

APPENDIX 5B (HCPP)

LENDER ENDORSEMENTS

Notwithstanding any other provision of this Coverage Agreement, the following endorsement shall apply:

Section I: Definitions

1. In this endorsement:

Authority means Children's and Women's Health Centre of British Columbia Branch;

Effective Date means April _____, 2014:

Finance Parties means the Indenture Trustee and the Senior Lenders;

Indenture Trustee means BNY TRUST COMPANY OF CANADA as indenture trustee for the Senior Lenders;

Insurance Proceeds Account means the account described as such in the Trust Indenture;

Insured means those parties so described in the policy declarations;

Insurers means the insurer or insurers underwriting this insurance policy;

Project means the project described in the declarations to this Policy;

Project Co means Affinity Partnerships;

Senior Lenders means the Bondholders (as that term is used in the Trust Indenture); and

Trust Indenture means the Trust Indenture dated as of the Effective Date between Project Co and the Indenture Trustee as indenture trustee.

Section II: Coverage Agreement formation/basis

2. Separate Coverage Agreement

All the provisions of this Coverage Agreement (except for those relating to limits of liability) shall operate as if there were a separate Coverage Agreement covering each HCA. Accordingly, the liability of the Program under this Coverage Agreement to any one of the HCA shall not be conditional upon the due observance and fulfilment of any other HCA of the terms of this Coverage Agreement and of any duties imposed upon it relating thereto and shall not be affected by any failure in such observance or fulfilment of any such other HCA.

3. Interest of the Finance Parties and the Authority

- 3.1 The Program acknowledges that the Finance Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional interests under this Coverage Agreement.
- 3.2 The Program acknowledges that the Authority and (in respect of third party liabilities) its officers, directors, employees, secondees and assigns are each additional interests under the sections of this Coverage Agreement relating to property damage and third party liability losses.

4. Disclosure

- 4.1 The Finance Parties shall have no duty of disclosure to the Program in relation to the Coverage Agreement. Nevertheless, on the written request of the Program, the Finance Parties shall provide the Program with access to any relevant due diligence report(s) commissioned by the Finance Parties relating to the Project and the Program shall keep such report(s) confidential and shall accept such information without rights of recourse against the party / parties that prepared the said reports.
- 4.2 The Program acknowledges to the Finance Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring Project Co in respect of the risks hereby covered on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by Program in respect of their decision to cover the Finance Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Coverage Agreement, they have not relied upon or taken into account any information supplied to them by any Finance Party. The acknowledgements provided by the Program in this clause 4.2 shall have no effect on any rights that Program might have had under or in relation to the Coverage Agreement against any party (including Project Co) other than the Finance Parties and the Indenture Trustee in the absence of such acknowledgements.
- 4.3 Non-disclosure or misrepresentation by one party of the HCA shall not be attributable to any other party of the HCA who did not actively participate in that non-disclosure or misrepresentation. Without prejudice to the protections afforded to the HCA by this endorsement, no one HCA represents or warrants the adequacy or accuracy of any information provided or representation made by or on behalf of any other HCA.

Section III: Rights to avoid / cancel or change Coverage Agreement terms

5. Non-vitiation

- 5.1 The Program undertakes to each HCA party that the Coverage Agreement will not be invalidated as regards the rights and interests of such HCA party and that the Program will not seek to avoid any liability under this Coverage Agreement to such HCA party because of any act, neglect, error or omission made by any other HCA party, including any failure by any other HCA party to disclose any material fact, circumstance or occurrence, any misrepresentation by any other HCA party or any breach or non-fulfilment by any other HCA party of any condition, warranty or provision contained in the Coverage Agreement.

5.2 The Program agrees that no HCA party shall be penalised or prejudiced in any way by any unintentional or inadvertent misrepresentation, non-disclosure, want of due diligence or breach of any declaration, terms, condition or warranty of this Coverage Agreement (together "the Relevant Matter"), but that this shall not apply as regards the individual HCA party responsible for the Relevant Matter if that HCA party fails to notify the Program as soon as reasonably practicable after the management or managers of that HCA party become aware or are made aware of the Relevant Matter.

6. Cancellation

6.1 The Programs shall promptly notify the Indenture Trustee and the Authority in writing in the event of any

6.1.1 suspension, cancellation, termination; or

6.1.2 non-renewal of this Coverage Agreement by the Program or by the HCA. The cover provided by this Coverage Agreement shall continue in force and unaltered for at least 30 days after written notice of such suspension, cancellation, termination or non-renewal is given to the Indenture Trustee and the Authority. Nothing in this clause shall give the Program any right to suspend, cancel or terminate this Coverage Agreement which the Program does not otherwise have under this Coverage Agreement.

7. Changes in cover

The Program shall give the Indenture Trustee and the Authority at least 30 days notice in writing before any reduction in cover or increase in excess or deductible under this Coverage Agreement takes effect. Nothing in this clause shall give the Program any right which it did not otherwise have to reduce cover or increase any excess or deductible under this Coverage Agreement.

8. Amendments to Endorsement

During the term of this Coverage Agreement, the provisions of this endorsement may only be amended by written agreement between Project Co, the Program and the Indenture Trustee, such amendment to be negotiated in good faith by such parties, acting reasonably, and endorsed on the Coverage Agreement.

Section IV: Claims

9. Notice of claims

Notice of claim by the Authority or the Finance Parties or any other party entitled to indemnity under the Coverage Agreement shall, in the absence of manifest error, be accepted by Program as a valid notification of claim on behalf of all other HCAs subject to the full terms of the Coverage Agreement.

10. Claim Payments/Loss Payee

Payments made in accordance with this Clause 10 shall, to the extent of the payment, discharge the Program's liability to pay Project Co or any other HCA party.

10.1 In respect property and boiler and machinery risks only

All claim payments or return premium shall be paid into the Insurance Proceeds Account.

10.2 In respect of the coverage under this Coverage Agreement of third party liability risks only

All claim payments in respect of a third party liability shall be paid to person(s) whose claim(s) constitute the risk or liability covered against except in the case where the HCA party has properly discharged its liability to such person(s) and the Program has investigated such claim and agreed to the amount of such claim payment or settlement, in which case the claim payment shall be paid to the Insurance Proceeds Account

10.3 In respect of the coverage under this Coverage Agreement of loss of revenue risks only

All claim payments shall be paid to the Insurance Proceeds Account.

10.4 Set-off

Program shall not set off or deduct any amounts payable by Project Co under or in relation to the Coverage Agreement.

11. Waiver of subrogation

The Program waives all rights of subrogation howsoever arising which they may have or acquire against any HCA party described within the appropriate Schedules arising out of any occurrence in respect of which any claim is admitted and is covered hereunder for the benefit of such HCA party except against any:

- (i) such HCA party (or officer, director, employee, agent or assign) who has caused or contributed to such an occurrence or claim by fraud, deliberate misrepresentation, deliberate non-disclosure or deliberate breach of Coverage Agreement condition;
- (ii) such HCA party to the extent that they are entitled to recover in respect of a loss under cover falling within sub-clause 12(a)–(e) below (or would be so covered if cover in the terms set out in this Coverage Agreement had not been taken out).

12. Primary Coverage

The Program agrees that this coverage agreement provides the primary cover for risks covered under this Coverage Agreement. In the event that any risk covered under this Coverage Agreement is also covered under any other coverage agreement or policy of insurance effected by any HCA party, the Programs agrees to indemnify the HCA party as if such other coverage or insurance did not exist except in respect of:

- (a) excess layers of third party cover effected specifically for the Project;
- (b) any third party liability claim against the HCA party which exceeds the applicable limit of indemnity under this Coverage Agreement, in which case the liability of the Program for

additional legal costs and expenses shall be limited to the proportion that the applicable limit of indemnity bears to the total claim against the HCA party;

- (c) any claim made under a Contingent Motor Liability extension (if any) to this Coverage Agreement, if any; or
- (d) any claim relating to a loss which is covered against (or would be covered but for a double insurance provision or similar or the application of a deductible) under:
 - (i) any other coverage or insurance specifically effected for the Project; or
 - (ii) a latent or inherent defects coverage or insurance, or engineering or mechanical breakdown coverage or insurance, specifically effected for the Project;
 or a related business interruption coverage or policy of insurance .

Section V: Miscellaneous

13. Notice of Security Interest

The Program acknowledges that by an assignment contained in a general security agreement dated on or about the Effective Date (the "Assignment"), Project Co assigned by way of security to the Finance Parties all benefits and rights in respect of this Coverage Agreement and all claims in respect thereof to which the HCA is or may at a future time become entitled. The Program confirm that they have not been notified of any other assignment of or security interest in Project Co's interest in this Coverage Agreement.

14. Notice

14.1 All notices or other communications under or in connection with the Coverage Agreement will be given by fax and post. Any such notice given by Program will be deemed to be given on the earlier of:

14.1.1 if by fax, when transmitted but only if the sender's fax machine confirms successful transmission; and

14.1.2 if by post, within 2 business days of release from the Program's office.

14.2 The address and fax number of the Indenture Trustee for all notices under or in connection with the Coverage Agreement are those notified from time to time by the Finance Parties for this purpose to the Program. The initial address and fax number of the Indenture Trustee is as follows:

Address: 320 Bay Street, 11th Floor
Toronto, Ontario M5H 4A6

Fax No: 416-360-1611

Attention: Corporate Trust Administration

14.3 The address and fax number of the Authority for all notices under or in connection with the Coverage Agreement are those notified from time to time by the Authority for this purpose to the Program. The initial address and fax number of the Authority is as follows:

Address: c/o Provincial Health Services Authority
700-1380 Burrard St.
Vancouver, BC V6Z 2H3

Fax No.: 604-708-2700

Attention: Arden Krystal, Chief Operating Officer

15. Governing law & Jurisdiction

The Coverage Agreement shall be governed and interpreted in accordance with the Law of British Columbia.

This endorsement overrides any conflicting provision in this Coverage Agreement.