

CONFIDENTIAL INFORMATION MEMORANDUM

CITYGATE SHOPPING CENTRE

45850 YALE ROAD WEST, 45840 CHEAM AVENUE, CHILLIWACK, BC



HSBC 

envision
FINANCIAL

SAFeway 

SHADOW ANCHORED CENTRE



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INVESTMENT HIGHLIGHTS

OPPORTUNITY

This offering presents an opportunity to acquire a 100% freehold interest in a financial & liquor anchored centre, shadow anchored by Safeway, and well positioned along Yale Road in Downtown Chilliwack. Servicing the Downtown and surrounding periphery residential population, City Gate Centre offers a complementary mix of convenience oriented retailers.

EXCLUSIVE AGENT

All inquiries regarding the Property or any information contained in this CIM should be directed to the under noted on behalf of the Beneficial Owner.

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THE OFFERING

VENDOR:	Sunstone (City Gate) Holdings Ltd., Inc. No. 0810848
CIVIC ADDRESS:	45850 Yale Road West, Chilliwack, BC; and 45840 Cheam Avenue, Chilliwack, BC
LEGAL DESCRIPTION:	PL BCP 25165 LT A DL 28 LD 36; PID: 026-778-246 PL BCP 25165 LT C DL 28 LD 36 Group 2; PID: 026-778-262
NET RENTABLE AREA:	45,764 sf (50,000 sf new format Safeway – self owned)
SITE SIZE:	3.15 Acres
SITE COVERAGE:	Approximately 30.5%
FRONTAGE:	Approximately 250 feet frontage along Yale Road
ZONING:	C4 – (Shopping Centre) Zone
ACCESS:	Access and full signalized intersection off Cheam Avenue Two points of ingress/egress off Yale Road
YEAR BUILT:	Originally constructed in 1994; Extensively tenanted in 2008
IN-PLACE DEBT	\$11,423,788 as of September 2011
FINANCING:	25 year amortization; 5.50% interest rate
TERM:	December 2012
LENDER:	Envision Credit Union
STABILIZED NET OPERATING INCOME:	\$1,116,271
PRICE:	No formal list price

INVESTMENT HIGHLIGHTS

- Shadow-anchored by a new build, large-format 50,000 square foot Safeway Canada
- Exceptional visibility along Yale Road, the primary north/south connector between the TransCanada Highway and Downtown Chilliwack, with a daily vehicle count of 32,177
- Central location within the Five Corners core of Downtown Chilliwack, providing convenience-oriented retail to the surrounding trade population of approximately 31,000 people
- Identified within close proximity to the Downtown Land Use and Development Plan adopted in 2010, which calls for high density, mixed use projects of up to 18 storeys
- City Gate Centre is well positioned within close proximity to the public transit hub with the downtown bus exchange located to the immediate west of the site, servicing over 450,000 riders annually

FINANCIAL HIGHLIGHTS

- Stabilized Net Operating Income of \$1,116,271
- Debt maturity in December of 2012
- Over 50% of income derived from HSBC and Envision Credit Union

AREA HIGHLIGHTS

- Chilliwack continues to undergo significant urban development in the industrial, retail, residential and public sectors, fueled by lower property taxes, lower land and development costs, and a growing population
- Recognized as the most competitive city on the pacific coast of North America in KPMG's Competitive Alternatives Study, Chilliwack has twice been rated number one on the Cost of Living Composite Index
- The Chilliwack campus of the University of the Fraser Valley is currently being redeveloped, partially financed by a \$10 million grant from the provincial government in December of 2010, and once finished, will include one million square feet of new construction, accommodating up to 20,000 students
- With a projected population of 90,048 for 2011, Chilliwack has seen a 9.3% growth rate since 2005. Future population projections indicate a growth rate of 12.4% to 101,210 residents by 2021
- Average household income is \$71,254 per annum for the surrounding trade region
- Estimated total retail spending in Chilliwack for 2010 was \$1 billion, approximately 2% of total provincial spending¹
- Average housing costs in Chilliwack are 50% less than average housing costs in Vancouver, providing for more disposable income and retail spending
- The federal and provincial governments have created tax cuts and incentives that make Chilliwack more attractive for businesses and investors
- Chilliwack is situated within 20 minutes of a USA border crossing and Abbotsford's International Airport, and within 90 minutes of YVR. There is an estimated trade population of 270,000 within a 30 minute commute
- With 64% of Chilliwack's land base dedicated to the Agricultural Land Reserve (ALR), the availability for future commercial development is very constrained

Chilliwack has seen a 9.3% growth rate since 2005. Future population projections indicate a growth rate of 12.4% to 101,210 residents by 2021.

¹ Chilliwack Economic Partners Corporation, 2010

LOCATION

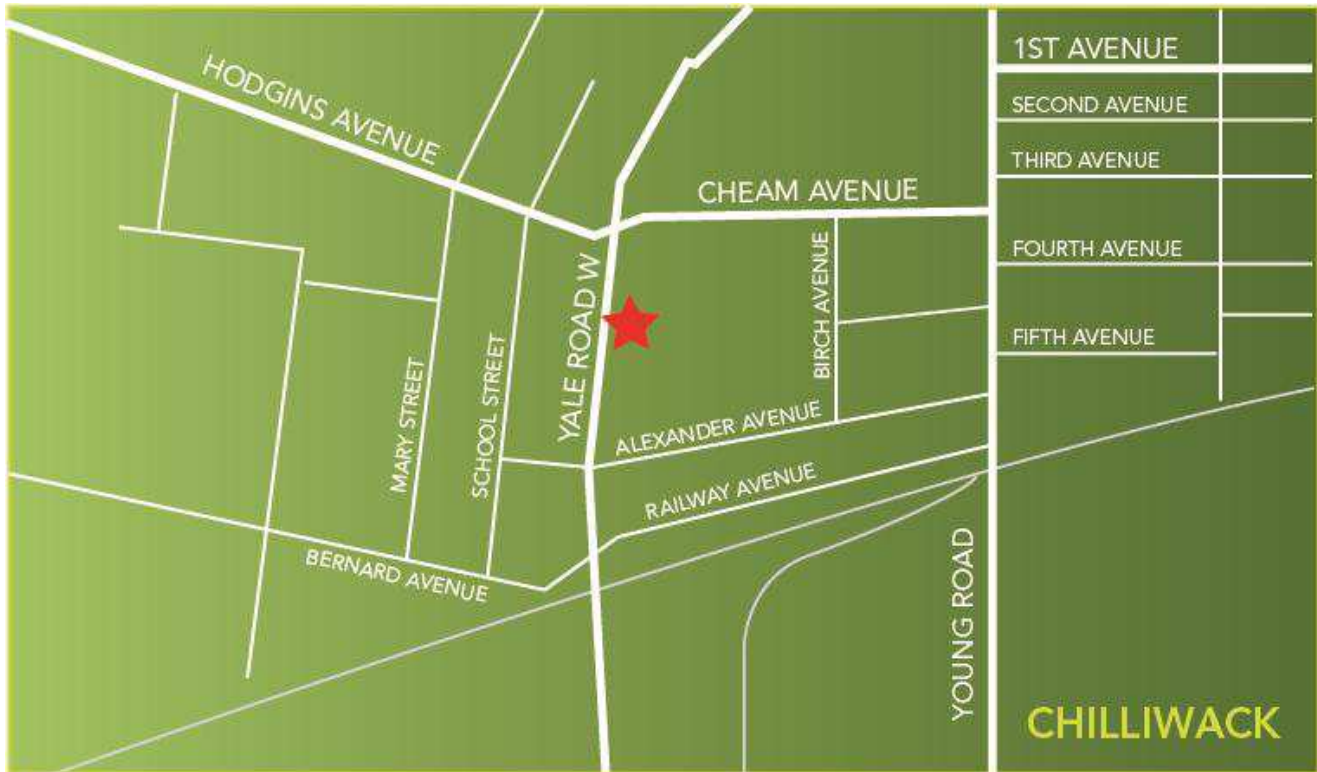
City Gate Centre is a 46,000 square foot shopping centre shadow anchored by a 50,000 square foot Canada Safeway, servicing the Downtown trade population. Existing tenants include Liquor Depot, HSBC Bank, Envision Credit Union and Dakota's Grill. The centre was originally constructed in 1994 and extensively upgraded in 2008. Safeway previously owned the centre and undertook the redevelopment. After completing the renovations, they retained their box and sold off the auxiliary retail.

PRIMARY CORRIDORS	TRAFFIC VOLUME
Yale Road West	32,177
Young Road South	19,502

Situated within 550 meters of the current downtown bus exchange, the Centre benefits from an exceptional transportation network. With 10 different bus routes passing through the exchange daily, the transit system caters to over 450,000 riders annually. While the current bus exchange is considered a temporary location, discussions with city officials indicated that the permanent location will eventually be located even closer to City Gate Centre, likely on Yale Road.



LOCATION MAP



AERIAL PHOTOGRAPH



PROPERTY OVERVIEW

NOTABLE TENANT PROFILES



HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 260 offices, including over 140 bank branches. With around 7,500 offices in 87 countries and territories and assets of US\$2.455 billion at 31 December 2010, the HSBC Group is one of the world's largest banking and financial services organizations.



Envision Financial is a division of First West Credit Union, B.C.'s third-largest credit union with approximately \$6.2 billion in assets under administration, 167,000 members and 1,150 employees. There are 21 Envision branches and 20 insurance offices throughout B.C. Envision Financial supports the Envision Charitable Foundation, a private foundation established in 1996 to enrich communities through financial giftings.

SHADOW ANCHOR PROFILE



The parent company, Safeway Inc., is North America's second largest supermarket chain. Based on 2009 revenue, Safeway is the 11th largest retailer in the United States.

TENANTS	(SF)
Envision Financial	12,688
HSBC Bank Canada	7,954
Liquor Stores	6,392
Dakota's Grill	5,605
Remaining CRU	18,693
TOTAL	45,764

PHOTOS





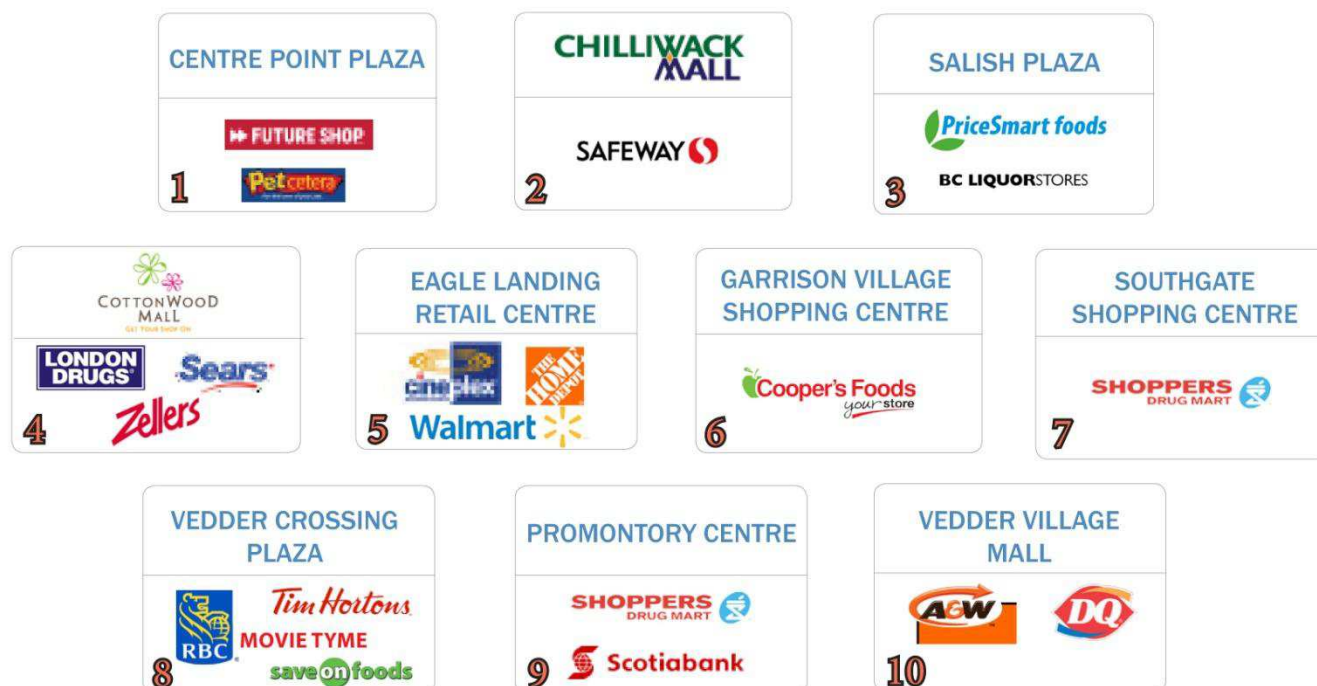






EXISTING RETAIL CENTRES





OVERVIEW OF EXISTING COMMERCIAL PRODUCT

The commercial sector in Chilliwack continues to expand proportionately with the increase in population. In recent years, there has been an influx of larger retail developments including Real Canadian Superstore, Staples, Future Shop, Petcetera and Wal-Mart.

The total occupied commercial floor space in Chilliwack is estimated at approximately 3,000,000 square feet. Of the occupied area, approximately 55% is located in Chilliwack Proper, 40% in Sardis-Vedder, and the remainder is positioned in smaller outlying regions. The commercial floor space can be broken down further with approximately 39% and 20% allocated to retail operations and service uses respectively.

The following profiles reflect other retail centres within the Chilliwack market:

CENTRE POINT PLAZA

Opened in 2001, Centre Point Plaza is an open-air community plaza consisting of 14 stores within approximately 60,000 square feet. The centre is located off of the Vedder Road interchange, south of the Trans-Canada Highway, on Luckakuck Way. Future Shop and Petcetera anchor the development, which also includes a small office component.

CHILLIWACK MALL

Chilliwack Mall is a 178,500 square foot, partially enclosed community shopping centre that was originally constructed in 1981. The mall features over 30 stores and services including Safeway and Sardis Liquor Store. Owned by RetroCom REIT, Chilliwack Mall will be significantly redeveloped in 2011 and 2012 with \$11 million budgeted for interior and exterior upgrades. Winners will join Safeway as an anchor and Sport Chek and Reitmans will also be new retailers in the centre. The mall is located on the southwest corner of Vedder Road and Luckakuck Way, south of the Trans-Canada highway.

SALISH PLAZA

Salish Plaza is an 85,226 square foot community oriented retail plaza serving North Chilliwack. Anchored by PriceSmart Foods and a Government Liquor Store, Salish Plaza is located in the heart of Downtown Chilliwack, with easy access from Highway 1 and multiple transit routes. Other notable tenants within the centre include Starbucks, Subway, Panago Pizza, and Willow Dental Clinic.

COTTONWOOD MALL

Originally constructed in 1974, Cottonwood Mall was Chilliwack's first regional shopping centre. Since opening, the mall has undergone several renovations and expansions, growing to over 75 stores including London Drugs, Zellers and Sears. The most recent renovation was completed in 2007. Making up the third centre in the Vedder Road and Luckakuck Way retail node, the enclosed mall has a total net rentable area of 327,000 square feet with approximately 65% occupied by the four noted anchors. Cottonwood is owned and managed by Morguard Investments Limited.

EAGLE LANDING

Developed jointly by Property Development Group, League Assets Corporation and the Squiala First Nations, Eagle Landing is Chilliwack's newest retail development. Eagle Landing is a large, open-air power centre located west of downtown, off of the Evans Parkway interchange. Current anchors include Wal-Mart (2010 opening), which was previously located in Chilliwack Mall, Cineplex Odeon and Home Depot.

GARRISON VILLAGE SHOPPING CENTRE

Completed in 2009, Garrison Village is an 8.95 acre retail and mixed use project at the northwest corner of Vedder and Keith Wilson Roads. With over 80,000 square feet of retail, Garrison Village is anchored by Cooper's Foods. The Residences at Garrison Village is made up of 170 residential units creating a pedestrian oriented development connected to the recently developed Cheam Community Centre.

SOUTHGATE SHOPPING CENTRE

Located on the edge of downtown Chilliwack, Southgate is positioned with good exposure along Yale Road. The 56,000 square foot retail strip centre is one of the original shopping centres in Chilliwack. Anchored by Shoppers Drug Mart, the centre accommodates 21 retailers providing a tenant mix of apparel, general merchandise, leisure and service. Constructed in 1963, the centre underwent significant renovations in 2004, which included expanding the existing Shoppers Drug Mart space to accommodate for the new, large format drug store.

VEDDER CROSSING PLAZA

Located at the northeast corner of Vedder and Promontory Roads, Vedder Crossing is a 67,000 square foot retail plaza anchored by Save-On-Foods. Other notable tenants in the centre include RBC, Tim Horton's, Subway, Great Canadian Dollar Store, Panago and Booster Juice, among others. Developed in 1997, the non-enclosed neighbourhood shopping centre has over 360 parking stalls.

PROMONTORY CENTRE

Situated on a 2 acre site, directly across from Vedder Crossing Plaza at the southeast corner of Vedder and Promontory Roads, this unenclosed retail strip centre was developed in 2007. It is anchored by Shoppers Drug Mart and Scotiabank. Other notable tenants within the 32,500 square foot development include Starbucks and Little Caesars Pizza.

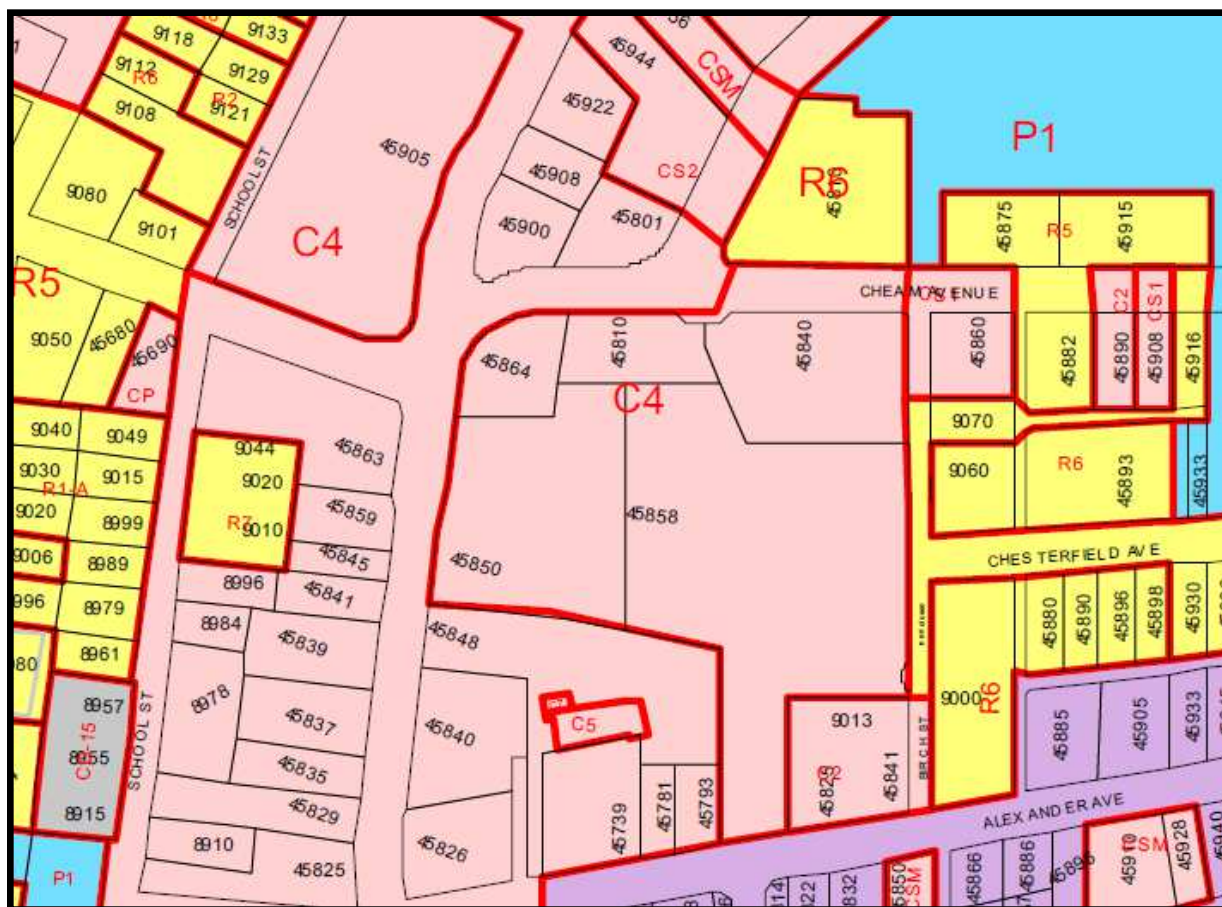
VEDDER VILLAGE MALL

Located approximately 7.5 kilometers south of City Gate Centre, in the Vedder – Sardis region of Chilliwack, Vedder Village Mall is an older retail/commercial development that was redeveloped in 2006. Part of the redevelopment included 22,000 square feet of new strata retail product. Existing tenants in the centre include Dairy Queen, A&W, Suzanne's and the Cash Store.

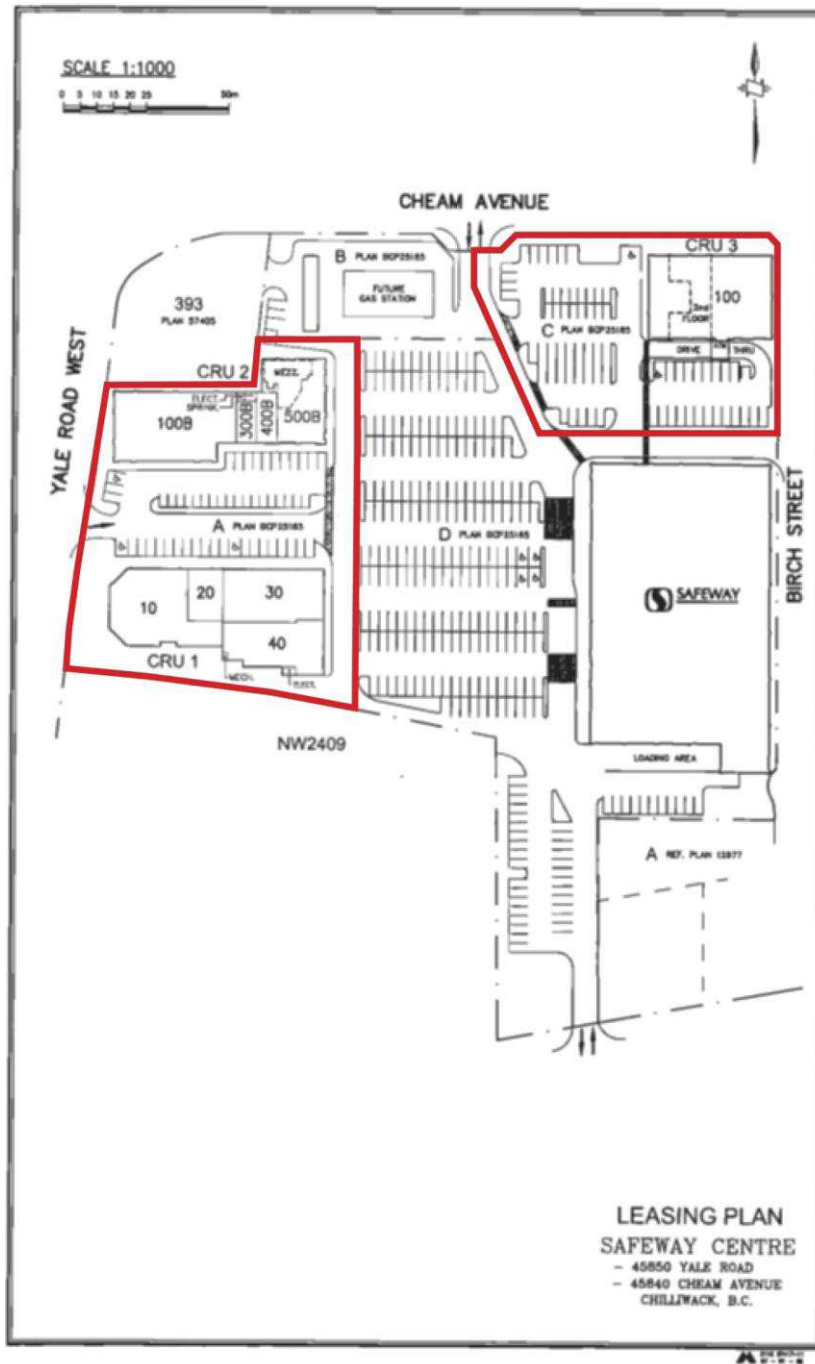
ZONING

C4 – (SHOPPING CENTRE) ZONE

The C4 (SHOPPING CENTRE) ZONE consists of land which, owing to its location adjacent to one or more arterial roads with convenient access, is suitable for general and vehicular oriented retail commercial consisting of stores which rely on central common off-street parking, provided within the development.



SITE PLAN



FINANCIAL ANALYSIS

- Rent Roll & Current Term Tenant Summary
- Schedule Of Prospective Cash Flow
- Stabilized Net Operating Income
- Unleveraged Discounted Cash flow
- Leveraged Discounted Cash flow
- Schedule Of Sources & Uses Of Capital

RENT ROLL & CURRENT TERM TENANT SUMMARY

As of Jun-2011 for 45,764 Square Feet

TENANT NAME	UNIT	START	EXPIRY	SIZE (SF)	RENT (PER YEAR)	RENT (PSF)	CHANGES ON	CHANGES TO	RENEWAL TERMS
Liquor Depot	10	Jun-2009	May-2014	6,392	\$76,065	\$11.90	-	-	3 x 5 yr
Ultra Wash	20	May-2007	Feb-2012	1,763	\$49,364	\$28.00	-	-	2 x 5 yr
Envision Credit Union	100	Nov-2006	Nov-2016	12,688	\$437,736	\$34.50	-	-	2 x 5 yr
HSBC	110	Dec-2006	Dec-2016	7,954	\$238,620	\$30.00	-	-	4 x 5 yr
Island Tan	300	Mar-2008	Mar-2013	1,000	\$28,000	\$28.00	-	-	2 x 5 yr
First Choice Haircut	301	Jan-2007	Dec-2012	825	\$26,400	\$32.00	-	-	2 x 5 yr
Dakota's International	500	Oct-2009	Oct-2014	4,394	\$92,274	\$21.00	Oct-2011 Oct-2013	\$23.00 \$25.00	2 x 5 yr
Dakota's International	500B	Oct-2009	Oct-2014	1,211	\$13,624	\$10.50	Oct-2011 Oct-2013	\$11.50 \$12.50	2 x 5 yr
Everything For A Dollar	Mo 7	Sep-2011	Jun-2021	5,074	\$88,795	\$17.50	Jul-2016	\$19.00	2 x 5 yr
Everything For A Dollar	Mo 7	Sep-2011	Jun-2021	4,463	\$78,103	\$17.50	Jul-2016	\$19.00	2 x 5 yr

Total SqFt 45,764

SCHEDULE OF PROSPECTIVE CASHFLOW

For the Years Ending	Year 1 Jan-2013	Year 2 Jan-2014	Year 3 Jan-2015	Year 4 Jan-2016	Year 5 Jan-2017	Year 6 Jan-2018	Year 7 Jan-2019	Year 8 Jan-2020	Year 9 Jan-2021	Year 10 Jan-2022	Year 11 Jan-2023
Potential Gross Revenue											
Base Rental Revenue	\$1,140,821	\$1,148,967	\$1,169,367	\$1,192,482	\$1,225,357	\$1,410,755	\$1,411,884	\$1,416,145	\$1,418,276	\$1,437,720	\$1,484,533
Absorption & Turnover Vacancy	-2,303	-2,790	-12,730		-71,554	-5,535				-19,961	-3,095
Scheduled Base Rental Revenue	1,138,518	1,146,177	1,156,637	1,192,482	1,153,803	1,405,220	1,411,884	1,416,145	1,418,276	1,417,759	1,481,438
Expense Reimbursement Revenue											
Total Reimbursement Revenue	452,891	466,332	476,292	495,629	491,134	524,125	541,589	557,828	574,561	581,552	608,656
Signage	2,700	2,781	2,864	2,950	3,039	3,130	3,224	3,321	3,420	3,523	3,629
Total Potential Gross Revenue	1,594,109	1,615,290	1,635,793	1,691,061	1,647,976	1,932,475	1,956,697	1,977,294	1,996,257	2,002,834	2,093,723
General Vacancy	-20,739	-20,797	-11,574	-25,579		-65,749	-71,944	-72,507	-73,086	-54,090	-73,818
Effective Gross Revenue	1,573,370	1,594,493	1,624,219	1,665,482	1,647,976	1,866,726	1,884,753	1,904,787	1,923,171	1,948,744	2,019,905
Operating Expenses											
Electrical R&M	1,600	1,648	1,697	1,748	1,801	1,855	1,910	1,968	2,027	2,088	2,150
General R&M	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407
HVAC R&M	12,740	13,122	13,516	13,921	14,339	14,769	15,212	15,669	16,139	16,623	17,121
Roof R&M	7,580	7,807	8,042	8,283	8,531	8,787	9,051	9,322	9,602	9,890	10,187
Recoverable Professional Fee	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438	10,751
Pest Control	500	515	530	546	563	580	597	615	633	652	672
Sewer & Water	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262	3,360
Seasonal Lighting	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
Fire Safety Systems	7,640	7,869	8,105	8,348	8,599	8,857	9,123	9,396	9,678	9,968	10,268
Garbage & Recycling	4,020	4,141	4,265	4,393	4,525	4,660	4,800	4,944	5,092	5,245	5,403
Grounds Maintenance	11,520	11,866	12,222	12,588	12,966	13,355	13,755	14,168	14,593	15,031	15,482
Snow Removal	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486	24,190
Parking Lot R&M	28,700	29,561	30,448	31,361	32,302	33,271	34,269	35,297	36,356	37,447	38,570
Management Fees	60,162	61,967	63,826	65,741	67,713	69,744	71,837	73,992	76,211	78,498	80,853
Insurance	15,923	16,401	16,893	17,399	17,921	18,459	19,013	19,583	20,171	20,776	21,399
Site/Office Expenses	2,760	2,843	2,928	3,016	3,106	3,200	3,296	3,394	3,496	3,601	3,709
Property Taxes - 45850 Yale Ro	175,200	180,456	185,870	191,446	197,189	203,105	209,198	215,474	221,938	228,596	235,454
Property Taxes - 45840 Cheam	78,695	81,056	83,488	85,992	88,572	91,229	93,966	96,785	99,688	102,679	105,759
Electricity	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063
Operating Shortfall CPI	3,559	3,665	3,775	3,889	4,005	4,125	4,249	4,377	4,508	4,643	4,782
Total Operating Expenses	457,099	470,812	484,936	499,483	514,469	529,902	545,798	562,173	579,037	596,409	614,300
Net Operating Income	1,116,271	1,123,681	1,139,283	1,165,999	1,133,507	1,336,824	1,338,955	1,342,614	1,344,134	1,352,335	1,405,605
Debt Service											
Interest Payments	369,003	358,977	348,624	337,930	326,887	315,481	303,702	291,537	278,974	265,999	
Principal Payments	305,990	316,015	326,369	337,062	348,106	359,511	371,290	383,455	396,019	408,994	
Total Debt Service	674,993	674,992	674,993	674,992	674,993	674,992	674,992	674,992	674,993	674,993	
Leasing & Capital Costs											
Tenant Improvements	4,125	5,150	27,162		71,402	56,323				37,331	5,544
Total Leasing & Capital Costs	4,125	5,150	27,162		71,402	56,323				37,331	5,544
Cash Flow After Debt Service	\$437,153	\$443,539	\$437,128	\$491,007	\$387,112	\$605,509	\$663,963	\$667,622	\$669,141	\$640,011	\$1,400,061
But Before Taxes											

*** Based on 65% LTV and 3.25% 5 year Interest rate

(E. & O.E.) The information contained herein was obtained from sources which we deem reliable and while thought to be correct, is not guaranteed by Cushman & Wakefield Ltd. and is subject to conditions existing at the time of any transaction taking place and to inspection by the purchaser or lessee. Sale or lease of property is subject to prior sale or lease, withdrawal, or changes without notice.



STABILIZED NET OPERATING INCOME

In Inflated Dollars for the Fiscal Year Beginning February, 2012

	1-12
For the Months	Total
Potential Gross Revenue	
Base Rental Revenue	\$1,140,821
Absorption & Turnover Vacancy	-2,303
Scheduled Base Rental Revenue	1,138,518
Expense Reimbursement Revenue	
Total Reimbursement Revenue	452,891
Signage	2,700
Total Potential Gross Revenue	1,594,109
General Vacancy	-20,739
Effective Gross Revenue	1,573,370
Operating Expenses	
Electrical R&M	1,600
General R&M	7,000
HVAC R&M	12,740
Roof R&M	7,580
Recoverable Professional Fee	8,000
Pest Control	500
Sewer & Water	2,500
Seasonal Lightning	5,000
Fire Safety Systems	7,640
Garbage & Recycling	4,020
Grounds Maintenance	11,520
Snow Removal	18,000
Parking Lot R&M	28,700
Management Fees	60,162
Insurance	15,923
Site/Office Expenses	2,760
Property Taxes - 45850 Yale Rd	175,200
Property Taxes - 45840 Cheam	78,695
Electricity	6,000
Operating Shortfall CPI	3,559
Total Operating Expenses	457,099
Net Operating Income	1,116,271

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UNLEVERAGED DISCOUNTED CASH FLOW

Prospective Present Value: Cash Flow Before Debt Service plus Property Resale Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%
Year 1	Jan-2013	\$1,112,146	\$1,029,765
Year 2	Jan-2014	1,118,531	958,960
Year 3	Jan-2015	1,112,121	882,837
Year 4	Jan-2016	1,165,999	857,044
Year 5	Jan-2017	1,062,105	722,851
Year 6	Jan-2018	1,280,501	806,933
Year 7	Jan-2019	1,338,955	781,267
Year 8	Jan-2020	1,342,614	725,373
Year 9	Jan-2021	1,344,134	672,402
Year 10	Jan-2022	1,315,004	609,101
Total Cash Flow		12,192,110	8,046,533
Property Resale @ 6.25% Cap		22,489,680	10,417,073
Total Property Present Value			\$18,463,606
			=====
Rounded to Thousands			\$18,464,000
			=====
Per SqFt			403.45

LEVERAGED DISCOUNTED CASH FLOW

Prospective Present Value: Cash Flow After Debt Service plus Property Resale Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 12.00%
Year 1	Jan-2013	\$437,153	\$390,315
Year 2	Jan-2014	443,539	353,587
Year 3	Jan-2015	437,128	311,139
Year 4	Jan-2016	491,007	312,044
Year 5	Jan-2017	387,112	219,657
Year 6	Jan-2018	605,509	306,770
Year 7	Jan-2019	663,963	300,343
Year 8	Jan-2020	667,622	269,642
Year 9	Jan-2021	669,141	241,299
Year 10	Jan-2022	640,011	206,066
Total Cash Flow		5,442,185	2,910,862
Property Resale @ 6.25% Cap		14,472,494	4,659,756
Value of Equity Interest			\$7,570,618
Rounded to Thousands			\$7,571,000
Per SqFt			165.43
Value of Equity Interest			\$7,570,618
Debt Balance as of Feb-2012		11,570,000	11,570,000
Total Leveraged Present Value			19,140,618
Rounded to Thousands			\$19,141,000
Per SqFt			418.25

SCHEDULE OF SOURCES & USES OF CAPITAL

Equity is Based on Property Value, Leverage and Operating Requirements

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Ending	Jan-2013	Jan-2014	Jan-2015	Jan-2016	Jan-2017	Jan-2018	Jan-2019	Jan-2020	Jan-2021	Jan-2022
Sources Of Capital										
Net Operating Gains	\$1,116,271	\$1,123,681	\$1,139,283	\$1,165,999	\$1,133,507	\$1,336,824	\$1,338,955	\$1,342,614	\$1,344,134	\$1,352,335
Debt Funding Proceeds	11,570,000									
Initial Equity Contribution	6,230,000									
Net Proceeds from Sale										22,489,680
Total Sources Of Capital	\$18,916,271	\$1,123,681	\$1,139,283	\$1,165,999	\$1,133,507	\$1,336,824	\$1,338,955	\$1,342,614	\$1,344,134	\$23,842,015
Uses Of Capital										
Property Purchase Price	\$17,800,000									
Total Debt Service	674,993	674,992	674,993	674,992	674,993	674,992	674,992	674,992	674,993	674,993
Tenant Improvements	4,125	5,150	27,162		71,402	56,323				37,331
Retirement & Penalties										8,017,186
Defined Uses Of Capital	18,479,118	680,142	702,155	674,992	746,395	731,315	674,992	674,992	674,993	8,729,510
Cash Flow Distributions	437,153	443,539	437,128	491,007	387,112	605,509	663,963	667,622	669,141	15,112,505
Total Uses Of Capital	\$18,916,271	\$1,123,681	\$1,139,283	\$1,165,999	\$1,133,507	\$1,336,824	\$1,338,955	\$1,342,614	\$1,344,134	\$23,842,015
Leveraged Cash On Cash Return										
Cash to Initial Equity	7.02%	7.12%	7.02%	7.88%	6.21%	9.72%	10.66%	10.72%	10.74%	10.27%
Cash on Cash w Princ. Red.	11.93%	12.19%	12.26%	13.29%	11.80%	15.49%	16.62%	16.87%	17.10%	16.83%
Unleveraged Annual IRR										8.51%
Leveraged Annual IRR										14.77%

*** Based on 65% LTV and 3.25% 5 year Interest rate

MARKET OVERVIEW

DOWNTOWN CHILLIWACK INITIATIVES

Chilliwack is continuously renewing the downtown core, drawing new interest in its business and community potential. The City of Chilliwack, through changes in its Community Charter, created the Downtown Revitalization Tax Exception bylaw which states:

- Exemptions for new multifamily residential, commercial and institutional development at values exceeding \$100,000, or in some cases, improvements to heritage buildings at values over \$25,000
- The extent of exemptions available – assessment is frozen for five years in the core area and, upon approval, may be phased in over an additional one to five years

A partnership between the City of Chilliwack, the Chilliwack Economic Partners Corporation and the Downtown Chilliwack Business Improvement Association, is in large part, the driving force behind the further redevelopment of downtown. Some of the recent developments include:

- Chilliwack Law Courts & Five Corners Plaza – A \$10 million public/private partnership that resulted in a 32,000 square foot provincial courthouse and an 18,000 square foot office complex
- Coast Chilliwack Hotel – The 110 room hotel was completely renovated and reopened in 2009 with over \$5 million contributed to upgrades
- New Market Development – A 3.3 acre housing development that will provide housing for approximately 400 people
- Chilliwack Landing Leisure Centre – A \$13 million recreation centre, which showcases a large family wave pool, fitness centre, therapeutic pools and general wellness clinic
- Prospera Centre – A \$20 million facility containing two ice arenas within 102,000 square feet
- Chilliwack Cultural Centre – A new \$22 million facility featuring an art gallery, 500 seat performance theatre, 250 seat music studio, and related amenities

DOWNTOWN LAND USE AND DEVELOPMENT PLAN HIGHLIGHTS

Approved in February, 2010, the Chilliwack Downtown Land Use and Development Plan articulates the community's vision for the Downtown Plan Area over the next 30 years. The plan provides directions regarding land use, housing, commercial and economic vitality, public open spaces, community facilities and programs, transportation, infrastructure, and the form and character of the public and private realm development.

The overall purpose of the plan is to encourage more cohesive and compatible development patterns in the downtown that support overall community wide sustainability and livability and are responsive to growth patterns in the wider community and region.

More specifically, the plan provides regulatory framework and implementation tools for future development in the downtown plan area. It provides clear guidance for a land use framework and clarifies for citizens and developers how development and growth should take place.

The plan encompasses approximately 586 acres of land, situated north of the highway, of which 45%, or 372 acres, accounts for residential use, whereas 10% is occupied by commercial use.

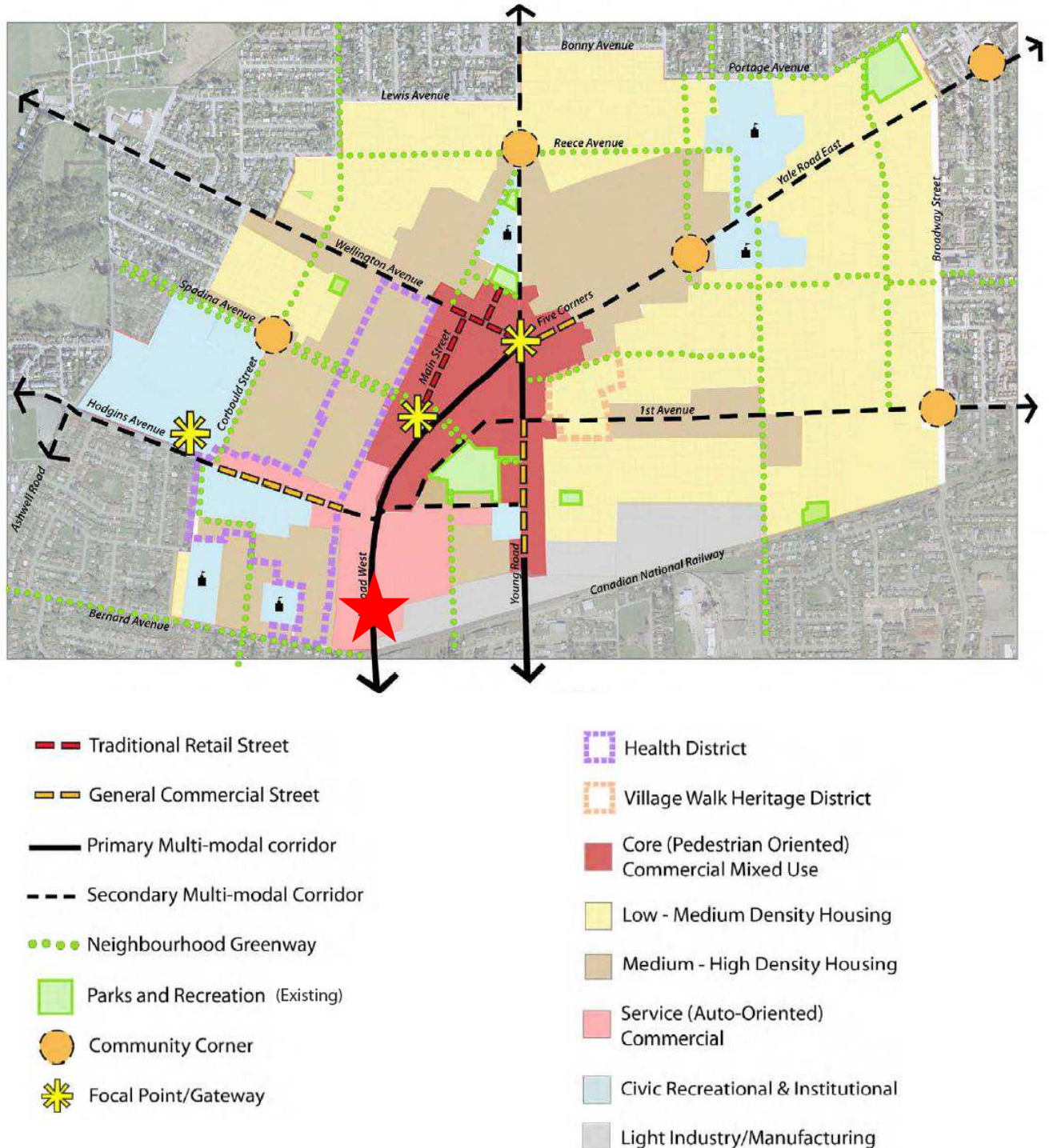
PLAN AREA AND CONTEXT



Source: City of Chilliwack Downtown Land Use and Development Plan

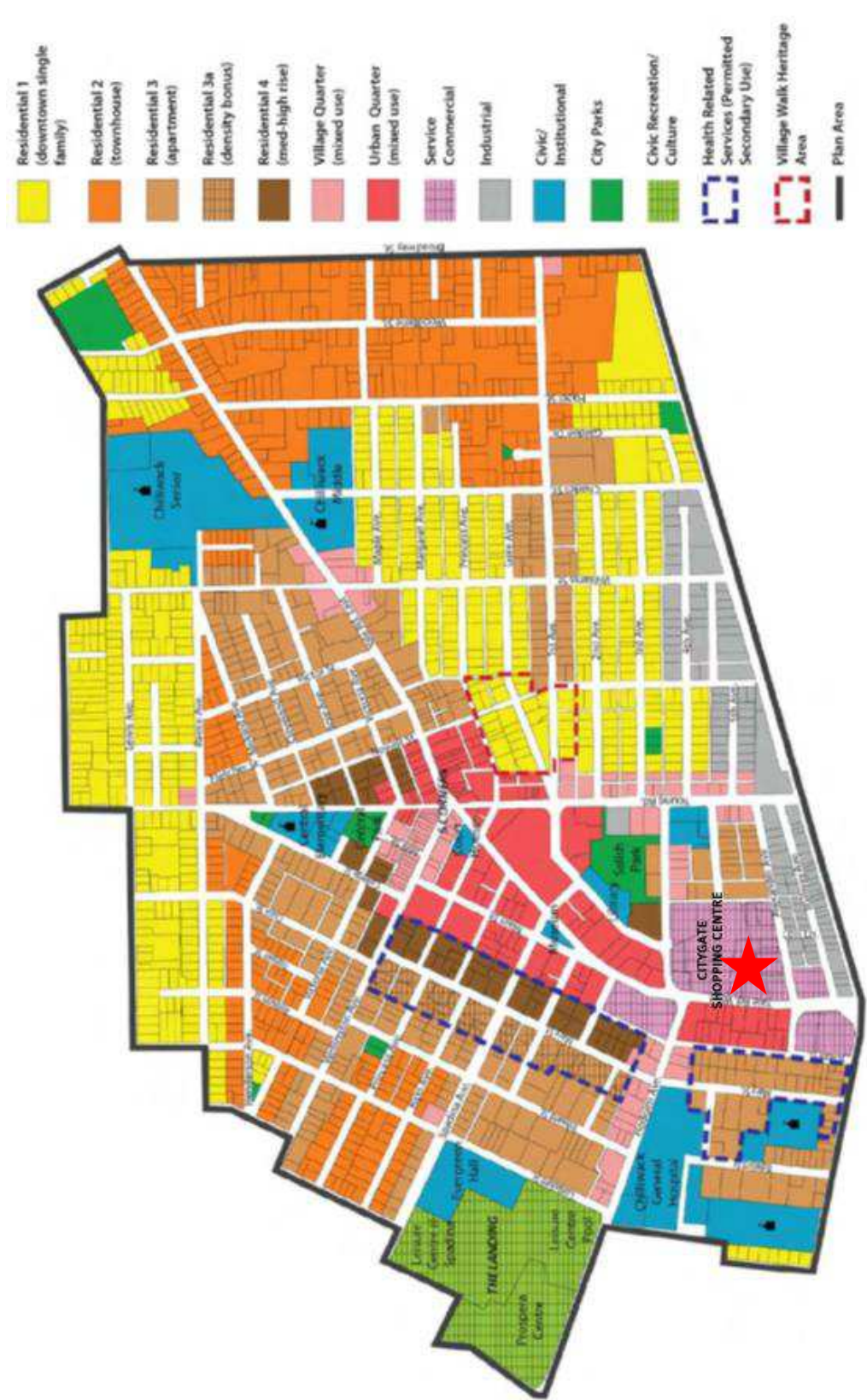
Initially the plan identifies the “big picture” vision for the Downtown through provision of the fundamental concept diagram. In the concept diagram, City Gate Centre offers a central position in the Service (auto-oriented) Commercial area. Considered to be in the heart of the city, the intent of this zone is to continue to provide for auto-oriented uses in suitable cases.

FUNDAMENTAL CONCEPT DIAGRAM



Source: City of Chilliwack Downtown Land Use and Development Plan

LAND USE PLAN



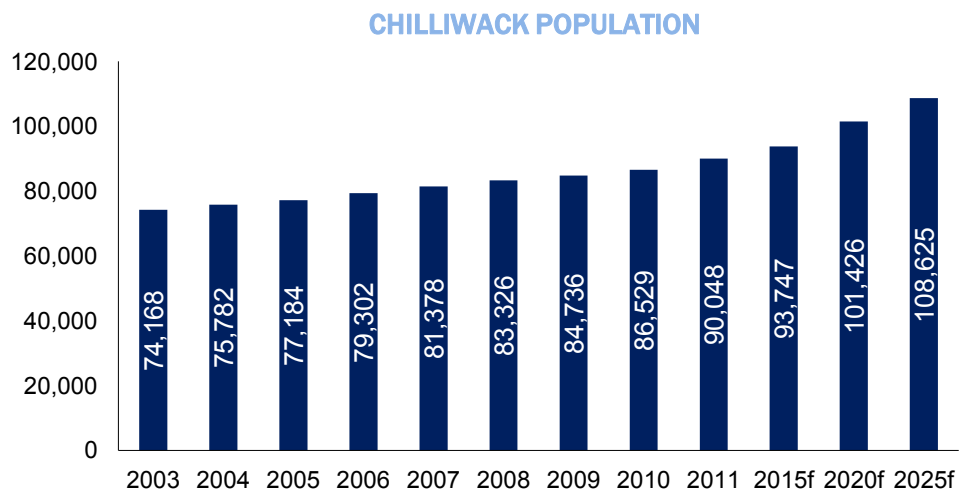
CHILLIWACK OVERVIEW

Positioned along the Trans-Canada Highway, Chilliwack is located within 20 minutes of the USA border and Abbotsford's International Airport, and 90 minutes from the City of Vancouver.

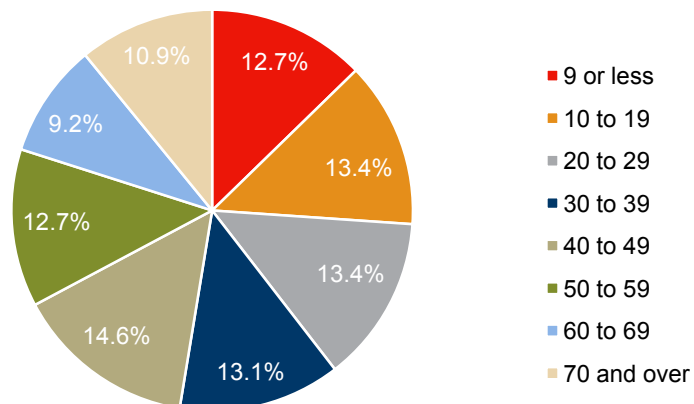
POPULATION

With an existing population of 90,048, Chilliwack also benefits from an estimated trade population of approximately 270,000 people, located within a 30 minute commute. Chilliwack has seen steady population growth over the last several years, expanding by 16.6% from 2003 to 2010 alone. Continuing on a growth path, Chilliwack is expected to surpass the 100,000 mark by 2020.

In terms of age structure, Chilliwack possesses a diverse mix, including 25% below the age of 19, majority (53.8%) in working ages between 20 and 60 years and roughly 20% ages 60 or more.



CHILLIWACK POPULATION BY AGE GROUP (2010)



Source: BC Stats, City of Chilliwack

MIGRATION

With continuing shifts of population eastward from Metro Vancouver, Chilliwack has accounted for the highest intra provincial migration within the province.

According to 2006 Census data, almost ¼ of the population has arrived in Chilliwack within the last 5 years. The largest proportion (18%) has moved to Chilliwack from other municipalities in the province, approximately 4% arrived in Chilliwack from other provinces, and approximately 1,025 persons moved to the area from another country.

MOBILITY STATUS (2001 to 2006)		
Total population residing in Chilliwack at least 5 years or more	64,400	100%
Living at the same address as 5 years ago	31,135	48%
Within last 5 years, changed addresses in the same municipality	18,205	28%
Within last 5 years, arrived from a different municipality in B.C.	11,480	18%
Lived in a different province or territory 5 years ago	2,555	4%
Lived in a different country 5 years ago	1,025	2%

Source: Statistics Canada, 2006 Census

COST OF LIVING

The driving forces behind the strong migration are the lower costs of living and a rich lifestyle potential, which is predominantly enjoyed by young families and senior citizens. The following is a comparison of living costs in several Canadian and US cities, in which Chilliwack is identified as the most competitive.

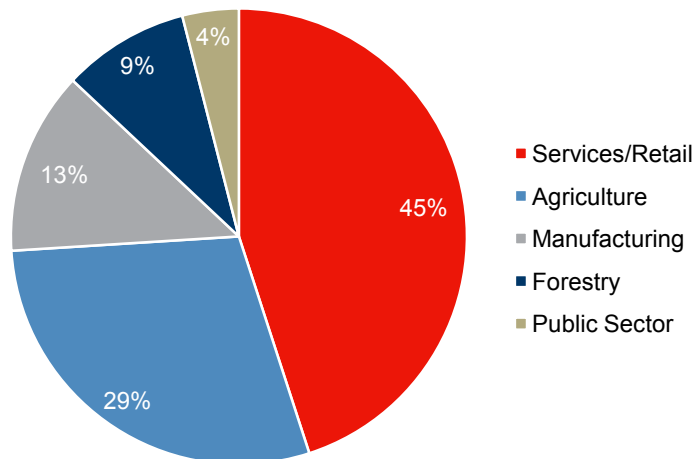
	COST OF LIVING INDEX						
	100% COMPOSITE INDEX	13% GROCERY ITEMS	28% HOUSING	10% UTILITIES	10% TRANSPORT	4% HEALTH CARE	35% MISC. GOODS & SERVICES
Chilliwack, BC	101.6	115.2	93.7	94.8	103.8	61	109.2
Kelowna, BC	111.9	110	97.3	82.8	120	49.9	107.7
Prince George, BC	112.7	108.1	121.4	111.1	122.6	60.2	111.2
Tacoma, WA	110.8	125.1	112.5	102.3	113	123.3	104.5
Portland, OR	121.7	122.3	133.3	104.8	125	110.3	117.5
San Francisco, CA	172.1	148.7	273.2	88.6	131.8	126.2	140.4

Source: CEPCO from ACCRA Cost of Living Index (Q3 2005 Canadian Cities; Q1 2007 US Cities)

ECONOMY

Chilliwack has a diverse and growing economy. Despite a gradual shift away from goods-producing economic activity, Chilliwack has been able to maintain a significant agricultural and manufacturing/construction component amounting respectively to 29% and 13% of the local economy. Chilliwack's service sector mirrors the rest of the province with growth at a much faster rate relative to other economic sectors, and already contributes nearly ½ of Chilliwack's economy. Two other areas of growing importance in Chilliwack are the technology and tourism sectors, according to Chilliwack Economic Partners Corporation ("CEPCO")

CHILLIWACK'S MAIN ECONOMIC DRIVERS



Source: CEPCO

AGRICULTURE

Agriculture is an essential component of Chilliwack's community identity. Economically, it is a vital element directly accounting for 29% of the city's economy. From its 828 farms, Chilliwack's agricultural sector gains approximately \$252 million in revenues annually with dairy, poultry and nursery operations accounting for the majority of these monies.

TECHNOLOGY / ADVANCED MANUFACTURING

Chilliwack's profile for high technology is flourishing, in part driven by Stream International's decision to open their British Columbia office within the community. Stream is a global provider of CRM support solutions for leading technology companies and e-business, and recruits many of their 800 employees locally. Sectors such as health, education, and government services, all of which are proportionately higher in Chilliwack compared to other communities in British Columbia, employ a large number of high technology workers. In an international competitive study, KMPG ranked Chilliwack as the most cost competitive location (among the featured cities) in the Pacific US and Canada in a variety of categories such as: aerospace, biotech, electronics, precision manufacturing, software design and web multimedia.

RETAIL AND WHOLESALE TRADE

Making up Chilliwack's largest economic sector, retail and wholesale trade has been recognized as an ascending performer, and is currently attracting new spending from outside regions. This growth is due in part to Chilliwack's proximity to the Trans-Canada Highway and the gradual population shift eastward from the Lower Mainland.

Estimated total retail spending in Chilliwack is approximately \$1 billion, about 2% of the total provincial spending, whereas the local population only accounts for 1.7% of British Columbia's population. Retailers have experienced strong sales figures, which resulted in an expansion of commercial inventory in recent years.

RETAIL SALES (2008)				
	CHILLIWACK		BRITISH COLUMBIA	
	\$ MILLIONS	SHARE	\$ MILLIONS	SHARE
Supermarkets/Groceries	214.5	20%	9,496.7	16.6%
Other Food	23	2.1%	991.8	1.7%
Beer/Wine/Liquor	36.6	3.4%	2,754.2	4.8%
Clothing	23.9	2.2%	2,411.6	4.2%
Shoes/Accessories	8.8	0.8%	747.3	1.3%
Motor Vehicles/Recreation	265.7	24.8%	12,990.4	22.7%
Gas Service Stations	150.3	14%	6,095.1	10.6%
Furniture/Home Furnishings	22.6	2.1%	2,349.4	4.1%
Home Hardware	73.2	6.8%	3,732.3	6.5%
Home Electronics	27.8	2.5%	2,380.2	3.7%
Other Retail	98.1	9.2%	6,208.8	10.8%
Miscellaneous	32.1	3.0%	1,660.2	2.9%
Pharmacy	65.6	6.1%	3,403.9	5.9%
Sporting Goods	28.6	2.7%	2,041.9	3.6%
TOTAL	1,070.8		57,263.8	

Source: CEPCO

FOOD PROCESSING

Chilliwack has grown to become home to one of the highest concentrations of food processors in British Columbia. This is attributable to Chilliwack's strong agricultural economy, its proximity to major markets and suppliers, and the lowest land costs in the region. Chilliwack currently provides 11% of the province's raw materials for food processing. British Columbia, and Chilliwack in particular, has the potential to increase its domestic market by one third by replacing currently imported goods from other provinces with locally produced goods.

HEALTH CARE

The health care sector in Chilliwack is responsible for employing over 10% of the local workforce while generating 8% of total community income. Chilliwack General Hospital ("CGH") is one of the community's largest employers with approximately 1,400 staff, 55 general practitioners and 25 specialists.

In February of 2007, the Regional Health District approved a \$30 million initiative for the comprehensive redevelopment of CGH. The redevelopment project included the entire outpatient care module, including the emergency department, ambulance care, diagnostics and laboratory services. The official opening for the CGH Redevelopment Project was in February of this year. Located within 750 meters of the hospital, Salish Plaza is a constant draw for the various staff members and daily patients at CGH.

CANADA EDUCATION PARK

In March of 2003, the City of Chilliwack, the Chilliwack Economic Partners Corporation, Canada Lands Company and others, signed a memorandum of understanding to launch the Canada Education Park Project. Over the next 10 years, the park will unfold on a 200 acre site, showcasing several major institutional facilities. Current occupants of the park include: the RCMP Pacific Region Training Centre, Justice Institute of BC, the University of the Fraser Valley's Trades and Technology Centre, and Canada Border Service Agency. Future partners will include the Canadian Police College, and Pacific Gateway partnerships with international universities from China and India.

"The province is investing more than \$29 million to purchase 34 hectares of land and build a trades and technology centre for the University of the Fraser Valley's new Chilliwack campus as part of BC's first full-service education park." Ex-Premier Gordon Campbell

UNIVERSITY OF FRASER VALLEY (UFV)

UFV is a fully accredited, public post-secondary institution that currently enrolls over 14,000 students per year. The university has campuses in Chilliwack, Abbotsford, and Mission, as well as regional centres in Hope and Agassiz.

UFV received \$29 million from the provincial government for the purchase of 85 acres within Canada Education Park. Of the \$29 million, \$7.6 million was dedicated to the purchase of the lands with \$21.6 million being delivered for the renovation of the Trades and Technology Centre. In April of 2009, the federal and provincial governments invested an additional \$7.2 million for further improvements. In December of 2010, UFV received \$10 million from the provincial government to assist with building and renovating the new Chilliwack campus. Once completed, the new campus will include 1 million square feet of new buildings, double the size of the university's campus in Abbotsford, and will accommodate for up to 20,000 students.

Chilliwack holds a reputation for being the most business friendly community in the province. The municipal government believes that providing assistance to businesses is integral in maintaining the strength of the local economy.

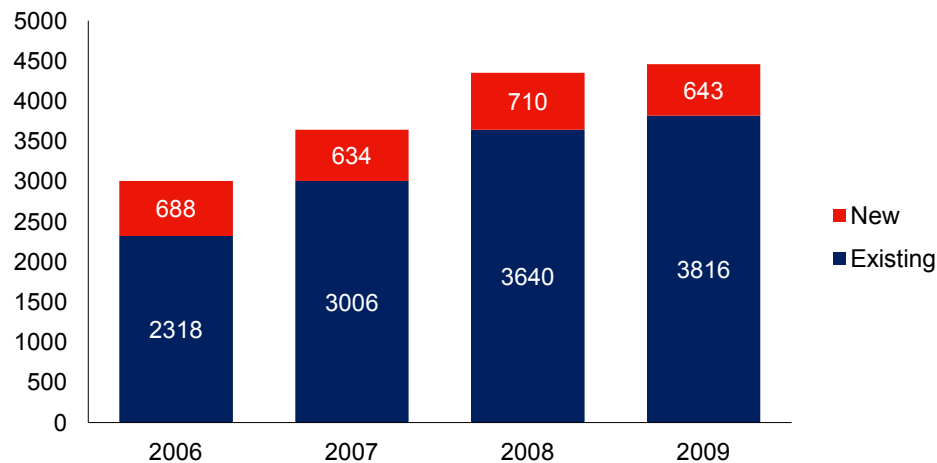
BUSINESS ENVIRONMENT & LABOUR MARKET

According to CEPSCO, "Chilliwack enjoys some of the same benefits as Vancouver: Canada's low dollar, proximity to major markets, and easy access to the United States. Even with all these benefits, Chilliwack has more to offer with a lower cost of living and competitive labour, energy, and housing costs. Competitive costs, combined with a strong economy and a superb quality of life, make Chilliwack one of the best places in the world to locate a business."

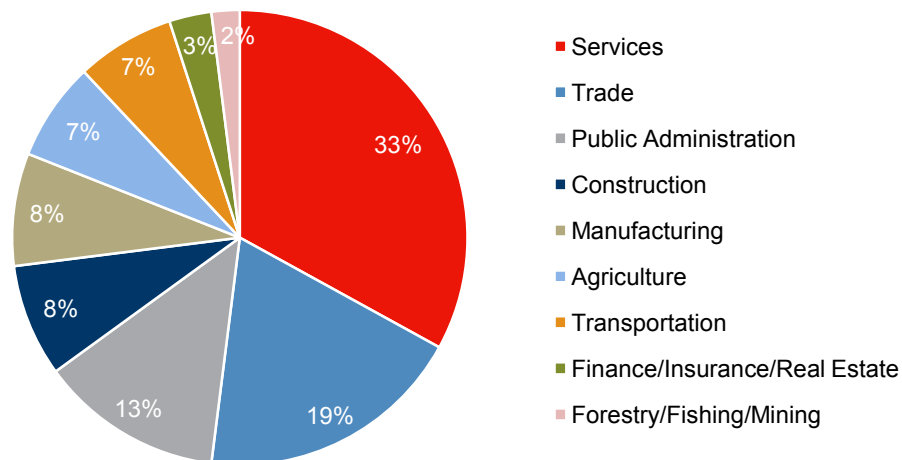
Chilliwack has proven to have strong fundamentals for business foundation. Over the course of the past several years, Chilliwack has seen a steady increase in business creation, issuing 1,453 business licenses since 2006. On average there are approximately 670 new business licenses issued every year.

The services and trade sector employs the majority of Chilliwack's workforce. An Estimated 13% of the workforce is employed in the public sector, whereas heavy sectors such as construction, manufacturing, and agriculture employ roughly 7 to 8% of the workforce each.

CHILLIWACK BUSINESS LICENSES



CHILLIWACK MAJOR EMPLOYMENT SECTORS



Source: CEPSCO

The following is a table of Chilliwack's largest employers:

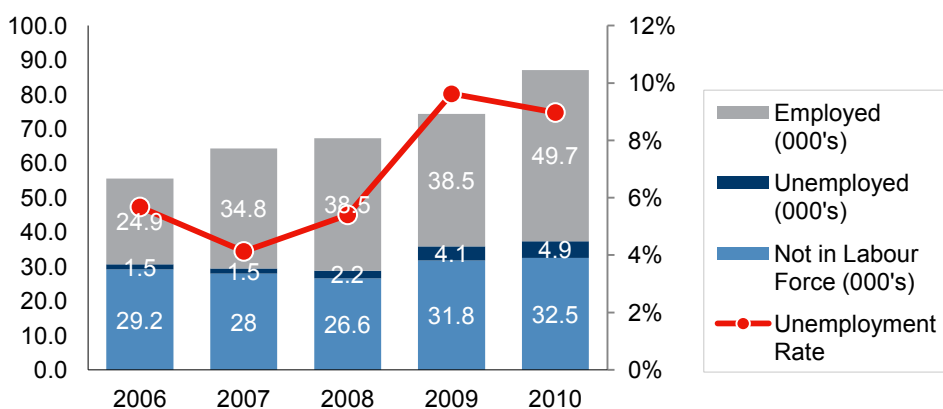
MAJOR EMPLOYERS	# EMPLOYEES
Chilliwack School District	1,640
Chilliwack General Hospital	1,400
Stream Global Services	800
MAJOR RETAIL EMPLOYERS	
Overwaitea Food Group	450
Real Canadian Superstore	300
Safeway	270
Wal-Mart	150

LABOUR FORCE

Chilliwack continues to experience a strong growth in the employment sector. In the last 5 years, Chilliwack has doubled its employed population from nearly 25,000 in 2006 to almost 50,000 in 2010. Over the same period the city's inactive labour population has experienced only a minor increase.

Although it spiked in 2009, Chilliwack's unemployment rate mirrors the general trends in the province and is gradually returning to the 10-year norm in the 5 to 7% range.

CHILLIWACK LABOUR FORCE ACTIVITY



Source: BC Stats

INCOME

According to CEPCO, Chilliwack's household income level has remained relatively stable for the trailing 10 year period. The average rate of income increase over the past 10 years has been 2.2%, according to Service Canada.

Chilliwack's average household income is typically slightly below the provincial average, but is considered strong in relation to other cities of its size, due to a lower cost of living.

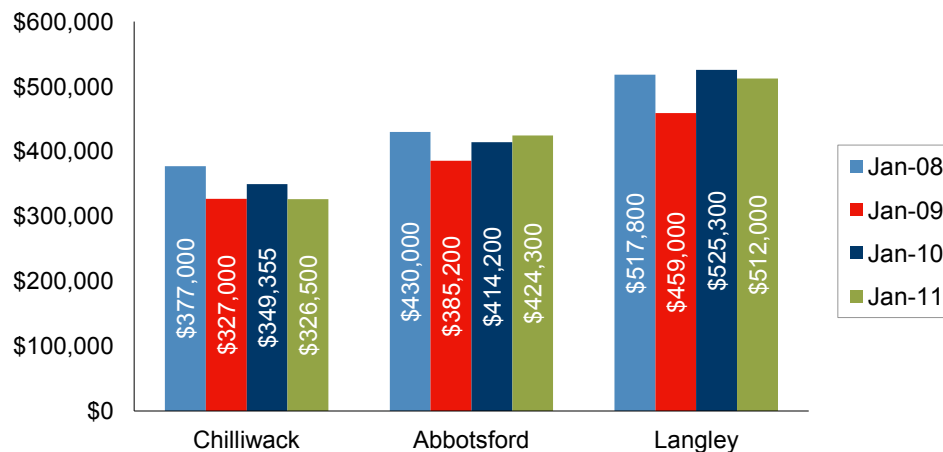
LAND BASE & HOUSING MARKET

Approximately 64% of Chilliwack's land base is dedicated to agriculture, which creates constraints for future commercial development. To date, 55% of past commercial development occurred on existing commercial sites as additions or redevelopments. This trend will likely intensify as the infill site supply is exhausted.

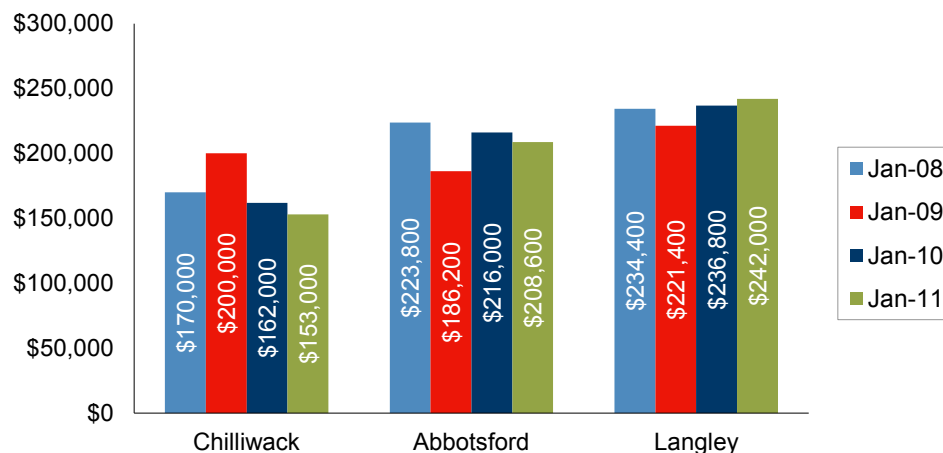
There are approximately 31,635 households in Chilliwack with an average household size of 3 persons. Of these households, approximately 61% are single detached homes, 20% are apartments, 15% are townhomes and duplexes, and 4% are manufactured homes. Traditionally, Chilliwack Proper has housed the majority of urban housing units, but with 64% of the land base being reserved for agricultural use, growth is occurring in other areas such as the downtown core.

Analysis of housing prices indicates much more favourable conditions in Chilliwack than elsewhere in the Fraser Valley. As of January, 2011, the benchmark single family home price in Chilliwack is priced around \$326,500, whereas the homes in Abbotsford and Langley trade around \$424,300 and \$512,000, respectively. At \$153,000 per unit, apartments are also more affordable in Chilliwack.

BENCHMARK PRICE - SINGLE-DETACHED



BENCHMARK PRICE - APARTMENT



CHILLIWACK TRANSPORTATION



OFFERING PROCESS

The Vendor has adopted a single stage offering process. Based on the Information contained in this Confidential Information Memorandum (the “CIM”) and other information that may be made available upon request, interested parties are invited to submit a proposal (the form of which will be provided upon request) that addresses the requirements outlined below under submission guidelines.

Additional Information, which is in the possession of the Vendor, may also be available to prospective purchasers upon request. Prospective purchasers are encouraged to contact Cushman & Wakefield Ltd. and/or Form Retail Advisors Inc. to review the additional Information prior to submitting their proposals.

Following a review of the proposals, the prospective purchaser, whose proposal is determined by the Vendor to be the most attractive, will be selected to negotiate a binding Agreement of Purchase and Sale.

SUBMISSION GUIDELINES

Proposals will be evaluated primarily on the consideration offered for the Property, the method of payment of the consideration, the prospective purchaser’s ability to complete the sale, the structure of the sales transaction and the proposed date and conditions of closing.

A proposal must outline the terms for the purchase of the Property, and should include, at a minimum, the information and items described below:

1. Purchase price for the Property;
2. Name of the ultimate beneficial owners of the prospective purchaser, including their respective percentage interests. If any of the ultimate beneficial owners of the prospective purchaser are not Canadian publicly traded companies, then all shareholders owning more than 10% of the ultimate beneficial ownership of the prospective purchaser are to be identified;
3. Evidence of the prospective purchaser’s financial ability to complete the transaction, including the method of financing the purchase;
4. Whether arranging financing will be a condition of sale;
5. Terms and conditions of closing; and
6. Schedule of timing and events to complete closing.

Prospective purchasers should note that the Vendor is under no obligation to respond to or accept any proposal for the Property. The Vendor reserves the right at any time to remove the Property from the market and to alter the process described above and timing thereof, at its sole discretion.

The Vendor encourages all prospective purchasers to tour the Property at their earliest convenience.

SALE CONDITIONS

The Property and all fixtures, chattels and equipment included with the Property are to be purchased on an “as is, where is” basis and there is no warranty, expressed or implied, as to title, description, condition, cost, size, merchantability, fitness for purpose, quantity or quality thereof.

OFFERING TIMELINE

Prospective Purchasers are invited to submit proposals to purchase the Property through Cushman & Wakefield Ltd. and/or Form Retail Advisors Inc. for consideration by the Vendor. The Vendor would like to receive offers prior to October, 2011; however, if the Vendor receives an offer from a qualified purchaser prior to this date, the Vendor will reserve the right to respond to an offer prior to that date.

This offering constitutes the sale of 100% registered fee simple title interest in the Property. Title to the Property is held by Sunstone (City Gate) Holdings Ltd., Inc. No. 0810848

Prospective purchasers are requested first to review this CIM, and upon request, may be provided with additional information in the Vendor's or Advisor's possession.

LISTING AGENTS

All inquiries regarding the property or any information contained in this CIM should be directed to the under noted on behalf of the Vendor and Cushman & Wakefield Ltd. and/or Form Retail Advisors Inc.

Cushman & Wakefield Ltd.
Pacific Centre PO Box 10023
Suite 700, 700 West Georgia Street
Vancouver, BC V7Y 1A1
(604) 683-3111

Peter Gibson *
Senior Vice President, Investment Sales
Capital Markets Group
Direct Line: (604) 640-5830
peter.gibson@ca.cushwake.com

Nic Green
Sales Associate and Financial Analyst
Capital Markets Group
Direct Line: (604) 640-5816
nic.green@ca.cushwake.com

Form Retail Advisors Inc
1440-1166 Alberni Street
Vancouver, BC V6E 3Z3
(604) 638-2121

Jon Buckley *
Principal
Direct Line: (604) 630-0215
jbuckley@formretail.ca

David Morris *
Principal
Direct Line: (604) 638-2123
dmorris@formretail.ca

* Personal Real Estate Corporation

APPENDIX

SAFEWAY RESTRICTIVE COVENANT & EASEMENT

LAND TITLE ACT
FORM C

(Section 233)
Province of
British Columbia

COPY

GENERAL INSTRUMENT – PART 1

(This area for Land Title Office use)

Page 1 of 27 pages

1. APPLICATION: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)

MACKENZIE FUJISAWA LLP
Barristers & Solicitors
1600 – 1095 West Pender Street
Vancouver, BC V6E 2M6
(604) 689-3281

C3178-671

Signature of applicant, applicant's solicitor or agent
Ken V. Krohman

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND: *
(PID) (LEGAL DESCRIPTION)

Lot A District Lot 28 Group 2 NWD Plan BCP25165
Lot B District Lot 28 Group 2 NWD Plan BCP25165
Lot C District Lot 28 Group 2 NWD Plan BCP25165
Lot D District Lot 28 Group 2 NWD Plan BCP25165

3. NATURE OF INTEREST: *
DESCRIPTION

DOCUMENT REFERENCE
(Page and paragraph)

PERSON ENTITLED TO INTEREST

See Schedule

4. TERMS: Part 2 of this instrument consists of (select one only)

- (a) Filed Standard Charge Terms
(b) Express Charge Terms
(c) Release

- ☐ D.F. No.
☒ Annexed as Part 2
☐ There is no Part 2 of this instrument

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. TRANSFEROR(S): *

CANADA SAFEWAY LIMITED (Reg. No. A0067183)

SUNSTONE (CITY GATE) HOLDINGS LTD. (Reg. No. BC0810848)

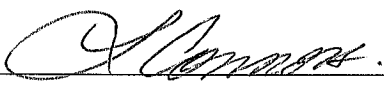


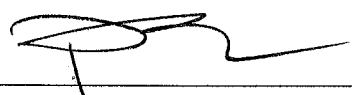
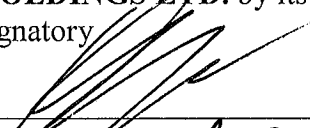

6. TRANSFEREE(S): *

CANADA SAFEWAY LIMITED, (Reg. No. A0067183), of 1020 – 64th Avenue, N.E., Calgary, Alberta T2E 7V8 and SUNSTONE (CITY GATE) HOLDINGS LTD. (Reg. No. BC0810848), of Suite 910, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2

7. Additional or Modified Terms: *N/A

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any:

Officer Signature(s)	Execution Date			Party(ies) Signature(s)
	Y	M	D	
 Lynsey A. Connors Barrister & Solicitor Notary Public 1020 - 64th Avenue NE Calgary, Alberta T2E 7V8 (as to both signatures)	07	12	18	CANADA SAFEWAY LIMITED by its authorized signatory  Name: EARL BROWN  Name: M. Bruce Bowman
 PAULINA KAM P.O. BOX 11140 PHONE 682-6821 2010 - 1055 WEST GEORGIA STREET VANCOUVER, B.C. V6E 3P3 SOLICITOR (as to both signatures)	07	12	20	SUNSTONE REALTY (CITY GATE) HOLDINGS LTD. by its authorized signatory  Name: _____  Name: _____

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

3. NATURE OF INTEREST: *

<i>DESCRIPTION</i>	<i>DOCUMENT REFERENCE (Page and paragraph)</i>	<i>PERSON ENTITLED TO INTEREST</i>
Restrictive Covenant over Lot A Plan BCP25165	Pages 6 and 7 Sections 2.1, 2.2, 2.3 and 2.4	Canada Safeway Limited as registered owner Lot B Plan BCP25165, Canada Safeway Limited as registered owner Lot D Plan BCP25165
Restrictive Covenant over Lot C Plan BCP25165	Pages 6 and 7 Sections 2.1, 2.2, 2.3 and 2.4	Canada Safeway Limited as registered owner Lot B Plan BCP25165, Canada Safeway Limited as registered owner Lot D Plan BCP25165
Restrictive Covenant over Lot A Plan BCP25165	Pages 7 and 11 Sections 3.1, 3.2 and 5.4	Canada Safeway Limited as registered owner Lot B Plan BCP25165, Canada Safeway Limited as registered owner Lot D Plan BCP25165
Restrictive Covenant over Lot C Plan BCP25165	Pages 7 and 11 Sections 3.1, 3.2 and 5.4	Canada Safeway Limited as registered owner Lot B Plan BCP25165, Canada Safeway Limited as registered owner Lot D Plan BCP25165
Easement over Lot A Plan BCP 25165	Page 7-9 Sections 4.1, 4.2, 4.3 and 4.4	Canada Safeway Limited as registered owner Lot B and Canada Safeway Limited as registered owner of Lot D Plan BCP25165
Easement over Lot C Plan BCP 25165	Page 7-9 Sections 4.1, 4.2, 4.3 and 4.4	Canada Safeway Limited as registered owner Lot B and Canada Safeway Limited as registered owner of Lot D Plan BCP25165
Easement over Lot B Plan BCP 25165	Page 7-9 Sections 4.1, 4.2, 4.3 and 4.4	Sunstone (City Gate) Holdings Ltd. as registered owner of Lot A and Sunstone (City Gate) Holdings Ltd. as registered owner of Lot C Plan BCP25165
Easement over Lot D Plan BCP 25165	Page 7-9 Sections 4.1, 4.2, 4.3 and 4.4	Sunstone (City Gate) Holdings Ltd. as registered owner of Lot A and Sunstone (City Gate) Holdings Ltd. as registered owner of Lot C Plan BCP25165

EASEMENTS, COVENANTS AND RESTRICTIONS AGREEMENT

THIS AGREEMENT is made as of the 21st day of December, 2007, among **SUNSTONE (CITY GATE) HOLDINGS LTD.** ("Sunstone"), **CANADA SAFEWAY LIMITED** ("Safeway") and **THE OWNERS FROM TIME TO TIME OF THE PARCELS**

WHEREAS:

- A. Safeway is or is entitled to become the owner of Parcel I;
- B. Sunstone is or is entitled to become the owner of Parcel II;
- C. Safeway and Sunstone intend that the Parcels be one integrated development;
- D. Safeway and Sunstone desire that Parcel I and Parcel II, to the extent herein set forth, be subject to the easements, covenants, restrictions, conditions and encumbrances contained herein.

NOW THEREFORE in consideration of the mutual covenants, easements and restrictions contained in this Agreement, the following shall be binding upon the Owners from time to time of the Parcels and the easements, covenants, restrictions, conditions and encumbrances herein set forth shall attach to and run with the Parcels as servient tenements and shall be appurtenant to and benefit each and every part of the Parcels as the dominant tenements, and in consideration of the premises, easements, covenants, restrictions, conditions and encumbrances contained herein and the payment of the sum of \$10.00 paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged by each party, Safeway and Sunstone on behalf of themselves and their respective successors and assigns (including, without limitation, their respective successors in title), hereby agree as follows:

1. Definitions

In this Agreement, the following capitalized terms have the following meanings:

1.1 **"Building Areas"** means (i) when used in relation to Parcel I, those portions of Parcel I upon which Improvements are constructed from time to time, there being no restrictions on the sizes, locations, configurations or number of Improvements which may at any time or from time to time be constructed on Parcel I; and (ii) when used in relation to Parcel II, only those portions of Parcel II that are outlined in thick black on page 2 of the Site Plan.

1.2 **"Call Centre"** means premises devoted primarily to providing communication services (including, without limitation, marketing services, sales, receiving of purchase orders and provision or collection of information (including, without limitation, survey, polling and research services)) by telephone or electronic or other means of communication.

1.3 **"Common Areas"** of Parcel I and Parcel II means all of Parcel I and Parcel II (including all Landscaping thereon) except for those portions of Parcel I and Parcel II upon which any buildings (to the extent permitted herein) are constructed, and for greater certainty, those portions of the Parcels which are not from time to time used or cannot be used under the terms of this Agreement for buildings shall form part of the Common Areas.

1.4 **"Entertainment or Recreational Facility"** includes, without limitation, a theatre, cinema, carnival, bowling alley, skating rink, amusement centre, electronic or mechanical games arcade, pool or billiard hall, betting parlour, bingo parlour, health spa or studio, aerobic spa or studio, gymnasium,

massage parlour, pornographic shop, so called adult XXX book store, so called adult XXX video store, nightclub, dance hall, tavern, pub, bar, cocktail lounge and other place of public or private amusement.

1.5 **"Force Majeure"** means any cause beyond the reasonable control of the party affected including, without limitation, acts of God, flood, labour strikes, lockouts or walkouts, earthquakes, storms, fire, lightning, epidemic, war, riots, civil disturbance or disobedience, restraint by court order or public authority, or shortage of labour or materials, which the party could not reasonably have foreseen or avoided or which by exercise of reasonable due diligence such party will be unable to overcome, but not including a lack of funds or inability to borrow funds.

1.6 **"Governmental Bodies"** means any domestic or foreign, national, federal, provincial, state, municipal or other local government or body and any division, agent, commission, board, or authority of any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign, international, judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

1.7 **"Improvements"** means buildings, structures and fixtures together with all fixed machinery, accessories and equipment and includes any additions and repairs thereto and replacements thereof, but does not include Landscaping or any parking lot improvements.

1.8 **"Landscaping"** means grass, flowers, shrubs, trees and other vegetation and related receptacles, containers, retaining walls and other structural and architectural elements but, for greater certainty, does not include roadways, walkways or parking areas.

1.9 **"Laws"** means all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, any judgments, orders, writs, injunctions, decisions, rulings, decrees, and awards of any Governmental Body, and any policies, voluntary restraints, practices or guidelines of any Governmental Body and including, without limitation, any principals of common law and equity.

1.10 **"Owner"** in relation to Parcel I shall mean the owner or owners from time to time of Parcel I, provided however that Safeway, for so long as Safeway is the owner or lessee of all or any part of Parcel I, shall be deemed to be an "Owner" of all or such portion of Parcel I owned or leased by Safeway, and in relation to Parcel II, "Owner" shall mean the owner or owners from time to time of Parcel II.

1.11 **"Owners"** means more than one "Owner", as the context requires.

1.12 **"Parcel"** means either of Parcel I or Parcel II, as appropriate and "Parcels" mean both of Parcel I and Parcel II.

1.13 **"Parcel I"** means the lands outlined in thick black ink on page 1 of the Survey Plan and legally described in Schedule "A" hereto.

1.14 **"Parcel II"** means the lands outlined in thick black on page 2 of the Survey Plan and legally described in Schedule "A" hereto.

1.15 **"Site Plan"** means the site plan attached hereto as Schedule "B", being comprised of two pages.

1.16 **"Survey Plan"** means the Survey Plan attached hereto as Schedule "C", being comprised of two pages.

1.17 **"Training or Educational Facility"** includes, without limitation, a beauty school, barber college, place of instruction, or any other operation catering primarily to students or trainees rather than to customers, but excludes employee training by Owners or Owners' tenants incidental to the conduct of their businesses on their Parcel.

2. Use Restrictions on Parcel II

2.1 **Use Restrictions.** The Parcel II Owner recognizes the need for the customers of the occupants of Parcel I to have adequate parking facilities in close proximity to the Improvements on Parcel I and the importance of protecting such parking facilities against unreasonable or undue encroachment which is likely to result from long term parking by patrons or employees of certain types of business establishments located upon Parcel II. As a consequence thereof, the Parcel II Owner covenants and agrees that:

2.1.1 no part of Parcel II shall at any time be used for or devoted to the use or operation of any Entertainment or Recreational Facility, any Training or Educational Facility or any Call Centre; and

2.1.2 no part of Parcel II within 200 feet of the legal boundaries of Parcel I shall at any time be used for or devoted to the use or operation of any restaurant (fast food or sit-down).

2.2 **Exceptions to Use Restrictions.** Notwithstanding Section 2.1, for so long as all other provisions and restrictions in respect of Parcel II set forth in this Agreement are complied with, Section 2.1 shall not restrict or prohibit:

2.2.1 the Dakota's restaurant and bar business which exists on Parcel II as at the date of this Agreement (the "Existing Dakota's Restaurant") (or any replacement restaurant and bar business to the Existing Dakota's Restaurant, which carries on a restaurant and bar business similar to the Existing Dakota's Restaurant), from being carried on and conducted from Parcel II, but only from the same premises in which the Existing Dakota's Restaurant business is carried on and conducted as at the date of this Agreement; and

2.2.2 an aerobic spa or studio or gym business similar to that carried on in British Columbia as at the date of this Agreement under the name of "Curves", from being carried on from premises on Parcel II which do not exceed 2,500 square feet

2.3 **Additional Use Restrictions.** At no time during the term of this Agreement shall all or any portion of Parcel II or all or any portion of any existing or future building or other improvements on Parcel II, be used in whole or in part for the purposes of a food store, grocery store, supermarket, convenience store, pharmacy, liquor store, gas bar or petroleum retail station, or for selling groceries, food (including, without limitation, produce, meats, fish, dairy products, bakery products and poultry), pet food, alcoholic beverages, personal hygiene products, pharmaceutical products (including, without limitation, prescription drug products) or fuel products.

2.4 **Exception to Additional Use Restrictions.** Notwithstanding Section 2.3, for so long as all other provisions and restrictions in respect of Parcel II set forth in this Agreement are complied with, Section 2. shall not restrict or prohibit:

2.4.1 the retail liquor store business which exists on Parcel II as at the date of this Agreement (the "Existing Liquor Store Business"), (or any replacement retail liquor store business to the Existing Liquor Store Business which carries on a retail liquor store business similar to the

Existing Liquor Store Business), from being carried on and conducted from Parcel II, but only from the same premises in which the Existing Liquor Store Business is carried on and conducted as at the date of this Agreement.

3. Development and Construction Restrictions

3.1 Building Areas on Parcel II. The Parcel II Owner agrees that at no time shall any Improvements be constructed on Parcel II outside of any Building Areas on Parcel II, and no Improvements on Parcel II shall at any time exceed the height restriction set forth in Section 5.4.

3.2 Common Areas on Parcel II. The Parcel II Owner agrees that the Common Areas (including, without limitation, parking areas, number of parking stalls, access and egress points, internal roadways, traffic circulation and flow patterns and lighting) on Parcel II will not be changed without the prior written consent of the Parcel I Owner, which consent may not be unreasonably or arbitrarily withheld provided that the provisions of Section 3.1 and 3.3 are at all times complied with, and further provided that the roadways, drive aisles and access and egress points shown on page 1 of the Site Plan shall at all times remain as unobstructed roadways, drive aisles and access and egress points.

3.3 Parking Requirements. The Parcel II Owner agrees that at no time shall there be less at grade parking spaces (with no underground or decked parking) on Parcel II which exist as at the date of this Agreement namely, 2.9 at grade parking spaces for each 1,000 square feet of building area of all floors of all buildings constructed from time to time on Parcel II, or the number required to be maintained under applicable Laws, whichever is greater. The Owner of Parcel II agrees to at all times maintain the aforesaid minimum number of parking spaces on Parcel II.

3.4 General. During the construction of any Improvements on any Parcel, the Owner of such Parcel:

3.4.1 shall not permit the storage of materials, the movement or parking of construction equipment or vehicles, or the parking of construction workers' automobiles, in each case within any portion of the Parcels except upon such Parcel; and

3.4.2 shall use its reasonable commercial efforts to minimize any interference with, and adverse effect upon, the use and occupancy of the Parcel (other than such Parcel) and any business conducted thereon and the rights of the Owners under this Agreement.

4. Common Areas Easements and Use

4.1 Common Areas Easements. Each Owner, as grantor, hereby grants in respect of and so as to burden the Parcel owned by it, as servient tenement, in favour of each other Owner and so as to benefit the Parcel owned by it, as dominant tenement, for the benefit of each other Owner and its agents, servants, customers and invitees, the non-exclusive full, free and uninterrupted right, license, liberty, privilege, easement and right of way over the Common Areas within such Owner's Parcel for roadways, walkways, vehicular and pedestrian ingress and egress, parking of motor vehicles, loading and unloading of commercial and other vehicles, for driveway purposes and for the comfort and convenience of customers, invitees and employees of all businesses and occupants of the Improvements constructed on such Owner's Parcel, all in accordance with their intended use and purpose.

4.2 Use. Subject to existing easements registered against title to the Parcels, the Common Areas shall be used for roadways, walkways, vehicular and pedestrian ingress and egress, parking of motor vehicles, loading and unloading of commercial and other vehicles, for driveway purposes, and for the comfort and

convenience of customers, invitees and employees of all businesses and occupants of the Improvements constructed on the Parcels, all in accordance with their intended use and purpose.

4.3 **No Barriers.** Except as expressly permitted in this Agreement, no Owner may permit to be done any act or thing which may interfere with or obstruct the access of any of the Owners to the Common Areas and, in particular, no walls, fences, barriers or impediments of any kind shall be constructed or maintained on the Common Areas, or any portion thereof, or on or at any point of access or egress which prevents or impairs the use or exercise of any of the easements granted by Section 4.1, or the free access and movement, including without limitation, pedestrian and vehicular traffic between the Parcels; provided, however, reasonable traffic controls as may be necessary to guide and control the orderly flow of traffic may be installed so long as access driveways to the parking areas in the Common Areas are not closed or blocked. The only exceptions to this provision shall be for encroachments upon the Common Areas which may occur as a result of the:

4.3.1 use of the ladders, scaffolding, storefront barricades and similar facilities resulting in temporary obstruction of the Common Areas, all of which are permitted hereunder so long as their use is kept within reasonable requirements of construction work being expeditiously pursued and for the conversion of Common Areas into Building Areas in accordance with this Agreement;

4.3.2 constructing, laying down and installing utility or communications systems of every kind and description, together with all ancillary appliances and equipment under the surface of the Common Areas and altering, enlarging, extending, removing, repairing, renewing, maintaining, inspecting and replacing the same, as each Owner may require or deem expedient; and

4.3.3 subject always to the restrictions in this Agreement, building, constructing, erecting, removing or enlarging any Improvements now or hereafter placed in, upon, over or under the Common Areas, and extending, repairing, renewing, cleaning, inspecting and replacing the same as each Owner may require or deem expedient.

4.4 **Limitations on Easements.** The easements, rights and privileges granted in this Agreement shall be used with reason and judgment, so as not to interfere with the use by an Owner of the Common Areas on the Parcel owned by such Owner, for roadways and walkways, to permit vehicular and pedestrian ingress and egress, parking of motor vehicles, loading and unloading of commercial and other vehicles, for driveway purposes, and for the comfort and convenience of the Owners and their respective customers, invitees and employees, and of all businesses and occupants of the Improvements constructed on the Parcels, all in accordance with their intended use and purpose. Without restricting the generality of the foregoing:

4.4.1 **Infrastructure.** The Common Areas infrastructure (including, without limitation, roadways, walkways and parking elements) shall be used only for the purposes intended.

4.4.2 **Customers.** Customers and invitees of an Owner shall not be permitted to park on the Common Areas unless shopping or transacting business on the Parcels.

4.4.3 **Employees.** Employees of an Owner shall park on the Parcel owned by such Owner in areas designated as "employee parking areas" by such Owner, and shall not be permitted to park on the Common Areas of a Parcel not owned by such Owner.

4.4.4 **Loading.** An Owner and an Owner's tenants, users and occupiers may load and unload commercial and other vehicles on the Parcel owned by such Owner, provided such loading and

unloading is effected with reasonable dispatch and so as to minimize the disruption of the easements, rights and privileges granted in this Agreement.

4.4.5 Traffic Controls. An Owner may implement such reasonable traffic controls as may be necessary to guide and control the orderly flow of traffic, provided such traffic controls do not block or close driveways to the parking areas in the Common Areas.

4.5 Building Easements. If the wall footings, shoring or underpinnings or other works relating to the structure or foundation of the Improvements encroach from one Parcel onto another Parcel despite efforts to avoid that occurrence, the Owner onto whose Parcel such footings, shorings, underpinnings or other works encroach shall cooperate in granting an encroachment permit or easement of the Owner whose wall footings, shorings, underpinnings or other works encroach, provided that such encroachment permit or easement will not impact on any underground services or materially adversely impact the use or occupancy by an Owner of its Parcel.

4.6 Utility and Service Easements. The Owners shall cooperate with each other in the granting of appropriate and proper easements for the installation, repair and replacement of storm drains, sewers, utilities of any kind or nature whatsoever and other proper services necessary for the orderly development and operation of the Common Areas and Improvements to be erected upon the Parcels; provided that such easements will not interfere with any Improvements, and the use of the Parcels by the others will not be adversely affected. The parties will endeavour to cause the installation of such utility and service lines prior to paving of the Common Areas and to minimize the number of easements required.

4.7 Conversion to Common Areas. Those portions of Parcel I and Parcel II which are not from time to time (or cannot at any time pursuant to the provisions and restrictions hereof be) used for Improvements, shall become part of the Common Areas for the uses permitted hereunder and shall be improved, kept and maintained as Common Areas as provided in this Agreement. Any areas converted to Common Areas may be converted back to Building Areas by the development of the portion of a Parcel included in such Common Areas as Building Areas, if at the time of conversion back to Building Areas they meet the requirements and restrictions of this Agreement.

4.8 Not a Public Dedication. Nothing herein contained shall deem the easements, rights and privileges granted in this Agreement to be a gift or dedication of any portion of the Common Areas to the general public or for any public purposes whatsoever, it being the intention of the Owners that the easements, rights and privileges granted in this Agreement shall be strictly limited to and for the purposes herein expressed. The right of the public or any person to make any use whatsoever of the Common Areas of the Parcels herein affected is by permission, and subject to the control of the Owners thereof.

4.9 Reduction of Easement Areas. Each Owner acknowledges and agrees that the easements granted to each of them pursuant to section 4.1 are blanket encumbrances. However the use and benefit thereof is intended to be limited to the uses outlined in and subject to the terms set out in sections 4.1, 4.2, 4.3 and 4.4. Each Owner acknowledges and agrees that subject to the prior written consent of the other Owner, not to be unreasonably withheld or delayed, it shall be entitled to identify the easement areas set out and contemplated by sections 4.1, 4.2, 4.3 and 4.4 on a registrable plan(s), designating such specific areas, and each Owner shall execute in registrable form and deliver to the other a modification of this agreement that will serve to restrict the easement areas to such reduced areas as shown on said registrable plan(s). The expense of preparation of the aforementioned plan(s) and the modification of this agreement shall be shared equally between the Owners. Each Owner covenants and agrees with the other that any modification and easement herein shall be registered in the New Westminster Land Title Office and shall have priority over any encumbrance which, if such priority was not provided, could prejudice the rights of priority granted to each Owner pursuant to this Agreement. The Parcel II Owner acknowledges that the

foregoing is subject to the development and construction restrictions set out in sections 3.1, 3.2, 3.3 and 3.4 and will continue to limit and restrict Parcel II as therein provided. Subject to the foregoing, following the identification and modification of the easement areas pursuant to section 4.9, an Owner may, with the prior written consent of the other, such consent not to be unreasonably withheld or delayed, relocate any portion or all of such easement area provided that the relocated easement area shall continue to provide convenient ingress and egress and convenient parking (including the same or a greater number of parking stalls), substantially similar in use and directness as provided by the respective easement areas prior to the proposed relocation. In the event that any portion of an easement area is relocated as set out above, the Owners shall each execute and deliver, in registrable form, an agreement and requisite explanatory/reference plan modifying or amending this Agreement and affecting the release of such portion of the easement area and relocation of the same to the approved location. The cost of preparation and registration of plans and any modification of this Agreement shall be born by the Owner that is relocating the easement area on its Parcel.

5. Development, Maintenance, Taxes and Signs

5.1 Development.

5.1.1 The Owners shall cooperate each with the other as to the setting of the levels and final grades on their respective Parcels so as to ensure that there will not be an undue flow of surface water from one Parcel onto the other Parcels.

5.1.2 When any Improvements are developed and constructed on a Parcel, the Common Areas surrounding such Improvements shall also be developed and constructed in conjunction therewith (subject always to the provisions and restrictions in this Agreement and to the requirements of all Laws applicable to the Parcels) all at the expense of the Owner thereof so as to complement and support the comprehensive operation of a commercial development on the Parcels including, without limitation, the construction of all roadways, drive aisles, access and egress points, walkways, parking areas, Landscaping, lighting and signage.

5.2 Maintenance.

5.2.1 **Standards.** Following the completion of the Common Areas, the Owners shall maintain the Common Areas on their respective Parcels in good condition and repair having regard to the age of the Common Areas and the nature and type of the commercial development of the Parcels, which maintenance includes, without limitation, the following:

5.2.1.1 maintaining the surfaces in a level, smooth and evenly covered condition with the type of surfacing material originally installed or such substitute as shall, in all respects, be equal in quality, use and durability;

5.2.1.2 removing all papers, debris, filth and refuse and thoroughly sweeping the Common Areas to the extent reasonably necessary to keep the area in a clean and orderly condition, and free of snow and ice;

5.2.1.3 placing, keeping in repair and replacing any necessary appropriate directional signs, markers and lines;

5.2.1.4 operating, keeping in repair and replacing where necessary, such artificial lighting facilities as shall be reasonably required;

5.2.1.5 establishing and maintaining surface grade levels and slopes to provide storm water drainage and to prevent an undue flow of storm water to any other Parcel;

5.2.1.6 maintaining all perimeter walls, sloping and retaining walls in good condition and state of repair; and

5.2.1.7 maintaining all landscaped areas and making such replacement of all Landscaping as is necessary to ensure the continued appearance of the Parcels as a first class retail shopping centre development of a similar size, age, type and character as the development of the Parcels contemplated by this Agreement.

5.2.2 **Expenses.** Each Owner shall pay all maintenance expenses relative to the Parcel owned by such Owner.

5.2.3 **By agent.** Subject to the mutual agreement of the parties hereto, a third party may be appointed as a manager to maintain the Common Areas in the manner outlined in Section 5.2.1. Such third party may receive for such agency a fee that is mutually acceptable to all parties to cover supervision, management, accounting and similar fees, which sums are to be included in the general maintenance expense paid by the respective owners of the Common Areas and are to be allocated to each of the Owners pursuant to the agreement of the Owners acting reasonably.

5.3 **Taxes.** Each Owner agrees to pay or cause to be paid, prior to delinquency, directly to the appropriate taxing authorities, all real property taxes and assessments and local improvement levies which are levied against its Parcel or Parcels including, without limitation, that part of the Common Areas owned by it.

5.4 **Building Design, Construction and Maintenance.** The Improvements permitted hereunder to be constructed from time to time in the Building Areas shall be designed in conformity with sound architectural and engineering standards and constructed in conformity with applicable building code requirements. Except as may otherwise be agreed in writing by the Owner of Parcel I, none of the Improvements on Parcel II shall be greater than one storey or exceed 16' in height from the top of the foundation, including architectural features; save and except for the Existing Dakota's Restaurant premises, which shall not, at any time, be greater than one storey (but which may include a mezzanine) or exceed 27' in height from the top of the foundation, including architectural features. Following completion of the Improvements, the Owner thereof shall at all times maintain the Improvements and all roadways, sidewalks and parking areas in good condition and repair, reasonable wear and tear excepted, and shall at all times ensure that the same are architecturally and aesthetically pleasing.

5.5 **Compliance with Laws.** All Improvements to be developed, constructed and maintained on a Parcel shall comply in all material respects with all applicable Laws unless a relaxation of such requirements would not unduly interfere with the rights of the Owners under this Agreement. If an Owner wishes to apply for a relaxation or other permit relieving such Owner of strict compliance with any of the aforesaid requirements including, but not limited to, building setback requirements, the Owner shall provide 30 days written notice thereof to all Owners. Nothing in this Agreement shall operate or be construed as an entitlement of an Owner to any such relaxation or as a consent to any other Owner to any such relaxation.

5.6 **Signs.**

5.6.1 Except for directional signs for guidance and those signs indicated on page 1 of the Site Plan and the pylon signs referred to in Sections 5.6.2 and 5.6.3, no signs shall be constructed on a

Parcel which obstruct ingress and egress or traffic on that Parcel or obstruct access to or egress from or obstruct visibility of any Improvements on another Parcel.

5.6.2 Notwithstanding Section 5.6.1, the Parcel II Owner acknowledges and agrees that the Parcel I Owner may, at any time and from time to time, at its sole cost and expense, construct pylon signs on the Common Areas of Parcel I. Such pylon signs shall be for the sole benefit of the Parcel I Owner and the Parcel I Owner shall be responsible for operating, maintaining and repairing the same.

5.6.3 The Parcel II Owner agrees, at its sole cost and expense, but with partial reimbursement from the Parcel I Owner as hereinafter set forth, to at all times maintain and repair the existing pylon sign situate on Parcel II in the area identified on page 1 of the Site Plan (the "Existing Pylon Sign") in good order and condition and, at the sole cost and expense of the Parcel II Owner, but with partial reimbursement from the Parcel I Owner as hereinafter set forth, to replace the same as and when necessary. Furthermore, the Parcel II Owner agrees, at its sole cost and expense, to at all times operate the Existing Pylon Sign. At no time shall the location of the Existing Pylon Sign be changed from that shown on page 1 of the Site Plan, and at no time shall the size or design of the Existing Pylon Sign or any replacement pylon sign be changed from that which exists as at the date of this Agreement without, in each case, the prior written consent of the Parcel I Owner, which consent may be unreasonably or arbitrarily withheld. The Parcel II Owner further acknowledges and agrees that the Parcel I Owner shall at all times, free of charge, be entitled to representation on the Existing Pylon Sign of such type and style as determined by the Parcel I Owner from time to time, in the same size and location as such representation presently exists on the Existing Pylon Sign. The Parcel I Owner agrees to reimburse the Parcel II Owner for a proportionate share of the reasonable costs incurred by the Parcel II Owner in carrying out the maintenance, repair and replacement obligations set forth in the first sentence of this Section 5.6.3, within 30 days of being presented with an invoice from the Parcel II Owner in respect of the same together with such reasonable evidence that may be required by the Parcel I Owner to validate such costs. For the purposes of the foregoing sentence, "proportionate share" means a fraction of such costs, the numerator of which is the square foot area of the Parcel I Owner's representation on such pylon sign and the denominator of which is the square foot area of all representation on such pylon sign, including the square foot area of the Parcel I Owner's representation on such pylon sign.

5.7 **Actions.** At no time shall an Owner take any steps or actions or refrain from taking any steps or actions, including, without limitation, provision or non-provision of consents or approvals to tenants or occupants of a Parcel owned by another Owner, which would cause, or result in, a breach of the easements, covenants and restrictions contained in this Agreement.

5.8 **Fire Protection.** The buildings constructed on the Parcels may be sprinklered. The Owner of Parcel II will ensure that any building constructed on Parcel II immediately adjacent to any sprinklered building on Parcel I will be constructed, maintained and used in a manner which will preserve the sprinklered insurance rate obtained on the buildings on Parcel I.

5.9 **No Covenant to Operate on Parcel I.** The Parcel II Owner acknowledges and agrees that the Parcel I Owner, its tenants, assignees, licensees, transferees and occupiers shall not be obligated, at any time, to operate any business or any particular type of business from all or any portion of Parcel I or from any improvements thereon and shall have the right to discontinue whatever type of business which may exist from time to time thereon. The Parcel I Owner makes no express or implied covenant to operate or continuously operate any business on all or any portion of Parcel I or from any Improvements thereon or to have its tenants, assignees, licensees or occupiers operate any business thereon or to operate during any

particular hours, or to operate in any particular manner. The Parcel I Owner has the sole right in its unrestricted and unfettered discretion to decide whether or not to operate or carry on business from all or any portion of Parcel I and in what manner to conduct business and operations, if any.

5.10 **Further Assurances.** Every Owner shall promptly execute and deliver such further documents or instruments and provide such assurances as may be necessary to give effect to this Agreement and to confirm the easements, covenants and restrictions set out herein in accordance with the provisions of this Agreement.

6. Indemnification and Insurance

6.1 **Indemnification.** Each Owner hereby indemnifies and saves each other Owner harmless from any and all liability, damage, expense, causes of action, suits, claims or judgments arising from injury to person (including injury resulting in death) or property and occurring on its own Parcel or Parcels, except to the extent caused by the act or neglect of another Owner.

6.2 **Insurance.** Each Owner shall maintain during the term hereof its own comprehensive general liability insurance affording protection to itself and to each other Owner, naming such other as "additional insured" under the policies, for a combined bodily injury and property damage limit of liability of not less than \$5,000,000.00 for each occurrence. Each Owner shall deliver a copy of such policy to each other Owner at any time or times upon request therefor. Such policy or policies of insurance shall contain a waiver of subrogation in favour of the other Owners and such tenants and mortgagees as are requested by a notice in writing to be specifically named therein. Each Owner acting reasonably shall have the right for a period of 60 days following the end of each five year period during the term of this Agreement, to give notice to each other Owner, requiring the amount of coverage of the said comprehensive general liability insurance to be increased. The amount of such increase shall be an amount commensurate with the then current standards of liability insurance coverage with respect to the operation of mutual parking areas and cross access used in conjunction with commercial operations.

7. Transfers

7.1 **Transfers Generally.** Neither this Agreement nor any rights hereunder may be transferred or assigned except to a transferee or assignee who becomes an Owner of a Parcel and who executes and delivers an Acknowledgement and Covenant Agreement substantially in the form set out in Schedule "D" hereto in respect of such Parcel for the benefit of all other Owners of the Parcels from time to time. If any Owner transfers or conveys its interest in a Parcel, such Owner shall make it a condition of any such transfer or conveyance that any transferee or recipient thereof shall execute in favour of the other Owners of the Parcels, and deliver to such registered Owners shown on the records of the Land Titles Office, an Acknowledgement and Covenant Agreement substantially in the form set out in Schedule "D" hereto. After the date of any such transfer or conveyance, the transferee or recipient of such Parcel shall enjoy the benefit of this Agreement and shall assume all responsibility for compliance with the obligations hereunder of the transferor or conveyor in and with respect to such Parcel and upon the satisfaction of such execution and delivery requirements (but not otherwise) the transferor or conveyor shall be released from all of its obligations under this Agreement in and with respect to such Parcel from and after the date of such transfer or conveyance which satisfies such execution and delivery requirements, provided that such release shall not extend to any matter or liability arising prior to such transfer or conveyance.

7.2 **Release from Liability.** An Owner shall be bound by this Agreement only as to the Parcel owned by it. Provided that it complies with Section 7.1, an Owner shall be bound by this Agreement only while it is the Owner and shall thereafter be released, except as to obligations, liabilities or responsibilities that accrue during the time that it was an Owner. Although an Owner may be released under this

subsection, the easements, covenants and restrictions in this Agreement shall continue to be benefits and servitudes upon the Parcels, and all portions thereof running with the land.

8. Parcels Burdened and Benefited

8.1 **Passage of Burden.** The burden of the restrictions, easements and covenants in this Agreement shall pass with and extend and be annexed to, shall run with and bind each Parcel and every part thereof as servient tenement, and shall bind each Owner and any tenant, user or occupier of all or any portion of each Parcel, or of all or any portion of any existing or future building or other Improvements situate upon each Parcel, or any part thereof, as appropriate.

8.2 **Passage of Benefit.** The benefit of the restrictions, easements and covenants in this Agreement shall pass with, extend to, run with and benefit each Parcel and every part thereof, as dominant tenement, and shall also extend to each Owner and any tenant, user or occupier of all or any portion of each Parcel, or of all or any portion of any existing or future building or other Improvements situate upon each Parcel, or any part thereof, as appropriate.

9. Eminent Domain

9.1 **Owner's Right to Award.** Nothing herein shall be construed to give any Owner any interest in any award or payment made to another Owner in connection with any expropriation, exercise of eminent domain or transfer in lieu thereof affecting said other Owner's Parcel or give the public or any government any rights in, save and except as specifically provided herein. Without limiting the foregoing, in the event of any expropriation, exercise of eminent domain or transfer in lieu thereof of any part of the Common Areas, the award attributable to the land and Improvements of such portion of the Common Areas shall be payable only to the Owner thereof and no claim thereon shall be made by the Owners of any other portion of the Common Areas.

9.2 **Collateral Claims.** All other Owners of the Common Areas may file collateral claims with the expropriation authority for their losses which are separate and apart from the value of the land area and Improvements taken from another Owner.

9.3 **Tenant's Claim.** Nothing in this Section 9 shall prevent a tenant from making a claim against any Owner pursuant to the provisions of any lease between tenant and Owner for all or a portion of any such award or payment.

9.4 **Restoration of Common Areas.** The Owner of the fee of each portion of the Common Areas so expropriated or condemned shall promptly repair and restore the remaining portion of the Common Areas so owned as near as practicable to the condition of same immediately prior to such expropriation, condemnation or transfer to the extent that the proceeds of such award are sufficient to pay the cost of such restoration and repair and without contribution from any other Owner.

10. Cancellation, Modification, Duration

10.1 **Modification - Cancellation.** Subject to Section 10.2, this Agreement may be modified or cancelled in respect of a Parcel only by written consent of each of the Owners.

10.2 **Delegation of Authority.** It is agreed that at least as long as Safeway is the Owner or lessee of all or part of Parcel I, the authority for modifying or cancelling this Agreement shall rest with it alone as to the portions of Parcel I it owns or leases. The Owner of any Parcel that Safeway leases as lessee shall

be deemed to have appointed Safeway as attorney-in-fact for that Parcel for the purpose of negotiating and entering into any modifications or cancellations of this Agreement.

10.3 Duration. Unless otherwise cancelled and terminated, this Agreement and all the easements, covenants, restrictions, conditions, provisions, rights and obligations hereof shall remain and continue in full force and effect until terminated in writing by the parties entitled to modify or cancel this Agreement in accordance with the provisions of Sections 10.1 and 10.2 hereof.

11. Default and Remedies

11.1 Enforcement. The Owners acknowledge and agree that a breach of any of the easements, covenants and restrictions or other provision contained in this Agreement would result in irreparable harm and continuing damages to the other Owners which could not be compensated by an award of monetary damages and that:

11.1.1 each and every easement in this Agreement, shall be restrainable by injunction and be specifically enforceable at law or in equity;

11.1.2 each and every provision of this Agreement, including without limitation, the covenants set out herein, shall be specifically enforceable at law or in equity; and

11.1.3 each and every restriction in this Agreement shall be restrainable by injunction; in addition to any entitlement to an award of monetary damages which may arise.

11.2 Breach. In the event of breach or threatened breach of this Agreement, only the Owner of the Parcel affected by such breach or threatened breach, shall be entitled to institute proceedings for full and adequate relief from the consequences of such breach. The unsuccessful party in any action shall pay to the prevailing party all legal fees of the prevailing party on a solicitor and its own client basis together with all disbursements, which shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

11.3 Remedies for Default. If the Owner of any Parcel shall, during the term of this Agreement, default in the full, faithful and punctual performance of any obligation required hereunder and if at the end of 30 days after written notice from any Owners stating with particularity the nature and extent of such default, the defaulting Owner has failed to cure such default, and if a diligent effort is not then being made to cure such default, then any other Owner shall, in addition to and without prejudice to, all other remedies it may have at law or in equity, including, without limitation, specific performance and damages, have the right to perform such obligation of this Agreement on behalf of the defaulting Owner and be reimbursed by the defaulting Owner for the actual cost thereof, together with interest thereon at the prime rate per annum of the Bank of Montreal in effect from time to time plus 2% per annum such interest to be calculated from the date of performance of the aforesaid obligation to the date of reimbursement of the cost thereof by the defaulting Owner. The amount of any such claim for reimbursement, together with interest as aforesaid, shall be a secured right, charge and lien against the defaulting Owner's property, and may constitute a lien in accordance with the applicable builder's lien legislation in the Province of British Columbia, if permitted, or may constitute a lien, encumbrance, secured right, or charge against the defaulting Owner's Parcel to the extent otherwise permitted at law or in equity. The failure of an Owner to insist in any one or more cases upon the strict performance of any of the promises, covenants, conditions, restrictions or agreements herein, shall not be construed as a waiver or relinquishment for the future breach of the provisions hereof.

11.4 **Remedies Cumulative.** All of the remedies of an Owner at law or in equity including, without limitation, those provided in Section 11 of this Agreement, shall be available in every instance and shall not be exclusive or in the alternative but shall be cumulative and may be exercised at such times and in such order as may be beneficial in the circumstances.

12. **Rights and Obligations of Lenders**

12.1 **Priority of Liens and Charges.** The charges and burdens of this Agreement are, and shall at times be, prior and therefore superior to the lien or charge of any mortgage or deed of trust made in good faith and for value affecting the Parcels or any part thereof, or any improvements now or hereafter placed thereon. However, a breach of any of the easements, covenants, restrictions, conditions or provisions hereof shall not defeat or render invalid the lien or charge of any mortgage or deed of trust.

12.2 **Effect of Foreclosure.** The superiority of this Agreement shall be limited to the extent that title to any property acquired through sale under foreclosure of any mortgage or deed of trust effected by powers of sale, judicial proceedings, or otherwise, shall be subject to all the charges and burdens affecting the Parcels by virtue of this Agreement.

13. **General Provisions**

13.1 **Rights of Successors.** The easements, restrictions, benefits, covenants and obligations hereunder shall create mutual benefits and servitudes upon the Parcels running with the land. This Agreement shall bind and ensure to the benefit of the parties hereto, their respective heirs, personal representatives, tenants, successors, and/or assigns. The singular number includes the plural, any general includes all other genders, and "person" includes individuals, corporations, firms and other organizations.

13.2 **Interpretation.** Grammatical variations of any terms defined herein shall be included within the meaning of such defined terms; words importing the singular number shall include the plural and *vice versa*; words importing the masculine gender shall include the feminine and neuter genders; references to a statutory enactment shall be a reference to such enactment as at the date of this Agreement, as amended or replaced from time to time; references to an agreement shall be a reference to such agreement as at the date of this Agreement, as amended or replaced from time to time.

13.3 **Severability.** If any paragraph, subparagraph, clause or subclause, easement, covenant, restriction, condition or other provision hereof is judged invalid or unenforceable, the same shall be severable herefrom and be ineffective to the extent of such invalidity or unenforceability but shall not affect the validity or enforceability of any other paragraph, subparagraph, clause or subclause, easement, covenant, restriction, condition or other provision of this Agreement or constitute any cause of action in favour of any Owner as against another.

13.4 **Paragraph Headings.** The paragraph headings herein contained are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this document nor in any way affect the terms and provisions hereof.

13.5 **Document Execution and Change.** It is agreed that once this document is fully executed and delivered that it contains the entire agreement between the parties hereto and that, in executing it, the parties do not rely upon any statement, promise or representation not herein expressed and this document once executed and delivered shall not be modified, changed or altered in any respect except by a writing executed and delivered in the same manner as required for this document.

13.6 **Notices.** Any notice, demand or request which any party shall give to any other party shall be sufficiently given if served personally, by courier or by facsimile transmission:

13.6.1 in the case of the Parcel I Owner, to its address on the Certificate of Title to Parcel I; provided that, for so long as Safeway is Parcel I Owner, such notices, demands or requests may be served personally, by courier or transmitted by facsimile to the following address:

Canada Safeway Limited
1020-64th Avenue N.E.
Calgary, AB T2E 7V8
Attention: Vice President, Real Estate, Construction and Design
Fax No.: (403) 730-3555; and

13.6.2 in the case of the Parcel II Owner, to its address on the Certificate of Title to Parcel II; provided that, for so long as Sunstone is the Parcel II Owner such notices, demands or requests may be served personally, by courier or transmitted by facsimile to the following address:

Sunstone (City Gate) Holdings Ltd.
Suite 910, 925 West Georgia Street
Vancouver, British Columbia, V6C 3L2
Attention: Darren Lotoski - President
Fax No.: (604) _____

The date of the receipt of any such notice served personally, by courier or by facsimile transmission as aforesaid, shall be the date of delivery thereof to the addressee. Any party may at any time give notice in writing to the other parties hereto of any change of address of the party giving such notice and from and after the giving of such notice, the address herein specified shall be deemed to be the address of such party for the giving of such notices herein.

13.7 **Further Assurances.** Each Owner shall, at the reasonable request of another Owner, from time to time execute and deliver all deeds, documents and writings and do other acts and things as may be required or desirable to carry out the true intended meaning of this Agreement.

13.8 **Relationship of Parties.** Nothing herein contained shall be deemed or construed by the parties hereto or by any other party as creating the relationship of partnership or joint venture between the parties hereto.

13.9 **Consents.** Wherever in this Agreement the agreement, consent or approval or any Owner is required at any time, such agreement, consent or approval to be valid and binding, must be in writing, must specify in detail the agreement, consent or approval being given and must make specific reference to the particular section, subsection, paragraph, subparagraph, clause or subclause of this Agreement pursuant to which the agreement, consent or approval is given.

13.10 **Non-merger.** The provisions of this Agreement shall not merge or be extinguished if possession of, title to or ownership of the Parcels or any Parcel, or any estate or interest therein, becomes vested in the same person and, notwithstanding the foregoing, if any such merger or extinguishment shall occur by operation of law or otherwise, and possession of title to or ownership of the Parcels or any Parcel, or any estate therein, as the case may be, shall thereafter be separated or divested from such common person, then in such event the provisions of this Agreement shall continue in force and effect.

13.11 **Waiver.** No waiver by an Owner of the strict performance of any easement, covenant or restriction or other provision of this Agreement shall be effective unless such waiver is in writing signed by the Owner granting such waiver. No consent or waiver by an Owner to or of any breach or default by any other Owner in the performance by such other Owner of its obligations hereunder shall be deemed to be or construed to be a consent or waiver to or of any other breach or default in the performance by such other Owner hereunder. Failure on the part of an Owner to complain of any act or failure to act of any other Owner or to declare the other Owner in default, irrespective of how long such failure such continues, shall not constitute a waiver by the first Owner of its rights hereunder. No failure, omission or delay on the part of any Owner in exercising any right, power or privilege hereunder, and no partial exercise thereof, shall impair such right, power or privilege or operate as a waiver thereof.

13.12 **Registration.** Safeway and Sunstone shall be entitled to register this Agreement or a caveat in respect hereof against title to the Parcels and each and every Parcel from time to time subdivided therefrom, as servient tenements, forthwith upon execution and delivery of this Agreement by Sunstone and Safeway.

13.13 **Counterparts.** This Agreement may be executed in counterpart, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement.

13.14 **Jurisdiction.** This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract.

IN WITNESS WHEREOF, Safeway and Sunstone have duly executed this Agreement all as of the day and year first above written.

SUNSTONE (CITY GATE) HOLDINGS LTD.

Per: _____

Per: _____

CANADA SAFEWAY LIMITED

Per: _____

Per: _____

SCHEDULE "A"

Legal Description of Parcel I, means collectively:

Firstly:

PARCEL IDENTIFIER: 026-778-254
LOT B DISTRICT LOT 28 GROUP 2 NEW WESTMINSTER DISTRICT PLAN BCP25165

Secondly:

PARCEL IDENTIFIER: 026-778-271
LOT D DISTRICT LOT 28 GROUP 2 NEW WESTMINSTER DISTRICT PLAN BCP25165

Legal Description of Parcel II, means collectively

Firstly:

PARCEL IDENTIFIER: 026-778-246
LOT A DISTRICT LOT 28 GROUP 2 NEW WESTMINSTER DISTRICT PLAN BCP25165

Secondly:

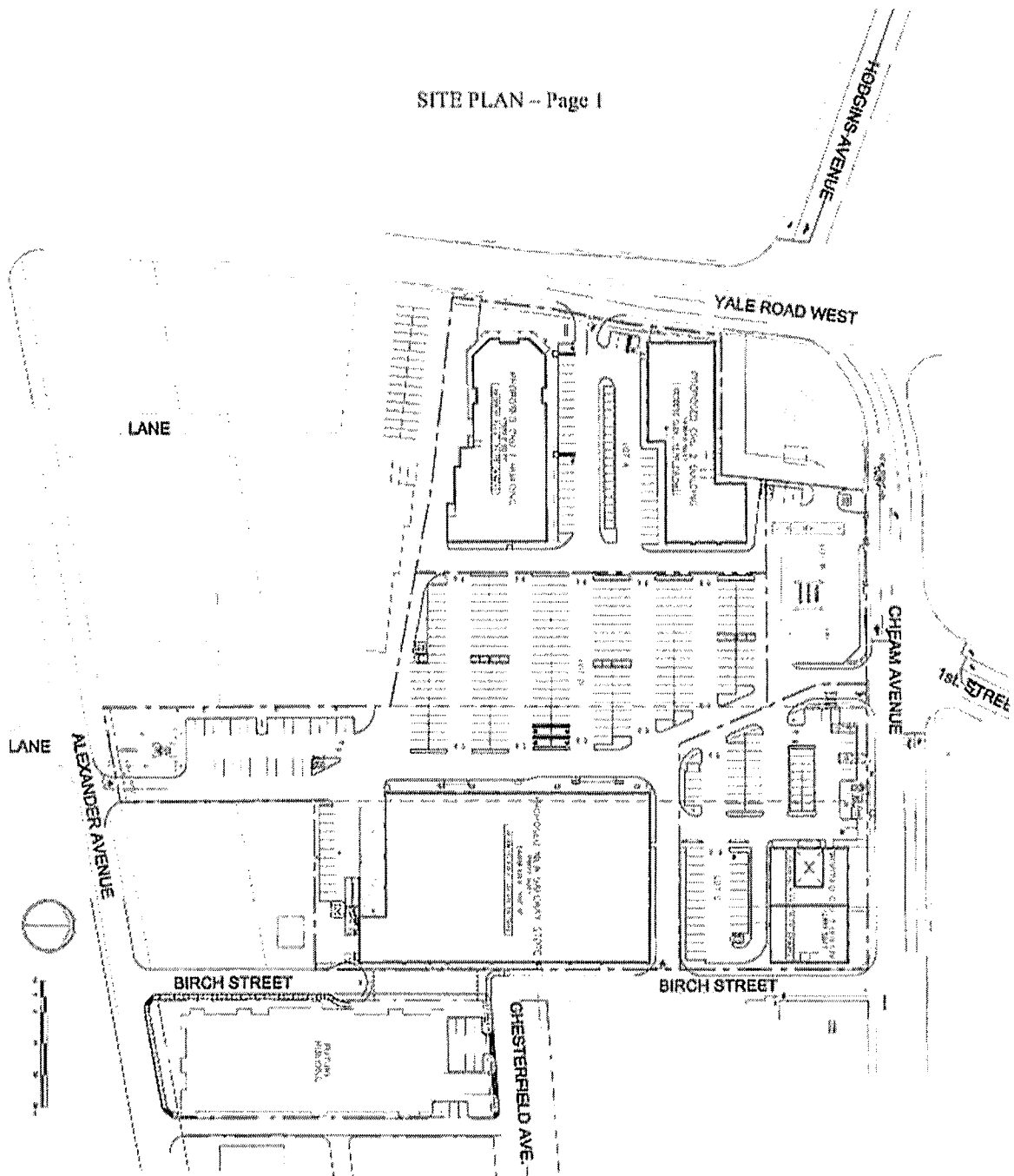
PARCEL IDENTIFIER: 026-778-262
LOT C DISTRICT LOT 28 GROUP 2 NEW WESTMINSTER DISTRICT PLAN BCP25165

SCHEDULE "B"

Site Plan (attached)

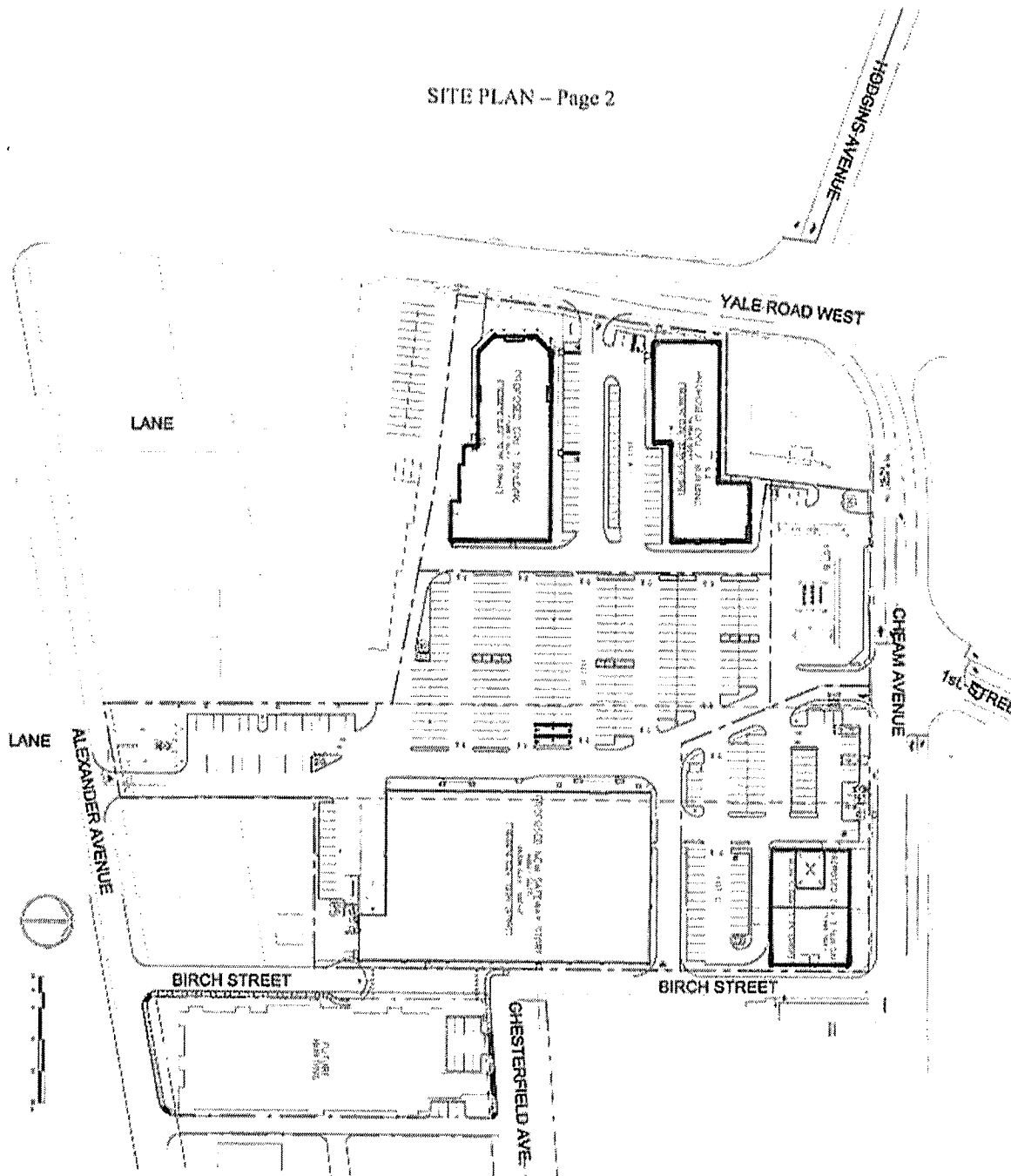
<u>Section</u>	<u>Description</u>	<u>Coding</u>
1.1	Building Areas on Parcel II	Outlined in thick black ink on page 2
3.2	Common Areas on Parcel II	shown on page 1
5.6.1	Locations of existing signs	shown on page 1
5.6.3	Location of Existing pylon sign	shown on page 1

SITE PLAN -- Page 1



<p>DATE: 10/1/2010</p>	<p>BY: [Signature]</p>	<p>THE SAFETY-SHIELD CEILING CHALLENGER CHEMICAL CO. 3000-200-1000 PROJECT NO. 2009-200-1000 1000-200-1000 1000-200-1000</p>	<p>DATE: 10/1/2010</p>	<p>DATE: 10/1/2010</p>	<p>DATE: 10/1/2010</p>	<p>DATE: 10/1/2010</p>	<p>DATE: 10/1/2010</p>	<p>DATE: 10/1/2010</p>
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SITE PLAN - Page 2



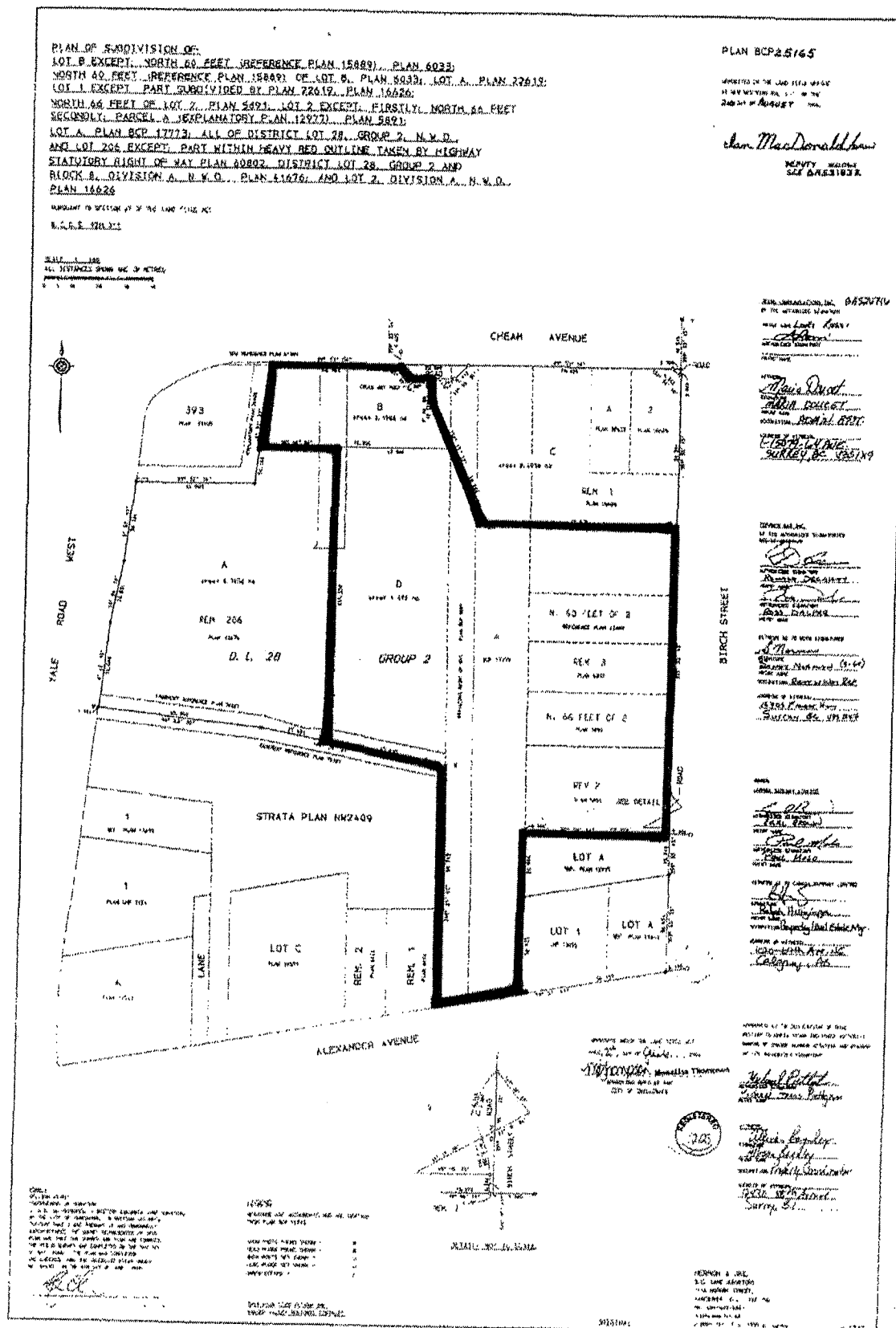
	<p>THE GREENWAY SHOPPING CENTER CHILMARK 1000-1000-1000 PROJECT NO. 2000-200-200 1000-1000-1000 1000-1000-1000</p>		<p>1000-1000-1000 1000-1000-1000 1000-1000-1000 1000-1000-1000</p>	
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SCHEDULE "C"

Survey Plan (attached)

<u>Section</u>	<u>Description</u>	<u>Coding</u>
1.13	Parcel I	Outlined in thick black ink on page 1
1.14	Parcel II	Outlined in thick black ink on page 2

SURVEY PLAN - Page 1





SCHEDULE "D"

ACKNOWLEDGEMENT AND COVENANT AGREEMENT

WHEREAS:

A. The undersigned is, or is entitled to become, the Owner of a parcel of land situate in the City of ● which is legally described as:

- (the "Parcel").

B. The Parcel is adjacent to a parcel of land also situate in the City of ● which is legally described as:

- (the "Adjacent Lands").

C. All of the Owners of the Adjacent Lands and of the Parcel (other than the undersigned) are bound by an agreement entitled "Easement, Covenant and Restriction Agreement" dated ●, (the "Agreement") and is registered against the certificates of title to the Adjacent Lands and to the Parcel.

D. The Parcel is subject to the Agreement and it is a condition of the acquisition of an interest in the Parcel that the undersigned, among other things, acknowledges that it is bound by the Agreement in respect of the Parcel.

NOW THEREFORE THIS ACKNOWLEDGEMENT AND COVENANT AGREEMENT WITNESSETH THAT in consideration of the mutual promises and agreements contained in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned acknowledges to, and covenants and agrees with, each other Owner as follows:

1. **Definitions:** The capitalized terms employed herein and not otherwise defined shall have the meaning attributed thereto in the Agreement.

2. **Acknowledgement and Agreement:** The undersigned acknowledges that it is bound by the Agreement in respect of the Parcel from and after the transfer or conveyance of the Parcel to the undersigned, and, for better evidencing the same but without in any way limiting the fact that the easements, covenants and restrictions in the Agreement bind and run with the Parcel, the undersigned agrees to assume, be bound by, and to observe, perform and fulfil each and every easement, covenant, restriction, agreement, term, condition and stipulation on the part of an Owner as set out in the Agreement as if the undersigned had been named as an Owner in the Agreement in respect of the Parcel, effective from and after the transfer or conveyance of the Parcel to the undersigned.

3. **Ratification:** This Acknowledgement and Covenant Agreement shall be annexed to and shall supplement and shall be construed as part of the Agreement, and the undersigned confirms and ratifies the Agreement as so annexed, supplemented and construed.

4. **Enurement:** This Acknowledgement and Covenant Agreement shall enure to the benefit of and be binding upon the Owners and their respective successors and permitted assignees under the Agreement.

IN WITNESS WHEREOF the undersigned has executed this Acknowledgement and Covenant Agreement as of ●.

OWNER

Per: [Form Only - Do Not Sign]

END OF DOCUMENT

