

**LEASE**

THIS LEASE dated for reference the 25th day of January, 2017

**BETWEEN:**

**ADDISON DEVELOPMENTS (GIBSONS) LTD.**

(Inc. No. BC0710340), a company duly incorporated pursuant to the laws of British Columbia and having its registered and records office located at 4227 St. Pauls Avenue, North Vancouver, B.C., V7N 1T4.

(the "Landlord")

**OF THE FIRST PART**

**AND:           Buck Fever Ventures Inc.  
                  Unit 2A-747 North Road  
                  Gibsons, B.C. V0N 1V9**

**OF THE SECOND PART**

THIS AGREEMENT WITNESSES that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

**1.00           BASIC TERMS AND DEFINITIONS**

1.01           Basic Terms

- |     |                             |   |
|-----|-----------------------------|---|
| (a) | Premises:                   | Unit 2A - 747 North Road,<br>Gibsons, B.C. V0N 1V9  |
| (b) | Floor Area of the Premises: | Approximately 1,150 square feet of<br>ground floor commercial area                                      |
| (c) | Term:                       | Five years  |
| (d) | Renewal:                    | .Five years at option of lessee   |
| (e) | Commencement Date:<br>of    | The Term will commence on 1st day<br>April, 2017 and end on the 31 <sup>st</sup> day<br>of March, 2022. |

(f) Basic Rent:

Year	Per Annum	Per Month	Estimated monthly triple net	Monthly G.S.T.(based on 5%)	Estimated monthly total basic rent + G.S.T. + triple net
Year 1	\$19,405.20	\$1,617.10	\$337.78	\$97.74	\$2,052.62
Year 2	\$19,599.25	\$1,633.27	Tbd	Tbd	Tbd
Year 3	19,795.24	\$1,649.60	Tbd	Tbd	Tbd
Year 4	\$19,993.20	\$1,661.10	Tbd	Tbd	Tbd
Year 5	20,193.13	\$1,682.76	Tbd	Tbd	Tbd

\*Tbd = to be determined

- (g) Permitted Business: Retail & sporting goods, hunting and fishing and for all lawful uses that are compatible with the zoning for the Premises.
- (h) Security Deposit: Equal to first and last month's Basic and Additional Rent plus G.S.T.
- (i) Special Terms and Conditions: Nil
- (j) Agent for the Landlord: (All agent's fee to be paid by the Landlord).

1.2 Definitions. Capitalized terms or expressions have the following meanings:

- (a) **“Additional Rent”** means any money other than the Basic Rent or required to be paid by the Tenant under this Lease, whether or not the same be designated as Rent or whether the same be payable by the Landlord or otherwise including the “Operating Expenses” as defined below currently estimated at \$ per month

- (b) “**Building**” means the retail commercial property at 747North Road, Gibsons, B.C., on the lands legally described as:

P.I.D. #005-435-692,  
Lot 1, except those portions in Plans  
13789, 14025 and 17014, Block A  
District Lot 688, Plan 10114

or as the boundaries of such lands may be varied from time to time, together with all buildings, improvements, facilities, machinery, equipment, systems and facilities thereon, all as may be altered, expanded, reduced or renovated.

- (c) “**Building Taxes**” means all taxes, rates, duties, levies and assessments whatsoever (including, without limitation, local improvement taxes and levies), levied, rated, charged, imposed or assessed by any lawful taxing authority, whether federal, provincial, municipal, school or otherwise against the Building, including, without limitation, the Common Areas and Facilities, or any part or parts thereof from time to time, or upon the Landlord in respect thereof, or from time to time levied, rated, charged, imposed or assessed in the future in lieu thereof or in addition thereto, whether of the foregoing character or not, and whether in existence at the commencement of the Term or not, including, without limitation, those levied, rated, charged, imposed or assessed for education, schools and local governments, and including all costs and expenses (including, without limitation, legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in good faith in contesting, resisting or appealing any taxes, rates, duties, levies or assessments, but excluding taxes and license fees in respect of any business carried on by Tenants and occupants of the Building within leasable premises, and income or profits taxes upon the income of the Landlord to the extent such taxes are not levied in lieu of taxes, rates, duties, levies and assessments against the Building or upon the Landlord in respect thereof;

- (d) “**Common Areas and Facilities**” means those areas, facilities, utilities, improvements, equipment and installations which, from time to time:
- (i) are not designated or intended by the Landlord to be leased to Tenants of the Building;
  - (ii) are designated by the Landlord to serve or benefit the Building;
  - (iii) are designated by the Landlord as part of the Common Areas and Facilities; or
  - (iv) are provided or designated by the Landlord for the use or benefit of the Tenants, their employees, customers and other invitees in common with others entitled to the use or benefit thereof, as

permitted by this Lease, and which may be changed from time to time.

Without limitation, Common Areas and Facilities include all roofs and roof membranes, exterior wall assemblies including weather walls, exterior and interior structural elements and bearing walls in the building and improvements comprising the Building and the foundations and footings of the Building; all parking areas; all entrances or exits, access roads; truck courts; driveways and truckways; delivery passages; manual; mechanical, electrical or automatically operated doors; package pickup stations; loading docks and related areas and equipment; pedestrian sidewalks; landscaped and planted areas; service areas; corridors; bus kiosks (if any); roadways and stops; equipment, furniture, furnishings and fixtures; storage fixtures; stairways, hoists, ramps and other transportation equipment and systems; tenant common and public washrooms; electrical, telephone, meter, valve, mechanical, mail, storage service and janitor rooms; music, fire prevention, security and communication systems; pylon and other general signs; columns; pipes; electrical, plumbing, drainage, mechanical, heating, ventilating and air conditioning and all other installations, equipment or services located in the Building as well as the structures housing the same;

- (e) **“Fixtures”** or **“Leasehold Improvements”** means all partitions (including moveable partition fixtures), fixtures, improvements, equipment, installations, alterations and additions in or to the Premises existing at the Commencement Date and thereafter from time to time made, erected or installed in or to the Premises including, without limitation, all wall-to-wall carpeting or similar affixed door coverings; heating, ventilating and air-conditioning equipment; hot water tanks; interior doors; light fixtures; ceilings; plumbing fixtures; communication systems; control equipment; non-structural walls; air filtering devices; drapes and other window coverings; all parts, attachments, accessories, replacements and improvements to any of the Fixtures whether or not supplied or installed by the Landlord, with the exception of trade fixtures which are moveable and not securely attached, installed or permanently affixed in the Premises, as determined at common law unless such trade fixtures have been installed by or at the expense of the Landlord;
- (f) **“Floor Area”** means the area expressed in square feet of any rentable area in the Building, as certified by the Landlord, calculated by measuring from the exterior surfaces of the exterior walls and of all walls adjoining the Common Areas and Facilities, or from the centre line of party or demising walls separating two or more interior leaseable premises from other areas in the Building where no wall exists, all without deduction or exclusion for any space occupied by or used for entrances, columns, stairs, shafts or other interior construction or equipment or for any storefront or doorway

areas recessed from the lease line, to include a share of the Floor Area of any electrical, utility and storage areas and corridors, washrooms, hallways and entrances, which certification shall be final and binding on the Tenant;

- (g) “**Floor Area of the Building**” means the aggregate, from time to time, expressed in square feet, as certified by the Landlord, of the Floor Areas of all ground floor leaseable premises (including the Premises) set aside by the Landlord for leasing to tenants of the Building, whether leased or not;
- (h) “**Hazardous Substance**” means any substance or thing or mixture of substances or things that alone or in combination with others, or in certain concentrations, exhibit characteristics of flammability, corrosively, reactivity or toxicity or which could cause an adverse effect or which is dangerous or detrimental or potentially dangerous or detrimental or hazardous to persons or other living things or the environment, including, but not limited to, radioactive materials; explosives; any substance that if added to any water would degrade or alter or form part of a process degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant; any solid, liquid, gas odour or combination of any of them that if emitted into the air would create or contribute to the creation of a condition of the air that endangers the health, safety or welfare of persons or the health of animal life, interferes with normal enjoyment of life or property, or causes damage to plant life or to property; any pollutant, contaminant, toxic or hazardous chemical or waste; dangerous substance; noxious substance; radioactive material; urea formaldehyde foam insulation; asbestos; polychlorinated biphenyl; pesticides; any production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which is restricted, prohibited, defined in, governed by, subject to, regulated or penalized in any manner under any applicable law or environmental permits; or substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated under any applicable law or governmental authority having jurisdiction;
- (i) “**Insurable Hazards**” means fire and other perils for which insurance is available and which a reasonably prudent Landlord would obtain in similar circumstances;
- (j) “**Lease Year**” means a twelve (12) month period, commencing with the first day of January in one calendar year and ending on the last day of December in that calendar year; providing that the first Lease Year shall commence on the Commencement Date of the term and end on the last day of December in the calendar year of the Commencement Date of the term and the last Lease Year shall end on the last day of the term of this

Lease and commence on the first day of January preceding that date;

- (k) **“Operating Costs”** includes, without limiting the generality of the foregoing, the total of all expenses, costs, fees, rentals, disbursements and outlays of every nature and kind incurred, accrued, paid, payable or attributable, whether by or on behalf of the Landlord (without duplication) for operating, maintaining, servicing, repairing, restoring, renewing, improving, equipping, insuring, cleaning, lighting, heating, ventilating, and air-conditioning, securing, policing, supervising, managing and administering the Building or any portion thereof in each Lease Year, including, without limitation, the generality of the foregoing, the following costs and expenses:
- (i) the total cost and expenses incurred by the Landlord in taking out and maintaining the insurance pursuant to Article 12.01, including any deductible amount paid by the Landlord in connection with a loss for which a claim is made under its insurance or the amount of any loss if no claim is made by the Landlord under its insurance if any deductible amount would exceed the amount of such loss;
  - (ii) landscaping, gardening, cleaning including janitorial service and supplies, snow and ice removal, garbage and waste collection, disposal and scavenging;
  - (ii) lighting, electricity, water, gas, public utilities, heating, ventilating and air-conditioning, loud speakers, signage, public address and musical broadcasting Systems, telephone and answering service facilities and systems used in or serving the Building, and electricity for any signs designated by the Landlord, whether, as part of the Building or for or attributable to the Common Areas and Facilities;
  - (iv) policing, security, supervision and traffic control;
  - (v) Building Taxes;
  - (vi) business taxes assessed, levied and payable in respect of the Common Areas and Facilities;
  - (vi) salaries of all personnel including supervisory personnel employed in connection with the maintenance, repair, marketing, administration and to carry out the maintenance, marketing and Operation of the Building and the Common Areas and Facilities, including, contribution and premiums towards fringe benefits, unemployment and Workers’ Compensation Insurance, pension plan contributions and similar premiums and contributions;

- (viii) the cost of any equipment and signs (including rentals) and the Cost of building supplies used by the Landlord in the maintenance, repair replacement and operation of the Building and the Common Areas and Facilities;
- (ix) fees incurred in the preparation and auditing of written statements of Operating Costs;

Repairs and replacements to and maintenance and Operation of the Building and the Common Areas and Facilities and the systems, facilities and equipment serving the Building and the Common Areas and Facilities, including, without limitation, the parking areas, structural and electrical equipment and systems (except for the cost of repairing or replacing any inherent structural defect or weaknesses); and sign bands and pylon signs, as determined by the Landlord.

- (xi) depreciation or amortization:
  - (1) of the costs, including repair and replacement, of all maintenance, operating and cleaning equipment and master utility meters from the earlier of the date that the cost was incurred or the commencement of the Term; and
  - (2) of the costs incurred for repairing or replacing all other fixtures, improvements, equipment and facilities serving or comprising the Building and the Common Areas and Facilities, unless they are charged fully in the Lease Year in which they are incurred, (in either case in accordance with generally accepted accounting principles as reasonably determined by the Landlord);
- (x) amortization of the cost of the installation of items which are primarily for the purposes of reducing Operating Costs or which may be required by governmental authority;
- (xiii) auditing, accounting, management, bookkeeping, legal and other professional and consulting fees and disbursements attributable to the maintenance, operation, management, replacement, supervision and administration of the Building;
- (xiv) an administration fee equal to fifteen (15%) percent of all Operating Costs of the Building (excluding any management fees and salaries);

(l) “**Premises**” means that portion of the Building shown outlined in red on

Schedule "A" containing the approximate Floor Area set out in Article 1.01(b) including all Leasehold Improvements therein

- (m) **"Proportionate Share"** means a fraction which has as its numerator, the Floor Area of the Premises, and as its denominator, the Floor Area of the Building
- (n) **"Release"** means releasing, spilling, leaking, pumping, pouring, emitting, discharging, ejecting, escaping, leaching, disposing or dumping
- (o) **"Rent"** means all amounts payable by the Tenant, including, without limitation, Minimum Rent, Percentage Rent and Additional Rent
- (p) **"Schedules"** means the following schedules which form a part of this Lease:

Schedule "A" - Description of Building

- (q) **"Term"** means the period set forth in Article 1.01(c) and includes any extension or renewal thereof; and
- (r) **"Year of the Term"** means each successive twelve (12) calendar month period or part thereof throughout the Term commencing on the Commencement Date.

## **2.00 NET LEASE**

2.01 **Intent.** This Lease shall be a completely carefree triple net lease for the Landlord, except as shall be otherwise provided. The Landlord shall only pay those costs payable by it under the Lease. Except as otherwise provided, the Tenant shall pay in the manner more particularly described in this Lease, all charges, impositions and costs of every nature and kind relating to the Premises whether or not referred to in the Lease and whether or not of a kind now existing or contemplated by parties.

## **3.00 GRANT**

3.01 **Premises.** In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the tenant to be observed and performed, the Landlord hereby demises and leases the Premises to the Tenant and the Tenant takes the Premises on lease from the Landlord, TO HAVE AND TO HOLD during the Term on the terms and conditions of this Lease. In addition, the Tenant shall be entitled, for the benefit of the Premises, to use the Common Areas and Facilities in common with others entitled thereto. The Tenant shall examine the Premises before taking possession hereunder and such taking of possession shall be conclusive evidence as against the Tenant that at that time the Premises were in good and satisfactory condition.

3.02 Certification of Floor Area. If required by the Landlord, the Floor Area of the Premises shall be certified by the Landlord and all amounts calculated and payable with reference to Floor Area shall be adjusted and payable in accordance with such certification, otherwise the Floor Area shall be as set out in Article 1.01(b).

3.03 Term. The Term of this Lease will be for the period set out in Article 1.01(c) commencing on the Commencement Date.

3.04 Delivery of Premises by the Landlord. The Landlord warrants to deliver the Demised premises in a clean tenable condition. The Landlord also warrants that all existing mechanical and electrical systems including but not limited to doors, windows, shipping/receiving facilities, heating and lighting and other systems comprising the Demised Premises shall be in a clean and good working order as of the Commencement Date of the Lease.

3.05 Acceptance of Premises. The Tenant accepts possession of the Premises “as is where is” and acknowledges that all the finishes and improvements of any nature whatsoever to the Premises are to be made by the Tenant at the Tenant’s sole cost, risk and expense, strictly in accordance with Schedule “B” hereto, except as may be otherwise provided in the Lease.

3.06 Permits and Approvals. The Tenant acknowledges that it is responsible, at its sole cost, risk and expense, to secure from the competent governmental authorities all the necessary permits and approvals, including, without limitation, a Certificate of Occupancy, that may be necessary in connection with the making of any improvements to, or the conduct of its business in, the Premises.

3.07 Zoning. The Tenant acknowledges that the Demised Premises are zoned for Light Impact Industrial uses. The Tenant is accepting all zoning and other land use restrictions. It is the Tenant’s sole obligation to ensure that the intended use is permitted.

#### **4.00 OPERATING COSTS**

4.01 Tenant to Pay Proportionate Share. During each Lease Year the Tenant shall pay its Proportionate Share of Operating Costs to the Landlord.

4.02 Payment of Tenant’s Proportionate Share. Operating Costs shall be estimated by the Landlord for such period as the Landlord may determine and the Tenant agrees to pay to the Landlord its Proportionate Share of such amounts, in monthly instalments in advance, during such period together with other rental payments provided for in this Lease. If the Tenant shall have paid in excess of the actual amount due, the excess shall be refunded by the Landlord within a reasonable period of time or be credited on account of Rent next falling due. If the amount the Tenant has paid is less than the actual amount due, the Tenant shall pay the deficiency with the next Minimum Rent payment due.

4.03 Landlord's Allocation of Operating Costs. Whenever any item(s) of Operating Costs or portions thereof properly relates to a particular tenant or tenants within the Building, the Landlord may allocate or attribute such item or items to such tenant or tenants on an equitable basis, and the amount so allocated or attributed shall be payable forthwith upon demand.

## **5.00 RENT**

5.01 Minimum Rent. The Tenant agrees to pay to the Landlord at the office of the Landlord, or at such other place designated by the Landlord, in lawful money of Canada, without any prior demand therefore and without any deduction or set-off whatsoever, Basic Rent for each Year of the Term in the amount per square foot set out in Article 1.01(e) multiplied by the Floor Area of the Premises, payable in equal monthly instalments in advance on the first day of each calendar month, Commencing on the Commencement date.

5.02 Additional Rent. The Tenant shall pay all Additional Rent when payable or on demand. If such amounts or charges are not paid at the time provided in this Lease, the Landlord may deduct same from the next instalment of Minimum Rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable thereunder, or limit any other remedy of the Landlord.

5.03 Business and Other Taxes. The Tenant shall pay, promptly when due, to the taxing authorities or to the Landlord if it so directs, all business, sales, machinery and equipment taxes, rates or duties as well as any permit or license fees, attributable to the use and occupancy of the Premises and the property, business, sales or income of the Tenant in respect of the Premises. If paid directly to the taxing authorities, the Tenant shall furnish to the Landlord evidence of payment satisfactory to the Landlord.

5.04 Sign Rental. The Tenant shall pay, promptly when due, to the Landlord as Additional Rent a monthly leasing charge for any signs of the Tenant on the sign band, pylon sign or any other signs on the Building, such leasing charge to be determined by the Landlord, in its sole discretion.

5.05 Security Deposit. The Landlord acknowledges receipt of the amount set out in Article 1.01(g) to be held by the Landlord as a deposit without liability for the payment of interest thereon and to be applied as set out in Article 1.01(g) with the balance to be held as security for the payment of Rent and the due performance of the Tenant's obligations under this Lease. If at any time Rent or any other amount payable by the Tenant is overdue and unpaid or the Tenant fails to perform any of its obligations under this Lease, the Landlord, either before or after terminating this Lease, may apply the whole or any part of the deposit to the payment of such Rent or to compensate the Landlord for any loss or expense incurred by the Landlord and such application will be without prejudice to the Landlord's right to pursue its remedies. If the whole or any part

of the deposit is applied by the Landlord, the Tenant will pay to the Landlord forthwith a sufficient amount to restore the deposit to the amount specified in Article 1.01(g) and the Tenant's failure to do so within ten (10) days after demand will constitute a breach of this Lease. If the tenant promptly pays all Rent as it falls due and performs all of its obligations under this Lease, the Landlord will repay the deposit or any balance held by the Landlord to the Tenant within thirty (30) days after termination of this Lease. The Landlord may deliver and assign the deposit to any purchaser of the Landlord's interest in the Premises and thereupon the Landlord will be discharged from any further liabilities with respect to such deposit.

5.06 Post-Dated Cheques. The Tenant shall pay Basic Rent and Additional Rent for such period as the Landlord may request, by way of a series of post-dated cheques to be delivered to the Landlord, or by way of a preauthorized debit payment system, or as otherwise directed by the Landlord.

5.07 Irregular Periods. All Rent shall be deemed to accrue from day to day and if for any reason it shall become necessary to calculate Rent for irregular periods of less than one year, an appropriate pro rata adjustment shall be made on a daily basis in order to compute payment for such irregular period.

5.08 Interest on Unpaid Rent. Any unpaid amounts of Rent shall bear interest, payable as Additional Rent, from the due date thereof to the date of payment at a rate equal to the higher of twenty-four (24%) percent per annum or at a rate equal to three (3%) percent per annum in excess of the prime commercial lending rate per annum charged or chargeable from time to time by a Canadian chartered bank designated by the Landlord on loans made in Canadian funds to its most favoured commercial borrowers, (which rate as certified in writing by such bank will be binding on the parties if there is a dispute) calculated and compounded monthly, with any adjustment in such prime commercial lending rate to be effective on the first day of the month next following such change. Nothing contained herein shall be construed so as to compel the Landlord to accept any payment of Rent in arrears should the Landlord elect to apply its remedies under the forfeiture or any other article of this Lease in the event of default hereunder by the Tenant.

5.09 Goods and Services Tax. The Tenant will pay to the Landlord (acting as agent for the taxing authority if applicable) or directly to the taxing authority (if required by the applicable legislation) in the manner specified by the Landlord, the full amount of all goods and services taxes, sale taxes, value-added taxes, multi-stage taxes, business transfer taxes, and any other taxes imposed on the Tenant in respect of any rent payable by the Tenant under this Lease, or in respect of the rental of premises by the Tenant under this Lease (collectively and individually, "Sales Taxes"). Sales Taxes are payable by the Tenant whether they are characterized as a goods and services tax, sales tax, value-added tax, multi-staged tax, business transfer tax, or otherwise. Sales Taxes so payable by the Tenant will be:

- (a) calculated by the Landlord in accordance with the applicable legislation;

- (b) paid by the Tenant at the same time as the amount to which the Sales Taxes apply are payable to the Landlord under the terms of this Lease (or upon demand at such other time or times as the Landlord from time to time determines); and
- (c) considered not to be Rent, despite anything else in this Lease, but the Landlord will have all of the same remedies for and rights of recovery with respect to such amounts as it has for non-payment of Rent under this Lease or at law

5.10 N.S.F. Cheques. If a cheque received from the Tenant is returned by the Tenant's bank, trust company or financial institution for reason of insufficient funds, or for any reason other than clerical error, a minimum administrative charge of not less than Fifty Dollars (\$50.00), plus Sales Tax, will be levied and paid by the Tenant for processing each returned cheque.

5.11 Late Payment of Rent. In addition to interest charges as provided in the Lease, a minimum late payment fee of One hundred Dollars (\$100.00) plus Sales Tax shall be charged to the Tenant for any monthly payment of Rent received after the first day of the month.

## **6.00 USE OF COMMON AREAS AND FACILITIES**

6.01 Control of Common Areas and Facilities by the Landlord. All Common Areas and Facilities from time to time provided by the Landlord shall at all times be subject to the exclusive control and management of the Landlord, and the Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the Premises and all Common Areas and Facilities.

6.02 Access. The Landlord for itself and its assigns hereby grants to the Tenant and its permitted assigns a free right of access in common with the Landlord and all other persons entitled to the like right over all of the areas designated by the Landlord from time to time as parking areas, roadways and walkways in the Building.

6.03 Changes and Additions to Buildings. The Landlord hereby reserves the right at any time to change the configurations of the Common Areas and Facilities and to make alterations or additions to and to build additional storeys on the buildings in which the Premises are contained and to build adjoining the same. The Landlord also reserves the right to construct other buildings or improvements in the Building from time to time and to make alterations thereof or additions thereto and to build additional storeys on such building or buildings and to build adjoining same and to construct multi-deck or elevated or underground parking facilities

6.04 Right to Regulate Parking. The Tenant covenants with the Landlord that it will and will cause its employees to observe all regulations made by the Landlord from

time to time with respect to parking on those portions of the Common Areas and Facilities or parking garage provided for that purpose and that the Tenant shall supply automobile license numbers of its employees to the Landlord upon request. In particular, the Landlord reserves the right to:

- (a) remove any automobile infringing regulations made by the Landlord with the Tenant with respect to parking from time to time. Such removal to be at the risk and expense of the owner of such vehicles and of vehicles of the Tenant or the Tenant's employees or the Landlord may charge the Tenant a fee of Fifty Dollars (\$50.00) any time an employee of the Tenant parks in an area not designated as an employee parking area or in part of the parking areas where no part is designated to Tenant employee parking. Such charge shall be deemed Additional Rent and shall be payable forthwith on notice; and
- (b) impose charges for the use of the parking areas or other parking facilities, such rates to be determined by the Landlord having regard to parking facilities provided and the Tenant agrees that in the event that the Landlord makes such charges, the Tenant will not refund or in any way compensate any of its customers or others for all or part of any such charges or enter into any arrangement whereby any of its customers or others secure parking free or at a reduced cost.

## **7.00 USE OF PREMISES**

### **7.01 Use of Premises.**

- (a) The Tenant shall use the Premises solely for the purpose set forth in Article 1.01(f). The Tenant will not use or permit or suffer the Premises or any part thereof to be used for any other business or purpose. The Tenant acknowledges that it does not have the exclusive right to conduct the business described in Article 1.01(f) in the Building;
- (b) The Tenant will not perform any acts or carry on any practices which may injure the building or buildings and improvements forming part of the Building or be a nuisance or a menace to the Landlord or to other tenants in the Building;
- (c) The Tenant will utilize the entire Premises in the active and continuous conduct and operations of its business throughout the Term, and without limiting the generality of the foregoing, the Tenant will operate the Premises in the active conduct of the Tenant's business during all days and hours of operation established by the Landlord for the Building. If the Tenant does not fulfil this obligation, in addition to any other right or remedy of the Landlord, the Tenant shall pay, at the option of the Landlord, as liquidated damages to the Landlord, the amount of One

Hundred Dollars (\$100.00) per one thousand (1,000) square feet of space leased to the Tenant (pro-rated) for each day, or part day, in which the Tenant fails to conduct its business accordingly. Acceptance by the Landlord of any payment of the aforesaid damages by the Tenant shall not prejudice the Landlord from any other remedies available to it on any future default; and

- (d) There will be no coin-operated machines on the Premises without the Landlord's prior written consent.

7.03 Prohibited Uses. Notwithstanding anything herein to the Contrary, in no event will the Tenant use or suffer or permit the Premises to be used for the following purposes:

- (a) a store conducted principally or in part for the sale of second-hand goods, war surplus articles, insurance salvage stock, or fire sale stock, or the sale of merchandise damaged by fire or purported to be damaged by fire;
- (b) a store conducted in whole as a discount operation;
- (c) an auction;
- (d) a pawn shop;
- (e) any other business which because of merchandise likely to be sold or the merchandising or price methods likely to be used would tend to lower the character of the Building;
- (f) a mail order business;
- (g) an order office for a department store or mail order business;
- (h) a branch of a department store or mail order business;
- (i) any operation in any line of merchandise in which operation the Tenant is making a practice of fraudulent or deceptive advertising or selling procedure. The Tenant shall not conduct on the Premises any "distress sale", "bankruptcy sale", "going out of business sale" or any other sale designed to convey to the public that business operations are to be discontinued, and shall only sell merchandise in the regular course of trade as a retail merchant for the purpose for which the Premises are leased; and
- (j) any activity which would violate the terms of any exclusive use or restrictive covenant made between the Landlord and any other tenant or occupant of the Building.

## **8.00**            **UTILITIES - PREMISES**

8.01            Utility Charges. The Tenant shall be solely responsible for and shall promptly pay all charges for lighting, heating, ventilating and air conditioning in the Premises and all water, gas, electricity, telephone and other utilities used in the Premises as separately billed by the supplier to the Tenant. In no event shall the Landlord be liable for, nor have any obligation with respect to, an interruption or failure in the supply of any such utilities or services to the Premises, whether supplied by the Landlord or others but shall take all reasonable steps to rectify any interruptions on the Common Areas and Facilities. If any such utilities used in the Premises are not separately metered and billed by the supplier directly to the Tenant, the Tenant will pay the Landlord, together with Operating Costs, its Proportionate Share of such utilities as allocated by the Landlord to the Tenant.

## **9.00**            **MAINTENANCE OF PREMISES**

### 9.01            Maintenance by Tenant.

- (a)            During the term and at its own cost, risk and expense, the Tenant shall repair, maintain, keep in good order and make replacements to the Premises and all equipment, Leasehold Improvements and mechanical systems within or necessarily incidental to the Premises, including, without limitation, the heating, ventilating and air-conditioning equipment and any improvement now or hereafter made to the maintenance, to effect such repairs and replacements and to decorate, at its own cost and expense as and when necessary or reasonably required so to do by the Landlord. If required by the Landlord, the Tenant shall provide regular ongoing maintenance for the heating, ventilating and air-conditioning equipment serving the Premises by a contractor under a maintenance contract which shall provide for not less than two (2) full inspections per year, on terms and conditions first approved in writing by the Landlord, acting reasonably. Notwithstanding anything to the contrary, if the Landlord elects to take out an ongoing maintenance contract with respect to the heating, ventilating and air-conditioning equipment serving the Premises the regular ongoing maintenance of such system shall be the responsibility of the Landlord, but all costs attendant thereto shall be charged back to the Tenant and paid as Additional Rent;
- (b)            The Tenant shall promptly repair or replace all damaged glass, plate glass, doors and windows in the Premises unless such damage is caused by the Landlord or persons for whom the Landlord is in law responsible;
- (c)            During the Term and at its cost, risk and expense, the Tenant shall keep the Premises and the loading area and exterior surfaces of the Premises in

neat, clean and sanitary condition and shall not allow any refuse or garbage or pallets, cartons or like material resulting from deliveries, or loose or waste material to accumulate in or about the Premises. All garbage shall be kept at all times from the view of the general public, and shall be disposed of by the Tenant on a regular basis, as determined by the Landlord but at the Tenant's sole expense; and

- (d) The Tenant shall, after first obtaining the written approval of the Landlord to the specifications, design and location (which matters shall be wholly within the discretion of the Landlord), at the expense of the Tenant install, maintain, and operate during such reasonable hours as the Landlord may determine an illuminated sign; which sign shall remain the property of the Tenant and the Tenant shall remove such sign at the end of the Term and shall make good all damage caused by such installation and removal.

9.02 Landlord's Approval. Before commencing any repairs, replacements, maintenance, alteration, decoration or improvements set out above, or elsewhere referred to in this Lease, the Tenant shall obtain the Landlord's written approval, which shall not be unreasonably withheld. If required by the Landlord to do so, the Tenant shall submit plans and specifications thereof. Any repairs, replacements, maintenance, alterations, decorations or improvements so done by the Tenant shall be carried out in a good and workmanlike manner by workmen approved by the Landlord.

9.03 Tenant's Failure to Repair. If the Tenant refuses or neglects to repair properly as required hereunder and to the reasonable satisfaction of the Landlord, the Landlord may make such repairs without liability to the Tenant (excepting the Landlord's negligence) for any loss or damage that may accrue to the Tenant's merchandise, fixtures, or other property or to the Tenant's business by reason thereof, and upon completion thereof, the Tenant shall pay the Landlord's actual costs in the circumstances plus fifteen (15%) percent for making such repairs, forthwith upon presentation of an invoice therefore.

9.04 Heating, Ventilating and Air-Conditioning Equipment. Notwithstanding anything to the contrary in this Lease, at the Landlord's option, the Landlord may, at any time or from time to time, on the Tenant's behalf, maintain and make repairs and replacements to the heating, ventilating and air-conditioning equipment in the Premises and the Tenant shall pay to the Landlord as Additional Rent the cost of such maintenance, repairs and replacement.

9.05 Repair by Landlord. The Landlord shall make repairs to the structural elements of the roof, foundations, sub-floor and outer support walls of the building housing the Premises, normal wear and tear and damage by Insurable Hazards excepted, the cost of which will form part of the Operating Costs, unless such repairs are necessitated by the act, default or negligence of the Tenant, its employees, agents, invitees, or others for whom it is responsible in law, in which event such repairs shall be made by the Landlord at the Tenant's expense, payable on demand as Additional Rent.

9.06 deleted.

9.07 Cost of Repair of Common Areas and Facilities Where Tenant at Fault. If the Building or the Common Areas and Facilities, including, without limiting the generality of the foregoing, the common loading areas, the exterior of the Premises, including the front thereof and entrance thereto, the boilers, engines, pipes and other apparatus (or any of them) used for the purpose of heating, ventilating or air-conditioning the Building, 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, its servants, agents, employees, contractors, lessees, licensees or concessionaires, or through it or them in an way stopping up, injuring or rendering inoperable the heating apparatus, water pipes, drainage pipes or other equipment or part of the Building, the expense of necessary repairs, replacements or alterations shall be borne by the Tenant, payable to the Landlord upon demand as Additional Rent.

9.08 Hazardous Substances. The Tenant shall not use or allow the Premises to be used for the Release, storage, use, treatment, disposal or other handling of any Hazardous Substance, without the prior written consent of the Landlord. The Tenant shall:

- (a) give prior written notice to the Landlord of any activity or operation to be conducted by the Tenant on the Premises which involves the Release, use, handling, generation, treatment, storage or disposal of any Hazardous Substance;
- (b) comply with all laws, codes, ordinances, regulations, permits and licensing conditions governing the Release, discharge, emission or disposal of any Hazardous Substance and prescribing methods for or other limitations on storing, handling or otherwise managing Hazardous Substances;
- (c) at its own cost, risk and expense promptly contain and remediate any Release of Hazardous Substances arising from or relating to any activity or operation conducted by the Tenant on the Premises or the Building or the environment and remediate and pay for any resultant damage to property, persons or the environment;
- (d) give prompt written notice to the Landlord and all appropriate regulatory authorities of any Release of any Hazardous Substance in the Premises or the Building or the environment arising from or related to any activity or operation conducted by the Tenant on the Premises, which Release is not made pursuant to and in conformance with the terms of any permit or license duly issued by appropriate governmental authorities or any applicable law, any such notice to include a description of measures taken or proposed to be taken by the Tenant to contain and remediate the

Release and any resultant damaged property, persons or the environment;

- (e) at the Landlord's request, which shall not be more frequent than once per calendar year, retain an independent engineer or other qualified consultant or expert reasonably acceptable to the Landlord to conduct, at the tenant's expense, an environmental audit of the Premises and immediate surrounding areas - the scope of work to be performed by such engineer, consultant or expert to be approved in writing in advance by the Landlord, and all of the engineer's, consultants or expert's work products shall be made available to the Landlord;
- (f) notify the Landlord immediately the Tenant becomes aware of the presence of Hazardous Substances in the Premises or in the Building;
- (g) reimburse to the Landlord, upon demand, the reasonable costs of any testing for the purpose of ascertaining if there has been any Release of Hazardous Substances in the Premises, if such testing is required by any governmental authority or reasonably required by the Landlord or any Mortgagee; and
- (h) upon expiration or termination of this Lease, surrender the Premises to the Landlord free from the presence and contamination of any Hazardous Substance.

## **10.00            INSURANCE AND INDEMNITY**

10.01            Landlord's Insurance. The Landlord covenants and agrees to place and maintain with respect to the Building:

- (a) all risks of physical loss insurance in an amount equal to the full replacement cost of the buildings Leasehold Improvements and Landlord's equipment including, without limitation, the heating, ventilation and air-conditioning equipment; boiler and machinery insurance and rental income insurance;
- (b) comprehensive general liability insurance with limits for any one occurrence to be determined by the Landlord; and
- (c) any and all other insurance considered necessary by the Landlord acting reasonably as a prudent owner.

Notwithstanding the foregoing, the Landlord shall not be required to take out or maintain any Insurance with respect to any loss, injury or damage against which the Tenant is required to insure pursuant to this Lease.

Notwithstanding any contribution by the Tenant to the Landlord's

insurance premiums as provided in this Lease, no insurable interest is conferred upon the Tenant under policies carried by the Landlord.

10.02            Tenant's Insurance.

- (a) During the whole of the Term and during such other time as the Tenant occupies the Premises, the Tenant shall take out and maintain in the names of the Tenant and the Landlord as their respective interests may appear, the following insurance coverage, at the Tenant's sole expense:
  - (i) comprehensive general liability insurance against claims for third party bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises or the Tenant's business on or about the Premises; such insurance to be in the joint names of the Tenant and the Landlord so as to indemnify and protect both the Tenant and the Landlord and to contain a "cross liability" or "severability of interest" clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and shall be for the amount of not less than Two Million Dollars (\$2,000,000.00) combined single limit or such other amount as may be reasonably required by the Landlord from time to time which commercial general liability insurance shall include, for the Tenant's benefit only, Tenant's all risk legal liability insurance in an amount equal to the replacement cost of the Premises including loss of use thereof;
  - (ii) all risks of physical loss insurance upon its merchandise, stock-in-trade, furniture, trade fixtures, plate glass and all other property in the Premises owned or installed by or on behalf of the Tenant or for which the Tenant is legally liable, all in an amount equal to the full replacement cost thereof, which amount in the event of a dispute shall be determined by the decision of the Landlord;
  - (iii) broad form comprehensive boiler and machinery insurance on such boilers and pressure vessels, equipment as may be installed by, or under the exclusive control of, the Tenant in the Premises; and
  - (iv) business interruption coverage which shall provide for the payment of Minimum Rent and all additional costs collectible as Rent to the Landlord for a period of eighteen (18) months.
- (b) The Tenant's policies of insurance hereinbefore referred to shall contain the following:
  - (i) provisions that the Landlord is protected notwithstanding any act,

neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of claim under such policies and such policies shall not be affected or invalidated by any act, omission or negligence of the Tenant or any third party which is not within the control of the Landlord;

- (ii) provisions that such policies and coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by the Landlord;
  - (iii) provisions that such policies of insurance shall provide for deductibles of not more than three (3%) percent of the replacement cost of the property insured and One Thousand Dollars (\$1,000.00) in all other instances;
  - (iv) all broad form comprehensive boiler and property insurance referred to above shall provide for waiver of the insurer's rights of subrogation as against the Landlord; and
  - (v) provisions that such policies of insurance shall not be restricted, materially changed or cancelled without the insurer providing the Landlord with thirty (30) days written notice stating when such restriction, change or cancellation shall be effective.
- (c) The Tenant shall maintain such other insurance in such amounts and in such sums as the Landlord or any mortgagee of the Building may reasonably determine from time to time. Evidence satisfactory to the Landlord of all such policies of insurance shall be provided to the Landlord upon request.

10.03 Limitation of Liability. The Tenant agrees that:

- (a) the Landlord shall not be liable for any bodily injury to or death of, or loss or damage to any property belonging to the Tenant or its employees, invitees or licensees or any other person in or about the Premises or the Building and in no event shall the Landlord be liable for any consequential injury, economic or financial loss or damage relating thereto, or, without limitation:
  - (i) for any injury or damage of any nature whatsoever to any persons or property caused by the failure by reason of a breakdown or other cause, either directly or indirectly, to supply adequate drainage, snow or ice removal or by reason of the interruption of any public utility or other service, or in the event of gas, steam, water, rain, snow, ice or other substances leaking into, issuing or flowing from the water, steam, sprinkler or drainage pipes or plumbing of the

Building or the Premises or from any other place or quarter into any part of the Premises, or from any loss or damage caused by or attributable to the condition or arrangement of any electric or other wiring or for any damage caused by anything done or omitted to be done by any other tenant of the Building;

- (ii) for any act or omission, including theft, malfeasance, or negligence on the part of any agent, contractor or person from time to time employed by the Landlord to perform security services, maintenance, supervision, cleaning or any other work or service in or about the Premises or the Building;
- (iii) for loss or damage, however caused, to money, securities, negotiable instruments, papers or other valuables of the Tenant, including consequential loss or damage resulting therefrom; or
- (iv) for loss or damage to any automobiles or their contents or for the unauthorized use by other tenants or strangers of any parking space allotted to the Tenant or for parking in or upon the Common Areas and Facilities;

and the Tenant covenants to indemnify and does hereby indemnify the Landlord against and from all loss, costs, claims and demands in respect of any such injury, death or loss to it or its employees, invitees or licensees or any other person in or on the Building for the purpose of attending at the Premises or the Building in respect of any such damage to property belonging to or entrusted to the care of any of the aforementioned;

- (b) The Landlord shall have no responsibility or liability for the failure to supply, if required to do so under the terms of this Lease, interior and climate control and utilities, when prevented from doing so by strikes, the necessity of repairs, any order or regulation of anybody having jurisdiction, the failure of the supply of any utility required for the operation thereof or any other cause beyond the Landlord's reasonable control, and the Landlord shall in no event be held responsible or liable for indirect or consequential loss, damages or other damages for personal discomfort or illness or injury or death resulting therefrom;
- (c) The Landlord shall be under no obligation to repair, maintain or insure any of the Tenant's trade fixtures or improvements installed by the Tenant or on its behalf or any other property of the Tenant in or upon the Premises; and
- (d) The Landlord shall be under no obligation to remedy any default of the Tenant and shall not incur any liability to the Tenant for any act or omission in the course of its curing or attempting to cure any such default

or in the event of its entering upon the Premises to undertake any examination thereof or any work therein or in the case of any emergency.

10.04 Increase in Insurance Premiums. The Tenant shall not keep, use, sell or offer for sale in or upon the Premises any article which may be prohibited by the insurance policies in force from time to time covering the Building. In the event the Tenant's occupancy of, conduct of business in, or, sale of any merchandise from, or on the premises, or in the event any activity carried on or permitted to be carried on by the Tenant whether or not the Landlord has consented to same, causes any increase in premiums for the insurance carried from time to time by the Landlord for the Building, the Tenant shall pay any such increase in premiums as Additional Rent within ten (10) days after bills for such additional premiums shall be rendered by the Landlord. In determining whether increased premiums are a result of the Tenant's use or occupancy of the Premises, or the sale of any article therein or therefrom, a schedule issued by the organization making the insurance rate on the Building showing the various components of such rates shall be conclusive evidence of the several items and charges which make up such rate.

10.05 Cancellation of Insurance. If any insurance policy upon the Premises, or any part thereof, shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the Premises or any part thereof by the Tenant or by any assignee or subtenant of the Tenant, or by anyone permitted by the Tenant to be upon the Premises, and if the Tenant fails to remedy the condition giving rise to cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may remedy the condition giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as Rent.

10.06 Indemnification of Landlord. The Tenant agrees to and does hereby indemnify, defend and save harmless the Landlord in respect of any claims for bodily injury or death, property damage or any other loss or damage, arising howsoever, out of the use or occupation of the Premises or from the conduct of any work by or any act or omission of the Tenant or any assignee, subtenants, agent, employee, contractor, invitee, or licensee of the Tenant or anyone else for whom the Tenant may be responsible and in respect of all costs, expense and liabilities incurred by the Landlord, including solicitor/client legal expenses, in connection with or arising out of all such claims, including the expenses of any action or proceeding pertaining thereto and in respect of any loss, cost, expense or damage suffered or incurred by the Landlord arising from any breach or non-performance by the Tenant of any of its covenants or obligations under this Lease. The Tenant's obligations to observe or perform the foregoing covenants shall survive the expiration or other termination of this Lease. The Tenant expressly releases the Landlord from any claims, damages, judgements, losses or awards caused by or arising from perils insured against or required to be insured against the Tenant under this Lease.

**11.00**            **ASSIGNMENT AND SUBLETTING**

11.01            Assignment and Subletting.

- (a)    The Tenant shall not assign this Lease or sublet or otherwise part with possession of the whole or any part of the Premises unless: (1) it shall have received or procured a bona fide written offer to take an assignment or sublease which is not inconsistent with, and the acceptance of which would not breach any provision of this Lease if this Article 13.00 is complied with and which the Tenant has determined to accept subject to this Article 13.00 being complied with, and (2) it shall have first requested and obtained the consent in writing of the Landlord thereto. Any request for such consent shall be in writing and accompanied by a true copy of such offer, and the Tenant shall furnish to the Landlord all information available to the tenant and requested by the Landlord as to the responsibility, reputation, financial standing and business experience of the proposed assignee or sub-tenant. The Landlord's consent to the proposed assignment or sublease shall not be unreasonably withheld so long as the proposed assignment or sublease complies with this Article 13.00;
- (b)    Notwithstanding any such assignment, sublease, or parting with possession the Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease during the Term;
- (c)    If this Lease is assigned or if the Premises or any part thereof are sublet or occupied by anybody other than the Tenant, the Landlord may collect Rent directly from the assignee, sub-tenant or occupant, and apply the net amount collected, or the necessary portion thereof, to the rent herein reserved;
- (d)    The Tenant shall deliver to the Landlord a certified statement of the Tenant's Gross Revenue to the date of any assignment or sublease approved by the Landlord;
- (e)    No assignment or sublease shall be made or proposed other than to responsible persons, firms, partnerships or bodies corporate who are experienced in and agree to carry on the type of business permitted to be conducted by the tenant, and who undertake to perform and observe the obligations of the Tenant hereunder by entering into the Landlord's form of agreement directly with the Landlord; provided, that, no change in the use of, or the business carried on from, the Premises shall be made from that permitted by this Lease;
- (f)    The prohibition against assigning or subletting without the consent required by this Article 13 .00 shall be construed to include a prohibition

against any assignment or sublease by operation of law;

- (g) The consent by the Landlord to any assignment or sublease shall not constitute a waiver of the necessity for such consent to any subsequent assignment or sublease;
- (h) The Tenant shall not suffer or permit any part of the Premises to be used or occupied by any licensee, franchisee or concessionaire other than in accordance with this Article 13.00; and
- (i) If this Lease is assigned with the Landlord's consent, the Tenant agrees to pay to the Landlord the sum of One Thousand Five Hundred Dollars (\$1,500.00), plus Sales Tax, together with the Landlord's out-of-pocket legal fees and disbursements to cover the Landlord's administration and processing costs in connection with such assignment.

11.02 Control of Corporation. If the Tenant is a corporation, other than a corporation of which the shares are listed on any recognized stock exchange, effective control of the corporation shall not be changed directly or indirectly by a sale, encumbrance or other disposition of shares, whether by operation of law or otherwise howsoever, without first obtaining the written consent of the Landlord, failing which the Landlord may terminate this Lease upon giving the Tenant sixty (60) days written notice of its intention to do so, unless within the stipulated period the Tenant obtains the written consent of the Landlord to the change in control of the Corporation.

11.03 No Bulk Sale. No bulk sale of the goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent shall not be unreasonably withheld, so long as the tenant and the purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations hereunder will continue to be performed in a manner satisfactory to the Landlord, after completion of the said bulk sale.

## **12.00 WASTE, GOVERNMENTAL REGULATION**

12.01 Waste or Nuisance. The Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other thing which may disturb the quiet enjoyment of any other tenant in the Building.

12.02 Governmental Regulations. At the Tenant's sole cost and expense, the Tenant shall comply with all of the requirements of all municipal, provincial, federal and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the Premises, and shall faithfully observe in the use of the Premises all municipal by-laws and provincial and federal statutes and regulations now in force or which may hereafter be in force.

12.03 Observance of Law. The Tenant covenants to comply with all provisions

of law including, without limiting the generality of foregoing, federal and provincial legislative enactments, building by-laws and other governmental or municipal regulations which relate to the partitioning, operation of equipment and use of the Premises, or to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Premises, and to comply with all police, fire and sanitary regulations imposed by any governmental, provincial or municipal authorities or made by fire insurance underwriters and to observe and obey governmental and municipal regulations and other requirements governing the conduct of any business conducted in the Premises.

### **13.00            LANDLORD'S COVENANTS**

13.01            Upon payment by the Tenant of the Rent herein provided, and upon observance and performance of all covenants, terms and conditions on the Tenant's part to be observed and performed, the Landlord hereby covenants with the Tenant, subject to this Lease:

- (a)            for quiet enjoyment for the Term, without hindrance or interruption by the Landlord, or any other person or persons lawfully claiming by, through or under the Landlord; and
- (b)            to maintain and to insure the Common Areas and Facilities and the Building as a prudent landlord would do in similar circumstances.

13.02            The Landlord represents and warrants that it is not aware of defects, faults or violations of Common Areas, Facilities, Fixtures, Leasehold Improvements to the Building or Premises. Without limiting the generality of the foregoing, the Landlord has not received any notices or demands from any government or otherwise indicating violation of laws, regulations in regard to lighting, signage, electricity, water, gas, public utilities, heating, ventilation on air conditioning. Further, the Landlord has not been notified of any pending material increase in insurance costs or an expropriation.

### **14.00            FIXTURES AND ALTERATIONS**

14.01            Installation by Tenant. Every Fixture in the Premises becomes the property of the Landlord immediately upon affixation to or installation upon the Premises, without compensation to the Tenant. The Tenant shall not make or cause to be made any alterations, additions, decorations or improvements to the interior or exterior of the Premises without first obtaining the Landlord's written approval and consent. The Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought and the work shall be carried out in a good and workmanlike manner. At its cost, the Tenant shall immediately replace any trade fixtures or Fixtures which are removed from the Premises during the Term.

14.02            Tenant's Trade Fixtures

- (a) All Fixtures and trade fixtures in the Premises shall be new, or if not new, in first class condition and of good appearance. So long as the Tenant is not in default hereunder, at the expiration of the Term, the Tenant shall then have the right to remove its trade fixtures from the Premises, but shall make good any damage caused to the Premises resulting from the installation or removal thereof, provided that all Leasehold Improvements shall remain upon and be surrendered to the Landlord with the Premises, except to the extent the Landlord requires removal thereof pursuant to this Lease;
- (b) If the Tenant fails to remove its trade fixtures and restore the Premises as aforesaid, all such trade fixtures shall become the property of the Landlord except to the extent that the Landlord continues to require removal thereof pursuant to this Lease;
- (c) Should the Tenant abandon the Premises or should this Lease be terminated before the proper expiration of the Term, due to a default on the part of the Tenant, then in such event, as of the moment of default by the Tenant, all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) shall, except to the extent the Landlord requires the removal thereof pursuant to this Lease, become and be deemed to be the property of the Landlord without indemnity to the Tenant and as additional liquidated damages in respect of such default but without prejudice to any other right or remedy of the Landlord;
- (d) Notwithstanding that any trade fixtures, furnishings, alterations, additions or Fixtures are or may become the property of the Landlord, the Tenant shall forthwith remove all or part of the same and shall make good any damage caused to the Premises result from the installation or removal thereof, all at the Tenant's expense, should the Landlord so require by notice to the Tenant; and
- (e) If, after receipt of a notice from the Landlord, the Tenant fails to promptly remove any trade fixtures, furnishings, alterations, additions and Fixtures in accordance with such notice, then the Landlord may enter the Premises and remove all or part of such trade fixtures, furnishings, alterations, additions and Fixtures without any liability and at the Tenant's expense.

14.03 Not to Overload Floors or Services. The Tenant shall not overload the floor of the Premises nor install any utility, electrical or mechanical facility or service of which the Landlord does not approve or which might overload the capacity of any utility, electrical or mechanical facility in the Premises or the Building.

14.04 Discharge Liens. As collateral security for the due payment by the Tenant of Rent and the punctual performance of its obligations under this Lease, the Tenant

hereby charges by way of a fixed and specific charge in favour of the Landlord, by the Tenant, all of the interest and title of the Tenant in and to all of the personal property of the Tenant on or in the Premises, owned or held at the Commencement Date or after-acquired. When requested to do so, the Tenant shall execute and deliver to the Landlord a security agreement in form and content satisfactory to the Landlord. If the Tenant is in default under this Lease, in addition to its other rights and remedies, the Landlord shall have all the rights and remedies of a secured party under the relevant legislation. Except on the terms consented to in writing by the Landlord, the Tenant shall own all trade fixtures, equipment and merchandise in or on the Premises and shall not create or grant any mortgage, conditional sale agreement, security under section 427 of the *Bank Act* or under the *Personal Property Security Act* or other encumbrances (collectively, "Charge") in respect of its trade fixtures, equipment, goods, merchandise or any Fixture in the Premises or permit any notice pursuant to section 49 of the *Personal Property Security Act* to be filed against title to the Building or grant any further Charge to a third party or in priority to the rights of the Landlord. If any such event Occurs, at its cost, the Tenant shall procure the discharge of any such notice or Charge within seven (7) days after the Tenant becomes aware thereof, by payment or in such other manner as may be required or permitted by law, failing which the Landlord may procure the discharge thereof at the Tenant's cost, collectable as Rent, notwithstanding that the Tenant may subsequently establish that any such notice or Charge, so discharged, was without merit, excessive or subject to any abatement, set-off or defence.

## **15.00            DAMAGE AND DESTRUCTION**

### **15.01            Total or Partial Destruction**

- (a) If the Premises are wholly or partially damaged or destroyed by Insurable Hazard, the Landlord shall repair or replace the Premises with reasonable diligence, subject to Article 17.01(d) and the consent of the Landlord's mortgagee;
- (b) The Landlord shall not be obligated to expend for such repair or replacement an amount in excess of the insurance proceeds recovered or recoverable as a result of such damage. The Tenant hereby assigns all of its proceeds of insurance on its property in the Premises other than its merchandise, to be paid to the Landlord on account of the cost of repair or replacement. In no event shall the Landlord be required to repair or replace any Fixtures in the Premises or the Tenant's stock in trade, trade fixtures, furnishings or items which are the responsibility of the Tenant pursuant to this Lease;
- (c) If the casualty, repairing or rebuilding shall render the Premises untenable, in whole or in part, a proportionate abatement of the Rent shall be allowed from the date when the damage occurred until the date the Landlord substantially completes such work, said proportion to be computed on the basis of the relation which the Floor Area of the space

rendered untenable bears to the Floor Area of the Premises; and

- (d) If any damage or destruction to the Premises or to the Building cannot, in the Landlord's opinion, be repaired or restored with reasonable diligence within one hundred and eighty (180) days of the date of happening of such damage or destruction, the Landlord may terminate this Lease and the tenancy hereby created by giving to the Tenant sixty (60) days written notice thereof and in the event of such termination, the Lease shall terminate and the Rent shall be adjusted as of the later of the date of the occurrence of such damage or the date the Tenant properly ceases to conduct its business from the Premises, and the Tenant shall deliver up vacant possession of the Premises in accordance with this Lease on the date specified in the notice.

15.02 Notice by Tenant. The Tenant shall give immediate notice to the Landlord, in case of fire or accidents in the Premises or in the building of which the Premises are a part, or of defects therein or in any Fixtures or equipment, notwithstanding the fact that the Landlord may have no obligations with respect thereto.

15.03 Notice of Repair and Reconstruction. From and after the date upon which the Tenant is notified in writing by the Landlord that the Landlord's work of reconstruction or repair is completed, the Tenant shall immediately commence all work required to fully restore the Premises and shall complete such work and reopen for business within thirty (30) days of receipt of the Landlord's notification aforesaid with the Premises fully fixtured, stocked and staffed. The certificate of the Landlord's architect shall bind the parties hereto as to the state of tenantability of the Premises and as to the date upon which the Landlord's work of reconstruction or repair is completed.

## **16.00 EXPROPRIATION**

16.01 Expropriation. During the Term, if the Building, or any part thereof, shall be acquired or condemned by expropriation for any public or quasi-public use or purpose, then the Landlord and the Tenant may separately claim, receive and retain awards of compensation for the loss of their respective interest, if any, but neither the Landlord nor the Tenant shall have any claim against the other in respect of the said loss or the unexpired Term.

## **17.00 DEFAULT BY TENANT**

17.01 Right to Re-enter. If and whenever all or part of the Minimum Rent or any other amounts payable by the Tenant under this Lease are not paid on the day appointed for payment, whether demand for payment has been made or not, or if the Tenant shall fail to comply with any of the covenants hereunder after the Landlord has given notice to the Tenant in writing stating the default with reasonably sufficient particulars and requiring it to be remedied and such default has not been remedied by the Tenant within fourteen (14) days after receipt of such notice, or such longer period as may be

reasonably necessary in view of the nature of the default, or if the Tenant shall falsify any report required to be furnished to the Landlord pursuant to the terms of this Lease or if the Tenant shall become bankrupt or insolvent or file any proposal, or if a Receiver is appointed of all or a portion of the Tenant's property, or if the Tenant makes a sale in bulk, or if the Tenant shall abandon the Premises, or suffer this Lease or any of its assets to be taken under any writ of execution or like process, or if the Tenant creates a security interest in the personal property of the Tenant in the Premises in favour of a third party or if any notice is filed under section 49 of the *Personal Property Security Act* in respect of the Premises or if re-entry is permitted under any other terms of this Lease, then the Landlord, in addition to any other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the Premises and such property may be removed and stored for the account of the Tenant or be sold by the Landlord (and at the sole option of the Landlord, by way of private sale to the Landlord or any third party) all without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby and to have again, repossess and enjoy the Premises as of its former estate whether the Landlord terminates this Lease or not, and notwithstanding the retaking of possession of the Premises by the Landlord, the Landlord specifically reserves all remedies and rights of action herein or at law or in equity provided. The Landlord or its duly authorized agent shall be entitled to distrain for the Rent hereby reserved including accelerated rent, if any, or for any money hereby made recoverable by distress upon the goods and chattels of the Tenant, wheresoever situate, and upon any premises to which the same may have been removed or wherever the same may be found. The Tenant hereby waives and renounces the benefit of any present or future legislation taking away or limiting the Landlord's right of distress.

17.02            Damages. In the event of any breach of this Lease by the Tenant, the Landlord, in addition to exercising any other remedies available to the Landlord and whether the Landlord terminates this Lease or not, may recover from the Tenant all damages it may incur by reason of such breach, including the cost of recovering the Premises, solicitor and his own client indemnity legal fees and including the worth at the time of termination, of the excess, if any, of the amount of Rent and charges equivalent to 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 shall be immediately due and payable by the Tenant to the Landlord. In any of the events referred to in Article 19.01 in addition to any and all other rights including the rights referred to in this Article 19.02 and in Article 19.01, the full amount of the current month's together with the next three (3) months' instalments of Minimum Rent, Percentage Rent and Additional Rent shall immediately become due and payable, and the Landlord may distrain for the same, together with any arrears and interest thereon unpaid.

17.03            Landlord's Right to Perform. If the Tenant shall fail to observe, perform or keep any of the provisions of this Lease to be observed, performed and kept by the Tenant, the Landlord may, but shall not be obliged to, at its discretion and without prejudice, rectify the default of the Tenant, whether or not performance by the Landlord on behalf of the Tenant is otherwise expressly referred to in this Lease. For such purposes

the Landlord may make any payment and may do or cause to be done such things as may be required, including, without limiting the generality of the foregoing, entry upon the Premises. Any such performance by or at the request of the Landlord shall be at the expense of the Tenant and the Tenant shall pay to Landlord the cost thereof as Additional Rent. The Landlord may perform all or any of the obligations hereunder by or through such managing or other agency or agents as it may from time to time determine and the Tenant shall pay to any such agent any monies payable hereunder to the Landlord, as from time to time directed by the Landlord.

17.04 Surrender of Premises. At the termination of this Lease, whether by effluxion of time or otherwise, the Tenant shall vacate and deliver up possession of the Premises and all Leasehold Improvements therein in the same condition as they were in at the commencement of the Term, subject only to reasonable wear and tear and shall surrender all keys to the Premises to the Landlord at the place then fixed for payment of Rent and shall inform the Landlord of all combination on locks, safes and vaults (if any) in the Premises. Any indemnification of the Tenant's obligations under this Lease shall survive the termination of this Lease.

## **18.00 RIGHT OF ENTRY**

18.01 Right of Entry. The Landlord or its agent shall have the right to enter the Premises during normal business hours except where otherwise agreed to examine the same and to show them to prospective purchasers, lessees or mortgagees, and to enter the Premises at times mutually agreed between the Landlord and the Tenant to make such repairs as the Landlord may deem necessary or desirable, and the Landlord shall be allowed to take all material into and upon the Premises that may be required therefore 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 said repairs are being made. During the six (6) months prior to the expiration of the Term, the Landlord may place upon the Premises reasonable notices "To Let" or "For Lease". The Tenant shall permit such notices to remain thereon without hindrance or molestation. The Landlord may at any time within six (6) months before the end of the Term enter the Premises and bring others at all reasonable hours for the purposes of offering the Premises for rent. If the Tenant or the Tenant's representatives shall not be present to open and permit an entry into the Premises, at any time, when for any reason an emergency or reasonably apprehended emergency shall exist or be contemplated, the Landlord or its agent may enter the same by a masker key, or may forcibly enter the same, provided reasonable care is exercised without rendering the Landlord or such 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 herein specifically provided.

## **19.00 ASSIGNMENT LANDLORD**

19.01 Assignment. In the event of the sale or lease by the Landlord of the Building or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, to a bona fide purchaser dealing at arm's length with the Landlord, and to the extent that any purchaser or assignee by agreement with the Landlord has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement be freed and relieved of liability upon such covenants and obligations.

## **20.00 RULES AND REGULATIONS**

20.01 Rules and Regulations. All rules and regulations adopted and promulgated by the Landlord from time to time are hereby made a part of this Lease and the Tenant agrees to comply with and observe the same. Written notice of any amendments or supplements shall be given to the Tenant and the Tenant agrees thereupon to comply with and observe all such rules and regulations and amendments and supplements, provided that no such rules and regulations which contradict any provisions of this Lease shall be binding upon the Tenant. The Landlord shall not be responsible to the Tenant for the non-observance or violation by any other tenant or person of the rules and regulations.

## **21.00 STATUS STATEMENT, SUBORDINATION AND ATTORNEMENT**

21.01 Status Statement. Within ten (10) days after request therefore by the Landlord, or in the event of any sale, assignment, lease or mortgage of the Premises or the Building, the Tenant agrees to execute and deliver, in a form supplied by the Landlord, a certificate to any proposed mortgagee or purchaser or to the Landlord, certifying (if such be the case) among other matters that this Lease is in full force and effect and that there are no deficiencies or set-offs thereto, or stating those claimed by the Tenant.

21.02 Subordination and Attornment. If required by any mortgagee or the holder of any trust deed or indenture, this Lease and all rights of the Tenant hereunder shall be subject and subordinate to all mortgages, trust deeds or indentures now or hereafter existing which may now or hereafter affect the Building and to all renewals, modifications, consolidations, replacements and extensions thereof; provided that whenever required by any mortgagee, including any trustee under a trust deed or indenture, the Tenant shall attorn to such mortgagee as the tenant upon the terms of this Lease. The Tenant agrees to execute and deliver promptly, whenever requested by the Landlord or by such mortgagee, an instrument of subordination or atonement, as the case may be, as may be required of the Tenant. If the Tenant fails to do so within seven (7) days after receiving the instrument, the Tenant hereby irrevocably authorizes the Landlord to complete, execute and deliver the instrument for and on behalf of and in the name of and as agent of the Tenant.

From time to time following the execution and delivery of this Lease, the Landlord will, following written notice from the Tenant:

- (a) in respect to any mortgage from a non-institutional lender on other than commercial term, obtain a Non-Disturbance Agreement; and
- (b) In respect to any other mortgage including without limitation those from instrumental lenders on commercial terms, use its reasonable efforts to have such mortgagee enter into a Non-Disturbance Agreement,

with the Tenant whereby the mortgagee acknowledges and agrees to honour the terms of this Lease provided the Tenant is not then in default of the provisions of this Lease. Notwithstanding the foregoing, the Landlord shall not be obligated to obtain or use its reasonable endeavours to obtain such Non-Disturbance Agreement if the same would materially affect the Landlord's financial commitments under its financing. Any reasonable expenses of such mortgagee and the Landlord in obtaining such Non-Disturbance Agreement in each case shall be paid by the Tenant upon demand.

## **22.00            OPTION TO RENEW**

22.01            The Landlord covenants and agrees with the Tenant that if the Tenant duly and punctually observes and performs the covenants, agreements and provisos in this Lease on the part of the Tenant to be observed and performed the Landlord will at the expiration of the Term as upon the Tenant's written request delivered to the Landlord not later than three (3) months prior to the expiration of the Term, grant to the Tenant one renewal lease of the Premises for a term of three (5) years upon all the terms, covenants, agreements and provisos contained in this Lease except:

- (a) the Rent, which Rent shall be the fair market rental which could reasonably be obtained by the Landlord for such space as improved space from a willing tenant dealing at arm's length with the Landlord, having regard to all relevant circumstances, including the size and location of the space, the facilities afforded, the terms of such Lease (including its provisions for additional rent), the condition of the Premises (including the value of leasehold improvements) and any leases recently made by the Landlord of comparable premises in the Building to those with whom the Landlord is dealing at armslength, but excluding any rent free periods, signing bonuses and approved allowance or inducement payments. In any event, the Rent shall not be less than the previous Rent. If the Landlord and the Tenant have not mutually agreed on the amount of such Rent ninety days prior to the renewal term such Rent shall be decided by binding arbitration pursuant to Article 24.02 provided that the annual Rent payable during the renewal term shall not be less than the annual rent payable during the previous year of the Term; and
- (b) this right of renewal.

Until the Rent has been determined as provided herein, the Tenant shall pay the monthly

rental for the last year of the Term, plus the same percentage increase as the Cost of Living Index for the Town of Gibsons increase for the last year of the Term. Upon such determination of the Rent, the Landlord and the Tenant shall make the appropriate readjustments.

22.02 If under the provisions of Article 22.01 hereof the Landlord and the Tenant have failed to agree as to the Rent payable for the Premises with respect to the renewal term by the date specified in Article 22.01, the determination of such Rent shall be referred to a Board of three arbitrators, one to be appointed by each of the Landlord and the Tenant and a third arbitrator to be appointed in writing by the first two-named arbitrators; if the Landlord or the Tenant shall refuse or neglect to appoint an arbitrator within ten days after the other shall have served a written notice upon the party so refusing or neglecting to make such appointment, the arbitrator first appointed shall, at the request of the party appointing him, proceed to determine such rent as if he were a single arbitrator appointed by both the Landlord and the Tenant for the purpose. If two arbitrators are so appointed within the time prescribed and they do not agree within a period of ten days from the date of appointment of the second arbitrator upon the appointment of the third arbitrator, then upon the application of either the Landlord or the Tenant, the third arbitrator shall be appointed by a Judge of the Supreme Court of British Columbia. The determination by the arbitrators or the majority of them or by the single arbitrator, as the case may be, shall be final and binding upon the Landlord and the Tenant, and their respective successors and assigns. Each party shall pay the fees and expenses of the arbitrator appointed by it and one-half of the fees and expenses of the third arbitrator. The provisions of this section shall be deemed to be a submission to arbitration within the provisions of the *Commercial Arbitration Act R.S.B.C. 1979* Chapter 18 and any statutory modification or re-enactment thereof, provided that any limitation on the remuneration of the arbitrators imposed by such legislation shall not be applicable.

### **23.00 MISCELLANEOUS**

23.01 No Tacit Renewal. In the event the Tenant remains in possession of the Premises after the end of the Term without the execution and delivery of a new lease and the Landlord accepts the Rent, there shall be no tacit renewal of this Lease or the term and the Tenant shall be deemed 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 twice the sum of all the monthly Rent payable during the last month of the Term and otherwise upon the same terms and conditions as are set forth in this Lease, so far as applicable to a monthly tenancy.

23.02 Successors. All rights and liabilities herein given to, or imposed upon the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties; and if there be more than one tenant, they shall be all bound jointly and severally by the terms, covenants, and agreements herein. No rights, however, shall enure to the benefit of any assignee of the Tenant unless the assignment to such assignee has been approved by the Landlord in

writing as provided in Article 13.00 hereof.

23.03 Entire Agreement. This Lease and the Schedules attached hereto and forming a part hereof set forth all of the covenants, promises, conditions, agreements and understandings between the Landlord and the Tenant. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon the Landlord or the Tenant unless reduced to writing and signed by them.

23.04 Force Majeure. Save as otherwise herein provided, in the event that either party hereto shall be delayed or hindered in or by reason of strikes, lock-outs, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, but not a delay caused by lack of funds or other financial reason, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

23.05 Notices. Any notice, demand, request or other instrument which may be or is required to be given under this Lease, shall be delivered in person or sent by registered mail, postage prepaid and shall be addressed to the parties at their respective addresses as set out herein or at such other address as the Landlord or Tenant may designate by written notice. Any such notice, demand, request or consent shall be conclusively deemed to have been given or made on the day upon which such notice, demand, request or consent is delivered, or if mailed, then on the third business day following the date of the mailing, as the case may be, and either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of notices hereunder, provided that in the case of interruption in the ordinary postal service, any notice, demand, request or consent given hereunder shall be delivered and not mailed. At the option of the Landlord, any notice may be delivered to the Tenant at the Premises. If two or more persons are named as Tenant, such notice demand, request or other instrument shall be sufficiently given or made if and when the same shall be given to any one of such persons.

23.06 Article and Article Number. The section and article numbers appearing in this Lease are inserted only as a matter of convenience and in no way limit the scope or intent of such paragraphs and articles of this Lease.

23.07 Governing Law. The Lease shall be construed and governed by the laws of the Province of British Columbia.

23.08 Severability. If any provision of this Lease is determined to be illegal or unenforceable, such provision shall be severable from this Lease and the remaining provisions shall remain in force and be binding upon the parties as though the said provision had never been included.

23.09 Time. Time shall strictly be of the essence of this Lease.

23.10 No Partnership. The Landlord and the Tenant agreed that nothing contained in this Lease nor any acts of the Landlord or the Tenant shall be deemed to create any relationship between the Landlord and the Tenant other than the relationship of landlord and tenant.

23.11 No Waiver. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a condoning, excusing or overlooking of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the rights of the Landlord in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only expressed waivers in writing. All rights and remedies of the Landlord in this Lease contained shall be cumulative and not alternative.

23.12 Registration. The Tenant agrees that the Landlord shall not be obliged to deliver this Lease in form registrable under the *Land Title Act* and covenants and agrees with the Landlord not to register this Lease.

23.13 Obligations as Covenants. Each obligation of any party hereto, expressed in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes. Each of George and Karin acknowledge that they are jointly and severally liable for all covenants of the Tenant.

23.14 All Amounts Recoverable as Rent. All amounts payable by the Tenant under this Lease shall be deemed to be Rent and recoverable as Rent and the Landlord shall have all the rights and remedies against the Tenant for default in payment of any such amount as the Landlord has for default in payment of Rent.

23.15 Number and Gender. Whenever the singular or masculine or neuter is used in this Lease, same shall be construed to mean the plural or feminine or body corporate where the context or the parties may so require.

23.16 Stratification. The Tenant acknowledges that the Landlord may elect to deposit a strata plan of the Building. The Tenant agrees that, so long as its occupancy of the Premises is not disturbed, it will cooperate fully in respect of the deposit of such strata plan and will promptly execute any consent to such plan required by any authority having jurisdiction. The Tenant acknowledges that if the Landlord elects to stratify the Building, certain of the Tenant's covenants contained in this Lease will be deemed to have been given for the benefit of and may be enforced by both the Landlord and the Strata Corporation and in such event the parties agree to enter into such agreements as may be necessary to modify the terms of the Lease.

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written, and in the case of each corporate party, its seal was affixed in the

presence of its duly authorized officers.

THE CORPORATE SEAL OF )  
)  
was affixed hereto in the presence of: )  
)  
\_\_\_\_\_)  
Authorized Signatory )  
)  
\_\_\_\_\_)  
Authorized Signatory )

THE CORPORATE SEAL OF )  
**ADDISON DEVELOPMENTS** )  
**(GIBSONS) LTD.** was affixed hereto )  
in the presence of: )  
)  
\_\_\_\_\_)  
Authorized Signatory )  
)  
\_\_\_\_\_)  
Authorized Signatory )