

THIS LEASE is made as of the **SIXTH** day of **MARCH 2019** in pursuance to the "LAND TRANSFER FORM ACT".

BETWEEN: **DENNIS R. MACHON**, of #210-530 Raven Woods Drive, North Vancouver, British Columbia, V7G 2T5

(the "Landlord");

AND: **GINO RUTIGLIANO**, doing business as "**BOWEN ISLAND ROASTING COMPANY.**"

**Having their home office** at 732 STEINBRUNWER ROAD, GIBSONS, B.C. V0N 1V9

(the "Tenant");

WHEREAS:

A. The Landlord is the registered owner of all and singular those certain parcels or tracts of land and premises situated at 449 to 459 Marine Drive, Gibsons, British Columbia, more particularly described as:

Parcel Identifier: 010-889-698. Lot 7 Block G District Lot 686 Plan 6486

And

Parcel Identifier: 010-889-701. Lot 8 Block G District Lot 686 Plan 6486

which lands and premises and all improvements from time to time thereon are herein called the "**Shopping Centre**"; and

B. The Tenant has agreed to lease from the Landlord and the Landlord has agreed to lease to the Tenant, certain premises in the Shopping Centre, at the address **459 Marine Drive**, on the terms and conditions described herein;

THIS LEASES WITNESSES THAT:

I DEFINITIONS

1.01 Defined Terms

- (a) "Common Areas" means those parts of the retail premises of the Shopping Centre (excluding premises set aside by the Landlord for leasing to tenants of the

Shopping Centre), including, but not limited to, exterior weather walls, roofs, entrances to and exits from the Shopping Centre, parking areas, truck ways, loading areas, pedestrian sidewalks, retaining walls, stairways, public washrooms and all general signs, improvements, fixtures, facilities, equipment and installations, which the Landlord provides or designates from time to time as being for the general use by or for the benefit of the Tenant, its officers, employees, agents, customers, and other invitees in common with others entitled to their use or benefit in the manner for the purpose permitted by this Lease;

- (b) “Landlord’s Work” means all the items of work described under the heading of “Landlord’s Work” in Schedule B;
- (c) “Lease Year” means a period of 12 consecutive calendar months beginning to the commencement of the Term and each period of 12 consecutive calendar months thereafter during the Term of any extension thereof;
- (d) “Management Fee” means a fee to be included as part of the operating costs which will be calculated as a proportionate share of 4% of the gross rental revenue of the Retail Premises;
- (e) “Mortgage” means a mortgage or charge (including a deed of trust and mortgage securing bonds and all indentures supplemental thereto) of the reversion immediately expectant on the Term and includes all renewals, modifications, consolidations, replacements and extensions thereof;
- (f) “Mortgagee” means the mortgagee or trustee for bond-holders, as the case may be, named in a Mortgage;
- (g) “Operating Costs” means the sum (without duplication) of all costs to the Landlord of operating and maintaining the Retail Premises including, but not limited to, any costs of:
  - (i) insuring the Retail Premises, including such insurance as the Landlord effects against public liability, property damage, loss of rental income and other casualties and risks;
  - (ii) cleaning the Common Area including snow removal, garbage and waste collection and disposal;
  - (iii) lighting, electricity (including that used for signs), and public utilities;
  - (iv) servicing and maintaining all heating , air conditioning, plumbing, electrical and light fixtures, and other machinery and equipment of and

pertaining to the Common Areas, and depreciation (computed by the Landlord in accordance with accounting principles generally accepted in the Province of British Columbia) of fixtures and equipment which by their nature require periodic replacement;

- (v) repairs and replacements to and maintenance of the Retail Premises including, but not limited to, the costs of maintenance of the roofs of the Retail Premises and the surface of the exterior walls of the Retail Premises, but excluding any major structural repairs to the Retail Premises;
- (vi) maintaining and operating the area or areas occupied by a central heating or cooling system or any other service or facility used to heat or cool the Premises or any parts of the Retail Premises; and shall include a Management Fee;
  
- (h) “Premises” means the premises leased to the Tenant by this Lease and described in Clause 3.01 hereof;
  
- (i) “Real Property Taxes” means all taxes, rates and assessments now or hereafter levied or assessed from time to time against the lands and premises comprising the Retail Premises and includes, but is not limited to, local improvement, hospital and school taxes, rates and charges and the costs of all appeals against increased assessments of such taxes, rates and assessments, but does not include the sum of all portions of Real Property Taxes capable of being attributed to the improvements, equipment, machinery and facilities undertaken or procured by specific tenants of the Retail Premises;
  
- (j) “Promotion Fund” means a fund used by the Landlord for the promotion or benefit of the Shopping Centre in such manner as the Landlord may from time to time decide;
  
- (k) “Retail Premises” means that portion of the Shopping Centre designated by the Landlord for retail purposes, comprising approximately 4900 square feet and located as indicated by heavy black outlining on the plan attached hereto as Schedule A;
  
- (l) “Shopping Centre” means collectively the lands and premises described in Recital A of the Lease together with all buildings, structures, facilities and other improvements erected or to be erected on the said lands and premises and all expansions, alterations, additions and relocations thereof from time to time which the Landlord makes;

- (m) “Tenants Proportionate Share” as applied to any amount referred to in this Lease means the product of:
  - (i) a fraction, the numerator of which is the approximate area of the Premises expressed in square feet, which the parties hereby irrevocably agree shall be deemed to be 602.11 square feet, and the denominator of which is the sum of the areas for leasing to tenants of the Retail Premises, which the parties hereby irrevocably agree shall be deemed to be 4900 square feet; and
  - (ii) the whole of the amount;
- (n) “Tenant’s Work” means all items of work other than Landlord’s work which are necessary to properly render the Leased Premises ready for occupancy and use by the Tenant for the purpose of its business, including but not limited to all items of work described under the heading “Tenant’s Works” in Schedule C;
- (o) “Term” means the term of this Lease described in Clause 3.02 hereof; and
- (p) “Unavoidable Delay” means a delay in the performance of a party’s covenants and obligations under this Lease caused by fire, weather condition, strike or other causality or contingency beyond reasonable control of that party.

## II STRUCTURE OF DOCUMENT AND INTERPRETATION

### 2.01 Schedules

The Schedules to this document are a part of this Lease.

### 2.02 Number and Gender

The necessary grammatical changes required to make the provisions of the Lease apply in the plural sense where the Tenant comprises more than one entity and to corporations, associations, partnerships, or other individuals, male or female, in all cases will be assumed as though in each case fully expressed.

### 2.03 Heading and Captions

The table of contents, article numbers, article headings, clause numbers and clause headings are inserted for convenience of reference only and are not to be considered when interpreting the Lease.

2.04 Divisions of the Lease

All references in this Lease to schedules, articles, clauses and other subdivisions refer to schedules, articles, clauses and other subdivisions in this Lease unless otherwise indicated.

2.05 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.

2.06 Entire Agreement

This Lease contains all the representations, warranties, covenants, agreements, conditions and understandings between the Landlord and the Tenant concerning the subject matter of this Lease.

2.07 Governing Law

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

III DEMISE OF PREMISES

3.01 Demise

The Landlord does demise and lease to the Tenant for the Term, the premises situate in and forming part of the Shopping Centre, having a civic address of **459 Marine Drive**, Gibsons, British Columbia, comprising approximately **602.11** square feet and located as indicated by outlining in red on the plan attached hereto as Schedule A, excepting the exterior faces of all adjoining corridors and outside walls and excepting the roof.

3.02 Term

- (i) The term of this Lease is **EIGHTEEN (18)** calendar months from and including **1 APRIL 2019** to and including **30 SEPTEMBER, 2020**; and
- (ii) the Tenant shall have possession of the Premises upon receiving confirmation from the Landlord of the completion of the Landlord's Work referred to in schedule B.

V RENT

4.01 Payment of Rent and Other Charges

All rent, additional rent, and all costs and charges to be paid by the Tenant to the Landlord under this Lease shall be paid to the account of the Landlord at #210 – 530 Raven Woods Drive, North Vancouver, British Columbia, V7G 2T5, or at such other place in Canada as the Landlord may designate in writing to the Tenant.

#### 4.02 Rent

The Tenant will pay to the Landlord, its successors or assigns in lawful money of Canada and without deduction or set off (except as herein provided), monthly base rent in advance (herein called the “**Rent**”) as follows:

- (a) on the first day of each month from and including 1 APRIL 2019 to and including 30 SEPTEMBER, 2020 the sum of \$1515.00 plus GST per month, triple net to the Landlord.

#### 4.03 Suspension of Rent

Rent shall not be payable in respect of the period, if any, for which the Landlord’s Work has not been completed as determined in Clause 8.01 and the Tenant has not accepted possession of the Premises, provided however that if the Tenant repudiates the Lease prior to completion of the Landlord’s Work, Rent shall not be so suspended.

#### 4.04 Additional Rent and Charges

- (a) In each Lease Year the Tenant will pay to the Landlord, its successors or assigns, in addition to Rent:
  - (i) the Tenant’s Proportionate Share of the Operating Costs for the Lease Year: and
  - (ii) all other sums of money required under this Lease to be paid to the Landlord by the Tenant whether or not designated “**Additional Rent**”.
- (b) In each Lease Year the Tenant will pay as Additional Rent and discharge when they become due and payable, all taxes, rates, duties and assessments and other charges that may be levied, rated, charged or assessed against improvements, equipment, machinery and facilities of the Tenant on the Premises, and every tax and license fee in respect of every business conducted on or from the Premises or in respect of their use or occupancy by the Tenant (and any and every assignee, subtenant, concessionaire, licensee and other person conducting business on or

from the Premises), other than such taxes as corporate, income, profits or excess profits taxes assessed upon the income of the Landlord (or assignee, subtenant, concessionaire, licensee or other person conducting business on or from the Premises), whether the taxes, rates, duties, assessments and licence fees are charged by a municipal, parliamentary, school or other body. The Tenant will indemnify and keep the Landlord indemnified against payment for all losses, costs, charges and expenses arising from all the taxes, duties, assessments and licence fees referred to and all taxes which may in future be levied in lieu of those taxes, and any losses, costs, charges and expenses suffered by the Landlord may be recovered by the Landlord as Additional Rent in the same manner as Rent Hereby reserved and in arrears. Upon request of the Landlord, the Tenant will deliver promptly to the Landlord for inspection receipts for payment of all taxes, rates, duties, assessments, and other charges in respect of all improvements, equipment and facilities of the Tenant on the Premises which were due and payable up to one month prior to the request, and will deliver to the Landlord if requested by the Landlord evidence satisfactory to the Landlord before the 21st day of July in each year of payments for the preceding calendar year.

#### 4.05 Real Property Taxes

- (a) In each Lease Year, the Tenant will pay to the Landlord the Tenant's Proportionate Share of Real Property taxes, as estimated by the Landlord in Accordance with Sub clause 4.05 (b), in equal consecutive monthly instalments in advance on the first day of each calendar month; and
- (b) for the purpose of calculating Real Property Taxes in any Lease Year, the Landlord shall be entitled to estimate the amount of Real Property taxes by multiplying Real Property Taxes for the calendar year ending immediately before such Lease Year by one hundred and ten percent (110%).

If, upon receipt of the assessments for Real Property Taxes for the Lease Year, the Landlord determines that the aggregate of amounts paid or payable by the Tenant under Sub clause 4.05 (a) is greater or less than the Tenant's Proportionate Share of Real Property Taxes actual owing, an adjustment without interest shall forthwith be made between the parties.

#### 4.06 Payment of Additional Rent and Charges

Wherever the Tenant is to pay in a Lease Year the Tenant's Proportionate Share of an amount of money referable to a period of time wholly or partly within the Lease Year, the Landlord may estimate the Tenant's Proportionate Share of the amount before the beginning of the Lease Year and the Tenant will pay to the Landlord the Tenant's Proportionate Share of the amount in monthly instalments in amounts designated by the Landlord in advance during the Lease Year with the other rental payments provided for in this Lease. Within 60 days after the end of each

Lease Year the Landlord will make a final determination of the Tenant's Proportionate Share of the amount for the Lease Year, and will on request furnish the Tenant with a statement of the Operating Costs attributable to the Premises for the relevant financial year or years of the Landlord and of all other amounts, if any, referred to in Clause 4.04 paid or payable for any relevant period and, in each case, the amount thereof payable by the Tenant relating to the Lease Year and showing in reasonable detail the information necessary for the determination of the costs and calculation of the Tenant's Proportionate Share of the amount. If the Tenant's Proportionate Share of the amount exceeds the sum of the aforesaid instalments paid by the Tenant during the preceding Lease Year the Tenant will pay to the Landlord, as Additional Rent within 30 days after the date of delivery of the statement by the Landlord, the excess without interest, or if the sum of the monthly instalments paid by the Tenant during the preceding Lease Year exceed the Tenant's Proportionate Share of the amount, the Landlord will return to the Tenant within 30 days after the date of delivery of the statement by the Landlord the excess without interest.

4.07            Estimated Gross Monthly Payment

The Landlord acting in good faith estimates that the Operating Costs, Real Property Taxes and Goods and Services Tax to be charged to the Tenant Term will be \$365.75 based on the following monthly estimates:

property taxes	<b>\$200.00</b>
Water and sewer	<b>90.00</b>
GST	<b>75.75</b>
Total	<b><u>\$365.75</u></b>

**However, the Landlord does not guarantee the accuracy of these estimates**, but if they are correct, the total Rent, GST, Operating Costs and Real Property Taxes payable monthly by the Tenant will be \$1225.00+ \$365.75 = \$1590.75

4.08            Deposit

**The Landlord acknowledges receipt from the Tenant of EIGHTEEN (18) post dated cheques each in the amount of \$1590.75 , on account of Rent, GST, Operating Costs and Real Property Taxes For The Term. Plus a damage deposit of \$1590.75 (from previous lease), to be applied at the Landlord's option to any damages or other amounts which become payable by the Tenant pursuant to this Lease.**

4.09            Interest on Amounts in Default

If the Tenant fails to pay when due and payable any amount of rent (including any Rent or



Additional Rent of the character described in Clauses 4.04 and 4.05), the unpaid amount will bear interest from the due date to the date of payment at the rate of 18 percent per year calculated and due and payable monthly.

V COVENANT TO PAY RENT

5.01 Tenant's Covenant

The Tenant covenants to pay Rent, Additional Rent and all other costs and charges as herein provided.

VI USE OF PREMISES

6.01 Purpose of Use

The Tenant shall not use the Premises or permit the Premise to be used for any purpose other than that of the carrying on a **MICRO ROASTERY, COFFEE, TEA, RETAIL and GIFTS STORE**.

6.02 Name of Business

The Tenant shall conduct business on or from the Premises only under the name "**BOWEN ISLAND ROASTING CO. LTD.**" and shall not change the advertised name of the business conducted on the Premises without the prior written consent of the Landlord.

6.03 Conduct of Business

The Tenant shall conduct its business in and use the whole of the Premises continuously throughout the Term in an up-to-date, first class and reputable manner. The Tenant shall at all times comply with the Rules set out in Schedule "D" hereto, and such other reasonable Rules and Regulations as the Landlord may in its discretion issue from time to time.

6.04 Solicitation of Business

The Tenant and the Tenant's employees or agents shall not solicit business in any portion of the Common Areas or display merchandise outside the Premises without the prior written consent of the Landlord.

VII USE OF COMMON AREAS

7.01 Non-Exclusive Use

The Tenant, its officers, employees, customers and other invitees, in common with others

designated by the Landlord or otherwise entitled, have the use and benefit of the Common Areas for the purposes from time to time permitted, approved or designated by the Landlord, subject to the management and control of the Common Areas by the Landlord.

7.02            Management and Control by the Landlord

The Landlord has the exclusive right to manage and control the Shopping Centre and from time to time establish, modify and enforce reasonable rules and regulations regarding the use, maintenance and operation of the Common Areas and the rules and regulations in all respects shall be observed and performed by the Tenant, its officers, employees, customers and other invitees. The Landlord shall not be liable for any loss or damage resulting from non-compliance with such rules and regulations by any person, including other tenants, their officers, employees, customers and other invitees.

VIII            LANDLORD'S WORK, TENANT'S WORK,  
REPAIR AND MAINTENANCE

8.01            Landlord's Work

The Landlord shall:

- (a)    conduct the work, if any, described as "**Landlord's Work**" in Schedule B in a good and workmanlike manner;
- (b)    use reasonable efforts to complete the Landlord's work, if any, by the time stipulated in Schedule B, but shall not be responsible for any Unavoidable Delay:  
and
- (c)    give to the Tenant notice in writing of completion of the Landlord's Work (herein called the "**Completion Notice**"). The Tenant shall thereupon be permitted to inspect the Premises and shall give to the Landlord notice in writing of any deficiencies in the Landlord's work. If such notice is not given by the Tenant within 10 days after the delivery of the Completion Notice, the Landlord's work shall be deemed to have been completed as of the date of the Completion Notice. If any dispute arises as to whether the Landlord's Work has been completed, either the Landlord or the Tenant may refer the dispute to an architect practicing and duly qualified to practice in the Province of British Columbia, chosen by the Landlord, whose decision in respect of such dispute shall be final and binding upon the Landlord and the Tenant.

8.02            Repair by the Landlord

The Landlord shall:

- (a) make structural repairs to the perimeter walls (excluding plate glass windows and doors), roof, load-bearing structure and foundations of the Retail Premises and the structural elements of the Premises; and
- (b) repair defects in construction performed or installations made by the Landlord in the Premises.

8.03 Tenant's Work

The Tenant shall:

- (a) complete all Tenant's Work with first quality, new materials and equipment in a good and workmanlike manner to the Landlord's satisfaction;
- (b) comply with all its obligations set out in this Lease and in Schedule C; and
- (c) Rectify any defects or deficiencies in the Tenant's work when and as required to do so by the Landlord.

8.04 Repair by the Tenant

The Tenant shall:

- (a) repair and maintain the Premises in a good and substantial state of repair to the standards of a prudent owner, including all leasehold improvements and all trade fixtures therein, the store front, all glass and utilities and all heating, air conditioning and ventilating equipment therein, but excepting:
  - (i) structural elements of the Premises;
  - (ii) defects in construction performed or installations made by the Landlord in the Premises; and
  - (iii) reasonable wear and tear which does not adversely affect the use or operation of the Premises in accordance with Article VI nor the safety or appearance of the Premises;
- (b) permit the landlord to enter and view the state of repair of the Premises and, subject only to the exceptions referred to in sub clause 8.04 (a), leave the Premises in a good and substantial state of repair and maintenance to the standards of a prudent owner; and
- (c) reimburse the Landlord promptly upon demand for the cost of repairs or

replacements paid for by the Landlord, except to the extent that the Landlord is indemnified by insurance, as a result of any part of the Premises not being kept in good repair, or any part of the Shopping Centre including the Common Areas) being damaged or destroyed through the negligence or wilful act of the Tenant, its agent, officers, employees, or invitees.

8.05            Notice of Damage

The Tenant shall give the Landlord prompt written notice of any damage to the Premises or any part thereof, however caused, including but not limited to any accident or damage to, or defect in, the plumbing, water pipes, heating, air conditioning apparatus, electrical equipment, conduits or wires of the Premises.

IX              UTILITIES AND SERVICES

9.01            Utility and Service Charges

The Tenant is solely responsible for and shall promptly pay all charges for water, gas, electricity, janitorial service, window cleaning and any other utility or service used on the Premises. The Landlord will not be liable to the Tenant for damages or otherwise resulting from an interruption or failure in the supply of utilities or services to the Premises unless caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law.

9.02            Tenant not to Overload Facilities

The Tenant shall not install equipment that will exceed or overload the capacity of utility facilities and agrees that any equipment installed by the Tenant requiring additional facilities shall be installed at the Tenant's expense in accordance with plans and specifications approved by the Landlord prior to installation.

X              SUBORDINATION, ATTORNMENT AND STATUS STATEMENT BY TENANT

10.01           Subordination and Attornment

This Lease is subject, subordinate and postponed to every Mortgage that now affects the Shopping Centre, and the Tenant shall subordinate and postpone this Lease to every Mortgage that hereafter affects the Shopping Centre and will execute promptly a document in confirmation of such subordination and postponement if requested by the Landlord, in which document the Tenant also will agree with the Mortgagee that if the Mortgagee becomes a mortgagee in possession or takes action to realize the security of the Mortgage, the Tenant will attorn to the Mortgagee as a tenant upon all the terms of this Lease, but only if the Mortgagee agrees in

writing to accept the attornment and permit the Tenant to continue in occupation of the Premises until this Lease is terminated by passage of time or by action taken because of a default of the Tenant. The Tenant appoints the Landlord its agent and attorney to execute all documents in confirmation of a subordination and postponement of this Lease in favour of a Mortgagee or for an attornment to a mortgagee at its option. If the Landlord elects not to execute the documents referred to in the previous sentence as agent or attorney of the Tenant and if the Tenant fails to execute them or any of them after being requested by the Landlord, the Landlord may terminate this Lease if such failure continues for 10 days after the Landlord has delivered written notice to the Tenant of its intention to terminate the Lease upon such failure.

#### 10.02            Status Statement.

At any time or times at reasonable intervals within 15 days after a written request by the Landlord, the Tenant will execute, acknowledge and deliver to the Landlord or such assignee or Mortgagee as the Landlord designates, a certificate stating:

- (a) that this Lease is unmodified and in force and effect in accordance with its Terms (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements, or if this Lease is not in force and effect, that it is not);
- (b) the amount of any deposit paid to the Landlord and the date of such payment;
- (c) the date to which Rent and Additional Rent has been paid under this Lease;
- (d) whether there is an existing default by the Tenant in the payment of rent, Additional Rent or any other sum under this Lease, and whether or not there is any other existing default by either party under this Lease with respect to which a notice of default has been served, and if there is such a default specifying its nature and extent; and
- (e) whether there are any set-offs, defences or counterclaims against enforcement of the obligations to be performed by the Tenant under this Lease.

### XI                INSURANCE AND LIABILITY

#### 11.01            Landlord Insurance

The Landlord may in its discretion:

- (a) insure the Shopping Centre (excluding the foundations and the property for which the

Tenant is obliged to take out insurance under Clause 11.02) against all risk of loss or damage caused by or resulting from fire, lightning, tempest and other extended perils customarily insured against by a prudent owner in such amounts as would be carried by a prudent owner and such additional perils as the Landlord considers advisable to insure against; and

- (b) maintain policies of general public liability insurance insuring the Landlord, its servants, customers and agents, invitees and licensees against all claims for bodily injury, death or property damage arising out of the use or occupancy of the Retail Premises or the Common Areas of the Shopping Centre, occurring upon, on or about any of the Retail Premises.

The Tenant shall be responsible for the cost of the insurance referred to in sub clauses 11.01 (a) and (b) in accordance with Clause 1.01 (I) as an Operating Cost. The Landlord will cause the policies of such insurance to contain, if available, a clause that the insurer waives any right of subrogation against the Tenant to the extent only of that part of a claim against the Tenant in excess of the amount of comprehensive general liability insurance which the Tenant is required to take out and keep in force under Clause 11.02.

#### 11.02 Tenant Insurance

The Tenant will take out and keep in force throughout the Term and during such other time as the Tenant occupies the Premises or a part thereof:

- (a) comprehensive general liability insurance in an amount not less than \$1,000,000 for any one claim, against claims for personal injury, death or property damage or loss arising out of any operations of the Tenant, subtenants, concessionaires, licensees and other persons conducting business on or from the Premises;
- (b) insurance upon all glass and plate glass in or forming part of the Premises including the store front against breakage or damage from any cause;
- (c) insurance against fire, lightning, tempest and other extended perils customarily insured against by a prudent owner including sprinkler leakage (where applicable), damage to the contents of the Premises, including but not limited to merchandise, inventory, stock-in-trade, furniture, fixtures and improvements and all parts of the Premises which the Tenant is obliged to keep in repair under Clause 8.02 to the full replacement value thereof; and
- (d) other insurance in amounts and upon terms reasonable for a prudent tenant to provide as determined by the Landlord, its insurance advisors, or its Mortgagee.

11.03            Insured

Each insurance policy is referred to in Clause 11.02 will name the Landlord and any persons, firms or corporations designated by the Landlord as additional named insured's as their interests may appear, will contain, if available and as appropriate, a waiver of the rights of subrogation against the Landlord and the Tenant or a cross-liability clause protecting the Landlord and other insured's designated by it against claims by the Tenant as if the Landlord and such other insured's designated by the Landlord were separately insured, and protecting the Tenant against claims by the Landlord and other insured's designated by it as if the Tenant were separately insured, and will contain a clause that the insurer will not cancel, change or refuse to renew the insurance without first giving the Landlord 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 and renewals thereof at least 10 days prior to the commencement of the Term and at least 10 days prior to the expiry of any such policy during the Term or any renewal or extension thereof. If the Tenant fails to take out or keep in force any policy of insurance referred to in Clause 11.02 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 percent thereof for overhead all as Additional Rent, due and payable on the first day of the month following the payment by the Landlord.

11.04            Increase in Landlord's Insurance Premiums

The Tenant covenants and agrees that nothing will be done, kept, used, sold, offered for sale or omitted from being done, on or from the Premises that may contravene any of the Landlord's policies insuring any part of the Shopping Centre or which will prevent the Landlord from procuring policies acceptable to the Landlord. The Tenant will pay all increases in premiums for all policies of insurance obtained by the Landlord including but not limited to repair or replacement and rental income coverage and such other insurance as is customary for prudent owners of properties similar to the Shopping Centre to carry against loss of or damage to the Shopping Centre or liability arising there from that may be charged during the Term for insurance carried by the Landlord insuring any part of the Shopping Centre, resulting from the type of merchandise sold on or from the Premises or anything done or kept thereon or any use to which they may be put, whether or not the Landlord has consented to them. If the occupancy or use of the Premises causes an increase of premium for any of the policies insuring the Premises or any part of the Shopping Centre above the rate for the least hazardous type of use or occupancy legally permitted in the Premises, the Tenant will pay the amount of the increase. The Tenant will also pay in that event any additional premium for rental income insurance carried by the Landlord for its protection against rent loss through an insured risk. Bills for the increases and additional premiums may be rendered by the Landlord to the Tenant when the Landlord elects, and will be due and payable by the Tenant when rendered, and the amount thereof will be

paid as Additional Rent.

#### 11.05 Cancellation of Insurance

If an insurance policy upon part of the Shopping Centre is cancelled or threatened by the insurer to be cancelled, or the coverage there under reduced or threatened to be reduced by the insurer because of the use and occupation of the Premises, and if the Tenant fails to remedy the condition giving rise to cancellation, threatened cancellation, reduction, or threatened reduction of coverage within 48 hours after written or verbal notice thereof by the Landlord, the Landlord may either:

- (a) re-enter the Premises whereupon Article XVI will apply; or
- (b) enter the Premises and remedy the condition giving rise to the cancellation, threatened cancellation, reduction or threatened reduction, and the Tenant will pay to the Landlord the cost of such remedy to the Landlord on demand by the Landlord as Additional Rent, and the Landlord shall not be liable for damage or injury caused to property of the Tenant or others located on the Premises as a result of the entry.

#### 11.06 Indemnification of the Landlord

Except to the extent that the loss of life, personal injury or damage to property referred to in this sentence is caused by the gross negligence or misconduct of the Landlord or another person for whose conduct the Landlord is responsible in law, the Tenant shall indemnify the Landlord against and save the Landlord harmless from any and all claims, actions, damage, liability and expenses in connection with the loss of life, personal injury or damage to property arising from any occurrence on the Premises or occasioned wholly or in part by an act or omission of the Tenant, its officers, employees, agents, customers, contractors or other invitees, licensees or concessionaires or by anyone permitted by the Tenant to be on the Premises.

In case the Landlord, without actual (as opposed to merely vicarious) fault on its part, is made a party to any litigation, the Tenant shall protect and hold the Landlord harmless against and shall pay all costs, expenses and reasonable legal fees incurred or paid by the Landlord in connection with such litigation.

The Tenant shall pay all costs, expenses and reasonable legal fees incurred by the Landlord in enforcing this Lease.

#### 11.07 Loss and Damage

Unless caused by the gross negligence or misconduct of the Landlord or other person for whose conduct the Landlord is responsible in law, the Landlord is not liable for the death of or injury to the Tenant or others on the Premises, or for the loss of or damage to property of the Tenant or



others by theft or otherwise. Without limiting the generality of the foregoing, the Landlord is not liable for death, injury, loss or damage of or to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by other causes of any kind. The Landlord is not liable for death, injury, loss or damage caused by other tenants or occupants or other persons on the Premises or in any other part of the Shopping Centre, or resulting from construction, alteration or repair. The Tenant agrees that there is no promise, representation or undertaking by or binding upon the Landlord with respect to alterations, remodelling or decoration of or installation of equipment or fixtures in the Premises except such, if any, as is expressly contained or referred to in this Lease, and that unless an express provision provides for completion of the alteration, remodelling, decoration or installation after the Tenant's taking occupancy of the Premises, the taking of occupancy, subject always to the provisions of Clause 22.01, constitutes conclusive evidence as against the Tenant that the alterations, remodelling or decoration or installation of equipment or fixtures has been satisfactorily completed. The certificate of an architect that the Landlord has fulfilled its obligation in respect of the Premises binds the parties in any event. All property of the Tenant kept or stored on the Premises will be kept or stored at the risk of the Tenant only and the Tenant will indemnify and hold the Landlord harmless from all claims arising out of damage to it, including subrogation claims by the Tenant's insurers.

## XII ASSIGNMENT AND SUBLETTING

### 12.01 Consent Required

The Tenant shall not assign this Lease in whole or in part, sublease the Premises in whole or in part, or part with possession or occupation of the Premises or any part thereof without first obtaining the written consent of the Landlord, which consent may be withheld or delayed without reason being given.

The consent of the Landlord to an assignment, subletting or licensing will not constitute a waiver of its consent to a subsequent assignment, subletting or licensing. The prohibition herein against assignment or subletting includes a prohibition against an assignment or subletting by operation of law. If this Lease is assigned in whole or in part or if all or part of the Premises is sublet or occupied by any person other than the Tenant in any case without the consent of the Landlord when such is required, the Landlord may collect Rent and Additional Rent from such person and apply the net amount collected to the Rent and Additional Rent herein reserved, but no such assignment, sublease, collection or application of funds shall be considered a waiver of this covenant or the acceptance by the Landlord of such person as a tenant. Notwithstanding any assignment, the Tenant remains fully liable under this Lease. Any assignment of this Lease where consented to by the Landlord will be prepared by the Landlord at the expense of the Tenant and shall include the Landlord as a party to such assignment. For the purposes of this

Clause 12.01, any change in the control of the Tenant shall be deemed to be an assignment or sublease requiring the consent of the landlord as aforesaid.

### XIII WASTE AND GOVERNMENTAL REGULATIONS

#### 13.01 Waste or Nuisance

The Tenant shall not commit or permit to be committed waste upon the Premises or a nuisance or anything else that may disturb the quiet enjoyment of any other tenant of the Shopping Centre, whether or not the nuisance arises out of the use of the Premises by the Tenant for a purpose permitted by this Lease.

#### 13.02 Governmental and Insurance Underwriters' Regulations

The Tenant, at the Tenant's cost, shall comply with the applicable requirements of all municipal, provincial, federal and other governmental authorities now in force or which may hereafter during the Term be in force pertaining to the Tenant's occupancy or use of the Premises and shall observe in the occupancy and use of the Premises all municipal bylaws and provincial and federal statutes and regulations now in force or which may hereafter during the Term be in force, and shall comply with all regulations made by fire insurance underwriters. The Tenant grants the Landlord the right to enter the Premises at any time or times and with as little interference as is reasonably possible with the conduct of the Tenant's business to enable the Landlord to comply with any municipal bylaw or provincial or federal statute now or in the hereafter during the Term applicable to the Premises, regardless of whether the application of the bylaw or statute to the Premise results from an act or omission of the Landlord or another person for whose act or omission the Landlord is responsible in law.

### XIV SIGNS, FIXTURES AND ALTERATIONS

#### 14.01 Installations and Changes by Tenant

All fixtures installed by the Tenant will be of first class quality. The Tenant shall not make or cause to be made any change, decoration, addition or improvement or cut or drill into, nail or otherwise attach, secure or install any trade fixture, exterior sign, floor covering, interior or exterior lightening, mechanical or electrical system or fixture, or plumbing fixture, shade or awning to any part of the Premises or to the exterior of the Premises including the store front, or hang from or affix anything to a ceiling, without first obtaining the Landlord's written approval, which may be withheld or delayed without reason being given. The Tenant shall present to the Landlord plans and specifications for work at the time approval is sought and if approved, the work shall be done by contractors or other workers or tradesmen approved by the Landlord and in good and workmanlike manner with first class materials. The Tenant shall not make any change to the structural elements of the Premises.

#### 14.02 Removal of Installations and Restoration by Tenant

All alterations, decorations, additions and improvements made by the Tenant or made by the Landlord on the Tenant's behalf become on the affixation the property of the Landlord. No alteration, decoration, addition or improvement shall be removed from the Premises before the end of the Term without the Landlord's prior written consent, which may be withheld or delayed without reason being given. Upon termination of this Lease the alterations, decorations, additions and fixed improvements excepting the Tenant's fixtures will remain the property of the Landlord as part of the reversion, but the Tenant shall remove such of the alterations, decorations, additions and fixed improvements as may be requested by the Landlord, and restore the Premise as provided in Clause 8.04. Every installation, removal or restoration by the Tenant of its fixtures shall be done at the sole expense of the Tenant and the Tenant promptly shall make good or reimburse the Landlord the cost of making good all damage to structural elements relating to the Premises or to the heating, ventilating, air conditioning, plumbing, electrical or other mechanical systems in the Shopping Centre caused thereby.

#### 14.03 Liens

The Tenant promptly shall pay all its contractors and material men and do all things necessary to minimize the possibility of a lien attaching to the Premises or to any other part of the Shopping Centre and should a claim for lien be registered, the Tenant shall cause it to be discharged at the Tenant's expense within 14 days after the date of registration.

The Tenant covenants that it has not and shall not grant or permit any lien, charge, encumbrance or claim whatsoever over any chattels on or to be brought upon the Premises.

#### 14.04 Tenant's Signs, Awnings and Canopies

The Tenant shall not place or permit to be placed or maintained on the roof or any exterior or interior door, wall or window of the Premise any sign, awning, canopy, decoration, lettering, advertising matter or thing of any kind and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises without first obtaining the Landlord's written consent which may be withheld or delayed without reason being given, but this provision has no application to signs, awnings, canopies, decorations, lettering, advertising matter or other things to be placed inside the Premises if of a reasonable standard of acceptability to the Landlord and not visible from outside the Premises. The Tenant shall maintain every sign, awning, canopy, decoration, lettering, advertising matter or other thing consented to in good condition and repair at all times and will pay for the electricity used in the signs. The Tenant shall ensure that all such signs, awnings, canopies, decorations, lettering or advertising matter comply with applicable by-laws, rules and regulations of the applicable public authorities.

#### 14.05 Landlord's Signs

The Tenant waives all statutory rights now or in the future granted under municipal by-law in

respect of any sign or signs that the Landlord erects in the Shopping Centre, and will execute immediately on the Landlord's written or verbal request waivers, certificates or other papers in order to give effect to this waiver.

XV            PROMOTION FUND

15.01        Promotion fund

The tenant acknowledges and agrees that if Tenants representing or occupying in excess of 50% of the Retail Premises agree to the establishment of a promotion fund, the Tenant shall pay a proportionate share of the fund to the Landlord.

XVI           DEFAULT OF TENANT

16.01        Right to Re-enter

If the Tenant fails to pay Rent or Additional Rent that is in arrears within fifteen (15) days after written notice from the Landlord that is in arrears, or if the Tenant fails to observe, perform or keep any one or more of the other terms, conditions or covenants of the 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, shall 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 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.

16.02        Bankruptcy of Tenant

If:

- (a) the Term or part thereof or any of the goods and 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 or chattels of the Tenant;
- (c) The Tenant
  - (i) makes an assignment for the benefit of creditors;
  - (ii) takes the benefit of any statute now or hereafter in force relating to

bankrupt or insolvent debtors; or

- (iii) makes a bulk sale from the Premises other than a bulk sale to an assignee or sub lessee pursuant to an assignment or sublease which under Clause 12.01 was consented to or did require a consent;
- (d) any application, petition, certificate or order is made or granted for the winding up or dissolution of the Tenant, voluntarily or otherwise;
- (e) 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 or Additional Rent, breach of covenant or any other cause;
- (f) the tenant does not within fifteen (15) days after notice in writing from the Landlord, rectify or correct any non-performance of any term, condition or covenant of this Lease to be observed or performed by the Tenant;
- (g) any insurance policy insuring the Shopping Centre or the Landlord or the tenants of the Shopping Centre is cancelled by reason of the use and occupation of the Premises or any part thereof;
- (h) the Premises, without the written consent of the Landlord become and remain vacant for a period of ten (10) days or more;
- (i) 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 so there would not in the event of abandonment, sale or disposal be sufficient goods on the Premises subject to distress to satisfy all Rent and Additional Rent due or accruing due hereunder; or
- (j) the Premises are used by any persons other than those entitled to use the Premise under the terms of this Lease or the Premises are used for any purpose other than as herein provided, without the prior written consent of the Landlord;

the then current month's Rent and Additional Rent and the next ensuing three months' Rent and Additional Rent immediately shall become due and payable as accelerated rent and the Landlord may re-enter and take possession of the Premises as though the Tenant or the servants of the Tenant or any occupant of the Premises were holding over after the expiration of the Term and the Lease forewith will become forfeited and determined at the option of the Landlord exercisable by delivery of written notice to the Tenant. No payment or acceptance of Rent or Additional Rent subsequent to any event of default aforesaid, shall give the Tenant the right to continue occupation of the Premises, or in any way affect 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.

16.03            Landlord May Perform Tenant's Obligations

If the Tenant fails to perform an obligation of the Tenant under this Lease the Landlord may perform the obligation and for that purpose may enter upon the Premises on not less than 5 days' prior written notice to the Tenant or without notice in the case of an emergency and do such things upon or in respect of the Premises as the Landlord considers necessary. The Tenant shall pay as Additional Rent all expenses incurred by or on behalf of the Landlord under this clause plus 10% thereof for overhead upon presentation of a bill thereof. The Landlord shall not be liable to the tenant for loss or damage resulting from such action by the Landlord unless caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law.

16.04            Right to Re-let

If the Landlord re-enters, as herein provided, the Landlord may either terminate this Lease or the Landlord may from time to time without terminating the Tenant's obligations under this Lease, make alterations and repairs considered by the Landlord necessary to facilitate a re-letting, and re-let the Premises or any part thereof as agent of the Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as the Landlord in its reasonable discretion considers advisable. Upon each re-letting all rent and other monies received by the Landlord from re-letting will be applied, first to the payment of indebtedness other than Rent and Additional Rent due hereunder from the Tenant to the Landlord, second to the payment of costs and expenses of the re-letting including brokerage fees and solicitor's fees and costs of the alterations and repairs, and third to the payment of Rent and Additional Rent due and unpaid hereunder. The residue, if any, will be held by the Landlord and applied in payment of future Rent and Additional Rent as it becomes due and payable. If the rent received from the re-letting during a month is less than the Rent and Additional Rent to be paid during that month by the Tenant (based on an average of all previous Rent and Additional Rent payments under this Lease made by the Tenant in the then current Lease Year), the Tenant will pay the deficiency to the Landlord. The deficiency will be calculated and paid monthly. No re-entry by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant. Notwithstanding a re-letting without termination, the Landlord may elect at any time to terminate this Lease for a previous breach. If the Landlord terminates this Lease for any breach, in addition to other remedies it may have, it may recover from the Tenant all damages it incurs by reason of the breach including the cost of recovering the Premises, reasonable legal fees and the worth at the time of termination of the excess, if any, of the amount of Rent and Additional Rent reserved in this Lease for the remainder of the Term over the then reasonable rental value of the Premises for the remainder of the Term, all of which amounts immediately will be due and payable by the Tenant to the Landlord. In determining the

Rent and Additional Rent which would be payable by the Tenant after default, the annual rent for each year of the un-expired term will be equal to the average amount of Rent and Additional Rent paid or payable by the Tenant from the beginning of the Term to the time of default, or during the preceding three full calendar years, whichever period is shorter. In any of the events referred to in Clauses 16.01, 16.02 and 16.03, in addition to all other rights, including the rights referred to in this clause and Clause 16.01, the full amount of the current month's Rent, monthly contributions towards taxes, insurance premiums, the Tenant's Proportionate Share of the Operating Costs and all other payments required to be made monthly and the next three months' Rent immediately shall become due and payable, and the Landlord may immediately distain for those amounts together with arrears then unpaid.

16.05            Legal Expenses

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

16.06            The tenant shall not, if in default under the lease, remove any chattels from the Premises.

XVII            DAMAGE TO PREMISES

17.01            Abatement of Rent

If there is damage:

- (a) to the Premises; or
- (b) to the Shopping Centre which prevents access to the Premises or the supply of services essential to use of the Premises by the Tenant in the conduct of its business; and if such damage renders the Premises or a substantial part of the Premises not reasonably capable of use by the tenant for the conduct of its business for a period exceeding 14 days, unless the damage was caused by the wilful act or negligent act or omission of the Tenant, or an assignee, subtenant, concessionaire, licensee or other person conducting business on or form the Premises or an officer, employee, customer or other invitee of any of them:
- (c) the Rent payable under Clause 4.02 for the period commencing at the end of 14 days after the occurrence of the damage and ending on the date when at least a substantial part of the Premises is again reasonably capable of use by the Tenant

for the conduct of its business will abate in the proportion that the area of the part of the Premises rendered not reasonably capable of use by the Tenant for the conduct of its business bears to the total area of the Premises; and

- (d) Unless this Lease is terminated under Clause 17.02 or Clause 17.03, the Landlord will with all reasonable diligence make the repairs specified in Clause 8.02 and the Tenant will with all reasonable diligence make the repairs specified in Clause 8.04, in accordance with the nature of the damage, any right of the tenant to an abatement of Rent provided in this paragraph will not extend beyond the date by which, in the reasonable opinion of the Landlord, the Tenant should have completed its repairs with all reasonable diligence.

#### 17.02 Termination by Landlord in Event of Damage

The Landlord may, by giving written notice to the Tenant within 30 days of the occurrence of damage, terminate this Lease:

- (a) if the Shopping Centre is damaged by any cause and in the reasonable opinion of the Landlord:
  - (i) Cannot be repaired or rebuild with reasonable diligence within 180 days after the occurrence of the damage; or
  - (ii) The cost of repairing or rebuilding the Shopping Centre would exceed by more that 20% the proceeds of the Landlord's insurance available for the purpose of repairing or rebuilding; or
- (b) if the Premises are damaged by any cause and the age is such that the Premises are, or a substantial part of the Premises is, rendered not reasonably capable of use by the Tenant for the conduct of its business and in the reasonable opinion of the Landlord cannot be repaired or rebuild with reasonable diligence more than six months before the Term.

#### 17.03 Termination by Tenant in Event of Damage

The Tenant, by giving written notice to the landlord within 30 days of the occurrence of the damage, may terminate this Lease:

- (a) if the Premises are damaged by any cause and the damage is such that the Premises are, or a substantial part thereof is, rendered not reasonably capable of use by the Tenant for the conduct of its business; and
- (b) in the reasonable opinion of the Tenant, the Premises cannot be repaired or rebuild



with reasonable diligence more than six months before the end of the Term.

17.04        Repair

If this Lease is terminated under either Clause 17.02 or Clause 17.03, neither the Landlord nor the Tenant will be bound to repair as provided in Clauses 8.02 and 8.04, and the tenant shall forthwith deliver up possession of the Premises to the Landlord and in any event within 21 days after giving of the notice of termination, and all rent and Additional rent will be apportioned and paid to the date upon which possession is delivered up, subject to any abatement of rent to which the Tenant may be entitled under Clause 17.01.

17.05        Reference to Architect

In the event of any dispute between the Landlord and Tenant with respect to:

- (a) whether the damage to the Premise or the Shopping Centre can be repaired or rebuild within 180 days after the date of damage or more than six months before the end of the Term;
- (b) the cost of repairing or rebuilding the part or parts of the Shopping Centre damaged; or
- (c) whether the Premise are, or a substantial part thereof is, capable of use by the Tenant for the conduct of its business;

such dispute shall be referred for settlement to an architect practising and duly qualified to practice in the Province of British Columbia, chose by the Landlord, whose decision in respect of any such dispute shall be final and binding upon the Landlord and the Tenant.

XVIII        REMEDIES OF LANDLORD AND WAIVER

18.01        Remedies of Landlord Cumulative

No exercise of a specific right or remedy by the Landlord or by the Tenant precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

18.02        Waiver

The waiver by the Landlord or the Tenant of a breach of a term, covenant or condition of the Lease will not be considered to be a waiver of a subsequent breach of the same term, covenant or condition or of another term, covenant or condition. The subsequent acceptance of Rent or Additional 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 or Additional Rent. No covenant,

term or condition of this Lease will be considered to have been waived unless the waiver is in writing and signed by the Landlord.

XIX            ACCESS BY LANDLORD

19.01          Right to Entry

The Landlord and its agents may enter the Premises at all reasonable times to examine them and to show them to prospective purchasers, lessees or Mortgagees. The Landlord may make alterations, additions, and adjustments to and changes of location of the pipes, conduits, wiring, ducts, and other installations of any kind in the Premises where necessary to serve another part of the Shopping Centre, and the Landlord may take all material required thereof onto the Premises without constituting an eviction of the Tenant in whole or in part and the rent and Additional Rent reserved will not abate while the alterations, additions or changes of location are being made by reason of loss or interruption of the business of the Tenant or otherwise, and the Landlord will not be liable for damage to property of the Tenant or of others located in the Premises as a result an entry unless caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law. During the six months prior to the expiration of the Term the Landlord may place upon the Premises the usual notice "For Rent" which the Tenant will permit to remain without interference. If the Tenant is not present to open and permit entry into the Premises when for a proper reason entry is necessary or permissible, the Landlord or its agents may enter by a master key or may forcibly enter without rendering the Landlord or its agents liable thereof and without affecting this Lease. Nothing in this clause imposes upon the Landlord an obligation, responsibility or liability for the care, maintenance or repair of the Premises or any part thereof except as specifically provided in this Lease.

19.02          Excavation

If an excavation is made upon land adjacent to the Premises, or is authorized to be made, the Tenant will give to the person making the excavation permission to enter the Premises for the purpose of doing work that the Landlord considers necessary to preserve the wall of the building of which the Premises form a part from injury or damage and to support it by proper foundations, without any claim for damages or indemnification against the Landlord or diminution or abatement of Rent unless the damages were caused by the gross negligence or misconduct of the Landlord or another person for whose conduct the Landlord is responsible in law.

XX            ASSIGNMENT BY LANDLORD

20.01          Assignment

If the Landlord sells an interest in the Shopping Centre or in this Lease, to the extent that the

purchaser or assignee is responsible for compliance with the covenants and obligations of the Landlord hereunder, the Landlord without further written agreement shall be relieved of liability under those covenants and obligations.

XXI            RULES AND REGULATIONS

21.01        Landlord May Make Rules

The Landlord may from time to time establish, modify and enforce reasonable rules and regulations regarding the use and occupancy of all premises (including the Premises) set aside by the Landlord for leasing to tenants of the Shopping Centre. All rules and regulations and modifications whether made under this Clause or Clause 7.02 become a part of this Lease and bind the Tenant. The Tenant shall comply with the rules and regulations and modifications. Notice of the rules and regulations and modifications, if any, will be given to the Tenant by the Landlord. No rule or regulation or modification will contradict a provision of the Lease.

XXII         ACCEPTANCE OF PREMISES

22.01        Acceptance of Premises

The Tenant shall notify the Landlord of any defects in the Premises that prevent or diminish their use, within 30 days after the date when the Tenant is given occupancy by the Landlord, and failing the giving of notice the Tenant will be considered for all purposes to have accepted the Premises in their then existing condition and the landlord will not have further obligation to the Tenant for defects or faults excepting:

- (a)        latent defects which cannot be discovered on a reasonable examination;  
            and
- (b)        defects or faults in structural elements relating to the Premises not caused  
            by the Tenant's acts or omissions.

If a dispute occurs as to whether a defect or fault exists, such dispute shall be referred for settlement to an architect practising and duly qualified to practice in the Province of British Columbia, chosen by the Landlord, whose decision in respect of such dispute shall be final and binding upon the Landlord and the Tenant.

XXIII        LANDLORD'S COVENANTS AND OBLIGATIONS

23.01        Quiet Enjoyment

Subject to the provisions of this Lease, the Landlord covenants with the Tenant that the Tenant shall have quiet enjoyment of the Premises.

XXIV            OVER HOLDING

24.01            No Tacit Renewal

If after the end of the Term the Landlord does not demand vacant possession of the Premises and the Tenant remains in possession of the Premises without complete execution and delivery of a new lease or a written renewal or extension of this Lease, then the Tenant will be considered to be occupying the Premises as a tenant from month to month at a monthly rental payable in advance on the first day of each month equal to the sum of:

- (a)       twice the monthly instalment of Rent payable for the last month of the Term; and
- (b)       1/6th of the amount of Additional Rent and charges payable by the Tenant for the last Lease Year of this Lease;

and otherwise upon the terms and conditions set forth in this Lease, so far as applicable and excepting that such over-holding shall not entitle the Tenant to any option to renew in addition to any granted in this Lease.

XXV            OPTION TO RENEW

25.01            Option to Renew

**The Tenant shall have no right to renew.** Any request by the Tenant for a renewal should be **made in writing THREE MONTHS BEFORE THIS LEASE EXPIRES.**  
The landlord retains the right to renew or not renew any and all lease requests.

XXVI            MISCELLANEOUS

26.01            Accord and Satisfaction

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

26.02            No Partnership

The Landlord has not been, is not and shall not become in any way or for any purpose a partner

of or joint adventurer or a member of a joint enterprise with the Tenant.

26.03            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 void, invalid or unenforceable, the remainder of this Lease or the application of the term, covenant or condition to persons or circumstances other than those as to which it is held void, invalid or unenforceable, shall not be affected.

26.04            Joint and Several Liability

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 Additional Rent and perform all other obligations hereunder is joint and several. If the Tenant is a partnership or their 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.

26.05            Notice

A notice, demand, request, statement or other evidence required or permitted to be given under this Lease must be written and will be sufficiently given if delivered in person to the Landlord or the Tenant, or to an officer of the Landlord or of the Tenant, as the case may be, or delivered or mailed in the Province of British Columbia by prepaid registered mail to the address of the appropriate party first set out above or, in the case of notice to the Tenant, to the Premises. A notice, demand, request statement or other instrument mailed as aforesaid will be considered to have been given to the party to which it is addressed on the third business day following the date of mailing, postal service interruption by labour dispute or other causes excepted. A party at any time may give notice to the other party of a change of its address to another address in British Columbia, and after the giving of notice the address therein specified will be considered to be the address of the party which gave the notice.

26.06            Provisions Which Survive Termination

The provisions of Articles I and II, Clause 5.01, Subclauses 8.04 (b) and (c), Clauses 11.06, 11.07, 14.02, 14.03, 16.05, 16.06, 17.05 and Article XXVI shall survive termination of this Lease.

26.07            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 the party to be bound.

26.08 Time of the Essence

Time shall be of the essence in respect of this Lease and all matters addressed herein.

26.09 Force Majeure

Both the Tenant and the Landlord shall be released from their respective obligations in the event of a national emergency, war, prohibitive governmental regulation, or if any other cause beyond the reasonable control of the parties or either of them renders the performance of the obligations outlined in this Lease impossible whereupon all money due under this lease shall be paid immediately and in particular:

- (a) the Tenant shall pay to the Landlord all arrears of payments; and
- (b) each party shall be liable to pay to the other party damages for any breach of this Lease and all expenses and costs incurred by that party in enforcing its rights under this Lease.

26.10 Registration

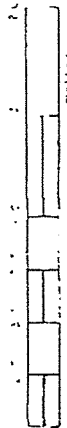
The Tenant shall not register this Lease in whole or in part without the written consent of the Landlord. The Landlord may withhold such consent and is not obligated to disclose any reason for such refusal to the Tenant.

6.11 Successors and Assigns

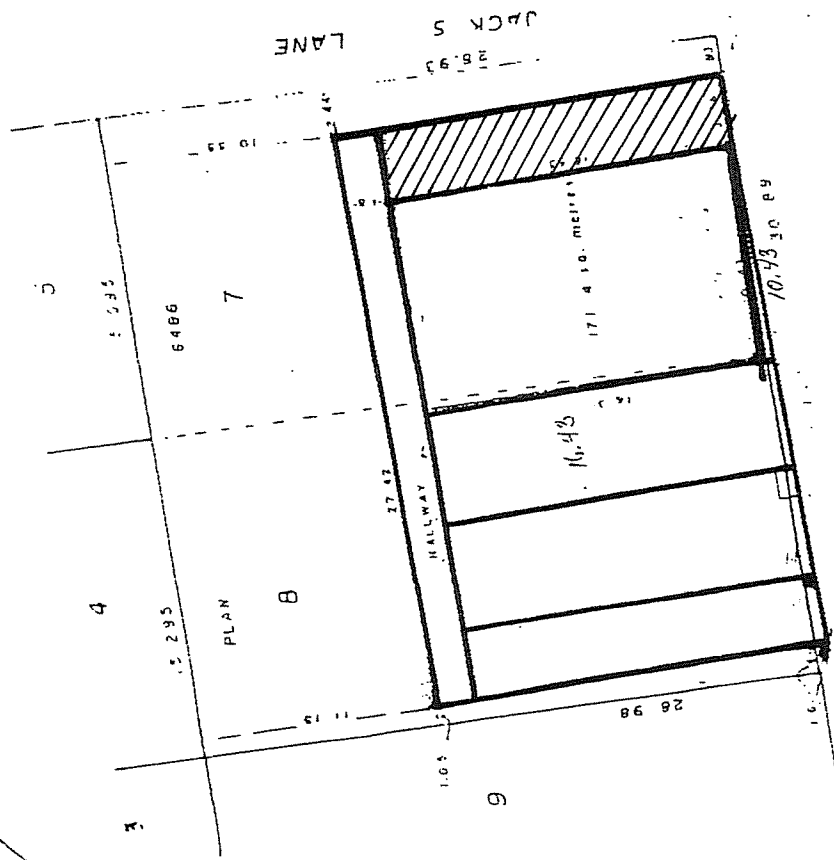
This Lease binds and benefits the parties and their respective heirs, executors, administrator, successors and assigns. No rights, however, benefit an assignee of the Tenant unless under clause 12.01 the assignment was consented to or did not require a consent.

EXPLANATORY PLAN OF LEASEHOLD  
 OF PART OF THE GROUND FLOOR  
 OF A ONE STOREY BUILDING ON  
 LOTS 7 AND 8, BLOCK G, D.L. 685  
 GROUP 1, N.W.D., PLAN 6486.

SCALE 1 : 250



B.C.G. 5 92 G. - 0.13



MARINE DRIVE

DATE: \_\_\_\_\_  
 DRAWN BY: \_\_\_\_\_  
 CHECKED BY: \_\_\_\_\_  
 SCALE: \_\_\_\_\_

IN WITNESS WHEREOF the Landlord and the Tenant have executed this Lease as of the day and year first above written.

SIGNED, SEALED AND DELIVERED )  
by DENNIS MACHON )

D.R. Machon  
DENNIS MACHON

In the presence of: )

MONIKA JAMES )  
(please print your name) )

Monika James )  
(please sign your name) )

03920-003 Dollarton Village Branch )  
477 North Dollarton Highway )  
NORTH VANCOUVER, BC V7G 1M9 )

(address) )

(address) )

SIGNED, SEALED AND DELIVERED )  
by GINO RUTIGLIANO )

\_\_\_\_\_  
GINO RUTIGLIANO

In the presence of: )

\_\_\_\_\_) )  
(please print your name) )

\_\_\_\_\_) )  
(please sign your name) )

\_\_\_\_\_) )  
(address) )



**SCHEDULE B**

**LANDLORD'S WORK**

NIL

**SCHEDULE C**

**TENANT'S WORK**

The Tenant shall, as part of the Tenant's work, fully complete the Leased Premises and do all work necessary for that purpose, over and above the Landlords work, as may be required so that the Leased Premises are fully completed and finished, fully fixture and ready for the conduct of the Tenant's business, within 30 days after commencement of the Term

## SCHEDULE "D"

### RULES

**Failure by the Tenant to comply with any of the following rules will constitute a fundamental and material breach of the Lease, entitling but not obligating the Landlord to terminate the Lease.**

1. **Payments** Immediately upon request by the Landlord at any time from time to time during the Term, the Tenant shall deliver **post-dated cheques** to the Landlord for any amounts that will become owing under the Lease. If any payments by the Tenant is late or dishonoured, the Tenant shall immediately pay the late or dishonoured amount to the Landlord, together with a **\$50.00 service charge** on account of Landlord's damages, **and the interest** due under Section 4.09.
2. **Insurance** The Tenant shall provide to the Landlord written proof of the insurance required under Part 11 of the Lease, **prior to occupying the Premises** and then **at least thirty days prior to each expiry or renewal**.
3. **Use of the Premises** The Tenant shall only use the Premises for the purpose specified in section 6.01, and shall not use or permit any agent, representative, employee, contractor or invitee of the Tenant to use the Premises or any part of the Shopping Centre in any way that is **unlawful or unsafe**, or that could cause any **disturbance, nuisance, damage, injury or death**.
4. **Parking** The Tenant shall provide the Landlord with the current Provincial License Plate Number of any vehicle owner or used by employees of the Tenant, **to avoid towing** from parking stalls designated for Tenant use.
5. **Communication** The Tenant shall ensure that the Tenant or an authorized representative of the Tenant is **available** for communication with the Landlord **at all reasonable times**, The Tenant and the Landlord shall each accept telephone calls at home between 8:00 and 9:00 p.m., and promptly return telephone messages. The Tenant shall advise the Landlord at least two months before expiry of the Term whether the Tenant intends to vacate, or attempt to negotiate a new lease.
6. **Further Rules** For the orderly and efficient administration of the shopping Centre from time to time, the landlord shall have the right to insure **further reasonable written Rules**, which upon insurance shall be binding upon the Tenant.

## SUMMARY OF LEASE AGREEMENT

This lease agreement constitutes a binding legal contract between the “Landlord” (Dennis R. Machon) and the “Tenant” (GINO RUTIGLIANO). By signing this lease the tenant has agreed to rent from the landlord the premises at 459 Marine Drive, Gibsons, B.C. In addition, by signing this lease the tenant has agreed to all conditions and terms whether expressed and/or implied in this lease.

The terms of this Lease are outlined as follows:

- 1) The TERM - The term of this lease is EIGHTEEN (18) months, commencing on APRIL 1, 2019 and expiring on SEPTEMBER 30, 2020.
  
- 2) Rent - The rental portion of the amount payable to the landlord by the Tennant shall not exceed **\$1225.00** during the term of this lease.
  
- 3) Property taxes -currently assessed in this lease at **\$200.00**; sewer & water rates - currently assessed in this lease at **\$90.00**; and GST. - currently assessed in this lease at **\$75.75**, are only temporary estimates by the Landlord, and are thus subject to adjustment by the Landlord during this lease when and if the Town of Gibsons makes equivalent adjustments.
  
- 4) The Landlord recognizes the receipt of EIGHTEEN (18) post-dated cheques each in the amount of \$1590.75 and a damage deposit of \$1590.75 to be used for any damages.
  
- 5) This summary page is only a summary of the lease agreement itself and thus if any part of this document is incorrect the latter (i.e., the Lease Agreement itself) constitutes and outlines the correct and proper working and binding relationship between the Landlord and the Tenant.
  
- 6) The Landlord strongly suggests that the Tenant seek legal advice before signing and hence agreeing with the terms in this Lease.

Upon signing (and witnessing) this lease the Landlord requests that it be returned to the Landlord, upon which the Landlord will forward to the Tenant an executed copy of this Lease.