of the Committee shall be binding upon the Investors. Any agreement in writing signed by a Majority of Investors or their Representatives (also referred to in this Agreement as a "Resolution") shall be valid as if such agreement had been passed at a Committee meeting.
- (e) Without in any way diminishing the ultimate responsibility of the Committee and the Investors, the Committee may delegate duties to the Financial Manager or to any other party by Resolution. The Committee hereby delegates to the Financial Manager the duties of the Financial Manager itemized in this Agreement. The Committee may from time to time delegate other duties to the Financial Manager or cancel or amend previously delegated duties in any way the

Committee deems appropriate. It is hereby acknowledged by all Parties that the Committee retains to itself and does not by this Agreement delegate to the Financial Manager the following duties:

- (i) appointment of Financial Manager;
- (ii) approval of all reports, budgets and financial statements presented to it by the Financial Manager, property manager, auditor or other party;
- (iii) reporting to Investors.
- (iv) approving or disapproving any conveyance, sale, transfer, assignment or other disposition of the Property;
- (v) approving or disapproving capital improvements to the Property in excess of five percent (5%) of the purchase price of the Property;
- (vi) any mortgaging or re-mortgaging of the Property; and
- (viii) any matters not in the ordinary course of business.

2.03 Duties of Financial Manager

The acts of the Financial Manager shall bind the Investors and the Joint Venture when such acts are within the Financial Manager's authority. In addition to the duties delegated to the Financial Manager elsewhere in this Agreement and from time to time by Resolution of the Committee, the Financial Manager is hereby delegated the following duties:

- (a) The Financial Manager shall report to and take direction and instructions from the Committee and shall serve at the pleasure of the Committee.
- (b) The Financial Manager shall conduct the day-to-day business of the Venture.
- (c) The Financial Manager shall appoint, supervise and if necessary replace a property manager, leasing agent and any other professional support person or firm the Financial Manager deems appropriate for the proper operation and management of the Property and the Joint Venture.
- (d) The Financial Manager shall be an Alternate on the Committee for each Investor and each Investor hereby irrevocably appoints the Financial Manager to be his Alternate on the Committee. The Financial Manager shall assume the role of Alternate for an Investor at any Committee meeting or part thereof in which the Representative or any Alternate otherwise designated by the Investor is not in attendance in person or by telephone.
- (e) The Financial Manager shall be the Chairman of the Committee and shall not have a casting vote.
- (f) The Financial Manager, on behalf of the Committee, shall be the recipient of notices intended for the Committee. The Financial Manager's address shall be the address for notice of the Committee. Notices intended for the Committee do not include Notices intended for Members of the Committee.
- (g) The Financial Manager shall approve or disapprove entry, on behalf of the Joint Venture, into transactions, agreements, contracts or other arrangements, unless the Committee has otherwise expressly approved or disapproved such transactions, agreements, contracts or other arrangements.
- (h) The Financial Manager shall report in writing to the Committee not less frequently than annually with respect to the operation and management of the Joint Venture and the Property.
- (i) The Financial Manager shall sign all cheques, contracts or other documents, which require signature of the Joint Venture in the ordinary course of business.
- (j) Except where specifically provided to the contrary in this Agreement or in the Resolutions of the Committee, the Financial Manager shall perform those duties deemed appropriate by the Financial Manager for the proper management and operation of the Venture and the Property.

2.04 Remuneration to the Financial Manager

- (a) In consideration of management services rendered by the Financial Manager to the Joint Venture, the Joint Venture shall pay to the Financial Manager annually a fee ("Management Fee") equal to three percent (3%) of the rental income,

interest income and other operating income of the Joint Venture for each fiscal year. The Management Fee shall be payable no later than the date on which the Financial Statement is complete and provided to the parties.

- (b) The Financial Manager shall also be reimbursed for reasonable out-of-pocket expenses incurred in the normal course of his duties, including but not limited to:
- (i) shipping and handling services for transporting documents to and from Investors and to and from suppliers and other contractors;
 - (ii) telephone and fax services; and
 - (iii) travel expenses to and from property.

2.05 Duties of Investors

Investors shall devote such time to the Joint Venture as is reasonably necessary or as is reasonable requested by the Financial Manager from time to time in order to carry out the provisions of this Agreement.

2.06 Investors May Do Business with the Joint Venture

Each Investor shall give notice in advance to the other Investors and to the Committee of his interest, or the interest of any of his affiliates (defined as any entity in which the Investor has any interest of 25% or more), in any other business or undertaking ("Related Supplier") which proposes to enter into any business transactions with the Joint Venture. Each Investor understands that the conduct of business of the Joint Venture may involve business dealings with Related Suppliers. Investors may engage in or possess any interest in any Related Supplier including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage or development of the Property or the Joint Venture and no other Investors shall have any right by virtue of this Agreement in and to such Related Supplier or the income or profits derived therefrom.

2.07 Financial Manager Will do Business with the Joint Venture

The Financial Manager hereby gives notice to the Committee, and the Committee hereby acknowledges receipt of, and agrees by Resolution with such notice, that the Financial Manager intends to use Related Suppliers to execute some of his duties including but not limited to:

- (i) bookkeeping, accounting and tax planning services;
- (ii) investor relations; and
- (iii) property management and property management supervision services.

All such use of Related Suppliers and payments for such services shall be clearly disclosed and detailed to the Committee, upon written request by any Member. All such expenses shall be reasonable.

2.08 Scope of Authority and Indemnification

No Party shall enter into any commitment binding upon the Joint Venture, except for:

- (i) actions expressly provided for in this Agreement;
- (ii) actions expressly provided for by Resolution;
- (iii) actions by the Financial Manager within the scope of his authority; and
- (iv) actions by the property manager, if any, (and if the property manager is different from the financial manager, affiliate(s), agents or employees) within the scope of his authority.

Each Investor shall indemnify and hold harmless the other Investors and their Related Suppliers, directors and officers from and against any and all claims, demands, losses, damages, liabilities and other proceedings, judgments and awards, and costs and expenses (including but not limited to solicitors' fees) arising directly or indirectly, in whole or in part, out of any breach of this provision by such Investor or his Related Supplier, affiliates, officers, directors, agents or employees.

ARTICLE III: FINANCING THE JOINT VENTURE

3.01 Initial Financial Contributions

Contemporaneously with the execution hereof, each of the Venturers shall make initial cash contributions ("Initial Financial Contributions") to the Joint Venture as set out in Schedule A sufficient in total to satisfy the sum of:

- (i) the closing costs to buy the Property;
- (ii) an acquisition management fee equal to one percent (1%) of the purchase price of the Property payable on closing by Venturers to Finder;
- (iii) and a reserve deemed sufficient by the Committee to be held by the Joint Venture and used as deemed necessary by the Committee.

3.02 Additional Financial Contributions

It is the intention of the Investors that all initial cash requirements of the Joint Venture be satisfied through the Initial Financial Contributions. To the extent that the Joint Venture requires funds in addition to the Initial Financial Contributions, either initially or later, the Investors hereby agree to make such additional cash contributions ("Additional Financial Contributions") as are specified by the Financial Manager in the same percentages as their Interests in order to enable the Joint Venture to carry out the Purpose of this Agreement.

- (a) Notice by the Financial Manager to the Investors requesting Additional Financial Contributions ("Cash Call") can be overruled by Resolution of the Committee.
- (b) Each Investor shall have thirty (30) days ("Date of First Default") from the date of the Cash Call ("Date of Cash Call") by the Financial Manager to contribute the Additional Financial Contributions. The Financial Manager shall be the judge to decide whether additional cash or co-operation ("Co-operation") is required. Co-operation, without limiting the generality of its common dictionary meaning requires Investors to do any and all things that the Financial Manager, in its discretion, deems necessary for the operation of the Joint Venture.
- (c) If any Investor ("Defaulting Investor") fails to co-operate or to meet a Cash Call by the Date of First Default, then the other Investors ("Contributing Investors") shall forthwith have the right to advance the Additional Financial Contributions on behalf of the Defaulting Investor.
- (d) If the cash offered by the other Investors is more than the Cash Call, then the Financial Manager shall decide on the amounts that each Contributing Investor shall be allowed to contribute.
- (e) If insufficient funds (the difference being the "Cash Call Shortfall") are offered by the Investors, the Financial Manager is hereby authorized by the Investors to forthwith take any or all of the following actions:
 - (i) seek and allow an outside party (also called a "Contributing Investor") to contribute the Cash Call Shortfall, or any part thereof. If such outside party, through his actions as Contributing Investor, assumes or is entitled to assume an Interest in the Property or the Joint Venture, then such party, as a prerequisite to assuming such Interest, shall execute this Agreement and all such other documents as may be reasonably requested by the Financial Manager.
 - (ii) seek and commit to loans, for which the Defaulting Investor is to be held responsible;
 - (iii) take whatever other steps it deems necessary.
- (f) The Contributing Investors shall have a lien or charge on the Interest of the Defaulting Investor. If the Defaulting Investor shall remain in default ("Default") in Co-operation or payment of monies for a period of sixty (60) days ("Date of Second Default") from the Date of Cash Call, then the Interest of the Defaulting Investor shall be dealt with as specified in Section 3.03.
- (g) On the Date of First Default, a Representative of the Contributing Investor or, failing that, the Financial Manager shall immediately replace the Defaulting Investor's Representative on the Committee. The Defaulting Investor shall then have no vote and no say in the Committee whatsoever and shall not be entitled to notice of Committee meetings or have any part of the management of the Venture or the Property.

- (h) Each Investor agrees to indemnify and hold harmless the other Investors from all costs, expenses and damages incurred by the other Investors as a result of the failure of any Investor to satisfy a Cash Call or Co-operation.
- (i) For an Investor to meet a Cash Call after the Date of First Default and before the Date of Second Default, that Investor must pay to the Joint Venture or, if there is a Contributing Investor, to that Contributing Investor, the amount of the Cash Call plus interest at the rate of Royal Bank of Canada prime plus five percentage points.
- (j) If and when the failure to meet a Cash Call is remedied in full as specified in this Section, the Defaulting Investor shall be forthwith reinstated in full and any liens or charges shall be discharged at the expense of the Defaulting Investor.

3.03 Default on Cash Call or Co-operation

- (a) In the case of Default, the Contributing Investor, in his sole discretion, shall opt for either the cash settlement ("Cash Settlement") or the equity settlement ("Equity Settlement") as defined in this Article by notifying the Committee and the Defaulting Investor of his decision within thirty (30) days. If the Contributing Investor fails to make such notification in the prescribed time allotted, the Committee is hereby irrevocably authorized to make the decision on the Contributing Investor's behalf.
- (b) The Defaulting Investor specifically, absolutely and irrevocably authorizes, constitutes and appoints the Contributing Investor as his lawful agent and attorney to do or cause to be done all acts or things, and to execute and deliver all documentation necessary or desirable in order to give effect to the provisions of this Section.

3.04 Cash Settlement

In the Cash Settlement option, the Defaulting Investor shall pay to the Contributing Investor the sum of:

- (i) the Defaulting Investor's share of the Cash Call;
- (ii) a fee for arranging the required cash (the "Arranging Fee") calculated as 20% of the Defaulting Investor's share of the Cash Call and deemed to have been incurred on the date that the Defaulting Investor's share of the Cash Call was met by the Contributing Investor;
- (iii) interest on any outstanding portion of the Cash Call and Arranging Fee calculated at Royal Bank of Canada Prime plus five percentage points calculated and payable monthly from the date the Cash Call was met by Contributing Investor; and
- (iv) interest on outstanding interest at the said rate

where all monies in addition to the Cash Call are liquidated damages and not penalty.

3.05 Equity Settlement

In the Equity Settlement option, the monies advanced by the Contributing Investor plus any fees or expenses incurred by Contributing Investor shall be deemed to have been advanced for the purpose of the purchase of a portion of the Defaulting Investor's Interest ("Equity Settlement Portion" as defined in this Section). The Defaulting Investor's Interest will thus be reduced by the Equity Settlement Portion and the Equity Settlement Portion will be added to the Contributing Investor's Interest. The Defaulting Investor's Cash Call and all related expenses will be deemed to have been paid in full. The Committee shall promptly give notice to the Investors of the new Investor Percentage Participation of each Investor. The Equity Settlement Portion percent shall be the greater of (a) or (b) as set out hereunder:

- (a) twenty percent (20%) of the Defaulting Investor's Interest; or
- (b) the percent calculated according to the following procedure up to a maximum of 100%:
 - (i) two; TIMES
 - (ii) the Defaulting Investor's share of the Cash Call; DIVIDED BY
 - (iii) the product of the Defaulting Investor's Investor Percentage Participation times the total Initial Financial Contribution.

3.06 Indemnity

Each Investor agrees that in the event that a third party requires that the Investors be jointly and severally liable for any obligations arising in the course of pursuing the Joint Venture undertakings or related activities, (the "Joint Venture Undertakings"), the respective liability of each of the Investors, as between themselves, shall be limited to Investor Percentage Participation of the total liability for which the Investors are required to become jointly and severally liable. Each Investor (herein called the "Indemnifying Investor") agrees to indemnify and save harmless the other Investors (herein called the "Indemnified Investors") to the extent of that portion of all monies which the Indemnified Investors may be required to pay or liability to which they have or may become subject by reason of any such joint and several liability or by reason of any actions, proceedings, liability, claims, damages, costs and expenses in relation thereto or arising therefrom, which is in excess of the Investor Percentage Participation of the total liability for which the Investors are required to become jointly and severally liable and which has been paid by the Indemnified Investor. In the event that any Indemnified Investor shall pay an "Excess," defined as monies paid pursuant to any demand from any third person in excess of his Investor Percentage Participation, the other Investors shall forthwith upon demand pay to the Indemnified Investor all of the Excess so paid by the Indemnified Investor.

3.07 Failure to Indemnify

If any Investor fails to pay such Excess upon demand by the Indemnified Investor within thirty (30) days, then the Indemnified Investor shall be entitled to the remedies as defined under Section 3.02 Additional Financial Contributions.

ARTICLE IV: TRANSFER OF OWNERSHIP

4.01 Right of First Refusal

The Parties agree that there shall be a right of first refusal arrangement.

- (a) In consideration of the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged, each Investor as grantor ("Grantor"), grants to any and all other Investors as grantee ("Grantee"), a right of first refusal to acquire a Grantor's Interest, or any portion thereof on the terms set out in this Section. The Grantor shall specifically include the Investor himself and his heirs, assigns, executors, creditors or any other parties that may be entitled at any time to dispose of the Grantor's Interest.
- (b) "First Refusal Offer" means any offer or agreement to sell, purchase, lease, transfer, assign, pledge, mortgage, hypothecate or in any other way to convey or dispose (such action being a "Disposition") either directly or indirectly, all or any portion of his Interest.
- (c) The Grantor shall not permit a Disposition of the Property until it has first offered to Grantee the right to acquire all or part of the Grantor's Interest contained in the First Refusal Offer on the identical terms and conditions set out therein. Upon receipt of any First Refusal Offer, the Grantor shall immediately deliver to the Grantee a complete and true originally executed copy thereof.
- (d) Upon delivery by the Grantor to the Grantee of the First Refusal Offer, the Grantee shall have five (5) days to advise the Grantor whether it elects to acquire the Interest contained in the First Refusal Offer on the same terms and conditions set out therein. If the Grantee does not advise the Grantor in writing within the required time, the Grantee shall be deemed to have rejected such offer.
- (e) If the Grantee does not elect to acquire the Interest, the Grantor may then proceed with the Disposition of his Interest, but only as contained in the First Refusal Offer. If the terms and conditions of the First Refusal Offer are at any time changed in any way following the Grantee's rejection or deemed rejection of the First Refusal Offer, the Grantor shall not permit a Disposition unless he has first complied on all such occasions with the requirements of this Section.
- (f) If the Grantee does not elect to acquire the Interest and the transaction contemplated by the First Refusal Offer does not close, the Grantee's right of first refusal shall survive. If the First Refusal Offer is only with respect to a portion of the Grantor's Interest, the right of first refusal shall continue to apply to the remainder of the Grantor's Interest.
- (g) The Grantor agrees to require as a condition of any First Refusal Offer that the purchaser of any Interest shall agree in writing directly with all other Parties to this Agreement to be bound by this Agreement. All Parties hereby agree that

said purchaser shall not receive good title until he has first executed this Agreement and any other documents as may be reasonably required by the Financial Manager.

- (h) If the Grantee advises the Grantor that it elects to acquire the Interest, then the transaction shall close in accordance with the First Refusal Offer.
- (i) If the First Refusal Offer contains any conditions which are required to be waived or met by the intended purchaser, the Grantor shall also provide to the Grantee, promptly upon the waiving or meeting of such conditions, evidence ("Evidence") that the purchaser's conditions have been waived or met. The five-day period of clause (d) of this Section commences when the First Refusal Offer and the Evidence have both been delivered to the Grantee.

4.02 Buy-Sell

The Parties hereby agree that there shall be a buy-sell arrangement.

- (a) Any Investor ("Offeror") shall at any time be entitled to give notice ("Offer") to any other Investor or Investors ("Offeree") to unconditionally either:
 - (i) buy a "Purchased Interest" as defined in this subsection from the Offeree; or
 - (ii) sell the Offeror's Purchased Interest to the Offeree.

Purchased Interest is a specified percent of the vendor's Interest, where the percent is the same whether the vendor is the Offeror or the Offeree. The said percent may be any percent less than or equal to one hundred percent.

- (b) The Offeree shall have the right to elect either (a)(i) or (a)(ii) above. The Offer must be for a specified purchase price, which shall be the same for either a purchase or a sale. The Offer shall be irrevocable by the Offeror for a period of thirty (30) days from the date of its delivery to the Offeree. The Offer shall state a place of closing ("Place of Closing") and a closing date ("Date of Closing") which shall be thirty (30) days after acceptance of the Offer if such is a business day, or otherwise the next business day.
- (c) The Offeree shall be entitled, at any time during the period of thirty (30) days following the delivery of the Offer, to give the Offeror a written notice electing to accept either:
 - (i) the Offer to purchase mentioned in subsection (a)(i), in which case the Offeror will purchase the Offeree's Purchased Interest; or
 - (ii) the Offer to sell mentioned in subsection (a)(ii), in which the Offeror will sell his Purchased Interest to the Offeree.

Upon delivery of such notice, the Offeror and the Offeree shall be bound to complete such purchase and sale in accordance with such terms. If the Offeree shall fail to give such notice within the said period, he shall be conclusively deemed to have accepted the Offer of the Offeror to purchase mentioned in subsection (a)(i) and (c)(i) and shall be bound to sell his Purchased Interest to the Offeror in accordance with the terms of the Offer.

- (d) From and after the closing of the purchase and sale contemplated by this Section, the purchasing party ("Purchasing Party") shall assume all indebtedness or obligations to third parties which the selling party ("Selling Party") properly incurred in connection with the Joint Venture Undertaking.
- (e) If the Selling Party is not represented at the Place of Closing at the Date of Closing, or is represented but fails for any reason to deliver to the Purchasing Party the required documents, then the purchase price for the Purchased Interest shall be deposited by the Purchasing Party into a special account at the main branch of The Royal Bank of Canada located in or nearest to the city of residence of the Purchasing Party, with interest for the account of the Purchasing Party. Such deposit shall constitute valid and effective payment of the purchase price for the Purchased Interest to the Selling Party. If the offer contemplates new financing and financing cannot be completed because of the failure of the Selling Party to supply the required documents, then the Date of Closing shall be postponed until 30 days after the closing documents are provided or a Court Order is obtained that replaces the required documents.

- (f) If the purchase price for the Purchased Interest is deposited pursuant to the subsection above, then from and after the date of such deposit, or in the case of new financing, then 10 business days after the Date of Closing, and even though the appropriate documents and assignments evidencing the purchase and sale of the Purchased Interest have not been delivered to the Purchasing Party, the purchase of the Purchased Interest shall be deemed to have been fully completed and all right, title, benefit, and interest, both at law and in equity, in and to the Purchased Interest shall be conclusively deemed to have been transferred and assigned to and become vested in the Purchasing Party and all right, title, benefit and interest, both at law and in equity, of the Selling Party, or of any transferee, assignee or any other person having any interest, legal or equitable, therein or thereto shall cease and determine, provided, however, that the Selling Party shall be entitled to receive the purchase price so deposited without interest upon delivery to the Purchasing Party of the appropriate documents duly executed and required by the Purchasing Party.
- (g) The Selling Party hereby irrevocably constitutes and appoints the Purchasing Party as his true and lawful attorney-in-fact and agent for, in the name of and on behalf of the Selling Party to execute and deliver in the name of the Selling Party all such assignments, transfers, deeds and instruments as may be necessary effectively to transfer and assign the Purchased Interest, or any part thereof, to the Purchasing Party, or his nominee. Such appointments and power of attorney shall not be revoked by the insolvency, bankruptcy or winding up of the Selling Party who hereby ratifies, confirms and agrees to ratify and confirm all that the Purchasing Party may lawfully do or cause to be done by virtue of this provision. The Selling Party hereby irrevocably consents to any transfer of the Purchased Interest or any part thereof made pursuant to these provisions.
- (h) If the Purchasing Party fails to close at the Date of Closing, then thirty (30) days later the Purchasing Party shall be obligated to sell his Interest to the Selling Party for 80% of the purchase price as set out in this Section in the Offer with the 20% reduction being liquidated damages and not a penalty.
- (j) On sale of all or a portion of the Property under this Section, the general principle for distribution is that an Investor should receive his Initial Financial Contribution, plus a pro-rata share of profit after all costs of sale are paid.
- (i) If the Selling Party is a Venturer, then the Selling Party receives the sum ("Selling Party's Money") of the following items where each item may be a positive or negative dollar amount:
- * his Initial Financial Contribution;
 - * a pro-rata share of mortgage pay-down;
 - * a pro-rata share of the difference between the original purchase price and the buy-sell purchase price as set out in the Offer
 - * usual adjustments and closing costs
- (ii) The Parties agree that Finder's efforts expended in finding and acquiring the Property are of value. Since the buy-sell provisions of this Section are defined in terms of cash, not services, any offer made pursuant to the buy-sell provisions shall be modified once an Offer is made, if Finder is the Selling Party, so that the Selling Party receives the greater of the following two amounts:
- * Selling Party's Money
 - * The product of the total Initial Financial Contributions made by all Investors times the percent of Finder's Interest.

4.03 Forced Listing and Sale

Any Investor ("Selling Investor") may have the Property appraised, at his own expense, by a qualified appraiser ("Appraiser") acceptable to the Financial Manager, such approval not to be arbitrarily withheld. If the Appraiser's report is acceptable to the Financial Manager, such approval not to be arbitrarily withheld, and if the appraised value of the Property exceeds by twenty-five (25%) percent the sum of the initial purchase price plus all expenses to the date of closing inclusive of all closing expenses which shall include for the purposes of this calculation a deemed seven percent (7%) real estate commission ("Adjusted Value"), then the Selling Investor may direct in writing to the Committee that the Property be forthwith placed on the market for sale, using an MLS Realtor chosen in the exclusive discretion of the Financial Manager, or failing the Financial Manager choosing an MLS realtor within 10 business days of directing in writing that the property be placed for sale, then the Selling Investor may choose the MLS realtor. In the event that any other Investors do not wish to sell, they shall give notice to the Selling Investor within thirty (30) days stating their intention to buy the Selling Investor's Interest and, within a further ninety (90) days, pay to the Selling Investor his pro-rata share of the Adjusted Value.

4.04 Guarantees

If, on the sale of any Interest, the vendor shall be contingently liable or responsible as guarantor of any indebtedness, liability or obligation of the Joint Venture or the Property, the purchaser of such Interest shall use his best efforts to secure the release of the vendor from any and all such guarantees, failing which the purchaser shall deliver indemnities and security therefor to the vendor as the vendor may reasonably require.

4.05 Indebtedness

If, on the date of closing of any Interest:

- (a) the vendor is indebted to the Joint Venture or any other Party, the purchaser shall pay on the date of closing to the Joint Venture or such other Party such amount of the purchase price as will discharge such indebtedness owing by the vendor;
- (b) a purchaser is indebted to the vendor, then the amount of such indebtedness shall at the option of the vendor be payable on the date of closing;
- (c) the Joint Venture is indebted to the vendor, then such indebtedness immediately prior to sale shall be added to the purchase price payable for the Interest and shall be payable in the same manner as the payment terms of the purchase price for the Interest provided however that the vendor shall deliver to the purchaser a valid assignment of such indebtedness.

4.06 Non Arm's Length Sale

Notwithstanding 4.01, any Investor shall be entitled, upon giving notice to the Committee but without requiring approval, to sell transfer, assign, or otherwise dispose of any or all of his Interest to:

- (i) a direct family member;
- (ii) a wholly owned corporation, provided that the future sale, transfer, assignment or other disposition of the shares of such corporation be subject to the approval of the Committee;
- (iii) any other person, corporation, trust or other entity deemed non-arm's length by the Committee.

ARTICLE V: ACCOUNTING AND DISTRIBUTIONS

5.01 Books

At all times during the term hereof, the Committee shall cause accurate books and records of account to be maintained in which shall be entered all matters relating to the Joint Venture, including all income, expenditures, assets, and liabilities.

5.02 Annual Financial Statements

The Committee shall cause to be prepared annual financial statements ("Financial Statements") including a balance sheet and income statement, on an accrual basis, within ninety (90) days of the fiscal year end, suitable for the preparation of Investors' Canadian Income Tax Returns.

5.03 Location and Rights of Inspection

The Joint Venture's books and records of account shall be kept at all times at the place or places selected by the Committee. Any Investor or his authorized representative shall have the right ("Right of Inspection") to inspect, examine and copy the books, records, files, securities and other documents of the Venture at reasonable times at his own expense.

5.04 Special Tax Requirements

If an Investor requires information for his Canadian Income Tax Return which is not part of the Financial Statements accepted by the Committee, such Investor or his authorized representative shall have the Right of Inspection his own expense.

5.05 Fiscal Year

The Committee shall determine the fiscal year of the Joint Venture.

5.06 Bank Accounts

Funds of the Venture shall be kept in an account or accounts chosen by the Committee. The Financial Manager shall have signing authority for such accounts.

5.07 Budgets

It shall be the responsibility of the Committee to cause to be prepared ten (10) days prior to the commencement of each fiscal year the following three budgets pertaining to the coming fiscal year for the Property:

- (i) an operating budget;
- (ii) a capital budget; and
- (iii) a cashflow budget.

Upon acceptance of such budgets by the Committee, the Committee shall deliver said budgets to the Investors.

5.08 Allocations and Distributions

After allowing for reserves as deemed prudent by the Committee for operating losses, capital improvements and working capital, cash available for distribution shall be distributed at such time or times chosen by the Committee:

- (a) if it is rental income surpluses, pro-rata on Investor Percentage Participation; and
- (b) if it is capital appreciation surpluses realized through sale or increased mortgaging, in the following order:
 - 1st: Initial Financial Contributions shall be repaid.
 - 2nd: Additional Financial Contributions shall be repaid.
 - 3rd: The balance shall be distributed pro-rata.

ARTICLE VI: GENERAL PROVISIONS

6.01 Complete Agreement

- (a) This Agreement constitutes the entire agreement between the Parties and supersedes all agreements, representations, warranties, statements, promises and understandings, oral or written, with respect to the subject matter hereof, and no Party hereto shall be bound by nor charged with any oral or written agreements, representations, warranties, statements, promises or understandings not specifically set forth in this Agreement or the Schedules thereto.
- (b) Specifically, Venturers confirm that they:
 - (i) have not relied upon a simplified document entitled Joint Venture Agreement Oversimplified ("JVO") in any way;
 - (ii) understand that reading JVO is not a substitute for reading and understanding this Agreement; and
 - (iii) understand that JVO does not attempt to, nor purport to, cover every provision, nor even every material provision, of this Agreement.
- (c) This Agreement may not be amended, altered or modified except by a written agreement signed by all Parties.

6.02 Addresses

All notices under this Agreement shall be in writing and shall be delivered to the Parties at the address set out in Schedule A by:

- (i) hand delivery (including delivery by a commercial courier service)

- (ii) facsimile transmission
- (iii) prepaid registered mail

6.03 Effective Date

All notices are deemed to have been received:

- (i) if by hand delivery, on the date of delivery
- (ii) if by facsimile transmission, on the date of transmission
- (iii) if by prepaid registered mail, three full business days after mailing. If a mail strike or other postal disruption occurs anywhere in Canada anytime during the said three-day period, then this method of delivery is not permitted and one of the other methods must be employed.

6.04 Deemed Receipt

Valid delivery and receipt shall be deemed to have occurred in cases of:

- (i) rejection or other refusal by the intended recipient to accept; or
- (ii) inability to deliver because of changed address of which no notice was given as provided in Section 6.05.

6.05 Change of Address

By giving to the Committee and the other Investors at least five (5) days' written notice, the Parties shall have the right from time to time to change their respective address to any address within Canada.

6.06 Validity

In the event that any provision of this Agreement shall be held to be invalid or unenforceable, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

6.07 Survival of Rights

This Agreement shall be binding upon and enure to the benefit of the Parties, their heirs, executors, legal representatives and permitted successors or assigns.

6.08 Governing Law

This Agreement has been entered into in the Province of Alberta and all questions with respect to this Agreement and the rights and liabilities of the Parties shall be governed by the laws of that Province.

6.09 Time

Time shall be and remain of the essence.

6.10 Further Assurances

Each Party hereto agrees that he and his heirs, executors, administrators, successors and permitted assigns shall do all acts and things and to make, execute and deliver such written instruments, as shall from time to time be reasonably required by the Financial Manager in order to carry out the terms and provisions of this Agreement.

6.11 Headings not Part of this Agreement

Headings have been inserted for reference only and shall have no effect whatsoever on the meaning, construction or interpretation of the provisions hereof.

6.12 Gender

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The masculine shall include the feminine and the neuter and the singular shall include the plural and vice-versa, unless the context otherwise requires.

6.13 Disputes

If a dispute arises relating to this Venture, and if said dispute cannot be settled through negotiation, the Parties agree to attempt to settle the dispute by mediation through the independent services of Canadian Dispute Resolution Corporation, before resorting to arbitration, litigation or some other dispute resolution procedure.

6.14 Business Day

Business day shall be any day other than Saturday, Sunday or any day on which the principal banker of the Venture is not open for business in the ordinary course.

6.15 Counterpart

This Agreement may be executed in counterpart in the same form and such parts so executed shall together form one original agreement and such parts shall be read together and construed as if all Parties had executed one agreement and that all counterparts shall be deemed dated the Date of Agreement.

6.16 Waiver

No waiver by any Party of any breach of any condition, covenant or agreement hereof shall constitute a waiver of any other condition, covenant or agreement hereof.

6.17 Attorney

Whenever pursuant to this Agreement an Investor acquires a right including but not limited to the transfer of an Interest to his name, or as he may direct, each Investor hereby irrevocably appoints the purchaser and failing him the Financial Manager as his attorney to transfer all or any of the Interest beneficially owned directly or indirectly by such Investor and to execute all documents and assurances as may be necessary to give effect to such right or transfer with full power of substitution in the premises, and each of the Investors hereby agrees to save and hold harmless such attorney with respect thereto, provided that the attorney shall have acted in good faith.

6.18 Truth in Substance and in Fact

The Parties hereby irrevocably and mutually acknowledge and declare that the statements contained in the recitals to this Agreement are true in substance and in fact.

IN WITNESS WHEREOF the Parties have hereto affixed their hands and seals or their corporate seals attested by the hands of their duly authorized officers, as of the Date of Agreement.

PER: Finder c/s

PER: Financial Manager

WITNESS

PER: Venturer

WITNESS

PER: Venturer

WITNESS

JOINT VENTURE (JV) SCHEDULE A

"Date of Agreement" means: _____
(date JV was signed by all parties)

Title To Be In The name Of: _____
(full name of person/company to hold title)

Address: _____
(municipal address of title holder)

(postal code)

Contact #'s: (____) _____ (____) _____ (____) _____
(home/cell phone) (business phone) (fax) (email)

"Property" means: _____
(municipal address of JV property)

(legal description of JV property)

"Financial Manager" means: _____
(full name of financial manager)

Address: _____
(municipal address of financial manager)

(postal code)

Contact #'s: (____) _____ (____) _____ (____) _____
(home/cell phone) (business phone) (fax) (email)

"Finder" means: _____
(full name of finder)

Address: _____
(municipal address of finder)

(postal code)

Contact #'s: (____) _____ (____) _____ (____) _____
(home/cell phone) (business phone) (fax) (email)

Share of JV: _____% Initial Financial Contribution: Nil or \$ _____
(finder's share) (finder's contribution)

"Venturer" means: _____
(full name of venturer)

Address: _____
(municipal address of venturer)

(postal code)

Contact #'s: (____) _____ (____) _____ (____) _____
(home/cell phone) (business phone) (fax) (email)

Share of JV: _____% Initial Financial Contribution: Nil or \$ _____
(venturer's share) (venturer's contribution)