

LEASE

THIS INDENTURE dated for reference the 9TH day of SEPTEMBER 2016

BETWEEN:

NEIL SANDY AND CHRISTINA SANDY

(hereinafter called the "Landlord") **OF THE FIRST PART AND:**

Tony Browton and Paul Haldane

(hereinafter called the "Tenant") **OF THE SECOND PART**

WHEREAS the Landlord is the registered owner of all and singular these certain parcels or tracts of land and premises situate at #2-292 Gower Point Road and being more particularly known and described as UNIT #2 GOWER GARDENS

PID: 023-709-537

Lot SL 2
Block
District Lot 686
Plan LMS 2723

and the said lands and premises are hereinafter collectively called the "Lands".

WITNESSETH that in consideration of the rents covenants and agreements herein contained to be paid, observed and performed by the Tenant, the Landlord does hereby demise and lease unto the Tenant a portion of the Lands hereinafter described on the terms and conditions hereinafter set forth.

1. DEMISE OF PREMISES

1.01 The premises demised and leased hereunder are and consist of that portion of the building on the Lands (the "Building") described and outlined in black on the plan attached hereto as Schedule "A"

(hereinafter referred to as the "Premises")

1.02 Whenever in this Lease reference is made to the Premises, it shall include all structures, improvements and erections in or upon the Premises or any part thereof.

2. TERM / QUIET ENJOYMENT

2.01 (a) **TERM:**-The term of this Lease (the "Term") shall be THREE YEARS and shall commence on September 9TH 2016 and end on september 9TH 2019.

(b) **QUIET ENJOYMENT:** – The Landlord covenants with the Tenant for quiet enjoyment, for so

long as the Tenant is not in default hereunder, and except as provided herein.

3. RENT

Rent:- The Tenant covenants and agrees that the rent payable by the Tenant to the Landlord over the Term shall be as follows:

The Tenant shall pay to the Landlord for the calendar year of 2016, \$1465 plus 5% GST per month (1538.25)

The Tenant shall pay to the Landlord for the calendar year of 2017, \$1498 plus 5% GST per month (1572.90)

The Tenant shall pay to the Landlord for the calendar year of 2018, \$1528 plus 5% GST per month (1604.40)

The Tenant shall pay to the Landlord for the calendar year of 2019 up to Sept 9th, \$1558 plus 5% GST per month (\$1635.90)

Rent is due and payable on the 1st day of each month.

Tenant to provide the landlord with post dated cheques or other payment method agreeable to the landlord. __

4. BUSINESS TAXES

4.01 During and throughout the Term of this Lease, the Tenant covenants and agrees to pay as the same become due all business taxes and license fees levied or charged on or against the Tenant and the Premises in connection with any business carried on upon the Premises by the Tenant.

5. UTILITY COSTS

5.01 During and throughout the Term of this Lease, the Tenant covenants and agrees to pay as the same become due all costs and charges which are levied, charged or assessed directly against the Premises including, but without limiting the foregoing, all utility costs which are levied, charged or assessed directly against the Premises.

6. COVENANT TO PAY RENT

6.01 The Covenant:- The Tenant covenants to pay Rent and all other costs and charges required to be paid by the Tenant in accordance with the terms and conditions of this Lease as herein provided, including GST at such place as the Landlord may direct.

6.02 Interest on Default:- If the Tenant fails to pay when due and payable any amount of Rent or any of the other costs and charges required to be paid by the Tenant in accordance with the terms and conditions of this Lease, the unpaid amount will bear interest from the due date to the date of payment at the rate of 24% per annum.

7. REPAIRS

7.01 Building Repairs:- If the Building, boilers, engines, pipes and other apparatus (or any of them) used for the purpose of climate control of the Building or operating the elevators, or if the water pipes, drainage pipes, electric lighting or other equipment of the Building or the roof or outside walls of the Building get out of repair or become damaged or destroyed through the negligence, carelessness or misuse of the Tenant, the Tenant's servants, agents, employees or anyone permitted by the Tenant to be in the Building, or through the Tenant in any way stopping up or injuring the heating apparatus, elevators, water pipes, drainage pipes or other equipment, or part of the Building, the cost of the necessary repairs shall be borne by the Tenant who shall pay the same to the Landlord as Additional Rent within seven (7) days of the Landlord making demand for payment.

7.02 Repairs of Premises:- During and throughout the Term of this Lease, the Tenant covenants and agrees, at its own cost and expense, to maintain and keep the Premises and every part thereof in good order and condition, (other than repairs of a capital nature, including without limitation, the roof and the structure of the premises), reasonable wear and tear excepted, and to promptly, at the Tenant's own cost and expense, make all necessary repairs, to the interior of the Premises; provided, however, that nothing herein shall be construed to make the Tenant liable to repair any damage resulting from a structural or foundational deficiency in the original design of the Premises; or for damage to the Premises caused by water or fire

originating in or coming from other premises or any common area of the Building . TENANT IS ALSO RESPONSIBLE FOR THE REPAIR AND MAINTENANCE OF THE DEEP FRYER HOOD FAN AND HOOD STACK FAN AND MOTOR ON ROOF

7.03 Burglary or Forced Entry:- During and throughout the term of this Lease, the Tenant covenants and agrees at its own cost and expense to remedy and repair all damage caused to the Premises or any part thereof by burglary or forced entry.

7.04 Painting:- During and throughout the term of this Lease, the Tenant covenants and agrees at its own cost and expense to paint the inside of the Premises at least once during the term of the Lease, if requested to do so by the landlord.

8. ACCEPTANCE OF PREMISES

8.01 Condition of Premises:- The Tenant acknowledges that the Premises are in good condition and repair at the date of commencement of the term of the Lease. The Tenant agrees that there is no promise, representation or undertaking by or binding upon the Landlord with respect to any alteration, remodeling or redecoration of or installation of equipment or fixtures in the Premises, except such, if any, as are expressly set forth in this Lease.

8.02 Garbage:- During and throughout the term of this Lease, the Tenant agrees that the Premises and every part thereof shall be kept in a clean and tidy condition and no waste paper, garbage, ashes, waste or objectionable material shall be permitted to accumulate therein. The tenant agrees not to leave garbage or any other materials in the loading bay area with the exception of a dumpster bucket.

8.03 The tenant is responsible for controlling odours that may arise from the dumping of garbage in the tenants dumpster bucket and if requested by the landlord or the Strata Corporation will take extra measures beyond the usual to eliminate such odours.

8.04 The tenant is responsible to maintain and repair the tenants exterior equipment, ie the hoodfan motor, and to keep it in such a condition as it does not cause noises or vibrations in excess of what is normal for such equipment when properly maintained.

9. NOTICE OF DAMAGE

9.01 The Tenant will give the Landlord prompt written notice of any damage to the Premises, the Building or the Lands, or any part thereof, however caused.

10. ALTERATIONS

10.01 Improvements:- During and throughout the term of this Lease, the Tenant covenants and agrees that improvements, including, but not being limited to partitions, shall not be erected upon or within the Premises without the written consent of the Landlord first being obtained, which consent may not be arbitrarily withheld or delayed.

10.02 Structural Changes:- During and throughout the term of this Lease, the Tenant covenants and agrees that no structural alterations or changes shall be made to the Premises without first obtaining the written consent of the Landlord, which consent may be arbitrarily withheld.

10.03 Erection of Improvements:- It is understood and agreed that any improvements placed or erected upon or within the Premises shall become a part thereof, shall not be removed except in accordance with this Lease and shall be subject to all provisions of this Lease.

10.04 Alteration of Building:- The Landlord hereby reserves the right at any time and from time to time to make changes in, additions to, subtractions from or rearrangements of the Lands and/or the Building, including, without limitation, all improvements at any time thereon, all entrances thereto and exits therefrom, and to grant, modify and terminate easements or other agreements, pertaining to the use and maintenance of all or parts of the Lands and the

Building (the "Landlord Alterations") so long as the Landlord's Alterations do not unreasonably and materially interfere in the Tenant's business.

10.05 Alteration of Pipes:- The Landlord shall have the right to use and make changes or additions to the pipes, wires, conduits and ducts in the Premises where necessary to serve other premises in the Building but not in any way as to interfere materially with the use and enjoyment of the Premises and the Landlord shall repair any damage to the Premises so caused. The Tenant shall not unduly obstruct such pipes, conduits, and ducts in the Premises so as to prevent reasonable access thereto.

10.06 Glass:- The Tenant shall pay the cost of replacement of any glass broken on the Premises including outside windows and doors of the perimeter of the Premises during the term of this Lease, with glass of the same color and quality, unless the glass shall be broken by the Landlord, its servants, employees, or agents on its behalf.

11. UTILITIES

11.01 The Tenant will not install equipment that will exceed or overload the utility facilities of the Premises and the Building and agrees that if equipment installed by the Tenant requires additional facilities, they will be installed at the Tenant's expense in accordance with plans and specifications approved by the Landlord prior to installation and the Tenant will bear the cost of maintaining and using such equipment.

11.02 The Landlord will not be liable to the Tenant for damages or otherwise for an interruption in the supply of utilities or services to the Premises.

12 LEASEHOLD IMPROVEMENTS AND TENANTS FIXTURES – (SEE ADDENDUM RE FIXTURES)

12.01 All Leasehold Improvements in, on, for, or which serve, the Premises, shall immediately become the absolute property of Landlord upon affixation or installation, without compensation therefor to Tenant, but Landlord shall have no obligation to repair, replace, operate, maintain, insure or otherwise be responsible for them, all of which shall be Tenant's responsibility. No Leasehold Improvements or Trade Fixtures shall be removed by, or on behalf of, Tenant from the Premises either during or at the expiration or earlier termination of this Lease, except that:

(a) Tenant may during the Term in the usual course of business and with the prior consent of the Landlord remove its Trade Fixtures from the Premises, if such Trade Fixtures have become excess for Tenant's purposes or if Tenant is substituting new and similar Trade Fixtures therefor, but only if in each case (1) Tenant is not in default under this Lease; and (2) such removal is done at Tenant's sole cost and expense; and;

(b) Tenant shall, at the expiration or earlier termination of this Lease, at its own cost and expense, remove from the Premises all its Trade Fixtures and such Leasehold Improvements as Landlord at its option, acting reasonably, upon notice to the Tenant, requires to be removed.

12.02 If the Tenant does not remove its Trade Fixtures at the expiration or earlier termination of the Term pursuant to (a) above, the Trade Fixtures shall, at the option of the Landlord, thereupon become the property of the Landlord, without compensation to the Tenant and without notice to the Tenant, and Landlord may enter the Premises and remove such Trade Fixtures, without liability on the Landlord's part, at Tenant's reasonable expense, which shall be paid by Tenant to Landlord on demand as Additional Rent, and such Trade Fixtures may, without notice to Tenant or to any other person and without obligation to account for them, be sold, destroyed, disposed of or used by Landlord in such manner as the Landlord determines, or may be stored in a public warehouse or elsewhere, all at the Tenant's expense to be paid by the Tenant to the Landlord on demand as Additional Rent.

12.03 If the Tenant does not remove the Leasehold Improvements requested by Landlord at the expiration or earlier termination of this Lease pursuant to 12.01(b) above, Landlord may, without liability on Landlord's part, and without notice to Tenant, enter the Premises and remove such Leasehold Improvements at Tenant's reasonable expense, which shall be paid by Tenant to Landlord on demand as Additional Rent, and such Leasehold Improvements may, without notice to Tenant or to any other Person and without obligation to account for them, be

sold, destroyed, disposed of or used by Landlord in such manner as Landlord determines, or may be stored in a public warehouse or elsewhere, all at Tenant's expense, which shall be paid by Tenant to Landlord on demand as Additional Rent.

12.04 The Tenant, at its expense, shall, in the case of every such installation or removal, either during or at the expiration or earlier termination of this Lease, effect such installation or removal and immediately make good any damage caused to the Premises by the installation or removal of any such Trade Fixtures or Leasehold Improvements.

12.05 Notwithstanding anything contained in this Lease, the Tenant:

- (i) retains a leasehold interest in the Leasehold Improvements;
- (ii) is entitled to all rights of depreciation of the Leasehold Improvements to the extent to which the Tenant is entitled under the Income Tax Act, and
- (iii) has the right to transfer its interest in the Leasehold Improvements to the extent it is permitted under the terms of the Lease to do so, without any cash payment to the Landlord being required.

13. ASSIGNMENT

13.01 The Tenant covenants and agrees that it shall not, during the term of this Lease, assign, transfer or set over or otherwise, by any act or deed, permit the Premises or any part thereof to be assigned, transferred, set over or sublet unto any person or persons whomsoever (the "Assignee") without first obtaining in writing the consent of the Landlord.

13.02 If the Tenant is a corporation or if this Lease is assigned as aforesaid with or without the consent of the Landlord to a corporation and if at any time during the term of this Lease any part or all of the corporate shares or voting rights of shareholders shall be transferred by sale, assignment, bequest, inheritance, trust, operation of law or other disposition, or treasury shares be issued so as to result in a change in the control of said corporation by reason of ownership of greater than fifty percent (50%) of the voting shares of the corporation or otherwise, then and so often as such a change of control shall occur without the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed by the Landlord) the Tenant shall notify the Landlord in writing of such changes and the Landlord shall have the right to terminate this Lease and the term.

13.03 In the event the tenant enters into an contract of purchase and sale for the tenants business the landlord will have the right of first refusal to purchase said business himself for the amount shown in the offer or another amount mutually agreed upon by the landlord and tenant at which time a copy of the contract to purchase will be provided to the landlord and the landlord shall respond to the tenant within 72 hours of receipt of the contract and if the landlord does not respond in 72 hours he is deemed to have waived his right of first refusal.

14. COMPLIANCE WITH ORDERS, ORDINANCES, LAWS, ETC.

14.01 Compliance with Laws: -During and throughout the term of this Lease, the Tenant covenants, at its sole cost and expense to promptly comply with all statutes, codes, laws, acts, ordinances, by-laws, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all authorities whether federal, provincial, municipal OR STRATA CORPORATION, in reference to the condition, maintenance, use or occupation of the Premises or the business or businesses conducted thereon.

14.02 Right to Contest:- Notwithstanding anything herein to the contrary, the Tenant shall have the right to contest by appropriate legal proceedings or by such other lawful manner as the Tenant may determine, either in the name of the Tenant or the Landlord or both, but without cost or expense to the Landlord, the validity of any statute, code, law, act, ordinance, by-laws, order, judgment, decree, injunction, rule, regulation, direction or requirement of the nature hereinbefore referred to, and if by the terms thereof compliance therewith may legally be held in abeyance without the incurrence of any lien against the Premises for failure to comply therewith, the Tenant may postpone compliance therewith until the final determination of the proceedings (including appeals) shall be prosecuted with all diligence and dispatch; and if any lien, charge or encumbrance against the Premises is incurred by reason of non-compliance, the Tenant may nevertheless proceed with the proceedings as aforesaid and delay compliance as

aforesaid, provided that the Tenant shall forthwith furnish reasonable security against any loss by reason of such lien, and shall cause the aforesaid proceedings to be prosecuted before foreclosure of any such lien, charge or encumbrance.

15. LANDLORD'S COVENANTS

15.01 Quiet Enjoyment:- Subject to other provisions contained in this Lease, during and throughout the term of this Lease, the Landlord covenants and agrees that as long as the Tenant pays the Rent hereby reserved and observes the covenants and agreements contained herein, it will not interfere with the Tenant's peaceful and quiet enjoyment of the Premises.

15.02 Parking:- The Tenant has the non-exclusive right to reasonably use the parking areas on the Lands in common with other Tenants. PROVIDED THAT in the event of any dispute between the Landlord and the Tenant or the Tenant and other tenants of the Lands concerning the use of the parking areas, the Landlord shall have the sole right to allocate parking areas among the tenants which decision shall be final and binding upon the tenants. The loading bay is not considered common area and there is no tenant parking permitted in the loading bay.

16. DEFAULT OF TENANT

16.01 Distress:- It is understood and agreed that notwithstanding anything contained in any present or future statute of the Province of British Columbia, taking away or limiting a landlord's right of distress, none of the goods or chattels of the Tenant situate on the Premises at any time during the term of this Lease shall be exempt from levy by distress for Rent in arrears, and that upon any claim being made for such exemption by the Tenant or on distress being made by the Landlord, this covenant and agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to the levying upon any such goods as are named as exempted in such statute or amendment or amendments thereto and all and every benefit that could or might accrue to the Tenant under or by virtue of such statute or amendment or amendments thereto, but for this covenant.

16.02 Right to Re-Enter:- If the Tenant fails to pay Rent that is in arrears within fifteen (15) days after, or keep any one or more of the other terms, conditions or covenants of this Lease to be observed or performed by the Tenant, or if the Tenant or an agent of the Tenant falsifies a report or statement required to be furnished to the Landlord pursuant to this Lease, or if re-entry is permitted under other terms of this Lease, the Landlord in addition to any other right or remedy it may have, will have the right of immediate re-entry and may remove all persons and property from the Premises, and the property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of the Tenant, all without service of notice or resort to legal process and without the Landlord being considered liable for trespass or becoming liable for loss or damage occasioned thereby, PROVIDED THAT the Landlord shall give the Tenant 15 days notice in writing before taking any action allowed herein for deficiencies or breaches set out in this lease other than the non-payment or arrears of rent. Provided that if the default or deficiency is one which cannot reasonably be rectified within 15 days of the Tenant's receipt of notice of such default or deficiency, then the Tenant shall be deemed not to be in default if the Tenant commences rectification of the default or deficiency forthwith upon receipt of notice of such default or deficiency, attends continuously to rectify and does rectify the default or deficiency, even though such rectification may take longer than 15 days after such notice of default is received by the Tenant.

16.03 Bankruptcy of the Tenant: If during the term of this Lease, or part hereof:

- (a) any of the goods or chattels on the Premises are at any time seized or taken in execution or attachment by any creditor of the Tenant;
- (b) a Writ of execution or Replevin Order is issued against the goods and chattels of the Tenant; the Tenant makes an assignment for the benefit of creditors; or takes the benefit of any statute now or hereafter in force relating to bankrupt or insolvent debtors;
- (c) any application, petition, certificate or order is made or granted for the winding up or dissolution of the Tenant, voluntarily or otherwise;

(d) the Premises at any time during the term become vacant in consequence of its abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of Rent, Additional Rent, breach of covenant or any other cause;

(e) the Tenant does not within five (5) days after notice in writing from the Landlord, rectify or correct any non-performance of any terms, conditions or covenants of this Lease to be observed or performed by the Tenant;

(f) any insurance policy insuring the Landlord is cancelled by reason of those use and occupation of the Premises or any part thereof;

(g) the Tenant, without the written consent of the Landlord, abandons or attempts to abandon the Premises, or sells or disposes of goods or chattels of the Tenant or removes any of them from the Premises to there would not, in the event of abandonment, sale or disposal, be sufficient goods on the Premises subject to distress to satisfy all rental due or accruing due hereunder; or

(h) the Premises are used by any persons other than those entitled to use the Premises under the terms of this Lease, without the prior written consent of the Landlord;

then the current month's Rent and the next ensuing three months' Rent immediately will become due and payable as accelerated rent and the Landlord may re-enter and take possession of the Premises and the Leases, at the option of the Landlord, forthwith will become forfeited and determined. No payment or acceptance of Rent subsequent to any event of default aforesaid, shall give the Tenant the right to continue the occupation of the Premises, or in any way effect the remedies of the Landlord as herein provided or have the effect of reinstating this Lease. In every one of the cases above mentioned, the accelerated Rent may be recovered by the Landlord in the same manner as Rent hereby reserved and in arrears and the option will be considered to have been exercised if the Landlord or its agents give notice to that effect to the Tenant.

16.04 Landlord's Right to Perform Tenant's Covenants:- It is understood and agreed that in the event the Tenant shall fail to perform or cause to be performed any covenants, agreements and obligations of the Tenant, as contained in this Lease, the Landlord shall have the right (but shall not be obligated) to perform the same or cause to be done such things as may be necessary or incidental thereto (including, without limiting the foregoing, the right to make repairs, installations, erections and expend money) and all payments, expenses, charges, fees and disbursements incurred or paid by or on behalf of the Landlord in respect thereof shall be paid by the Tenant to the Landlord forthwith and shall bear interest at the rate of 24% per annum from the date the same shall be incurred by the Landlord until paid by the Tenant.

16.05 Legal Expenses:- If the Landlord brings an action against the Tenant arising from an alleged breach of the covenant or condition in the Lease to be complied with by the Tenant and a court establishes that the Tenant is in breach of the covenant or condition, the Tenant will pay to the Landlord all expenses reasonably incurred by the Landlord in the action including all legal fees on a solicitor and client basis.

17. REMEDIES OF THE LANDLORD AND WAIVER

17.01 Remedies of the Landlord Cumulative:- No exercise of a specific right or remedy by the Landlord precludes it from or prejudices it in exercising any other right or pursuing another remedy or maintaining an action to which it may otherwise be entitled, either at law or in equity.

17.02 Waiver:- The waiver by the Landlord of a breach of a term, covenant or condition of this Lease will not be considered to be a waiver of a subsequent breach of the term, covenant or condition, or another term, covenant or condition. The subsequent acceptance of Rent by the Landlord will not be considered to be a waiver of a preceding breach by the Tenant of a term, covenant or condition of this Lease, regardless of the Landlord's knowledge of the preceding breach at the time of acceptance of the Rent. No covenant, term or condition of this Lease will be considered to have been waived by the Landlord unless the waiver is in writing signed by the Landlord.

18 INSURANCE

18.01 Insurance Held by the Tenant:- The Tenant will take out and keep in force throughout the term of this Lease and during such other time as the Tenant occupies the Premises or a part thereof, insurance in excess of insurance held by the Landlord AND/OR THE STRATA CORPORATION and without limiting the foregoing:

- (a) comprehensive general liability insurance in an amount of not less than Two Million Dollars (\$2,000,000.00) for any one claim, against claims for personal injury, death or property damage or less arising out of the use of the Premises by the Tenant;
- (b) replacement value insurance on all glass and plate glass in or forming part of the Premises; insurance against fire, lightning, tempest and other extended perils customarily insured against by a prudent owner, including sprinkler leakage (where applicable), covering all the contents of the Premises, including but not limited to merchandise, inventory, stock in trade, furniture, fixtures and improvements on all parts of the Premises which the Tenant is obligated to keep in repair pursuant to paragraph 11 herein;
- (c) other insurance in amounts and upon terms reasonable for a prudent Tenant to provide as determined by the Landlord AND/OR THE STRATA CORPORATION, its insurance advisors, THE TOWN OF GIBSONS or its mortgagee.
- (d) The tenant must provide a copy of the annual insurance policy to the landlord and/or the strata council if so requested.

18.02 Insureds:- Subject to the provisions of this Section, each insurance policy referred to in Section 18.01 will name the Landlord and any persons, firms or corporations designated by the Landlord as additional named insured, and will further contain a paragraph that the insurer will not cancel, change or refuse to renew the insurance without first giving the Landlord thirty (30) days prior written notice. All policies of insurance will be with insurers acceptable to the Landlord and in a form satisfactory to the Landlord and the Tenant will deliver to the Landlord copies or certificates of such policies. If the Tenant fails to take out or keep in force any policy of insurance referred to in paragraph 18.01, the Landlord may do so and pay the premium and in that event the Tenant will pay to the Landlord the amount so paid as the premium together with 10% thereof for overhead, all as Additional Rent, and it will be due and payable on the 1st day of the month following the payment by the Landlord. The Landlord agrees to postpone its position as named insured on certain policies in the event the Tenant is required to designate a financial institution, with which it has a loan, as first loss payable, provided any such request for priority is reasonable and in the ordinary course of business.

18.03 Cancellation of Insurance:- The Tenant covenants and agrees that nothing will be done, omitted to be done, kept, used or sold or offered for sale on or from the Premises that may contravene or cause cancellation of any policy of insurance held by the Tenant or other tenants in the Building or which will prevent the Landlord or other tenants from obtaining policies of insurance.

18.04 Consequences of Cancellation:- If an insurance policy held by or the Tenant or other tenants is cancelled or threatened by the insurer to be cancelled, or the coverage thereunder reduced or threatened to be reduced by the insurance because of the use and occupation of the Premises, and if the Tenant fails to remedy the condition giving rise to the cancellation, threatened cancellation, reduction, or threatened reduction of coverage, within 48 hours after notice thereof by the Landlord, the Landlord may either:

- (a) re-enter the Premises, or
- (b) enter the Premises and remedy the condition giving rise to the cancellation or reduction, and the Tenant will pay to the Landlord the cost thereof on demand as Additional Rent, and the Landlord will not be liable for damage or injuries caused to property of the Tenant or others located on the Premises as a result of the entry.

18.05 Subrogation:- All policies of insurance to be written on behalf of the Tenant shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any such damages are caused by the act, omission or negligence of the

Landlord or by those for whom the Landlord is, in law, responsible.

18.06 Increase in Insurance:- In the event that the Tenant's occupancy or conduct of business in, or on the Premises, whether or not the Landlord has consented to the same, results in any increase in premiums for the insurance carried from time to time by the Landlord, in respect of the Building, the Tenant shall pay any such premiums as Additional Rent within ten (10) days after bills for such additional premiums have been rendered by the Landlord. In determining whether increased premiums are a result of the Tenant's use or occupancy of the Premises, a schedule issued by the person computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate.

19. OVER-HOLDING

19.01 It is understood and agreed that if at the expiration of this Lease, the Tenant shall, with the consent of the Landlord hold over for any reason, the tenancy of the Tenant thereafter shall be in the absence of written agreement to the contrary, be from month to month only at a rental per month equal to the rental payable in respect of the month immediately preceding, payable in advance on the 1st day of each month and shall be subject to all terms and conditions of this Lease except that the tenancy will be from month to month without the right of renewal.

20. USE OF PREMISES

20.01 Permitted Use:- The Premises shall be used primarily for purposes of retail sales of FISH AND CHIPS, FRESH SEAFOOD, SANDWICHES, DELI FOODS and BEVERAGES, under the name and style of CODFATHERS or such other business or name as the Landlord may from time to time approve in writing, and only for such purposes as comply with the terms of this Lease and all applicable laws, by-laws, regulations or other governmental ordinances from time to time in existence.

20.02 Prohibited Uses:- Without limiting the generality of the foregoing:

- (a) the use of the Premises by the Tenant shall not in any way interfere with the quiet enjoyment of the other tenants in the Building;
- (b) the use of the Premises shall be in accordance with the bylaws of the Town of Gibsons, THE STRATA CORPORATION and such other laws and ordinances as apply to the Tenant's business and the Premises.

21. INDEMNIFICATION OF LANDLORD BY TENANT

21.01 It is understood and agreed that the Tenant shall indemnify and save harmless the Landlord AND THE STRATA CORPORATION from any and all liabilities, damages, costs, claims, suits or actions not occasioned by the Landlord growing out of:

- (a) any breach, violation or non-performance by the Tenant of any covenant, condition or agreement set forth and contained in the Lease (herein called a "Breach");
- (b) any damage to property for which the Tenant is responsible while such property shall be in or about the Lands and/or the Premises;
- (c) any injury to person or person including deaths, occurring in or about the Lands and/or the Premises for which the Tenant is legally liable;

22. SUBORDINATION

22.01 Covenant:- During and throughout the term of this Lease, the Tenant covenants and agrees that it shall from time to time, upon the written request of the Landlord, enter into an Indenture subordinating the term hereby demised and the rights of the Tenant hereunder to any Mortgage or any other encumbrance, present or future, which includes the Premises or, at the option of the Landlord, agreeing that the term hereby demised shall be prior to any such mortgage or any other encumbrance, present or future; provided, however, that any such postponement or subordination given hereunder shall reserve to the Tenant the right to continue in possession of the Premises in

accordance with the covenants and agreements of this Lease so long as the Tenant shall not be in default of any covenants and agreements of this Lease.

22.02 Full Force and Effect:- It is understood and agreed that notwithstanding any such postponements or subordination as aforesaid, the Tenant's obligations, covenants and agreements as contained in this Lease shall remain in full force and effect.

23 DAMAGE BY FIRE OR OTHER CASUALTY

23.01 Limited Damage to Premises:- If all or part of the Premises are rendered untenable by damage from fire or other casualty which, in the reasonable opinion of the Landlord's architect, can be substantially repaired under applicable laws and governmental regulations within one hundred twenty (180) days from the date of such casualty (employing normal construction methods without overtime or other premium), the Landlord shall forthwith at its own expense repair such damage other than damage to improvements, furniture, chattels or trade fixtures which do not belong to the Landlord which instead shall be repaired forthwith by the Tenant at the Tenant's own expense.

23.02 Major Damage to Premises:- If all or part of the Premises are rendered untenable by damage from fire or other casualty which, in the reasonable opinion of the Landlord's architect, cannot be substantially repaired under applicable laws and governmental regulations within one hundred twenty (180) days from the date of such casualty (employing normal construction methods without overtime or other premium), then the Landlord may elect to terminate this Lease as of the date such casualty by written notice delivered to the Tenant not more than ten (10) days after receipt of the architect's opinion, failing which the Tenant shall forthwith at its own expense repair such damage other than damage to improvements, furniture, chattels or trade fixtures which do not belong to the Landlord, which instead shall be repaired forthwith by the Tenant at the Tenant's own expense.

23.03 Abatement:- If the Landlord is required to repair damage to all or part of the Premises under Sections 23.01 or 23.02 the Rent payable by the Tenant hereunder shall be proportionately reduced to the extent that the Premises are thereby rendered untenable by the Tenant in its business, from the date of casualty until five (5) days after completion by the Landlord of the repairs to the Premises (or the part thereof rendered untenable) or until the Tenant again uses the Premises (or the part thereof rendered untenable) in its business, whichever first occurs.

23.04 Major Damage to Building:- If all or a partial part (whether or not including the Premises) of the Building is rendered untenable by damage from fire or other casualty to such a material extent that in the reasonable opinion of the Landlord the Building must be totally or partially demolished, whether or not to be reconstructed in whole or in part, the Landlord may elect to terminate this Lease as of the date of such casualty (or on the date of notice if the Premises are unaffected by such casualty) by written notice delivered to the Tenant not more than sixty (60) days after the date of such casualty.

23.05 Limitation on the Landlord's Liability:- Except as specifically provided herein, there shall be no reduction of Rent and the Landlord shall have no liability to the Tenant by reason of any injury to or interference with the Tenant's business or property arising from fire or other casualty, howsoever caused, or from the making of any repairs resulting therefrom in or to any portion of the Lands and/or Building. Notwithstanding anything contained herein, Rent payable by the Tenant hereunder shall not be abated, if the damage is caused by any act or omission of the Tenant, its agents, servants, employees or any other person entering upon the Premises under express or implied invitation of the Tenant.

24 BUILDERS LIEN

24.01 If the Tenant renovates or causes the Premises to be renovated with the consent of the Landlord where required, then the Tenant shall not suffer or permit any lien under the Builders Lien Act of British Columbia or any statute of like import from time to time in effect, to be filed or registered against the Building or any part thereof by reason of work, labour, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding any interest in a part thereof through or under the Tenant.

24.02 If any such lien shall at any time be filed or registered, the Tenant shall cause a discharge of the same to be filed or registered within twenty (20) days after the same has come to the notice or knowledge of the Tenant; provided, however, that should the Tenant desire to contest the amount or validity of any lien in good faith and shall

have so notified the Landlord, and if the Tenant shall have deposited with a mutually acceptable trustee or stakeholder (or paid into Court to the credit of a lien action, if the applicable Statute provides for such payment and such payment shall discharge the Lien or otherwise be adequate protection for the Landlord's interest) the amount of the lien claimed plus a reasonable amount of costs, then the Tenant may defer payment of such lien claimed for a period of time reasonably sufficient to enable the Tenant to contest the same with due diligence, but provided always that neither the Landlord nor the Building or any part thereof nor the Premises shall thereby become liable to forfeiture or sale.

25. NOTICES

25.01 Form of Notice:- Any notice to be given pursuant to this Lease shall be in writing and shall be sufficiently given if served upon the Landlord or Tenant, or if mailed prepaid and registered in any post office in the Province of British Columbia addressed to the proper party as follows:

To the Landlord: NEIL AND CHRISTINA SANDY 1312 CASTLE RD GIBSONS BC V0N 1V5

To the Tenants: Tony Browton: 101-938 Gibsons Way, Gibsons V0N 1V8 Paul Haldane: 1514 Johnson Road Gibsons

V0N 1V6

or to such other person, firm or corporation or to such other address as either party hereto may direct by one month's notice to the other. Any notice if served personally shall be deemed to have been given when served as aforesaid and if mailed shall be deemed to have been given on the third business day following the date of mailing the same as aforesaid; but any notice given during a strike, lock-out or other labour disturbance at the post office or interruption in mail service shall be served personally and not mailed.

26. EXHIBITING PREMISES

26.01 The Tenant shall permit the Landlord or its agents to exhibit the Premises to prospective tenants between the hours of 9:00 a.m. and 6:00 p.m. during the last six-months of the term of this Lease and, at all reasonable times, to exhibit the Premises for the purposes of the Landlord's own financing and refinancing and to exhibit the Premises to any prospective purchaser of the Landlord's interest in the Building.

27. SURRENDER

27.01 At the end of the term or upon the earlier termination of the Lease, the Tenant shall peaceably surrender and yield up the Premises to the Landlord in good repair and cleanliness.

28. REGISTRATION

28.01 The Tenant covenants and agrees that this Lease will not be registered in the Vancouver Land Title Office.

29. GENERAL

29.01 Accord and Satisfaction:- No payment by the Tenant or receipt by the Landlord of a lesser amount than Rent herein stipulated will be considered to be other than on account of the earlier stipulated Rent, nor will an endorsement or statement on a cheque or in a letter accompanying a cheque for payment as Rent be considered to be an accord or satisfaction, and the Landlord may accept the cheque or payment without prejudice to the Landlord's right to recover the balance of the Rent or pursue any other remedy.

29.02 Evidence of Due Payment:- It is understood and agreed that the Tenant shall, from time to time at the written request of the Landlord, produce to the Landlord satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Lease.

29.03 Captions and Headings:- The captions and headings of this Lease are for convenience only and are not to

be construed as defining, enlarging or in any way limiting the scope or intent of the provisions hereof.

29.04 Signs:- It is understood and agreed that the Tenant shall not have the right to erect and maintain advertising and identification signs of any type on the Premises or in the Building without first obtaining the written consent of the Landlord (which consent may not be arbitrarily withheld), THE STRATA CORPORATION AND THE TOWN OF GIBSONS.

29.05 Partial Invalidity:- If a term, covenant or condition of this Lease or the application thereof to any person or circumstance is held to any extent invalid or unenforceable, the remainder of this Lease or the application of the term covenant, condition to persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected.

29.06 Amendment to be in Writing:- No alteration, amendment, change or addition to this Lease will bind the Landlord or the Tenant unless in writing and signed by them.

29.07 Obligations as Covenants:- Each obligation of the Landlord or the Tenant expressed in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes.

29.08 Entire Agreement:- This Lease contains all the representations, warranties, covenants, agreements, conditions and understandings between the Landlord and the Tenant concerning the premises of the subject matter of this Lease.

29.09 Governing Law:- This Lease will be construed in accordance with the laws of the Province of British Columbia.

29.10 Successors and Assigns:- This Lease binds and benefits the parties hereto, their respective heirs, executors, administrators, successors and permitted assigns. No rights, however, benefit an assignee of the Tenant unless the assignment is consented to or did not require a consent.

29.11 Joint and Several:- If two or more individuals, corporations, partnerships or other business associations (or a combination of two or more) are the Tenant, the liability of each individual, corporation, partnership or other business association to pay rent and perform all other obligations hereunder is joint and several. If the Tenant is a partnership or other business association the members of which are by virtue of statute or general law subject to personal liability, the liability of each member is joint and several.

29.12 Landlord's Access:- The Landlord or its agents shall have the right to enter the Premises at all reasonable times:

- a. to examine the same and to show them to parties of interest to the Landlord, and
- b. to make such repairs as the Landlord may deem necessary or desirable with or without tradesmen and materials for repair of the Premises

without the same constituting an eviction of the Tenant in whole or in part and the Rent reserved shall in no way abate by reason of loss or interruption of business of the Tenant or otherwise while the repairs are being made.

c. To facilitate any inspections as required by the strata council, ie annual sprinkler head inspections, or inspections of a similar nature.

29.13 When, in the Landlord's opinion, acting reasonably, an emergency or apprehended emergency exists or is likely to exist and the Tenant or the Tenant's representative is not present to open and permit entry to the Premises then the Landlord or its agent, THE STRATA CORPORATION OR ITS AGENT may enter the Premises by a master key, or may forcibly enter the Premises, provided reasonable care is exercised, without rendering the Landlord or its agent liable therefore, and without in any manner affecting the obligations and covenants of this Lease. Nothing herein contained however, shall be deemed or construed to impose upon the Landlord any obligation, responsibility or liability whatsoever, for the care, maintenance or repair of the Premises or any part thereof except as otherwise specifically provided in this

Lease.

30. RENEWAL

30.01 If the Tenant regularly pays the Rent and observes and performs all the Covenants and agreements herein contained on the part of the Tenant to be paid, observed and performed, the Landlord upon written request by the Tenant not less than ninety (90) days before the expiration of the term shall grant the Tenant a renewal of this Lease for a further term of THREE years.

30.02 The Rent for the renewal term shall be the Fair Market value for rental of premises of a similar kind and quality as is mutually agreed upon between the Landlord and the Tenant to be not less than the following aggregate amount:

- a. the Tenant will pay a Base Rent per year payable in equal monthly installments of no less than the rent payable during the last month of the prior term of the Lease plus 2%.

30.03 If agreement has not been reached within thirty (30) days of the date of the receipt by the Landlord of the Tenant's notice to renew, then the matter of the determination of the rent shall be referred to arbitration pursuant to the Commercial Arbitration Act of British Columbia, the costs of which are to be paid by the Tenant. The determination by Arbitration shall be binding upon the Landlord and Tenant. The Landlord and the Tenant shall bear equally the cost of such arbitration.

31. INDEMNITY

31.01 In order to induce the Landlord to enter into this Lease and for other good and valuable consideration, the receipt and sufficiency whereof from the Landlord is hereby acknowledged by the Indemnifier, the Indemnifier hereby makes the following indemnity and agreements with and in favour of the Landlord:

- (a) The Indemnifier hereby covenants and agrees with the Landlord:
 - (i) to make the due and punctual payment of all Rent, moneys and charges expressed to be Payable by the Tenant under this Lease during the period of the Term;
 - (ii) to effect prompt and complete performance of all and singular the terms, covenants, conditions and provisions in this Lease contained on the part of the Tenant to be kept, observed and performed during the period of the Term; and
 - (iii) to indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure to pay the aforesaid Rent, moneys and charges or the failure to perform any of the terms, covenants, conditions and provisions.
- (b) in the event of a default under this Lease, the Indemnifier waives any right to require the Landlord:
 - (i) to proceed against the Tenant or pursue any rights or remedies with respect to the lease;
 - (ii) to proceed against or exhaust any security of the Tenant held by the Landlord; or
 - (iii) to pursue any other remedy whatsoever in the Landlord's power.

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

- (c) The Indemnifier hereby expressly waives notice of the acceptance of this indemnity and all notice of non-performance, nonpayment or non-observance on the part of the Tenant of the terms, covenants, conditions and Provisions of this Lease.

- (d) Without limiting the generality of the foregoing, the liability of the Indemnifier under this indemnity shall not be deemed to have been waived, released, discharged, impaired or affected by and reason of the release or discharge of the Tenant in any receivership, bankruptcy, winding up or other creditors' proceedings or the rejection or disclaimer of this Lease by any party or in any action or proceeding, and shall continue with respect to the periods prior thereto and thereafter for and with respect

to the Term. The liability of the Indemnifier shall not be affected by any repossession of the Leased Premises by the Landlord, provided, however, that the net payments received by the Landlord after deducting all costs and expenses of repossession and/or reletting the same, shall be credited from time to time by the Landlord to the account of the Indemnifier and the Indemnifier shall pay any balance owing to the Landlord from time to time immediately upon ascertainment.

(e) The Indemnifier shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier were the Tenant named in this Lease.

(f) All of the terms, agreements and conditions of the indemnity shall extend to and be binding upon the Indemnifier, his heirs, executors, administrators, successors, and assigns, and shall inure to the benefit of and may be enforced by the Landlord, its successors and assigns, and the holder of any mortgage to which this Lease may be subject and subordinate from time to time.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE EXECUTED THIS LEASE AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

LANDLORD:

X _____

X _____

Authorized signatory

TENANT:

X _____

X _____

