

rights and obligations in respect of removal in accordance with clause 11.3. At the same time the Tenant will surrender to the Landlord at the place then fixed for the payment of Rent all keys and other devices that provide access to the Leased Premises, the Building, or any part of them and will inform the Landlord of all combinations to locks, safes, and vaults, if any, in the Leased Premises.

## **16. MISCELLANEOUS**

### **16.1 Notices**

Any notice required or contemplated by any provision of this Lease will be given in writing, and if to the Landlord, either delivered to an executive officer of the Landlord or delivered or mailed (by prepaid registered mail) to the Landlord at the address set out in subclause 1.1(a), or if the Landlord has given the Tenant notice of another address in Canada to which notices to the Landlord under this Lease are to be given, then to the last such address of which the Tenant has been given notice; and if to the Tenant, either delivered to the Tenant personally (or to a partner or officer of the Tenant if the Tenant is a firm or corporation) or delivered or mailed (by prepaid registered mail) to the Tenant at the Leased Premises.

Every such notice will be deemed to have been given when delivered or, if mailed as provided, upon the third business day after the day of mailing in Canada provided that if mailed, should there be a mail strike, slowdown, or other labour dispute that might affect delivery of such notice between the time of mailing and the actual receipt of notice, then such notice will only be effective if actually delivered.

### **16.2 Extraneous Agreements**

The Tenant acknowledges that there are no covenants, representations, warranties, agreements, or conditions expressed or implied relating to this Lease or the Leased Premises save as expressly set out in this Lease and in any agreement to lease in writing between the Landlord and the Tenant pursuant to which this Lease has been executed. In the event of any conflict between the terms of this Lease and such agreement to lease, the terms of this Lease will prevail. This Lease may not be modified except by an agreement in writing executed by the Landlord and the Tenant.

### **16.3 Time of Essence**

Time is of the essence of this Lease.

### **16.4 Area Determination**

The Rentable Area of any premises (including the Leased Premises) or the Building will be determined by the Landlord from time to time. Such determination will be conclusive.

### **16.5 Successors and Assigns**

This Lease and everything in it will enure to the benefit of and be binding upon the

successors and assigns of the Landlord and its heirs, executors, and administrators and the permitted successors and permitted assigns of the Tenant. References to the Tenant will be read with such changes in gender as may be appropriate, depending upon whether the Tenant is a male or female person or a firm or corporation. If the Tenant is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements, and covenants of the Tenant and any notice given or deemed to have been given at any time to any such person or entity will be deemed to have been given at the same time to each other such person and entity.

#### **16.6 Frustration**

Notwithstanding the occurrence or existence of any event or circumstance or the non-occurrence of any event or circumstance, and so often and for so long as the same may occur or continue that, but for this clause, would frustrate or void this Lease, and notwithstanding any statutory provision to the contrary, the obligations and liabilities of the Tenant will continue in full force and effect as if such event or circumstance had not occurred or existed.

#### **16.7 Waiver**

No condoning, excusing, or overlooking by the Landlord or Tenant of any default, breach, or non-observance by the Tenant or the Landlord at any time or times in respect of any covenant, proviso, or condition in this Lease will operate as a waiver of the Landlord's or the Tenant's rights under this Lease in respect 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 or the Tenant in this Lease in respect of any such continuing or subsequent default or breach, no acceptance of rent by the Landlord subsequent to a default by the Tenant (whether or not the Landlord knows of the default) will operate as a waiver by the Landlord, and no waiver will be inferred from or implied by anything done or omitted by the Landlord or the Tenant except only express waiver in writing.

#### **16.8 Governing Law and Severability**

This Lease will be governed by and construed in accordance with the laws in force in the province of British Columbia. The venue of any proceedings taken in respect of or under this Lease will be British Columbia as long as such venue is permitted by law, and the Tenant will consent to any application by the Landlord to change the venue to British Columbia of any proceedings taken elsewhere. The Landlord and the Tenant agree that all the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate clause of it. Should any provision or provisions of this Lease be illegal or not enforceable, it or they will be considered separate and severable from the Lease and its remaining provisions will remain in force and be binding upon the parties as though the illegal or unenforceable provision or provisions had never been included.

#### **16.9 Captions**

The captions appearing in this Lease have been inserted as a matter of convenience and

for reference only and in no way define, limit, or enlarge the scope or meaning of this Lease or of any provision of it.

#### **16.10 Acceptance**

The Tenant accepts this Lease of the Leased Premises, to be held by it as tenant, and subject to the conditions, restriction, and covenants specified in this Lease. The acceptance of possession of the Leased Premises will be conclusive evidence as against the Tenant that at the Commencement Date of the Term the Landlord had duly completed all work required to be completed by the Landlord prior to the Commencement Date of the Term and the Leased Premises were in good order and satisfactory condition for the commencement of the work and business of the Tenant.

#### **16.11 Deposit**

If the landlord is holding any deposit in connection with this Lease other than the Security deposit, then unless the Landlord agreed in writing to different arrangements at the time the Landlord received the deposit, the deposit will be hold by the Landlord on a non-interest bearing basis to be applied to the Annual Base Rent for that month of the term during which Annual Base Rent is first payable under this Lease.

#### **16.12 Expropriation**

If at any time during the Term the interest of the Tenant under this Lease or the whole or any part of either the Leased Premises or any other part of the Building is taken by any lawful power or authority by the right of expropriation, the Landlord may at its option give notice to the Tenant terminating this Lease on the date when the Tenant or Landlord is required to yield up possession to the expropriating authority. Upon such termination, or upon termination by operation of law, as the case may be, the Tenant will immediately surrender the Leased Premises and all its interest in them, Rent will abate and be apportioned to the date of termination, the Tenant will promptly pay to the Landlord the apportioned Rent and all other amounts that may be due to the Landlord up to the date of termination, and clause 15.8 will apply. The Tenant will have no claim upon the Landlord for the value of its property or the unexpired Term of this Lease, but the parties will each be entitled to separately advance their claims for compensation for the loss of their respective interests in the Leased Premises, and the parties will each be entitled to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account for it to the Tenant. In this clause the word "expropriation" includes a sale by the Landlord to an authority with powers of expropriation, in lieu of or under threat of expropriation.

### **17. SPECIAL PROVISIONS**

#### **17.1 Option to Renew**

Provided 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 Tenant shall have, and is hereby granted, two (2) options to extend the Term of this Lease for a period

of 5 years each, such extended term(s) to begin upon the expiration of the Term of this Lease and all the terms, covenants, agreements and provisos of this Lease shall apply to such extended term except the following:

- (a) This right of renewal; and
- (b) the Rental, which Rental shall be the then fair market rent for the Demised Premises, being the rent which would be paid therefor as between persons dealing in good faith and at arms-length and if the Landlord and the Tenant have not mutually agreed on the amount of such Rental sixty (60) days prior to the commencement of the renewal term such Rental shall be decided by binding arbitration pursuant to paragraph 17.2 hereof; provided that in the event Rental has not been agreed upon or determined at the commencement of the renewal term, the Tenant shall pay monthly rental being 110% of the monthly Rental paid in the month immediately preceding the beginning of the renewal term until rental has been determined.

In the event the Tenant shall elect to exercise the aforesaid option to renew, the Tenant shall do so by giving to the Landlord notice in writing of his intention no earlier than six (6) months and not later than two (2) months prior to the expiration of the Term of this Lease.

The Tenant acknowledges that this provision gives the Tenant the option of renewing the Term for a renewal term of five (5) years and at the expiration of the renewal term there shall be one (1) further right of renewal for a period of five (5) years.

## **17.2 Arbitration**

If the Landlord and the Tenant are unable at least three months before the expiry of the initial term to agree upon such Current Market Rent, the determination of such Current Market Rent will be referred to a single arbitrator if the parties agree upon one, otherwise 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 refuses or neglects to appoint an arbitrator within seven clear days after the other has served a written notice upon the party so refusing or neglecting to make such appointment, the arbitrator first appointed will, at the request of the party appointing the arbitrator, proceed to determine such rent as if he or she were a single arbitrator appointed by both the Landlord and Tenant for the purpose. If two arbitrators are so appointed within the time prescribed and they do not agree upon the appointment of the third arbitrator within a period of seven days from the date of appointment of the second arbitrator, then upon the application of either the Landlord or the Tenant, the third arbitrator will be appointed by a Judge of the Supreme Court in accordance with the procedure set out in the *Arbitration Act*, R.S.B.C. 1996, c. 55 as amended from time to time, or such similar statute then in force in the province in which the Building is located. The third arbitrator will chair the arbitration. The determination made by the arbitrators or the majority of them, or by the single arbitrator, as the case may be, will be final and binding upon the Landlord and the Tenant and their respective successors and assigns. The Tenant will pay the costs of the arbitration and the arbitrator(s). The provisions of this clause will be deemed to be a submission to arbitration within the provisions of the




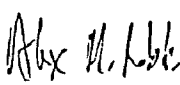
*Arbitration Act* provided that any limitation on the remuneration of the arbitrators imposed by such legislation will not be applicable.

**17.3 Counterparts**

This Agreement may be signed in counterparts and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

**IN WITNESS WHEREOF** the parties have executed this Lease as of the date first above written.

1083710 B.C. LTD by its Authorized Signatory: )  
)  
)  
 )  
)  
\_\_\_\_\_)  
SUCKBOM LEE )  
)

1015712 B.C. LTD. by its Authorized Signatory(ies): )  
)  
)  
 )  
)  
\_\_\_\_\_)  
Name: Alex Robb )  
)  
)  
\_\_\_\_\_)  
Name: )

**SCHEDULE A**  
**To Lease of Premises at**  
**1483A Bowen Road.**

**DEFINITIONS**

In this Lease:

**"Annual Base Rent"** means the annual rent specified in subclause 1.1(vi) and payable by the Tenant as specified in subclause 4.1(a), as amended by written agreement of the Landlord and the Tenant from time to time.

**"Basic Terms"** means those terms set out in clause 1.1, some of which are more particularly defined in this Schedule B.

**"Building"** means that certain building and those certain areas and improvements to be constructed on the Land and all additions and replacements to it.

**"Commencement Date"** means the date the Term commences as specified in or determined under subclause 1.1(v)(B).

**"Complex"** means the Land and Building.

**"Current Market Rent"** means that rent that would be paid for space in buildings of similar age and location in Nanaimo, B.C., which space would be permitted for use by the Tenant to conduct their business, as between persons dealing in good faith and at arm's length, without reduction for any cash payment, leasehold improvement allowance, rent-free period or other inducement.

**"Goods and Services Tax"** means and includes any and all goods and services taxes, sales taxes, value added taxes, business transfer taxes, or any other taxes imposed on the Landlord or the Tenant from time to time in respect of the Rent payable by the Tenant to the Landlord under this Lease or the rental of the Leased Premises or the provision of any goods, services, or utilities whatsoever by the Landlord to the Tenant under this Lease, whether characterized as a goods and services tax, sales tax, value added tax, business transfer tax, or otherwise.

**"Insured Damage"** means that part of any damage occurring to any portion of the Leased Premises for which the Landlord is responsible, of which the entire cost of repair is actually recoverable by the Landlord under a policy of insurance in respect of fire and other perils from time to time effected by the Landlord, or, if and to the extent that the Landlord has not insured and is deemed to be a co-insurer or self-insurer under clause 12.1, would have been recoverable had the Landlord effected insurance in respect of perils, to amounts and on terms for which it is deemed to be insured.

**"Land"** means those parcels of land located at 1483 Bowen Road described as follows:

PID: 000-131-059  
Parcel B (DD 12035W) of Lot 1, Suburban Lot 7, Section 1,  
Nanaimo District, except part in Plan 23873

**"Landlord"** means the person executing this Lease and includes its successors and assigns.

**"Lease Year"** means, in the case of the first Lease Year, the period beginning on the

Commencement Date and terminating 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year will terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, means each 12-month period after the first Lease Year.

**"Leased Premises"** means that portion of the Building having the municipal address and located on those floor(s) set out in subclause 1.1(iii). The exterior face of the Building and any space in the Leased Premises used for stairways or passageways to other premises, stacks, shafts, pipes, conduits, ducts, or other building facilities, heating, electrical, plumbing, air conditioning, and other Building systems supplied by the Landlord for use in common with other tenants are expressly excluded from the Leased Premises.

**"Leasehold Improvements"** means all fixtures, improvements, installations, alterations, and additions now or from time to time hereafter made, erected, or installed, whether by the Tenant, the Landlord or anyone else, in the Leased Premises or in other premises in the Building with the exception of trade fixtures and furniture and equipment not of the nature of fixtures, but includes all partitions however fixed (including movable partitions) and includes all wall-to-wall carpeting with the exception of such carpeting where laid over vinyl tile or other finished floor and affixed so as to be readily removable without damage.

**"Normal Business Hours"** means the hours from 8:00 a.m. to 6:00 p.m. Monday to Friday, inclusive, of each week, holidays excepted.

**"Prime Rate"** means that rate of interest declared from time to time by the main branch in Vancouver, British Columbia, of the Royal Bank of Canada to the Landlord as the annual rate of interest used by such bank as its reference rate in setting interest rates for commercial loans of Canadian dollars in Canada and commonly referred to by such bank as its "prime rate" and, if and during any period when no such rate is declared by such bank, means 18% per annum.

**"Rentable Area"**, whether in the case of a whole floor of the Building or in the case of premises comprising part of a floor of the Building, will be determined by the Landlord's architect or land surveyor according to the American National Standard Method for Measuring Floor Areas in Office Buildings ANSI/ BOMA Z65.1-1996 as published by the Building Owners and Managers Association International and in effect as at the Commencement Date.

**"Service Areas"** means the area of corridors, elevator lobbies, service elevator lobbies, refuse areas, washrooms, air-cooling rooms, fan rooms, janitor's closets, telephone, meter, mechanical, and electrical closets, and other closets on the floor serving the Leased Premises and other premises on such floor should the floor be a multiple-tenancy floor.

**"Taxes"** means all taxes, rates, duties, levies, and assessments whatsoever, whether municipal, parliamentary, or otherwise, that are levied, imposed, or assessed against or in respect of the Building, the Land, or upon the Landlord in respect of them, or that are from time to time levied, imposed, or assessed in the future in addition or in lieu thereof: including those levied, imposed, or assessed for education, schools, and local improvements, and includes all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in contesting, resisting, or appealing any taxes, rates, duties, levies, or assessments, but excludes taxes and licence fees in respect of any business carried on by tenants and occupants of the Building and 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 the Land or upon the Landlord in respect of them.

**"Tax Cost"** for any calendar year means an amount equal to the aggregate, without duplication, of all Taxes in respect of such calendar year.

**"Tenant's Share"** means the fraction, the numerator of which is the Rentable Area of the Leased Premises and the denominator of which is the Total Rentable Area.

**"Term"** means the term of this Lease specified in subclause 1.1(e) and any renewal or extension of it and any period of permitted overholding.

**"Total Rentable Area"** means the total Rentable Area of the Building, whether rented or not, calculated as nearly as possible as if the Building were entirely occupied by tenants renting whole floors. The lobby and entrances on the lower plaza level and main floor lobby level, the areas of the floors below the lower plaza level that are used or available for use in common by tenants for storage or other purposes and the parking garage in the Building will be excluded from the foregoing calculation. The calculation of the Total Rentable Area, whether rented or not, will be adjusted from time to time to give effect to any structural change in the Building,

**SCHEDULE B**  
**To Lease of Premises at 1483A Bowen Road**

**Rules and Regulations**

The Tenant will observe the following Rules and Regulations (as amended, modified, or supplemented from time to time by the Landlord as provided in the Lease):

- (1) The Tenant will not use or permit the use of the Leased Premises in such manner as to create any objectionable noises, odours, or other nuisance or hazard, or breach any applicable provisions of municipal bylaw or other lawful requirements applicable to them or any requirements of the Landlord's insurers, will not permit the Leased Premises to be used for cooking (except with the Landlord's prior written consent) or for sleeping, will keep the Leased Premises tidy and free from rubbish, will deposit rubbish in receptacles that are either designated or clearly intended for waste, and will leave the Leased Premises at the end of each business day in a condition such as to facilitate the performance of the Landlord's janitorial services in the Leased Premises.
- (2) The Tenant will not abuse, misuse, or damage the Leased Premises or any of the improvements or facilities in them, and in particular will not deposit rubbish in any plumbing apparatus or use it for other than purposes for which it is intended, and will not deface or mark any walls or other parts of the Leased Premises.
- (3) The Tenant will not perform, patronize, or (to the extent under its control) permit any canvassing, soliciting, or peddling in the Building.
- (4) The entrances, lobbies, elevators, staircases, and other facilities of the Building are for use only for access to the Leased Premises and other parts of the Building and the Tenant will not obstruct or misuse such facilities or permit them to be obstructed or misused by its agents, employees, invitees, or others under its control.
- (5) No heavy office equipment or safe will be moved into or about the Building by or for the Tenant unless the consent of the Landlord is first obtained and unless all due care is taken. Such equipment will be moved upon the appropriate steel-bearing plates, skids, or platforms and subject to the Landlord's direction, and at such times, by such means, and by such persons as the Landlord has approved. No furniture, freight, or bulky matter of any description will be moved in or out of the Leased Premises or carried in the elevators except during such hours as the Landlord has approved. Hand-trucks and similar appliances will be equipped with rubber tires and other safeguards approved by the Landlord, and will be used only by prior arrangement with the Landlord.
- (6) The Tenant will permit and facilitate the entry of the Landlord, or those designated by it, into the Leased Premises for the purpose of inspection, repair, and the performance of other janitorial services, and will not permit access to main header ducts, janitorial and electrical closets, and other necessary means of access to mechanical, electrical, and other facilities to be obstructed by the placement of furniture or otherwise. The Tenant will not place any additional locks or other security devices upon the doors of the Leased Premises without the prior written approval of the Landlord and subject to any conditions imposed by the Landlord for the maintenance of necessary access. The Landlord may require that all or any persons entering and leaving the Building at any time other than the Normal Business Hours satisfactorily identify themselves and register in books kept for the purpose, and may prevent any person from entering the Leased Premises unless provided with a key to them and a pass or other authorization from the Tenant in a form satisfactory to the Landlord, and may prevent any person removing any goods from them without written authorization.

- (7) The Tenant will refer to the Building only by the name from time to time designated by the Landlord for it and will use such name only for the business address of the Leased Premises and not for any promotion or other purpose.
- (8) The Tenant will not interfere with window coverings installed upon exterior windows, and will close or (if such window coverings are remotely controlled) permit to be closed such window coverings during such hours from dusk to dawn as the Landlord may require, and will not install or operate any interior drapes installed by the Tenant so as to interfere with the exterior appearance of the Building.
- (9) The Tenant will not allow permanent or long term use of the Lease Premises as a dwelling place. The area of the Lease Premises which comprise a suite may be used only from time-to-time by the Tenant and may not be leased or rented out to any other person.

The foregoing Rules and Regulations, as from time to time amended, are not necessarily of uniform application, but may be waived in whole or in part in respect of other tenants without affecting their enforceability with respect to the Tenant and the Leased Premises, and may be waived in whole or in part with respect to the Leased Premises without waiving them as to future application to the Leased Premises, and the imposition of Rules and Regulations will not create or imply an obligation of the Landlord to enforce them or create any liability of the Landlord for their non-enforcement.







## LEASE

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THIS LEASE is made the 20<sup>th</sup> day of November, 2020; said date to be used as a reference date for this Lease document.

**BETWEEN:**

**Dr. Cecil Sigal**

**AND**

**Mrs. Goldie Sigal** as Executor of the will of John Jacob Sigal;

(hereinafter referred to as the "Registered Owner in Fee Simple")

c/o **Burr Properties Ltd.**

Unit 2 - 1007 Johnson Street, Victoria, BC, V8V 3N6

(the "Property Management Office")

(hereinafter collectively called the "Landlord")

**AND:**

**1015712 BC Ltd.**

A company duly registered in the Province of British Columbia incorporated October 7, 2014 under incorporation number BC 1015712.

Having its registered office at:

Unit 100 – 388 Harbour Road, Victoria, BC, V9A 0G1

Having its Records Office Information at:

Unit 100 – 388 Harbour Road, Victoria, BC, V9A 0G1

Director:

Mr. Alex Robb

Unit 302 – 1180 Fort Street, Victoria, BC, V8V 3K8

E-mail: [alex@treescannabis.ca](mailto:alex@treescannabis.ca)



Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

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All incorporation documentation provided by BC Registry Services are attached to this Lease as "Appendix A".

(hereinafter collectively called the "Tenant")

**AND:**

**Mr. Alex Robb**  
Unit 302 – 1180 Fort Street, Victoria, BC, V8V 3K8  
E-mail: [alex@treescannabis.ca](mailto:alex@treescannabis.ca)

(hereinafter called "the Guarantor" until December 31, 2025)

Collectively the Landlord, Tenant and if applicable Guarantor will be referred to as "the Parties".

**IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:**

Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

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Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

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Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
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Tenant: 1015712 BC Ltd.  
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Lease Term: January 1, 2021 to December 31, 2025

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**18. USE OF PREMISES**

- 18.1 Agreed Use of Premises
- 18.2 Serving food and beverages – Landlord permission
- 18.3 Serving food and beverages – Copy of Permit
- 18.4 Serving food and beverages – Tenant insurance policy
- 18.5 Serving food and beverages – Tenant indemnifies the Landlord
- 18.6 Non-Disturbance
- 18.7 Opening hours for the Premises
- 18.8 Opening hours for the Premises – Exceptions

**19. ENUREMENT CLAUSE**

**20. REMOVAL OF FIXTURES**

- 20.1 Trade Fixtures and Installations
- 20.2 Tenant may remove Fixtures upon remodelling
- 20.3 Landlord will not Repair or Maintain Tenant's fixtures

**21. DAMAGE AND/OR DESTRUCTION TO THE LEASED PREMISES**

- 21.1 Leased Premises are destroyed by fire or the elements
- 21.2 Damage of Property

**22. DEFAULT OF TENANT**

- 22.1 Default in Rent
- 22.2 Breach of Covenants
- 22.3 Abandonment of Premises
- 22.4 Term taken for Any Cause
- 22.5 Three Breaches Limit
- 22.6 Costs of Enforcement
- 22.7 Non-Payment of Rent
- 22.8 Costs to Re-Let the Premises

**23. BANKRUPTCY**

**24. RIGHT OF TERMINATION**

**25. DISTRESS**

**26. NON-WAIVER**



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**27. OVER-HOLDING**

**28. RECOVERY OF ADJUSTMENTS**

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- 29.1 Address change
- 29.2 Date of receipt

**30. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE**

- 30.1 Attornment
- 30.2 Subordination
- 30.3 Instrument of Subordination or Attornment
- 30.4 Non-disturbance

**31. RIGHT OF RENEWAL**

- 31.1 Rent for Renewal Term
- 31.2 Date to Exercise Option
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**32. ENVIRONMENTAL MATTERS**

- 32.1 Environmental Matters – Landlord indemnity
- 32.2 Environmental Matters – Indemnity shall survive the Lease

**33. DEMOLITION AND/OR RENOVATION**

- 33.1 Demolition and/or Renovation – Written Notification
- 33.2 Demolition and/or Renovation – Notice
- 33.3 Demolition and/or Renovation – Expiration of the Lease
- 33.4 Lease Remains in Force
- 33.5 Right of First Refusal

**34. NON-MERGER AND ENTIRE AGREEMENT**

- 34.1 Non-Merger clause
- 34.2 Entire Agreement clause

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**35. REGISTRATION**

**36. MISCELLANEOUS**

- 36.1 Lease Expressions
- 36.2 Lease Provisions
- 36.3 Captions
- 36.4 Governing Law
- 36.5 Site of Dispute
- 36.6 Communication with the Landlord

**37. LEASE EXECUTION**

- 37.1 Counterpart
- 37.2 Original Signatures

**APPENDIX A: Company Registration Documents**

**APPENDIX B: Floorplans**

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## **1. LANDS, BUILDING & PREMISES:**

*Article Explanation: This Article contains the Definitions and legal description of the Lands, Buildings, Premises and Leased Premises.*

### 1.1 Lands:

The Landlord are the owners of the property located at Latitude 48.426462 and Longitude - 123.337134, coordinates provided by *Google Maps*. Having as its legal description PID 008-607-567 Parcel A Lot 23 Plan VIP737 Section 74 Land District 57 (DD 3782591) estimated to be 6,014 Square Feet having as its legal address per records at BC Assessment as 1541 Fort Street, Victoria, BC, V8S 1Z7 with its Area Jurisdiction Roll number 01-234-04-305-003 (the "Lands").

### 1.2 Structure:

Upon which Lands are erected a structure estimated to have been built in 1928 per the records at Land Title Office, comprising THREE (3) Commercial units, the structure contains a shared parking area and small treed lot in the rear. (the "Structure").

### 1.3 Building:

The Single storey Structure has Municipal Street addresses of 1541, 1543 and 1545 Fort Street. The ground floor contains THREE (3) commercial units with direct Fort Street access. The Estimated square footage is deemed to be 3,827 square feet from floorplans. (Hereinafter referred to as the "Building")

### 1.4 Premises:

The Landlord hereby leases the portion of the Building having as its street address municipally known as, 1545 Fort Street, Victoria, BC, V8S 1Z7 (the "Premises").

### 1.5 Leased Premises:

Collectively the Lands, Structure, Buildings and Premises as defined in articles 1.1, 1.2, 1.3 and 1.4 respectively are referred to as the "Leased Premises".

### 1.6 Floorplans:

Professionally drawn floorplans measured on October 21, 2020 are attached to this Lease as Appendix B.



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1.7 State and Condition:

The Tenant accepts the Leased Premises on an “*as is, where is*” basis in the state and condition in which they exist as of the date of execution of this Lease. The Tenant confirms that it has had the opportunity to inspect the Leased Premises and assumes all risk of the condition of the Leased Premises, the services to and in the Leased Premises and the use and zoning restrictions that the Leased Premises may be subject to by the relevant Authorities.

1.8 Rentable Area of the Premises:

The Premises are deemed to have a floor area to be approximately 1,700 square feet, hereinafter referred to as the “Rentable Area”.

1.9 Rentable Area Variation:

If the Landlord’s architect determines at any time that the Rentable Area of the Premises, according to BOMA Standards (*Building Owners and Managers Association*); is different from the area agreed upon, the Net Rent and Additional Rent and Applicable Taxes and Operating Costs will be adjusted accordingly from the date of such determination. There will be no retroactive adjustment for the Tenant.

1.10 Expropriation:

If any part of the Leased Premises’ Rentable Area shall be expropriated by any public authority (“Expropriation”); then the Term of the Lease hereby granted; shall thereupon cease insofar as it covers the portion of Rentable Area of the Leased Premises so taken from the day possession thereof for such public purposes, and the Tenant shall be liable only for the Rent in respect of the Rentable Area of the Leased Premises so taken up to the day of the taking thereof. The Tenant shall remain in possession of the remainder of the said Rentable Area of the Leased Premises and the Rent thereof shall be reduced in proportion to the floor space remaining in the possession of the Tenant to the whole floor space of the Premises hereby demised.

1.11 Compensation or Damages:

All compensation or damages awarded in respect to any Rentable Area Variation (as described in Article 1.8) or Expropriation of the Rentable Area of the Leased Premises (as described in Article 1.9) of the Leased Premises and any diminution in value of the remainder thereof shall be the property of the Landlord; however the Tenant shall be entitled to receive such compensation or damages as it may be able to establish against such public authority in respect of loss of Tenant’s business, depreciation of and cost of removal of furnishings and fixtures.

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## **2. LEASE – COMMENCEMENT AND EXPIRY:**

*Article explanation: This Lease is a legally enforceable contract, mutually established between the Landlord who conveys the Leased Premises to the Tenant for a specified period of time in exchange for a mutually agreed upon sum of Rent; and the Tenant who accepts the terms and conditions of the Lease. Further, the Guarantor ensures that the Tenant upholds the terms of the Lease or the Guarantor becomes responsible for upholding the terms of the Lease including payment of Rent.*

### 2.1 Period of Lease:

The period of this Lease is FIVE (5) Years.

### 2.2 Commencement of Lease:

The Lease commences **January 1, 2021**; "Commencement Date".

### 2.3 Expiry of Lease:

The Lease expiry is confirmed to **December 31, 2025**; "Expiry Date".

### 2.4 Term:

The period of time between the Commencement of Lease as defined in article 2.2 and the Expiry of Lease as defined in article 2.3 are referred to as the "Term".

### 2.5 Parties Agreement:

The Parties to the Lease hereby agree that the Term of this Lease shall commence on the Commencement Date and shall continue in force until the Expiry Date; unless terminated earlier in accordance with the provisions of this Lease; or renewed in accordance with Article 31 of this Lease.

### 2.6 Guarantor as Tenant:

Without limiting the generality of the foregoing, the Guarantor will be bound by the Terms of the Lease in the same manner as if the Guarantor were the Tenant named in the Lease and as if the Guarantor had executed the Lease and had a primary obligation under the Lease. The Guarantor acknowledges to the Landlord that it is not a surety and that it will have no rights as a surety, whether at law, in equity, or otherwise, which are contrary to the Terms of this Lease. The Landlord acknowledges to the Guarantor that it is relying upon the acknowledgement of the Guarantor set forth in this clause.

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2.7 Tenant Inducements:

- a. The Landlords have replaced the roof at their own expense and will not recover from the Tenant through operating costs.
- b. The Landlords will defer 15% of the monthly net rent for years 1 and 2 of the term, such deferred rent will be equally added to years 3, 4 and 5 of the term for recovery.
- c. Mr. Alex Robb is required to be the Guarantor for this term only, he will be removed as Guarantor upon the expiry of the term on December 31, 2025.

**3. POSSESSION OF PREMISES:**

*Date that the Tenant takes possession of the Leased Premises from the Landlord.*

3.1 Date of Possession:

Provided that this Lease is executed by the Tenant and delivered to the Landlord, the Landlord shall make available possession of the Premises on **November 1, 2020** "Possession Date".

3.2 Delay in Possession:

Any delay in possession as a result of a delay in Landlords work or other reason beyond control of the Landlord will entitle the tenant only to an abatement of net rent equivalent to the period of delayed possession.



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#### 4. RENT:

It is the intention of the parties hereto that this Lease shall be a Net Lease absolute and that the Rent provided to be paid to the Landlord hereunder shall be absolutely net to the Landlord and shall yield to the Landlord the entire such rental during the full term of this Lease without any abatement for any cause whatsoever.

The Rent payable will be the sum of the negotiated Net Rent plus the estimated Additional Rent plus all Applicable Taxes ("Rent").

#### 4.1 NET RENT:

During each twelve (12) month period (the "Rental Year") commencing **January 1, 2021** or earlier as provided hereinbefore and continuing on the first (1<sup>st</sup>) day of each year thereafter, the Tenant shall pay in advance on the first (1<sup>st</sup>) day of each and every month the monthly rental set opposite below for each Rental Year (the "Net Rent").

##### 4.1.1 Rental Year

Commencing January 1, 2021  
 Commencing January 1, 2022  
 Commencing January 1, 2023  
 Commencing January 1, 2024  
 Commencing January 1, 2025

##### Monthly Net Rent

\$2,975.00 per month net rent;  
 \$3,116.67 per month net rent;  
 \$3,258.33 per month net rent;  
 \$3,400.00 per month net rent;  
 \$3,541.67 per month net rent;

##### 4.1.2 Rent per Square Foot:

Rent per square foot is deemed to be:

Commencing January 1, 2021  
 Commencing January 1, 2022  
 Commencing January 1, 2023  
 Commencing January 1, 2024  
 Commencing January 1, 2025

\$21.00 per square foot net rent;  
 \$22.00 per square foot net rent;  
 \$23.00 per square foot net rent;  
 \$24.00 per square foot net rent;  
 \$25.00 per square foot net rent;

##### 4.1.3 Net Rent Discrepancy:

The Net Rent in this Lease document is based upon the net rent payable per square foot. In the event of a discrepancy or error between the figures in articles 4.1.1 and 4.1.2; the figures in article 4.1.2 shall prevail. Any difference in amount due to the Landlord shall be added to the Tenant's account and shall become rent due to the Landlord. Any difference in amount to the Tenant's favour shall be credited to the Tenant's account.

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#### **4.2 ADDITIONAL RENT:**

The Tenant agrees to pay as Additional Rent the Tenant's share of the operating costs, property taxes and insurance of the building ("Additional Rent") as hereinafter defined.

##### **4.2.1. Additional Rent – OPERATING COSTS:**

For further clarification operating costs means all of the Landlord's costs and expenses which relate to the maintenance, operation and supervision of the Leased Premises, and without limiting the foregoing, includes but is not limited to the following:

(a) Repair, Replacement and Maintenance:

The cost of all other operating, maintenance, repair and replacement of a non-capital nature of the lands and buildings, and without limiting the generality of the foregoing, the cost of maintaining the heating, ventilating and air conditioning equipment, the elevator, alarms and security, gutters, drains and roof, cleaning, sweeping, snow removal, wall cleaning, window washing, redecorating, janitorial, lighting, plumbing and fixtures, and necessary licenses relating thereto; including where in the opinion of the Landlord replacement of building HVAC, electrical, plumbing, heating, roof or other systems of appurtenances and fixtures is required then the capital cost of such replacement will be amortized over the useful life of such system, appurtenance or fixture and the annual amortized cost added to the operating costs; but excluding maintenance and repairs of a non-capital nature for which the Tenant is responsible or which the Tenant does at the expense of the Tenant, (and equally so for other tenants in the building);

(b) Utilities:

The cost of all utilities, including heating, oil, air conditioning, propane, natural gas, firewood, electricity, sewer and water, telephone, lighting, internet, cable and television;

(c) Fire and Security:

The cost of all security systems, closed circuit cameras, cable and other communication facilities and fire suppressions systems supplied to the Leased Premises;

(d) Administration:

The cost of administering and managing the Leased Premises including but not limited to; management fees, leasing commissions, renewal fees, assignment of lease fees and sublease fees; and other administrative costs and fees due therein undertaken on behalf of the Landlords by the Landlords designated Property Management Office.



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**4.2.2 Additional Rent – PROPERTY TAXES:**

Real Property Taxes, assessments and charges due and payable by the Landlord and which are charged against or in relation to the Leased Premises.

**4.2.3 Additional Rent – INSURANCE:**

The cost of all Insurance in respect of fire, extended coverage endorsement, earthquake coverage, all perils, boiler, machinery breakdown, public liability and property damage which the Landlord may from time to time reasonably insure, including loss of rental income insurance and hazardous substances insurance.

**4.2.4 Additional Rent – Calculation Methodology:**

The Tenant's ESTIMATED share of Additional Rent is calculated as follows:

**(a) Share of Operating Costs:**

The Tenant's share of the Operating Costs described in paragraph 4.2.1 shall be based on its proportionate share of the Leased Premises with Tenant's share being equal to the ratio that the net square footage payable by Tenant hereunder bears to the total square footage for the Leased Premises during the relevant fiscal year.

**(b) Share of Property Taxes:**

The Tenant's share of the Property Taxes described in paragraph 4.2.2 shall be based on its proportionate share of the Leased Premises with Tenant's share being equal to the ratio that the net square footage payable by Tenant hereunder bears to the total square footage for the Leased Premises during the relevant fiscal year.

**(c) Share of Insurance:**

The Tenant's share of the Insurance described in paragraph 4.2.3 shall be based on its proportionate share of the Leased Premises with Tenant's share being equal to the ratio that the net square footage payable by Tenant hereunder bears to the total square footage for the Leased Premises during the relevant fiscal year.

**4.2.5 Additional Rent – Estimation:**

The Landlord shall estimate the amount of the Additional Rent comprising the Operating Costs, Property Taxes and Insurance for the year or any part thereof and the share of the Tenant; and the Tenant shall pay on the first day of each month during the term of the Lease a portion of the estimated operating costs as determined by the Landlord.

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#### **4.2.6 Additional Rent – Reconciliation:**

*Article Explanation: Reconciliation is an accounting process that uses two sets of records to ensure figures are accurate and in agreement.*

There shall be a reconciliation made of the amounts paid hereunder within NINETY (90) days after the end of each calendar year, for clarification this will occur on or before March 31. If there has been an over-payment by the Tenant during the previous year the difference will be credited to Rent due; if there is a shortfall in the amounts paid during the previous year the Tenant will remedy the shortfall within THIRTY (30) days of Landlord notification, unless the Landlord agrees in writing to have the Tenant remedy the shortfall in monthly installments. The amounts due for Additional Rent and Applicable Taxes shall be deemed to be Rent due to the Landlord.

#### **4.2.7 Additional Rent – Verification of Tenant’s Expenses:**

The Tenant's share of the annual Additional Rent including Operating Costs, Property Taxes and Insurance shall be verified by the Landlords designated property management office’s accounting department.

#### **4.2.8 Additional Rent – Dispute:**

If the Tenant disputes any amounts charged to Additional Rent; the Tenant will have THIRTY (30) days from receipt of the Landlords accounting to itemize any matters that the Tenant disputes. The Tenant may inspect the records of the Landlord at the Property Management office.

##### **(a) Additional Rent – Resolution:**

Any items disputed will be referred to the Landlords outside accountant, an independent chartered accounting firm who will share the results of their review openly with the Tenant. We further clarify that an outside accountant means an independent firm of chartered accountants engaged by the Landlord for final resolution whose decision shall be final. If necessary, at the Landlords sole discretion; the Landlord reserves the right to refer the matter to the Landlords lawyer for advice.

##### **(b) Costs for Dispute Resolution:**

The costs of the Landlords accountant, property management and Lawyer’s fees will be borne by the Tenant unless the disputed items are found to be justified in which case the Tenant will not be liable for any costs incurred by the Landlord.

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#### **4.2.9 COSTS NOT INCLUDED:**

For greater certainty the Additional Rent shall not include the following:

**(a) Work at other Tenant's Premises:**

The costs of the Landlord's Work (if applicable) or to alterations or improvements to the premises of other tenants;

**(b) Structural Changes:**

The costs of making structural changes to the Building;

**(c) Corporation Capital Taxes:**

Corporation Capital Tax payable by the Landlord;

**(d) Repair and Maintenance of a Capital Nature:**

Alterations, additions, repairs and replacements of a capital nature determined in accordance with GAAP (Generally Accepted Accounting Principles) as determined by the Chartered Professional Accountants of Canada;

#### **4.3 APPLICABLE TAXES:**

The current applicable G.S.T. (Goods and Services Tax) is payable on the Net Rent (as defined in article 4.1) and Additional Rent (as defined in article 4.2) which sum shall be added to each monthly Rent payment to be paid as part of it.

##### **4.3.1 Additional Taxes:**

Further that any applicable, additional or replacement tax so introduced by the Canadian Federal, Provincial, Municipal and/or City Government including any local business improvement levy imposed by the relevant authorities; will become due and payable on the Net Rent (as defined in article 4.1) and Additional Rent (as defined in article 4.2) which sum shall be added to each monthly Rent payment to be paid as part of it.

#### **4.4 PAYMENT OF RENT:**

The Tenant must deliver twelve (12) post-dated cheques for the monthly:

- Net Rent as outlined in article 4.1; **plus**
- Additional Rent as outlined in article 4.2; **plus**
- Applicable Taxes as outlined in article 4.3;

##### **4.4.1 When Cheques are due:**

TWELVE (12) Post-dated cheques for monthly Rent to be submitted at the beginning of every year, or portion thereof; to the Landlord's designated Property Management Office.



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4.4.2 Rent Cheques to be made out to:

Cheques must be made out and payable to **BURR PROPERTIES LTD.**

4.4.3 Payment Location:

The monthly installments of Rent will be made without any deduction, defalcation or abatement, such rental to be paid to the Landlord at the office of Burr Properties Ltd., currently located at:

Unit 2-1007 Johnson Street, Victoria, British Columbia, V8V 3N6

Or at such other place as the Landlord shall hereinafter designate in writing.

4.4.4 Failure to Pay Rent on Time:

If the Tenant fails to make any of the monthly payments on the due date provided herein or fails to submit Rent cheques as described in article 4.4.1, or is otherwise in default of any amount due to the Landlord, and without prejudice to the Landlord's remedies, the Tenant agrees and undertakes to pay interest on any sum owed to the Landlord at the rate of TWO (2%) percent per month.

4.4.5 Continued Failure to Pay Rent on Time:

If the Tenant continues to fail to pay Rent as described in the entirety of article 4.4 the Tenant will be in Default and the Landlord will proceed with action as described in article 22 – Default of Tenant.

4.4.5 Returned Cheques:

Cheques returned by the Bank for insufficient funds will incur a charge of THREE HUNDRED DOLLARS (\$300.00) for each and every occurrence. Such amounts due for Returned Cheques shall be deemed to be Rent due to the Landlord.

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## **5. LEASE DEPOSIT:**

*The Lease deposit monies are funds the Landlord takes from the Tenant and serves to protect the Landlord if the Tenant breaks or violates the terms of the Lease.*

### 5.1 Lease Deposit – Amount:

The Landlord confirms the sum of Eight Thousand Seven Hundred and Twenty Nine Dollars and Seventy Eight Cents (\$8,729.78) to be held as a "Lease Deposit".

### 5.2 Lease Deposit – Term:

The Lease Deposit to be held for the Term of the Lease, including Renewals, Over-Holding, Assignment and or Sub-letting.

### 5.3 Lease Deposit – Interest:

The funds will be held in a non-interest-bearing account.

### 5.4 Lease Deposit – Default of Tenant:

The Lease Deposit may be applied to the Tenant's account, at the Landlord's sole discretion to rectify any outstanding default of the Tenant and in such event the Tenant will promptly pay to the Landlord such monies deducted to make the Lease Deposit whole again.

### 5.5 Lease Deposit – Refund:

Upon the Expiration of the Lease, if the Tenant has not renewed the Lease and the Tenant's account is up to date and the Premises are in the same state as when improved by the Tenant upon the commencement of the Lease; the Landlord will return the Lease deposit NINETY (90) days after the Tenant vacates the Premises.

## **6. COVENANTS:**

*Article Explanation: A covenant is a type of contract; between the Tenant or Landlord as (Covenantee) who makes a promise to the Tenant or Landlord as (Covenanter) to do or not do something.*

### **6.1 Tenant's Covenants:**

The Tenant Covenants with the Landlord as Follows.

#### 6.1.1 Rent:

To pay the Net Rent and the Additional Rent without any deduction, abatement or setoff whatsoever.

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6.1.2 Utilities:

To pay the proportionate share of all utilities consumed or supplied to the Leased Premises, including water, gas, telephone, internet, cable and electricity or, if such services are not separately metered to pay the Tenant's share of such utilities based on the Tenant's use of such services as determined by the Landlord acting reasonably

6.1.3 Business and Machinery Licenses:

To pay all costs associated with the issuance of a business and or machinery license.

6.1.4 Tenant's insurance:

To pay all costs associated with Tenant's insurance.

6.1.5 Janitorial costs, Recycling, Garbage disposal and Pest Control:

To pay the proportionate share of all costs associated with janitorial services to the Leased Premises, including but not limited to garbage collection, recycling services and pest control.

6.1.6 Landscaping and Yardwork:

To pay the proportionate share of all costs associated with landscaping services to the Leased Premises, including but not limited to hedge trimming, tree pruning, general landscaping and yard work including sprinkler systems.

6.1.7 Snow and Ice Removal:

To pay the proportionate costs associated with snow and ice removal which includes removal of snow and ice on public pathways as deemed necessary by the relevant City Authorities; such work to include salting pathways on both the Leased Premises and also public sidewalks and roadways as deemed necessary by the relevant City Authorities.

6.1.8 Parking Lot and Sidewalks:

To pay the proportionate costs associated with snow and ice removal in the parking lot and sidewalks as well as regular maintenance and cleaning, including but not limited to line painting, repair of pot holes and garbage removal.

6.1.9 Heat:

If the Leased Premises are provided with heat, to pay all proportionate heating costs of the Premises.



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#### 6.1.10 Glass:

To provide insurance coverage for plate glass windows, regular windows, glass entrance doors, decorative glass inserts liability and contents within the Leased Premises. In the event that the Insurance will not pay for glass damage, the Tenant will pay for the replacement of the glass.

#### 6.1.11 Repairs:

To maintain and repair the interior of the Leased Premises in a reasonable and proper state of repair to the same condition as when improved by the Tenant and ready for occupancy; damage by fire, lightning and tempest or other casualty only excepted.

#### 6.1.12 Inspection:

The Landlord may, upon reasonable notice, enter and view the state of repair and the Tenant will repair according to reasonable notice in writing, damage by fire, lightning and tempest or other casualty only excepted; and that the Tenant will leave the Leased Premises in good repair, damage by fire, lightning and tempest or other casualty only excepted.

#### 6.1.13 Emergency Repairs:

Notwithstanding anything hereinbefore contained, the Landlord may in an emergency make repairs to the Leased Premises without notice if such repairs are in the Landlord's reasonable opinion necessary for the protection of the building, and the Tenant covenants and agrees with the Landlord that if the Landlord exercises any such option to repair (and the Tenant would otherwise have been bound to effect such repairs), the Tenant will pay to the Landlord together with the next installment of rent which shall become due after the exercise of such option, all sums which the Landlord shall have expended in making such repairs and that such sums if not so paid within such time shall be recoverable from the Tenant as rent in arrears. Provided further that in the event that the Landlord from time to time makes any repairs as hereinbefore provided, the Tenant shall not be deemed to have been relieved from the obligations to repair and leave the Leased Premises in a good state of repair. Provided, however, that nothing herein contained shall obligate the Tenant for structural repairs.

#### 6.1.14 Damage to the Leased Premises by the Tenant – Common Equipment:

If the building including the Leased Premises, pipes and other apparatus used for the purpose of heating or air conditioning the building (or any of them), 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 be it accidental in nature or not, through the accidental nature or negligence, carelessness or misuse of the Tenant, its servants, agents, employees or anyone permitted by it to be in the building or through it in any way stopping up or injuring the heating apparatus, water pipes, drainage pipes or other equipment or part of the building the expense of the necessary repairs, replacement or alterations shall be borne by the

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Tenant who shall pay the same to the Landlord forthwith on demand and that such sums if not so paid within such time shall be recoverable from the Tenant as rent in arrears.

6.1.15 Damage to the Leased Premises by the Tenant – Non-Common Equipment:

If the Premises, non-common equipment being the property of the Landlord or the property of the Tenant; including but not limited to item such as hood vents, cook tops, ovens, stoves, washing machines, dryers, extraction fans, HVAC, baseboards, hair dryers get out of repair or become damaged or destroyed through the accidental use or negligence, carelessness or misuse of the Tenant, its servants, agents, employees or anyone permitted by it to be in the building or through it in any way stopping up or injuring the non-common equipment or other equipment or part of the building.

The expense of the necessary repairs, replacement or alterations, including payment of the Landlord insurance deductible to restore the Premises that have suffered damages from the operation of the non-common equipment, accidental in nature or not; shall be borne by the Tenant who shall pay the same to the Landlord forthwith on demand and that such sums if not so paid within such time shall be recoverable from the Tenant as rent in arrears.

6.1.16 Damage to the Neighbouring Leased Premises by the Tenant – Non-Common Equipment:

If the Premises, non-common equipment being the property of the Landlord or the property of the Tenant; including but not limited to items such as hood vents, cook tops, ovens, stoves, washing machines, dryers, extraction fans, HVAC, baseboards, hair dryers get out of repair or become damaged or destroyed through the accidental use or negligence, carelessness or misuse of the Tenant, its servants, agents, employees or anyone permitted by it to be in the building or through it in any way stopping up or injuring the non-common equipment or other equipment or part of the building.

The expense of the necessary repairs to the neighbouring Premises, replacement or alterations, including payment of the neighbouring Tenant's insurance deductible to restore neighbouring Premises that have suffered damages from the operation of the non-common equipment, accidental in nature or not; shall be borne by the Tenant who shall pay the same to the Landlord forthwith on demand and that such sums if not so paid within such time shall be recoverable from the Tenant as rent in arrears.

6.1.17 Safety Requirements from the Tenant and Tenant's Employees:

The Tenant is obligated, along with their family members who may work inside the Premises and their employees, even if such employees are employed in a temporary position or not compensated or do not meet the legal definition of an employee; to familiarize themselves with the Leased Premises and must know where all safety and emergency equipment is located, such as but not limited to, the location of the electric breakers and the water shut off valves, emergency



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exits, fire extinguishers, fire hydrant, fire alarm pulls, fire hose, emergency exterior stairwell if available, muster stations and emergency eyewash stations if provided.

**6.1.18 Failure of the Tenant to Mitigate Damage:**

In the event that the Tenant does not mitigate damage to the Leased Premises by not shutting down services, the expense of the necessary repairs to the Leased Premises, including replacement or alterations, including payment of the Tenant's insurance deductible, neighbouring Tenant's insurance deductible and Landlord's insurance deductible to restore the Leased Premises that have suffered damages from the failure to shut down services and or operation of the non-common equipment, accidental in nature or not; shall be borne by the Tenant who shall pay the same to the Landlord forthwith on demand and that such sums if not so paid within such time shall be recoverable from the Tenant as rent in arrears.

**6.2 Landlord's Covenants:**

The Landlord covenants with the Tenant as follows:

**6.2.1 Quiet Enjoyment:**

The Tenant, paying the rent hereby reserved and performing the covenants on the Tenant's part to be performed, shall and may peacefully possess and enjoy the Leased Premises for the term hereby granted without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under the Landlord.

**6.2.2 To pay all Taxes:**

To pay or cause to be paid all property and other taxes with respect to the Leased Premises, except those directly assessed or charged to or payable by the Tenant or assessed or chargeable with reference to the use or occupation of the Leased Premises and except as herein otherwise provided.

**6.2.3 Maintenance of the Leased Premises:**

Maintain and keep the lands and building of which the Leased Premises forms part, except for the Tenants obligation, in a reasonable and proper state of repair appropriate to the standards of a prudent owner.

**6.2.4 Maintain Insurance for the Leased Premises:**

To pay or cause to be paid and maintained insurance for the building to the standard of a prudent owner.

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## **7. ASSIGNMENT OF THE LEASE:**

The Tenant will not assign the Leased Premises or any part thereof without leave of the Landlord which leave shall not be unreasonably withheld or delayed. If the Tenant wants the Landlord's consent, it will give the Landlord a true copy of the offer and any information the Landlord may reasonably require with regard to the reputation, financial standing, and proposed use of the proposed assignee which information may be considered by the Landlord in deciding whether to consent to the proposed assignment.

### 7.1 Assignment – Landlord's possible responses to the Request:

Within a reasonable amount of time after receipt of the request for consent the Landlord will advise the Tenant that the Landlord:

- (a) Consents; **or**
- (b) Refuses to consent (with the reasons for such refusal); **or**
- (c) Requires further information in which case the Tenant will provide such information and the Landlord will respond as above within a reasonable amount of time after being provided such information.

### 7.2 Assignment – Fees:

The Tenant will pay in advance of any consideration of Assignment the Landlord's costs to draw up the paperwork for the Assignment in the amount of \$2,500.00 (Two Thousand Five Hundred Dollars) which remains non-refundable. In case that such Assignment does not proceed for whatever reason the tenant will still be liable for the fees.

### 7.3 Assignment – Tenant will remain as Guarantor:

Despite any such Assignment, the Tenant on this Lease, in the capacity of the Assignor will remain liable for the Tenant's obligations under the Lease and will remain as Guarantor until the expiry of the original Term as defined in article 2.1 or to any subsequent Renewal Term which initial option to Renew is included in this Lease as defined in article 31. Other Renewal Terms may be further offered to the Tenant in yet to be drawn up Renewal documentation, such Renewals will be a continuation of this Lease and the Tenant in the capacity of the Assignor is responsible for any original Term or Renewal Term of this Lease that the Tenant entered into prior to the Assignment.

### 7.4 Assignment Rent – Rent:

At no time will the Rent for the Assignment be less than the Rent currently at the time, due.

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7.5 Assignment – Change in Control of Tenant as Corporation:

Any change in control of the Tenant as a corporation shall be deemed to be an Assignment requiring the Landlord's consent under this sub-paragraph.

7.6 Tenant is Unable to Assign the Premises:

In the event that the Tenant is unable to Assign the Leased Premises to a new Tenant acceptable to the Landlord; the Tenant can at their sole discretion request that the Landlord proceed to lease the Premises to a replacement Tenant ("Re-Let").

7.7 Re-Let – Fees:

The Tenant will continue to uphold the Terms of the Lease and will pay Rent and will remain responsible to pay for all the fees that the Landlord will have to pay including but not limited to the following:

- Pro-rated Leasing Commissions in the amount of FIVE (5) PERCENT of the first Five Years of the New Lease Term signed by the Landlord;
- Landlord's Lawyers fees to a maximum of \$500.00;
- The Tenant remains responsible for Rent until such time the Landlord begins receiving Rent from a suitable replacement Tenant;
- The Tenant remains responsible for any difference in Rent suffered by the Landlord for the original Term or any Renewal Term agreed to by the Tenant and the Rent payable by the replacement Tenant under the Re-Let;
- The Tenant remains responsible for any inducements suffered by the Landlord;



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## **8. SUB-LETTING THE PREMISES:**

The Tenant will not Sub-Let the Leased Premises or any part thereof without leave of the Landlord which leave shall not be unreasonably withheld or delayed. If the Tenant wants the Landlord's consent, it will give the Landlord a true copy of the offer and any information the Landlord may reasonably require with regard to the reputation, financial standing, and proposed use of the proposed Sub-Tenant information may be considered by the Landlord in deciding whether to consent to the proposed Sub-Let.

### 8.1 Sub-Let – Landlord’s possible responses to the Request:

Within a reasonable amount of time after receipt of the request for consent the Landlord will advise the Tenant that the Landlord:

- (a) Consents; **or**
- (b) Refuses to consent (with the reasons for such refusal); **or**
- (c) Requires further information in which case the Tenant will provide such information and the Landlord will respond as above within a reasonable amount of time after being provided such information.

### 8.2 Sub-let – Fees:

The Tenant will pay in advance of any consideration of sub-let the Landlord's costs to draw up the paperwork for the Assignment in the amount of \$500.00 (Five Hundred Dollars) which remains non-refundable. In case that such sub-let does not proceed for whatever reason the tenant will still be liable for the fees.

### 8.3 Sub-Let – Tenant remains Responsible for the Lease:

Despite any such sub-let, the Tenant will remain liable for the Tenant's obligations under the Lease and will so until the expiry of the original Term as defined in article 2.1 or to any subsequent renewal term that the Tenant has entered into.

### 8.4 Tenant is Unable to Sub-Let the Premises:

In the event that the Tenant is unable to sub-let the Leased Premises to a new Tenant acceptable to the Landlord; the Tenant can at their sole discretion request that the Landlord proceed to lease the Premises to a replacement Tenant (“Re-Let”).

### 8.5 Re-Let – Fees:

The Tenant will continue to uphold the Terms of the Lease and will pay Rent and will remain responsible to pay for all the fees that the Landlord will have to pay including but not limited to the following:

- Pro-rated Leasing Commissions in the amount of FIVE (5) PERCENT of the first Five Years of the New Lease Term signed by the Landlord;
- Landlord’s Lawyers fees to a maximum of \$500.00;

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- The Tenant remains responsible for Rent until such time the Landlord begins receiving Rent from a suitable replacement Tenant;
- The Tenant remains responsible for any difference in Rent suffered by the Landlord for the original Term or any Renewal Term agreed to by the Tenant and the Rent payable by the replacement Tenant under the Re-Let;
- The Tenant remains responsible for any inducements suffered by the Landlord;

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## **9. REZONING OF THE LEASED PREMISES:**

*Article Explanation: Rezoning is a legal change to the bylaw to permit an alternate type of Tenancy. Rezoning is either initiated by the City Authorities; or by the public, through a rezoning application submitted by the Tenant.*

### 9.1 Rezoning – Landlord Permission:

The Tenant will not rezone the Leased Premises or any part thereof without the express written consent of the Landlord. If the Tenant wants the Landlord's consent, it will give the Landlord a true copy of the rezoning request from the relevant City Authorities and any information the Landlord may reasonably require with regard to the reason for such rezoning by the City Authorities and proposed use of the proposed rezoning which information may be considered by the Landlord in deciding whether to consent to the proposed rezoning.

#### 9.1.1 Rezoning – Landlord Right to Rescind Permission:

If at any time during the rezoning process requests are made of the landlord that the Landlord in his sole discretion believes that such request would negatively impact the valuation of the Leased Premises; or such request, at the Landlord's sole discretion, believes that it might not be advantageous to the Landlord, the Landlord reserves the right to rescind any previously given approval for the Rezoning with no penalty to the Landlord; financial or otherwise.

#### 9.2 Rezoning – Landlord's possible responses to the Request:

Within a reasonable amount of time after receipt of the request for rezoning the Landlord will advise the Tenant that the Landlord:

- (a) Consents; **or**
- (b) Refuses to consent (with the reasons for such refusal); **or**
- (c) Requires further information in which case the Tenant will provide such information and the Landlord will respond as above within a reasonable amount of time after being provided such information.

#### 9.3 Rezoning – Fees:

The Tenant will pay in advance of any consideration of assignment the Landlord's costs to draw up the paperwork for the rezoning in the amount of \$2,500.00 (Two Thousand Five Hundred Dollars) which remains non-refundable. In case that such rezoning does not proceed for whatever reason the Tenant will still be liable for the fees.

#### 9.4 Rezoning – Tenant remain Responsible for the Lease:

Despite any such rezoning, the Tenant will remain responsible for the Tenant's obligations under the Lease and will remain liable until the Expiry Date of the original Term as defined in article 2.1 or to any subsequent renewal term as defined by Article 32.



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9.5 Rezoning – Costs:

All costs associated with the rezoning process including but not limited to architectural drawings, engineering work, construction and public hearings will be borne exclusively by the Tenant; further the Landlord will not consider any request to pay for the work and recover from the Tenant's operating costs.

9.6 Rezoning – Lease Remains in Force:

The Tenant will remain liable for payment of all rent due and for upholding all the terms of the Lease which will remain in full force.

9.7 Rezoning – Tenant options after Landlord Rescinds Permission:

If the Tenant is no longer able to conduct business due to the City Authorities rezoning requests, the Tenant can at their sole discretion request that the Landlord proceed to lease the Premises to a replacement Tenant ("Re-Let").

- (a) Sub-Let the premises in accordance with Article 8; **or**
- (b) Assign the premises in accordance with Article 7; **or**
- (c) Request the Landlord locate a suitable replacement tenant in accordance with Article 8.5

**10. INSURANCE:**

10.1 Insurance – Cancellation:

If any policy of insurance upon the building or any part thereof or upon the building of which the Leased Premises forms part or any part thereof shall be cancelled or threatened to be cancelled by the insurer by reason of the use or occupation of the Leased 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 Leased Premises, and if the Landlord shall give to the Tenant thirty (30) days' notice in writing of the defect which gives rise to the threat of cancellation, or one (1) days' notice in the event of cancellation by the Insurer of any policy of insurance and the defect is not cured by the tenant so that the said policy of insurance is reinstated within the said period, then and in that event, the Landlord shall be entitled to terminate this lease forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do, and thereupon the rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination and the Tenant shall immediately deliver up possession of the Leased Premises to the Landlord and the Landlord may re-enter and take possession of the same without prejudice to any other remedies available to the Landlord at law or pursuant to this Lease.



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10.2 Insurance – Increased Premiums caused by Tenant Activity:

The Tenant shall not do or omit or permit to be done or omitted upon the Leased Premises anything which shall cause the rate of insurance upon the building to be increased, and if the rate of insurance on the building shall be increased by reason of the use made of the Leased Premises or by reason of anything done or omitted or permitted to be done or omitted by the Tenant or by anyone permitted by the Tenant to be upon the Leased Premises, the Tenant shall pay to the Landlord the amount of such increase as additional rent.

10.3 Insurance – Items to be Covered:

The Tenant shall, during the whole of the Term and during such other time as Tenant occupies the Leased Premises, take out and maintain the following insurance at the Tenant's sole expense, in such form and with such companies as the Landlord may reasonably approve:

(a) Comprehensive Insurance:

Comprehensive general liability insurance against claims for bodily injury, including death and property damage or loss to or suffered by third parties arising out of the use or occupation of the Leased Premises, or the Tenant's business on or about the Leased Premises, such insurance shall name the Landlord as an additional insured and shall be for the amount of not less than \$2,000,000.00 combined single limit or such higher amount as may be determined by the Landlord is commercially reasonable from time to time, and such comprehensive general liability insurance shall, for the Tenant's benefit only, include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease,

(b) All risks insurance:

All risks insurance upon its fixtures and improvements located on the Leased Premises owned by the Tenant or for which the Tenant is legally liable, including machinery insurance and pressure vessels, all in an amount equal to the full replacement value thereof; and

(c) Plate Glass:

Repair, maintenance and replacement of all plate glass located in the Leased Premises; and

(d) Business Interruption:

Business interruption insurance; and

(e) Other Insurance:

Such other insurance against such risks and in such amounts as the Landlord may reasonably require.

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#### 10.4 Insurance – Mandatory Provisions for Policies.

The policies of insurance referred to above shall contain the following:

(a) Landlord protection Provisions:

Provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of a claim under such policies;

(b) Primary and Non-contributing Provisions:

Provisions that such policies and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord shall be excess coverage;

(c) Subrogation:

Waivers of the insurer's rights of subrogation as against the Landlord and those for whom the Landlord is in law responsible; and

(d) Notification:

Provisions that such policies shall not be cancelled or lapsed without the insurer providing the Landlord thirty (30) days written notice stating when such cancellation shall be effective;

#### 10.5 Insurance – Certificate of Insurance must be provided to the Landlord:

Evidence satisfactory to the Landlord of all such policies of insurance shall be provided to the Landlord. A certificate of insurance is deemed to be satisfactory evidence.

#### 10.6 The Tenant Expressly Acknowledges and Agrees:

Notwithstanding the Landlord's covenant contained in this Lease, and notwithstanding any contribution by the Tenant to the cost of any policies of insurance carried by the Landlord, the Tenant expressly acknowledges and agrees that:

- (a) The Tenant is not relieved of any liability arising from or contributed to by its acts, fault, negligence or omissions; and
- (b) No insurance interest is conferred upon the Tenant, under any policies of insurance carried by the Landlord; and
- (c) The Tenant has no right to receive any proceeds of any policies of insurance carried by the Landlord.



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## **11. OBSERVANCE OF LAW:**

*Tenant to adhere to all Civil and Criminal laws in the Province of British Columbia, including but not limited to:*

- *Water Sustainability Act;*
- *Groundwater Protection Regulation;*
- *Dam Safety Regulation;*
- *Water Protection Act; and*
- *Environmental Assessment Act*

### 11.1 Observance of Law – Construction work and Operation of Equipment:

To comply with all provisions of law, including without limitation, Federal and Provincial legislative enactments, building by-laws, environmental regulations and laws, and any other governmental or Municipal regulations which relate to the partitioning, equipment, operation and use of the Leased Premises, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Leased Premises.

### 11.2 Observance of Law – Police, Fire and Sanitary Regulations:

To comply with all Police, Fire and sanitary regulations imposed by Federal, Provincial or Municipal authorities or made by fire insurance underwriters, and to observe and obey all governmental and municipal regulations and other requirements governing the conduct of any business conducted in the Leased Premises.

### 11.3 Observance of Law – Tenant Default:

Provided that in default of the Tenant so complying the Landlord may at its option where possible comply with any such requirement and the cost of such compliance shall be payable by the Tenant to the Landlord as additional rent and the Landlord may enforce payment thereof as rent in arrears.

### 11.4 Observance of Law – Damage to the Leased Premises:

Not to do or suffer any waste or damage, disfiguration or injury to the Leased Premises or the fixtures and equipment thereof or permit or suffer any presence on the Leased Premises of any hazardous substances as may be defined under the *Environmental Management Act of British Columbia* (Assented to October 23, 2003) or any similar or successor provincial or federal legislation or permit, or suffer overloading on the floors thereof, and not to use or permit to be used any part of the Leased Premises for any dangerous, noxious or offensive trade or business and not to cause or permit any nuisance in, at or on the Leased Premises.

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## **12. INSPECTION AND REPAIRS**

To permit the Landlord, its servants or agents after prior notice to the Tenant, to enter upon the Leased Premises at any reasonable time and from time to time for the purpose of inspecting and of making repairs, alterations or improvements to the Leased Premises

### 12.1 Inspection and Repairs – No Compensation:

The Tenant shall not be entitled to compensation for any inconvenience, nuisance or discomfort occasioned thereby.

### 12.2 Inspection and Repairs – Remedy any condition:

The Landlord, its servants or agents may from time to time during usual business hours of the Tenant, enter upon the Leased Premises to remove any article or remedy any condition which in the opinion of the Landlord, reasonably arrived at, would be likely to lead to cancellation of any policy of insurance of the Landlord, and such entry by the Landlord shall not be deemed to be a re-entry.

### 12.3 Inspection and Repairs – Seismic Upgrade:

The Tenant acknowledges that it may be necessary to do a seismic upgrade of the building and that the Landlord may wish to enter upon the Leased Premises for this purpose if it reasonably believes that it will be necessary to do this work to meet existing or projected governmental or insurance requirements.

## **13. INDEMNITY OF LANDLORD**

The Landlord requires the Tenant to provide the Landlord with both indemnification and a defense for:

- Claims, liabilities, and damages that arise out of the Tenant's operation of a business at the Leased Premises;
- The Tenant's operation and maintenance of the Leased Premises;
- The business conducted by the Tenant at the Leased Premises; and
- The negligence and intentional misconduct of the Tenant or the Tenant's agents, employees, and contractors;

Further; the Tenant must indemnify, defend, and reimburse the Landlord for all claims, liabilities, and damages that arise from the condition of the Leased Premises and the negligence and intentional misconduct not only of the Tenant and its agents, employees, or contractors but also of its customers and invitees.

### 13.1 Indemnify the Landlord:

To indemnify and save harmless the Landlord against and from any and all claims, for personal injury or property damage arising from the conduct of any work or by or through any act or omission of the Tenant or any assignee, subtenant, agent, contractor, servant, employee, invitee



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or licensee of the Tenant, and against and from all costs, lawyers' fees on an own client basis, expenses and liabilities incurred in defending or responding to any such claim or any action or proceeding brought thereon.

**13.2 No Abatement of Rent:**

That there shall be no abatement or reduction of rent and that the Landlord shall not be liable for any damage howsoever caused to the property of the Tenant or of any person subject to the Tenant which is in or upon or being brought to or from the Leased Premises or the building or for personal injury (including death) sustained in any manner by the Tenant or any person subject to the Tenant while the Tenant or any such person is in or upon or entering or leaving the Leased Premises or building.

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#### **14. EXHIBITING PREMISES:**

In the event that the Tenant or Landlord has:

- The Tenant failed to exercise their Renewal Option and the Landlord has served the Tenant with a Notice to Vacate the Premises; **or**
- The Tenant failed to come to terms agreeable to the Landlord within SIX (6) months of exercising their Renewal Option which is now null and void; **or**
- The Landlord has entered into a potential agreement to sell the Leased Premises;

The following terms and conditions will apply:

##### 14.1 Exhibiting Premises – Permission for the Landlord:

To permit the Landlord or its agents to enter and show the Leased Premises, during normal business hours.

##### 14.2 Exhibiting Premises – Tenant Notification:

The Landlord will provide written notification via e-mail or letter advising the Tenant, or the Tenant's Manager or the Tenant's Employee; that such showing of the premises will occur a minimum of TWENTY-FOUR (24) hours prior to the showing.

##### 14.3 Exhibiting Premises – Prospective Purchasers of the Leased Premises:

To permit the Landlord to show the Premises to prospective purchasers of the building.

##### 14.4 Exhibiting Premises – Prospective New Tenants:

To permit the Landlord to show the Premises to prospective new tenants for the Premises.

##### 14.5 Exhibiting Premises – Termination of the Lease or End of Term:

The Landlord may after notice terminating this Lease has been given or within the last FOUR (4) months of the term, enter and show the Leased Premises during normal business hours to prospective new tenants. The Landlord will also install signage in the Premises and such signage will not be blocked or otherwise interfered with in a manner that would not allow members of the general public to read such signage.

##### 14.6 Exhibiting Premises – Limitations:

No more than ONE (1) such entry per business day shall be made after written notice which includes a Letter delivered to the Premises, or email is served to the Tenant or to the Tenant's Manager or Employee of the Premises.

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## **15. ALTERATIONS:**

*Any change to the Leased Premises such as moving electrical or plumbing stacks, or building walls or room dividers.*

### 15.1 Structural elements:

The Tenant will not attach anything to the structural beams or columns. The Tenant is advised to seek opinion from the Landlord as to which beams or columns are in fact structural.

### 15.2 Alterations, Additions or Partitions:

The tenant shall not change, make or erect in or to the Leased Premises any installations, alterations, additions or partitions without express written permission from the Landlord and if such permission is granted, the Tenant will ensure that all relevant permits are issued by the relevant authorities.

### 15.3 Removal or Changing Equipment location:

The Tenant will not remove or change the location of style of any equipment, outlets, piping or wiring relating to the electrical, plumbing, water, gas, air-conditioning or heating systems without submitting drawings and specifications to the Landlord, and a list of contractors and sub-contractors engaged to perform such work and obtaining the Landlord's prior written consent in each instance (and the Tenant must further obtain the Landlord's prior written consent to any change or changes in such drawings and specifications or contractors or sub-contractors, submitted as aforesaid) such consents not to be unreasonably withheld.

### 15.4 Tenant responsible for Fees:

The Tenant is responsible for paying the fees incurred by the Landlord's Architect, Lawyer, Property Management or other Consultant upon whose advice the Landlord, at the Landlord's sole discretion; depends upon to consider the approval of such change, prior to proceeding with any work based on such drawings or specifications.

### 15.5 Improvements:

Any such alterations, additions and fixtures ("Improvements"); except for non-affixed personalty, shall when made or installed be and become the property of the Landlord without payment being made therefor; provided that upon the determination of this lease, the Landlord may at its option, require the Tenant to remove the same and to restore the Leased Premises to the condition in which they were at the commencement of the lease unless the Landlord has previously agreed in writing that any of such improvements including but not limited to, alterations, additions and fixtures need not be removed.



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#### 15.6 Enclosures:

The Tenant will not enclose heat registers, hot water radiators, baseboard heaters, shut off valves, control valves, control panels, electrical switches, junction boxes, lighting, ceiling fans and other items deemed relevant by the Landlord. If such items are covered by enclosures the Landlord will have his contractors remove said enclosures and all costs associated will be borne by the Tenant.

#### **16. LIENS:**

*In the province of BC a lien is a registered legal claim on personal property, most often used as security or collateral for a debt or loan. Liens are used to ensure repayment of loans or outstanding debt and are typically publicly registered. In the event that a Tenant is unable to pay a Contractor, many contractors will endeavor to place a lien on the property.*

#### 16.1 Tenant covenants:

The Tenant covenants that it will not suffer or permit during the term hereof any mechanics' or other liens for work, labor, services or materials ordered by it or for the cost of which it may be in any way obligated to attach to the Leased Premises or to the Building

#### 16.2 Lien or Claim:

If that whenever and so often as any such liens shall attach or claims therefor shall be filed, the Tenant shall within TWENTY (20) days after the Tenant has notice of the claim for lien, procure the discharge thereof by payment or by giving security or in such other manner as is or may be required or permitted by law.

#### **17. SIGNS:**

*Signage includes but is not limited to signs affixed to the Premises, billboards, sandwich boards, building directories, awnings and or any other promotional signage at the property.*

#### 17.1 Signs - Landlords written permission is required:

Prior to the erection of any signs anywhere at the Leased Premises; the Tenant shall first obtain in writing the approval of the Landlord. Such request to the Landlord must include all pertinent details to allow the Landlord to make, at the Landlords sole discretion; an informed decision; of the design, size, location and colour, which approval shall not be unreasonably withheld or delayed.



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17.2 Signs - Input from existing tenants:

The Landlord reserves the right, at the Landlords sole discretion to seek input from existing tenants at the Leased Premises with regards to the Tenant's proposed signage. Any objection for any reason from the existing tenants will result in the Landlord withholding approval along with the reasons for such withholding of approval; and the Tenant is obligated to revise their signage design until the Landlord is satisfied; at the Landlords sole discretion, that the existing tenants are in agreement with the design.

17.3 Signs – Conformity:

Any such sign shall conform to all existing Leased Premises standards and relevant municipal and other governmental bylaws; such signage to also adhere to the general character of the Leased Premises and neighboring tenants and neighborhood unless exception is granted by the Landlords.

17.4 Signs – Costs:

Costs for any and all signage for the Tenant will be borne by the Tenant.

**18. USE OF PREMISES**

18.1 Agreed Use of Premises:

The Tenant shall only use the Premises for the purposes of a full-service cannabis retail store along with the sale of associated products and services. The Tenant shall additionally use only such space in the Premises for office, clerical, storage and other retail related purposes as is reasonably required for Tenant's business on the Premises. In any event, the Tenant will not compete with existing businesses at the Leased Premises.

18.2 Serving food and beverages – Landlord Permission:

The Landlord makes no objection to the tenant serving food and or beverages, alcoholic in nature or not; providing the tenant seeks and gains written permission from the City Authorities bylaw office and does not perform any activity that is against either the law or against City bylaws.

18.3 Serving food and beverages – Copy of Permit:

A copy of the permits issued by the City Authorities for the purposes illustrated in Article 18.2 shall be made available to the Landlord by submission to the Landlords designated property management company.

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18.4 Serving food and beverages – Tenant Insurance Policy:

The Tenant's insurance shall also include a clause to reflect the provision of alcohol and the Tenant and Tenant's clients, visitors, contractors not hold the Landlord liable for any matter, accident or complaint that may arise from the consumption of alcohol on the premises. A copy of the insurance policy must be submitted to the Landlord's designated property management office.

18.5 Serving food and beverages – Tenant Indemnifies the Landlord:

For further clarification the Tenant acknowledges the risks of serving alcoholic beverages and indemnifies the Landlord against any claim brought forth by any party seeking remedy.

18.6 Non-Disturbance:

The premises may not be used to manufacture, repair or modify product, or for purposes that would cause disturbance to the neighboring tenants; through the use of power tools or any mechanized devices that may cause noise, dust or disturbance audible or otherwise. Any material change of use shall require the Landlord's approval, which may be arbitrarily withheld.

18.7 Opening Hours for the Premises:

The Tenant covenants and agrees that it will continuously and uninterruptedly, from and after the Commencement Date, operate and conduct on the Premises the business which it is permitted to operate under the provisions of this Lease. The Tenant shall keep the Premises open for business a minimum of FIVE (5) days per week for a total of THIRTY-FIVE (35) hours in any given week.

18.8 Opening Hours for the Premises – Exceptions:

The Landlord allows exceptions to Article 18.7 for statutory holidays as allowed under BC law. Any further exception must be submitted as a request in writing to the Landlord, with the reasons for such closure. The Landlord's permission may be arbitrarily withheld.

**19. ENUREMENT CLAUSE:**

*Enure is a legal term meaning to happen, to be applied, to come into effect, to serve as a benefit to a person*

19.1 Enurement Clause:

This Lease and everything herein contained shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns and other legal representatives, as the case may be, of each and every of the parties hereto, subject to the granting of consent by the Landlord to any assignment or sub-lease, and every reference herein to any party hereto shall include the heirs, executors, administrators, successors and assigns and other legal representatives of such party, and where there is more than one party or there is a female party or corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and all covenants shall be deemed joint and several.



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## **20. REMOVAL OF FIXTURES:**

*Fixtures are items that are affixed to the Leased Premises in a manner that makes them part of the Leased Premises, includes but not limited to custom shelving, built-in desks, flooring, all lighting, awnings and curtain rods.*

### 20.1 Trade Fixtures and Installations:

Provided that there are no arrears of rent or other default of the Tenant pursuant to this Lease, the Tenant may remove its trade or tenant's fixtures and installations, except for the flooring attached to the sub-floor; provided further, however, that all partitions and additions other than trade or tenant's fixtures and installations in or upon the Leased Premises, whether placed there by the Tenant or the Landlord, shall immediately upon such placement, be the Landlord's property without compensation therefor to the Tenant and, except as hereinafter mentioned in this article, shall not be removed from the Leased Premises by the Tenant at any time either during or after the Term.

### 20.2 Tenant may remove fixtures upon remodelling:

Notwithstanding anything herein contained, the Tenant may remove partitions and/or fixtures from the Leased Premises in the event that the Leased Premises are remodeled by the Tenant with the consent of the Landlord during the Term or any renewal thereof.

### 20.3 Landlord will not Repair or Maintain Tenant's fixtures:

Notwithstanding anything herein contained, the Landlord shall be under no obligation to repair or maintain the Tenant's installations, alterations, additions, partitions and fixtures or anything in the nature of a leasehold improvement made or installed by the Tenant; and further notwithstanding anything herein contained, the Landlord shall have the right upon the termination of the lease, by effluxion of time or otherwise to require the Tenant to remove its installations, alterations, additions, partitions and fixtures or anything in the nature of a leasehold improvement made or installed by the Tenant and to make good any damage caused to the Leased Premises by such removal.

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## **21. DAMAGE AND/OR DESTRUCTION TO THE LEASED PREMISES:**

### 21.1 Leased Premises are destroyed by fire or the elements:

Provided that if during the continuation of this Lease, the Leased Premises are destroyed or damaged by fire or the elements, then the following provisions shall apply:

#### (a) Leased Premises cannot be repaired within 180 Days:

If the Leased Premises are totally destroyed or are partially destroyed so as in the opinion of the Landlord, acting reasonably, to render the Premises wholly unfit for occupancy by the Tenant and if they shall be so badly damaged that they cannot in the opinion of the Landlord, acting reasonably, be repaired with reasonable diligence within ONE HUNDRED EIGHTY (180) days from the happening of such damage, then this Lease shall at the option of the Landlord, acting reasonably, cease and become null and void from the date of such damage or destruction, and the Tenant shall immediately surrender the vacant Premises and all interest therein to the Landlord, and the Tenant shall pay rent only to the time of such surrender, and the Landlord may re-enter or repossess the Premises;

#### (b) Leased Premises can be repaired within 180 Days:

If the Leased Premises are partially destroyed and can in the opinion of the Landlord, acting reasonably, be repaired with reasonable diligence within ONE HUNDRED EIGHTY (180) days from the happening of such damage and if the damage is such as to render the Leased Premises wholly or partly unfit for occupancy by the Tenant, the Landlord shall repair the same with all reasonable speed, and the rent shall be payable throughout such period;

#### (c) Written Notice of Landlords Opinion:

The Landlord shall give written notice to the Tenant within SIXTY (60) days of the happening of such damage, of the opinion reached by the Landlord.

### 21.2 Damage of Property:

#### (a) Landlord not liable:

The Landlord shall not be liable or responsible in any way for any loss of or damage or injury to any property belonging to the Tenant or to employees of the Tenant or to any other person while such property is on the Leased Premises or in the Building or in or on the surrounding Lands and Buildings owned by the Landlord whether or not such property has been entrusted to employees of the Landlord, unless caused by the fault or neglect of the Landlord or employee or others for whom the Landlord is responsible at law.



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(b) Extension of Time:

It is understood and agreed that whenever and to the extent that the Landlord shall be unable to fulfill, or shall be delayed or restricted in the fulfillment of any obligations hereunder in respect of the supply or provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to fulfill such obligations or by reason of any statute, law or order-in-council or any regulation or order passed or made pursuant thereto or by reason of the order or direction of any administrator, controller or board, or any governmental department or officer of other authority or by reason of not being able to obtain any permission or authority required thereby, or by reason of any other cause beyond its control whether or not of the foregoing character, the Landlord shall be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant shall not be entitled to compensation for an inconvenience, nuisance or discomfort thereby occasioned.

**22. DEFAULT OF TENANT**

22.1 Default in Rent:

If and whenever, in full or in part, the Net Rent or Additional Rent or Applicable Taxes shall not be paid on the day appointed for payment, and the Tenant fails to remedy such default within THREE (3) days of written notice to the Tenant; it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this lease contained to the contrary notwithstanding. The Landlord reserves the Right to change the locks at the Premises.

22.2 Breach of Covenants:

Or in case of breach or non-observance or non-performance of any of the covenants, agreements, provisos or conditions and Regulations on the part of the Tenant to be kept, observed and performed hereunder and the Tenant fails to remedy such breach within TEN (10) days of written notice of such breach, or such longer or shorter period as may be reasonable in the Landlord's sole opinion in the circumstances; it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this lease contained to the contrary notwithstanding.

22.3 Abandonment of Premises:

Or in the case the Leased Premises shall be vacated or remain unoccupied for THIRTY (30) days, it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this lease contained to the contrary notwithstanding.

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22.4 Term Taken for any Cause:

Or in case the Term shall be taken in execution or attachment for any cause whatever, then and in every such case, it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this lease contained to the contrary notwithstanding.

22.5 Three Breaches Limit:

The Landlords can at their sole discretion offer the tenant THREE (3) breaches during the time of this lease including renewals, extensions and assignments. The Landlords reserve the rights to any and all legal provisions.

22.6 Costs of Enforcement:

The Tenant shall pay to the Landlord forthwith upon demand all costs and charges (including legal fees) reasonably incurred either during or after the Term in enforcing payment of Rent hereunder and in obtaining possession of the Leased Premises after default of the Tenant or upon expiration or earlier termination of this Lease or in enforcing any covenant, proviso or agreement of the Tenant herein contained, or in determining the Landlord's rights or the Tenant's obligations under this Lease or both.

22.7 Non payment of Rent:

Notwithstanding any other clause in this Lease should the Tenant fail to pay rent for an uninterrupted period of THIRTY (30) days, the Landlord has the Right to Terminate the Lease, change the locks at the Premises and Repossess the Premises. The Landlord further reserves all legal rights for damages.

22.8 Costs to Re-Let the Premises:

The Tenant can at their sole discretion request that the Landlord proceed to lease the Premises to a replacement Tenant ("Re-Let").

The Tenant will continue to uphold the Terms of the Lease and will pay Rent and will remain responsible to pay for all the fees that the Landlord will have to pay including but not limited to the following:

- Pro-rated Leasing Commissions in the amount of FIVE (5) PERCENT of the first Five Years of the New Lease Term signed by the Landlord;
- Landlord's Lawyers fees to a maximum of \$500.00;
- The Tenant remains responsible for Rent until such time the Landlord begins receiving Rent from a suitable replacement Tenant;



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- The Tenant remains responsible for any difference in Rent suffered by the Landlord for the original Term or any Renewal Term agreed to by the Tenant and the Rent payable by the replacement Tenant under the Re-Let;
- The Tenant remains responsible for any inducements suffered by the Landlord;

### **23. BANKRUPTCY**

If without the written consent of the Landlord, the Leased Premises shall be used by any other person than the Tenant or for any other Use than that for which the Premises were leased or in case the Term or any of the goods and chattels of the Tenant shall be at any time seized in execution or attachment by any creditor of the Tenant or the Tenant shall make any assignment for the benefit of creditors or any bulk sale or become bankrupt or insolvent or take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors, or if the Tenant is a corporation and any order shall be made for the winding-up of the Tenant, or other termination of the corporate existence of the Tenant, then in any such case this lease shall at the option of the Landlord cease and determine and the term shall immediately become forfeited and void and the then current month's rent and the next ensuing THREE (3) months' rent shall immediately become due and be paid and the Landlord may re-enter and take possession of the Leased Premises as though the Tenant or other occupant or occupants of the Leased Premises were holding over after the expiration of the term without any right whatever.

On the Landlord's becoming entitled to re-enter upon the Leased Premises under any of the provisions of this lease, the Landlord in addition to all other rights shall have the right to enter the Leased Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor and to re-let the Leased Premises as the agent of the Tenant, and to receive the rent therefor and as the agent of the Tenant to take possession of any furniture or other property on the Leased Premises and to sell the same at public or private sale without notice and to apply the proceeds of such sale and any rent derived from re-letting the Leased Premises upon account of the rent under this lease, and the Tenant shall be liable to the Landlord for the deficiency, if any.

### **24. RIGHT OF TERMINATION**

On Event of Default or on the Landlord's becoming entitled to re-enter upon the Leased Premises under any of the provisions of this lease, the Landlord in addition to all other rights, shall have the right to determine forthwith this lease and the Term by leaving upon the Leased Premises notice in writing of its intention so to do or serving the Tenant with such notice, and thereupon rent shall be computed, apportioned and paid in full to the date of such determination of this lease and any other payments for which the Tenant is liable under this lease including the Landlord's costs and commissions payable to property management to locate a suitable replacement Tenant; shall be paid, and the Tenant shall immediately deliver up possession of the Leased Premises to the Landlord, and the Landlord may re-enter and take possession of the same.



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## **26. DISTRESS**

The Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and covenants and agrees that notwithstanding any such statute none of the goods and chattels of the Tenant on the Leased Premises at any time during the term shall be exempt from levy by distress for rent in arrears. In the event that the Tenant shall remove or permit the removal of any of its goods or chattels from the Leased Premises, the Landlord may within thirty (30) days thereafter and if the Tenant is in arrears of rent, seize such goods and chattels wherever the same may be found and may sell or otherwise dispose of the same as if they had actually been distrained upon the Leased Premises by the Landlord for arrears of rent.

## **26. NON-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 waiver of the Landlord's right hereunder in respect 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 herein 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 express waiver in writing. All rights and remedies of the Landlord in this lease contained shall be cumulative and not alternative.

## **27. OVER-HOLDING**

If the Tenant shall continue to occupy the Leased Premises after the expiration of this lease with or without the consent of the Landlord, and without any further written agreement, the Tenant shall with immediate effect become a monthly tenant at a rent equivalent to the monthly rental hereby reserved plus THIRTY PERCENT (30%) of the net rent and subject to all the terms and conditions herein set out except as to length of tenancy.

## **28. RECOVERY OF ADJUSTMENTS**

The Landlord shall have (in addition to any other right or remedy of the Landlord) the same rights and remedies in the event of default by the Tenant in payment of any amount payable by the Tenant hereunder as the Landlord would have in the case of default in payment of rent.

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**29. NOTICE:**

All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Lease shall be in writing and shall be deemed to have been properly given if personally served, sent by registered mail or e-mail to the Parties at the addresses on the First page of this Lease Document.

29.1 Address Change:

Provided however, that such addresses may be changed upon FIVE (5) business days' written notice thereof, similarly given to the other party.

29.2 Date of Receipt:

The date of receipt of any such notice, demand, request, consent, approval, denial or other instrument shall be deemed to be as follows:

- (a) In the case of personal service, the date of service;
- (b) In the case of e-mail or fax, the date of service;
- (c) In the case of registered mail, the fifth (5th) business day following the date of delivery to the Post Office, provided, however, that in the event of an interruption of normal mail service, service shall be effected by personal delivery;

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**30. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE:**

The Subordination of Lease refers to the Tenant's consent to subordinate his or her rights over a property, to the rights of the bank holding the mortgage on the property.

30.1 Attornment:

The rights of the Landlord under this Lease may be mortgaged, charged, transferred or assigned to a purchaser or purchasers or to a mortgagee or trustee for bond holders and in the event of a sale or of default by the Landlord under any mortgage, trust deed or trust indenture, and the purchaser, mortgagee or trustee, as the case may be, duly entering into possession of the Leased Premises. The Tenant agrees to attorn to and become the Tenant of such purchaser or purchasers, mortgagee or trustee under the terms of this Lease.

30.2 Subordination:

This Lease and all the rights of the Tenant hereunder are subject and subordinate to all mortgages, trusts deeds or trust indentures now or hereafter existing which may now or hereafter affect the Leased Premises and to all renewals, modifications, consolidations, replacements and extensions thereof; provided that the Tenant whenever requested by any mortgagee, (including any trustee under a trust deed or trust indenture), but not more frequently than once per year, shall attorn to such mortgagee as the tenant upon all the terms of this Lease.

30.3 Instrument of Subordination or Attornment:

The Tenant agrees to execute promptly whenever requested by the Landlord or by such mortgagee an instrument of subordination or attornment, as the case may be, and may be required by it, provided however, that such mortgagee or their respective successors or assigns in favour of which attornment has been made, shall recognize this Lease and the rights of the Tenant thereunder so long as the Tenant shall not be in default in the performance of its obligations under the Lease.

30.4 Non-disturbance:

As a condition of any subordination, the mortgagee, transferee, purchaser, lessor or beneficiary ("Landlord's Successor") shall agree that the Tenant's use or possession of the Leased Premises shall not be disturbed, nor shall its obligations be enlarged or its rights be abridged hereunder by reason of any such mortgage or deed of trust. Notwithstanding any foreclosure or sale under any such mortgage or deed of trust (or transfer by deed in lieu thereof), this Lease shall remain in full force and effect, and the Tenant agrees to execute such documents as are reasonably required by the Landlord's Successor to accomplish the purpose of this Section.



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### **31. RIGHT OF RENEWAL:**

Provided the Tenant duly and regularly pays the net rent, plus additional rent, plus applicable taxes; and has not been in breach of any of the terms, conditions and covenants contained in the Lease, the Tenant shall have THREE (3) options to renew the Lease for ONE (1) further term each of FIVE (5) years on the same terms and conditions as the initial Term except for Net Rent, any free rent allowance, fixturing period, any other Tenant inducements or allowances and this option to renew.

#### 31.1 Rent for Renewal Terms:

The net rent for each of the THREE (3) Renewal Terms shall be based on the prevailing fair market rental for improved premises of similar size, quality, use and location, as agreed between the parties, and failing such agreement, as determined by arbitration pursuant to the *Arbitration Act*. In no case will the renewal rent be less than the previous year's rent.

#### 31.2 Date to Exercise Option:

The Tenant shall give formal **written** notice in the form of a Letter to the Landlord, of the Tenant's intent to exercise each of the THREE (3) such options to renew to the Landlord prior to and no later than SIX (6) months to the date of expiry of the Term, failing which, such option and any future option shall AUTOMATICALLY and Immediately EXPIRE and become completely null and void and incapable of exercise.

For clarity the date to exercise the options are illustrated below:

##### 31.2.a Option 1:

To exercise the Option to Renew the Lease for a renewal period of Five Years commencing **January 1, 2026** the cut-off date to exercise said Option is **JUNE 30, 2025**, failing which, such Option will AUTOMATICALLY and Immediately EXPIRE and become completely null and void and incapable of exercise, regardless of any subsequent negotiation, communication or discussion between the Parties.

The Landlord at their sole discretion can offer the Tenant:

- A new Lease with completely new terms and conditions as though the Tenant was a new Tenant;
- Elect to continue with the existing Lease Document;
- Require the Tenant to vacate the Leased Premises upon the expiration of the Term;

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### 31.2.b Option 2:

To exercise the Option to Renew the Lease for a renewal period of Five Years commencing **January 1, 2031** the cut-off date to exercise said Option is **JUNE 30, 2030**, failing which, such Option will AUTOMATICALLY and Immediately EXPIRE and become completely null and void and incapable of exercise, regardless of any subsequent negotiation, communication or discussion between the Parties.

The Landlord at their sole discretion can offer the Tenant:

- A new Lease with completely new terms and conditions as though the Tenant was a new Tenant;
- Elect to continue with the existing Lease Document;
- Require the Tenant to vacate the Leased Premises upon the expiration of the Term;

### 31.2.c Option 3:

To exercise the Option to Renew the Lease for a renewal period of Five Years commencing **January 1, 2036** the cut-off date to exercise said Option is **JUNE 30, 2035**, failing which, such Option will AUTOMATICALLY and Immediately EXPIRE and become completely null and void and incapable of exercise, regardless of any subsequent negotiation, communication or discussion between the Parties.

The Landlord at their sole discretion can offer the Tenant:

- A new Lease with completely new terms and conditions as though the Tenant was a new Tenant;
- Elect to continue with the existing Lease Document;
- Require the Tenant to vacate the Leased Premises upon the expiration of the Term;

### 31.3 Termination of Option:

Upon correctly exercising each of the THREE (3) Options to Renew this Lease in a timely manner as detailed in this Lease, if the Tenant is:

- a. Unable to come to renewal terms acceptable to the Landlord; **and**
- b. Does not refer the matter to Arbitration within SIX (6) months after the written date exercising such renewal option;

The Landlord reserves the right to render any renewal option including future options to renew to be null and void and the Landlord will repossess the Premises upon the expiration of the then current term.

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### **32. ENVIRONMENTAL MATTERS:**

The Tenant shall not use or permit the Leased Premises or any part thereof to be used for the sale, use, storage or manufacture or any other dealing with any environmental contaminants or bring or allow any environmental contaminant to be brought onto the Leased Premises except in compliance with environmental laws in the Province of BC.

#### 32.1 Environmental Matters – Landlord Indemnity:

The Tenant shall protect, indemnify and hold harmless the Landlord and its agents, officers, directors, contractors, employees, parents, subsidiaries, successors and assigns from and against any claims directly or indirectly related to a breach of any representation, warranty, covenant or agreement of the Tenant contained in this Article.

#### 32.2 Environmental Matters – Indemnity shall survive the Lease:

This indemnity shall survive the termination of this Lease.

### **33. DEMOLITION AND/OR RENOVATION:**

#### 33.1 Demolition and/or Renovation – Written Notification:

If the Landlord wishes to demolish the building or renovate it to an extent which, in the Landlord's sole discretion, will interfere with the Tenant's use of the Leased Premises, then the Landlord shall give to the Tenant not less than TWELVE (12) months' written notification to vacate the Leased Premises.

#### 33.2 Demolition and/or Renovation – Notice:

The period of time after the Landlord serves written notification to the Tenant advising the Tenant of the Landlord's plan to either demolish or renovate the Leased Premises will hereinafter be referred to as the "Notice Period"

#### 33.3 Demolition and/or Renovation – Expiration of the Lease:

Upon receipt of the Notice from the Landlord the Lease shall terminate at the expiration of the Notice Period.

#### 33.4 Lease Remains in Force:

During the term of the Notice Period the Lease and all its terms and conditions remain in force.

#### 33.5 Right of First Refusal:

None offered.



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#### **34. NON-MERGER AND ENTIRE AGREEMENT:**

##### 34.1 Non-Merger:

The terms and conditions of any Offer to Lease made between the Landlord and Tenant shall not merge in the execution of this Lease. Where there are any inconsistencies between the Terms in the Offer to Lease and or any other previously drawn up document, whether e-mail, fax, hand written or letter or verbal promise and this Lease; then in the interpretation of this Lease, the wording of this Lease shall prevail.

##### 34.2 Entire Agreement:

The parties intend that this agreement, together with all attachments, schedules, exhibits, and other documents that both are referenced in this agreement and refer to this agreement:

- (a) Represent the final expression of the parties' intent and agreement between the parties relating to the subject matter of this agreement;
- (b) Contain all the terms the parties agreed to relating to the subject matter; and
- (c) Replace all the parties' previous discussions, understandings, and agreements relating to the subject matter.

#### **35. REGISTRATION**

In the event of a decision by the Tenant to arrange for the registration of this Lease in the Land Title Office, Victoria, British Columbia, the Tenant and not the Landlord shall be responsible for all costs which might be incurred either by the Tenant or the Landlord in such registration, including the provision of an explanatory plan pursuant to the requirements of the Land Title Act.

#### **36. MISCELLANEOUS**

##### 36.1 Lease Expressions:

In this Lease, "herein", "hereof", "hereby", "hereunder", "hereto", "hereinafter" and similar expressions; refer to this Lease and not to any particular paragraph, section or other portion thereof, unless there is something in the subject matter or context inconsistent therewith.

Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

---

36.2 Lease Provisions:

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate paragraph hereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from the Lease, and its remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

36.3 Captions:

The captions appearing in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease or of any provision hereof.

36.4 Governing Law:

This Lease shall be governed and construed in accordance with the laws in the Province of British Columbia, Canada.

36.5 Site of Dispute:

The site of any dispute with regards to the Lease and or any Renewal, Assignment, Sublet or other agreement with regards to the Lease will be held in the City of Victoria, in the Province of British Columbia, Canada.

36.6 Communication with the Landlord:

Should the Landlord request, the Tenant and Guarantor will make themselves available for in person meetings within a reasonable amount of time during business hours. Alternatively, should the Landlord prefer to discuss matters over the telephone or e-mail, the Tenant and Guarantor will provide without delay their correct phone numbers and e-mail addresses. Such telephone or e-mail communication should occur within a reasonable amount of time upon the Landlord's request.

Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

---

**37. LEASE EXECUTION:**

This Lease must be executed by all Parties.

37.1 Counterpart:

This Lease may be executed in counterpart by DocuSign, e-mail or other electronic means and on execution by all Parties; specifically Tenant, Guarantor and Landlord, and secondary other parties to the Lease or Amendment, Renewal, Assignment, Sublet or other such mutual agreement; will constitute a binding Lease.

37.2 Original Signatures:

Original signatures will be delivered in due course by all parties if so requested by the Landlord.

**SIGNATURE PAGE/S FOLLOW**



Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

**THIS AGREEMENT shall enure to the benefit of and shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.**

EXECUTED BY THE **TENANT** ON THIS 25 DAY OF February, 2021

DocuSigned by:  
*Alex Robb*  
5F67266290BB432

**1015712 BC Ltd.**  
(Tenant)

Witness

EXECUTED BY THE **GUARANTOR** ON THIS 25 DAY OF February, 2021

DocuSigned by:  
*Alex Robb*  
5F67266290BB432

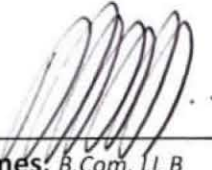
**Mr. Alex Robb**  
(Guarantor until December 31, 2025)

Witness

Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

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EXECUTED BY THE **LANDLORD** ON THIS 25<sup>th</sup> DAY OF February, 2021



---

Executed by **Michael PA Holmes, B.Com, LL B**  
Under the authority of the Landlords  
**Dr. Cecil Sigal** and;  
**Mrs. Goldie Sigal** as Executor of the will of John Jacob Sigal



---

**Witness**

Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

---

## **APPENDIX A: COMPANY REGISTRATION DOCUMENTATION**



Tenant: 1015712 BC Ltd.  
Guarantor: Mr. Alex Robb  
Leased Premises: 1545 Fort Street, Victoria, BC, V8S 1Z7  
Lease Term: January 1, 2021 to December 31, 2025

---

## APPENDIX B: FLOORPLANS





THIS ASSIGNMENT OF LEASE AGREEMENT MADE THE 22<sup>nd</sup> DAY OF AUGUST, 2022

BETWEEN:

**1015712 B.C. LTD**  
 407 David Street  
 Victoria, BC V8T 2C6

(the "Assignor")

AND:

**TREES CORPORATION**  
 407 David Street  
 Victoria, BC V8T 2C6

(the "Assignee")



AND:

**230 COOK STREET HOLDINGS LTD.**  
 230 Cook Street  
 Victoria, V8V 3X3

(the "Landlord")

WHEREAS:

- A.** WHEREAS by a lease dated April 5, 2018 (the "Lease"), made between 230 Cook Street Holdings Ltd., (the "Landlord") and 1073880 BC Ltd. (the "original Tenant"), the Landlord leased and demised unto the Tenant the premises municipally known as Unit 103, 230 Cook Street, Victoria, in the Province of British Columbia (the "Centre"), comprising a certified area of approximately eight hundred ninety-one (891) square feet (the "Premises") for a Term of one (1) year (the "Term"), expiring on April 30, 2019;
- B.** WHEREAS by a Lease Extension and Amending Agreement dated December 2, 2018, the Term of the Lease was extended for a period of one (1) year expiring on April 30, 2020 (the "First Extension Term");
- C.** WHEREAS by a Lease Extension and Amending Agreement dated March 11, 2020, the Term of the Lease was extended for an additional period of one (1) year expiring on April 30, 2021 (the "Second Extension Term");
- D.** WHEREAS pursuant to Article 13 of the Lease, by an Assignment of Lease Agreement dated September 8, 2020, the original Tenant transferred and assigned to its parent company, 1015712 B.C. Ltd. the Premises, and all privileges and appurtenances thereto belonging, together with the unexpired residue of the Term, and the Lease and all benefits and advantages to be derived therefrom;
- E.** WHEREAS by a Lease Extension and Amending Agreement dated September 15, 2020, the Term of the Lease was extended for an additional period of one (1) year expiring on April 30, 2022 (the "Third Extension Term");
- F.** WHEREAS by a Lease Extension and Amending Agreement dated March 2, 2022, the Term of the Lease was extended for an additional period of one (1) year expiring on April 30, 2023 (the "Fourth Extension Term");
- G.** WHEREAS the Lease dated April 5, 2018 and the Lease Amending Agreements dated December 2, 2018, March 11, 2020, September 15, 2020 and March 2, 2022 respectively shall henceforth together be known and referred to as the "Lease";

Initials	
Landlord	Tenant
	



- H. **WHEREAS** The Assignor operates a retail cannabis store from the Premises (the "Business") and the Assignee intends to operate the Business as its own;
- C. The Assignor has agreed to assign all of its right, title and interest in the Lease to the Assignee;

**NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

**1. Assignment of the Lease:**

The Assignor assigns to the Assignee all of its right, title and interest in and to the Leased Premises, together with the unexpired residue of the Term of the Lease and all of the benefit and advantage to be derived therefrom, to hold the same unto the Assignee henceforth and during the residue of the Term, subject to the Assignee's due performance of the tenant's obligations under the Lease.

**2. Warranties and Covenants of the Assignee:**

- a) The Assignee hereby represents and warrants, and covenants and agrees with the Assignor and Landlord that the Assignee shall, from the effective date of this Assignment of August 22, 2022 assume, observe and perform each and every covenant, agreement and condition made, given or agreed to by the Assignor to be observed or performed under the Lease and shall indemnify and hold harmless the Assignor from and against any loss, cost or damage arising from its failure to do so.

**3. Warranties and Covenants of the Assignor:**

The Assignor hereby represents and warrants, and covenants and agrees with the Assignee that:

- a) notwithstanding any act of the Assignor, the Lease is good, valid and subsisting, the rents thereby reserved have been duly paid, the covenants and conditions therein have been duly observed and performed by the Assignor as of the date hereof, and the Assignor now has good right, full power and absolute authority to assign the Leased Premises and the Lease in the manner aforesaid, subject to the consent of the Landlord according the true intent and meaning hereof;
- b) the Assignor shall indemnify and hold harmless the Assignee from any loss, cost or damage under the Lease attributable to the period ending on August 22, 2022;
- c) subject to the payment of rent and the performance of the covenants and conditions contained in the Lease, the Assignee may enter into and hold and enjoy the Leased Premises for the residue of the Term for its own use and benefit without any interruption by the Assignor or any person claiming under it, free from all charges and encumbrances whatsoever; and
- d) the Assignor will at all times hereafter, at the request and cost of the Assignee, execute such further assurances as the Assignee shall reasonably require.

**4. Consent of the Landlord:**

- 4.1 Upon and subject to the terms of this Agreement, the Landlord consents to the assignment of the Lease by the Assignor to the Assignee as set out herein.
- 4.2 This consent does not in any way derogate from the rights of Landlord under the

Initials	
Landlord	Tenant
	JH

Lease nor release the Assignor from its obligations under the Lease and, despite any repudiation, disclaimer or early termination of the Lease, the Assignor shall remain liable during the balance of the Term of the Lease for the observance and performance of all of the Tenant's covenants and conditions contained in the Lease.

4.3 This consent does not constitute a waiver of the necessity for consent to any further assignment, subletting, or other dealings with or transfers in respect of the Lease.

**5. General Provisions:**

5.1 All costs, legal or otherwise, of the Landlord both with respect to this Agreement and with respect to obtaining any consent or other documents pertaining to this Agreement shall be borne entirely by the Assignee.

5.2 The Assignor and the Assignee shall, at their expense, promptly execute such further documentation to give effect to this Agreement as the Landlord reasonably requires from time to time.

5.3 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. The parties each acknowledge and agree that they have not relied upon any statement, representation, agreement or warranty except as set out in this Agreement.

5.4 This Agreement enures to the benefit of and is binding upon the parties hereto and their respective heirs, executors, trustees, administrators, permitted successors and assigns, as the case may be.

**IN WITNESS WHEREOF** the parties to this Agreement have duly affixed their signatures as at the date first written above.

SIGNED by:

**1015712 B.C. LTD**  
in the presence of:

*Eric Markwart*

\_\_\_\_\_  
Witness Eric Markwart

)  
)  
)  
)  
)  
)

*Alex H. Robb*

\_\_\_\_\_  
Name: Alex Robb  
Title: Director

**TREES CORPORATION**

by its authorized signatory:

*Jeff Holmgren*

\_\_\_\_\_  
Name: Jeff Holmgren  
Title: President & CFO

**230 COOK STREET HOLDINGS**

by its authorized signatory:

*R. Perkins*

\_\_\_\_\_  
Name: Robert Perkins  
Title:







AGREEMENT OF LEASE

BETWEEN

HAREWOOD INVESTMENTS LTD.

AND

1015712 BC LTD  
doing business as  
TREES DISPENSARY

FOR PREMISES LOCATED AT

#105 – 510 5<sup>TH</sup> STREET  
NANAIMO, BRITISH COLUMBIA

Expiry Date: July 31, 2028

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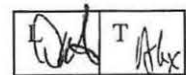
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 T Alex M. Koble

THIS LEASE dated for reference the 17<sup>th</sup> day of April, 2018

BETWEEN:

**HAREWOOD INVESTMENTS LTD.**

1201 - 838 West Hastings Street  
Vancouver, B.C. V6C 0A6

(the "Landlord")

AND:

1015712 BC LTD  
doing business as  
**TREES DISPENSARY**  
102 - 546 Yates Street.  
Victoria, B.C. V8W 1K8

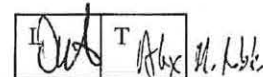
(the "Tenant")

**ARTICLE 1 - BASIC TERMS AND DEFINITIONS**

1.1 Basic Terms.

- 1.1.1 Premises: **#105 - 510 5<sup>th</sup> Street  
Nanaimo, B.C V9R 1P1**
- 1.1.2 Term: **Ten (10) Years**
- 1.1.3 Commencement: **The earlier of:**
  - (a) **expiry of the Fixturing Period; or**
  - (b) **the date the Tenant opens to the public for business ("the Commencement Date")**
- 1.1.4 Area of Premises: **Approximately 2,004 rentable square feet (subject to remeasurement by the Landlord)**
- 1.1.5 Annual Basic Rent:

Rental Period	Rate P.S.F	<del>Monthly Basic Rent</del>	<del>Annual Basic Rent</del>
		Annual Basic Rent	Monthly Basic Rent
<b>Years 1 - 2</b>	<b>\$30.00</b>	<b>\$60,120.00</b>	<b>\$5,010.00</b>
<b>Years 3 - 5</b>	<b>\$32.50</b>	<b>\$65,130.00</b>	<b>\$5,427.50</b>
<b>Years 6 - 10</b>	<b>\$35.00</b>	<b>\$70,140.00</b>	<b>\$5,845.00</b>

 I [Signature] T [Signature] M. K. K.

## 1.1.6 Permitted Uses:

**Principle business of a medical marijuana dispensary:** retail cannabis storefront

## 1.1.7 Deposit:

(a) **\$14,638.22** to be applied to the first month's gross rent plus tax and the remainder held as Security Deposit in accordance with Clause 3.5 of this Lease;

(b) **\$20,636.94** to be held as an additional Security Deposit in accordance with the Option to Terminate in Schedule C – 5.0 of this Lease.

1.2 Schedules


The schedules to this Lease consist of:

- Schedule "A" – Description of Land
- Schedule "B" – Premises and Parking Area
- Schedule "C" – Additional Terms and Conditions
- Schedule "D" – Rules and Regulations
- Schedule "E" – Description of Landlord Work and Tenant Work

1.3 Definitions.

The Landlord and the Tenant hereby agree that in this Lease the following words or phrases shall, unless there is something in the context inconsistent therewith, have the meanings hereinafter set out:




- 1.3.1 "Additional Rent" shall mean those amounts payable by the Tenant to the Landlord in accordance with section 4.2 and all other sums which may be payable to the Landlord hereunder or reimbursable to the Landlord hereunder, including, without limitation, all interest and penalties payable hereunder, whether or not such sums are referred to as Additional Rent or otherwise, but excluding the Annual Basic Rent;
- 1.3.2 "Annual Basic Rent" shall mean the amount specified as such in subsection 1.1.5;
- 1.3.3 "Area of Premises" means the area expressed in square feet of all floor space of the Premises, measured in accordance with current Building Industry Standards;

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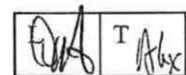


- 7 -

- 1.3.4 "Building" shall mean all buildings and improvements erected or to be erected on the Land;
- 1.3.5 "Commencement Date" shall mean the date specified in subsection 1.1.3;
- 1.3.6 "Common Areas" means all the areas of the Development not made available by the Landlord for lease to tenants and made available for the use and enjoyment of the Development by the tenants and/or their employees, customers and invitees in common with others entitled and/or for the maintenance and administration of the Development, including parking areas, roofs, landscaped areas, common hallways and lobbies, roadways, curbs, walkways and sidewalks, washrooms, service areas and all facilities and equipment common to the Development and the administration and maintenance thereof, including without limitation electrical installations, plumbing and drainage equipment, elevators, escalators and movators (other than in respect of washrooms within rented or rentable premises);
- 1.3.7 "Development" means the Land and Building;
- 1.3.8 "Fiscal Year of the Development" means the period from January through December of each year, or such other fiscal year for the Development of which the Landlord notifies the Tenant;
- 1.3.9 "Hazardous Substances" shall mean any explosives, radioactive materials, asbestos materials, urea formaldehyde, chlorobiphenyls (PCB's), hydrocarbon contaminants, pollutants, contaminants, hazardous, corrosive or toxic substances, special waste or any other substance the storage, use or other dealing of which is prohibited or controlled under any statute, regulation, bylaw or other lawful requirement of any governmental authority with respect to the environment, health or occupational health and safety;
- 1.3.10 "Land" shall mean those Lands described in Schedule "A" hereto;
- 1.3.11 "Landlord" shall mean only the owner or the mortgagee in possession for the time being of the Premises;
- 1.3.12 "Landlord's Mortgagees" shall mean the mortgagees, debentureholders and trustees on behalf of a mortgagee holding Mortgages;
- 1.3.13 "Lease" shall mean this lease, together with any and all schedules attached hereto;
- 1.3.14 "Lease Year" shall mean, in the case of the first Lease Year, the period beginning on the Commencement Date and terminating 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, shall mean each 12 month period after the first Lease Year;
- 1.3.15 "Mortgages" shall have the meaning set out in section 4.29 Subordination;

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

- 1.3.16 "Operating Costs" means without duplication, the total of all the costs, expenses and outlays of every nature reasonably incurred in the complete operation, use, insurance, administration, management, replacement, repair and maintenance of the Development, provided such costs and expenses are in keeping with maintaining the standard of a similar building in the market in which the Development is located and reasonably comparable to those incurred by prudent owners and landlords of comparable buildings, and the carrying out of the Landlord's obligations under this Lease and similar tenant leases including but not limited to:
- 1.3.16.1 the cost of all insurance maintained by the Landlord in respect of the lands, buildings, improvements, equipment and other property situated on the Development, including without limitation coverage for loss of or damage to property, loss of rental income and public or third party liability, together with all amounts falling below the level of the Landlord's insurance deductibles which are paid by the Landlord in connection with claims made against it;
  - 1.3.16.2 the cost of snow removal, salting and sanding the parking lot, gardening and landscaping, and cleaning, maintaining, repairing, replacing, restriping and patrolling (as applicable) parking areas, sidewalks, driveways and fencing;
  - 1.3.16.3 the cost of cleaning, maintaining, repairing, replacing, redecorating and securing the interior and exterior of the Building, including windows, doors, roofs (deck and membrane), floors, walls, public washrooms, exterior wall assemblies (including weather walls), drains, plumbing, sewage systems, lighting, sprinkler and fire safety systems, security systems, and any other systems situated on the Development;
  - 1.3.16.4 the cost of repairing and maintaining the Structural Portions of the building;
  - 1.3.16.5 the cost of heating and air conditioning the Building and the cost of maintaining, repairing and replacing all heating, air conditioning and ventilation equipment;
  - 1.3.16.6 depreciation or amortization of the costs of repairs and replacements that are not charged fully in the Fiscal Year of the Development in which they are incurred, all in accordance with rates and for periods determined by the Landlord from time to time in accordance with reputable management and operating practices;
  - 1.3.16.7 interest calculated on the undepreciated or unamortized part of the costs above, at the rate of 4% above the "prime rate" per annum quoted by the Landlord's principal bank, such rate of interest to be calculated and compounded monthly, not in advance, for the period during which the present interest is calculated;



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H. H. H.



- 1.3.16.8 management office expenses of operation, and salaries of personnel, including management and other supervisory personnel, employed to carry out the operation, administration, cleaning, maintenance and repair of the Development, including fringe benefits and contributions and premiums for employment insurance and workers compensation insurance, pension plan contributions and similar premiums and contributions, severance pay or indemnity, or, where the management office and personnel serve more than one development, an allocated share of those expenses, salaries and contributions;
- 1.3.16.9 a reasonable rental value for office space and storage used by on-site personnel and related expenses;
- 1.3.16.10 rental of equipment and signs, and the cost of building supplies used in the maintenance, cleaning, repair and operation of the Development;
- 1.3.16.11 the cost of hot and cold water, all electricity, telephone, water, gas and any other utilities, fuel or energy supplied to or used or consumed in respect of the Building (not separately metered to tenants) and the Common Areas;
- 1.3.16.12 auditing, accounting, legal and other professional and consulting fees and disbursements;
- 1.3.16.13 the cost of garbage and waste collection and removal and any recycling program applicable to or adopted in respect of the Development;
- 1.3.16.14 lighting, electricity, fuel, steam, water, public utilities, telephone facilities and systems used in or serving the Common Areas, and electricity for signs that are part of the Common Areas;
- 1.3.16.15 business taxes and property taxes, if any, payable by the Landlord with respect to the Common Areas; and
- 1.3.16.16 those items of Operating costs which vary with the use and occupancy of rentable premises in the Building shall be adjusted and calculated as if the Building were 100% occupied and operational for the entire accounting period. These may include without limitation, cleaning costs, garbage removal and utility costs which shall be adjusted to what they would have been in the Landlord's reasonable estimation and shall be included in operating costs.
- 1.3.16.17 notwithstanding any of the foregoing whenever in the Landlord's reasonable opinion any Operating Cost or item of Operating Cost properly relates to a particular tenant or group of tenants within the Building, the Landlord may allocate such Operating Costs or item of Operating Cost to such tenant or tenants. Any amount allocated by the Landlord to the Tenant under this clause shall be payable by the Tenant forthwith upon demand.

		
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#### 4.9 Release.

Without limiting the foregoing, neither the Landlord or its property manager shall be liable for any personal injury, death or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees or invitees in or on the Premises caused by theft or breakage or by steam, water, rain, snow, radioactive materials, microwaves, deleterious substances, gases, pollutants or any other materials or substances which may leak into, issue or flow from any part of the Premises or any adjacent or neighbouring lands and premises or from the water, steam or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring or any damage caused by anything done or omitted to be done by any other tenant or occupant of the Premises, and the Tenant shall indemnify the Landlord and its property manager against all actions or liabilities arising out of such personal injury, death or property damage or loss. The Tenant hereby releases the Landlord and its property manager, and their respective directors, officers, agents and employees, from all claims for damages or other expenses arising out of such personal injury, death or property loss or damage.

#### 4.10 Repair.

4.10.1 The Tenant shall accept possession of the Premises in "as is, where is" condition and the Landlord will have no responsibility for completing any work or improvements to the Premises or Development except as may be expressly set out in this Lease. Excepting only replacement of any material defects in the Structural Portions of the Building, which, unless caused by the Tenant or anyone for whom it is responsible at law, shall be the responsibility of the Landlord. The Tenant shall, at all times during the Term and any renewal thereof, promptly, at its own expense, repair and maintain and replace, as necessary, the Premises (other than replacing Structural Portions of the Building, unless such replacement is made necessary by the Tenant or anyone for whom it is responsible at law) and all equipment, fixtures and improvements therein in a first class condition. At the end or sooner termination of the Term or any renewal thereof the Tenant shall yield up to the Landlord, without notice from the Landlord, the Premises repaired and maintained in the condition aforesaid. ~~Without limitation, and notwithstanding any other provision of this Lease, the Tenant shall be responsible at its expense for maintenance of the structural portions of the Premises, for repairing cracking of the floor and for repairing and maintaining the Parking Area.~~ The Tenant will provide to the Landlord inspection reports from time to time confirming that it has undertaken prudent preventative maintenance and necessary repairs of material aspects of the Premises, such as electrical and mechanical systems and heating, ventilating and air-conditioning systems.

4.10.2 The Tenant acknowledges that depreciation or amortization is a component of "Operating Costs" as defined in this Lease. In each Lease Year, the Landlord will estimate the life expectancy of the roof membrane, the exterior paint or other similar finish, the pavements, the HVAC systems in the Building and all other depreciable components of the Building (the "Depreciable Components") that require periodic replacement. The determination of the life expectancy of the Depreciable Components and the amounts to be charged annually in order to permit the Landlord to accumulate an adequate reserve of funds on a timely

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1.3.16.18 an administration fee equal to 5% of the Basic Annual Rent. This administration fee is in addition to, and not a duplication of the expenses, salaries and benefits referred to in paragraph 1.3.16.8 above.

Operating Costs shall be determined and allocated to each year in accordance with generally accepted accounting principles, and any prepaid expense may be allocated to the year in which the expense is incurred.

~~1.3.17 "Parking Area" means the area shown hatched on Schedule "B".~~

1.3.18 "Premises" shall mean the area of the Building shown outlined in heavy black on Schedule "B";



1.3.19 "Proportionate Share" means the fraction that has as its numerator the Area of Premises and as its denominator the floor area of all premises in the Development made available by the Landlord for lease to tenants;

1.3.20 "Relative Portion" shall mean, with respect to any amount payable under this Lease, that fraction which has as its denominator the period of time expressed in days in respect of which an amount payable hereunder is calculated and which has as its numerator the number of days within the same calculation period, but which fall within the Term or any renewal period;

1.3.21 "Rent" shall mean Annual Basic Rent, Percentage Rent, and Additional Rent;

1.3.22 "Structural Portion of the Building" shall mean the exterior and structure of the Building including, without limitation, footings, foundations, bearing walls, structural columns, joists and beams and shall include roof supporting beams, but not roof deck or membranes;

1.3.23 "Taxes" shall mean the aggregate of all taxes, local improvements or similar rates, duties, assessments and/or charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments both general or special or any rate, duty, assessment, charge or tax levied, charged or assessed in lieu thereof now or at any time hereafter levied or imposed upon or in respect of the Development or any part thereof and capital tax payable by the Landlord based in whole or in part on the capital employed by the Landlord in the Development, by any governmental authority whether federal, provincial, municipal or otherwise, together with all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in good faith contesting or appealing any such taxes, levies, rates, assessments or charges levied in lieu thereof, but excluding the Tenant's Taxes;

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1.3.24 "Tenant's Taxes" shall mean all taxes, license and permit fees, rates, duties and assessments imposed or levied by any lawful authority covering any period during the Term and any renewal thereof and relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of improvements to the Premises built, made or installed by the Tenant or any previous occupant of the Premises, on behalf of the Tenant or at the Tenant's request whether any such taxes are payable by law by the Tenant or by the Landlord and whether such taxes are included by the taxing authority in the taxes, licenses, rates, duties and assessments imposed or levied on or with respect to the Premises; and all sales, goods and services, value-added or other taxes assessed or imposed on the Tenant or the Landlord, whether or not in existence on the Commencement Date, in respect of the Rent payable to the Landlord by the Tenant under this Lease, the rental of the Premises by the Landlord to the Tenant or the provision of any goods, services or utilities whatsoever by the Landlord to the Tenant under this Lease and any agreement to Lease between the Landlord and the Tenant pursuant to which this Lease was entered into; and

1.3.25 "Term" shall mean the term specified in subsection 1.1.2.

## ARTICLE 2 - DEMISE AND TERM

### 2.1 Demise.


The Landlord as owner, subject to such Mortgages and encumbrances as are registered against title as of the date hereof, hereby demises and leases the Premises to the Tenant and the Tenant takes the Premises on lease from the Landlord, subject to the terms and conditions set out in this Lease to have and to hold the Premises unto the Tenant for the Term from and including the Commencement Date.

## ARTICLE 3 - RENT

### 3.1 Annual Basic Rent and Additional Rent.

Yielding and paying therefor during the Term the following Rent payable at the Landlord's address specified on page 5 or at such other place as the Landlord may from time to time designate in writing:

- 3.1.1 Annual Basic Rent payable in advance in equal consecutive monthly installments on the first day of each and every month in each and every year of the Term commencing on the Commencement Date and continuing until and including the first day of the month immediately preceding the Expiry Date; and
- 3.1.2 Additional Rent payable in accordance with the provisions of this Lease.

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3.2 No Set Off.

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease shall be paid by the Tenant to the Landlord without demand, deduction, set-off or abatement whatsoever, except as specifically provided in subsection 7.3.1. The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord may see fit.

3.3 Pre-Authorized Withdrawal.




The Tenant covenants and agrees to provide the Landlord with an automatic debiting authorization by which payments in respect of the monthly installments due hereunder are automatically deducted from the Tenant's bank account and credited to the Landlord's bank account. Alternatively, the Tenant may implement an electronic funds transfer for payments in respect of the monthly installments due hereunder upon receipt of the Landlord's bank account information (including wiring instructions), banking information that is subject to change from time to time. The failure of the Tenant to comply in any way with the provisions of this section 3.3 shall be deemed to be a default under this Lease and shall entitle the Landlord to exercise any and all remedies available to the Landlord under this Lease.

3.4 Adjustment.

If the Term shall commence or cease on a day other than the commencement of or the end of any period of time in respect of which any amount payable hereunder is calculated, then the Tenant shall pay to the Landlord its Relative Portion of such amount for such period of time.

3.5 Deposit.

To pay to the Landlord upon execution of this Lease, as partial consideration for execution of this Lease, a deposit in the amount set out in section 1.1.7, which deposit shall be held by the Landlord on a non-interest bearing basis and, except to the extent applied in Section 1.1.7 of this Lease, as security for the faithful performance by the Tenant of all the terms, covenants and conditions of this Lease, and if at any time during the Term, Rent is overdue and unpaid or the Tenant is in breach of any covenant, condition or proviso contained in this Lease, then the Landlord may, at its option, apply all or a portion of such deposit toward the payment of such overdue Rent or any payment of any cost or expense to which the Landlord may be put as a result of any such breach, without thereby limiting or excluding any other rights which the Landlord may have hereunder or at law. In the event that such entire deposit or any portion thereof is applied by the Landlord toward the payment of overdue Rent or any cost or expense to which the Landlord is put as a result of breach of this Lease by the Tenant, then the Tenant shall, upon demand by the Landlord, remit to the Landlord such amount as is required to restore such deposit to the amount held by the Landlord prior to such application. If the Tenant promptly pays all Rent as it falls due and performs all of its obligations under this Lease, the Landlord will repay an amount equal to the portion of

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The Tenant shall pay its Proportionate Share of any and all Taxes assessed with respect to the Development or any part thereof. For each complete calendar year included in the Term, the Landlord will estimate in advance the Tenant's Proportionate Share of Taxes that will be payable by the Tenant for each calendar year and the Tenant shall pay to the Landlord such amount in twelve equal monthly installments in advance on the first day of every month from January through December of such year. For each partial calendar year during the Term, the Landlord shall estimate the Tenant's Proportionate Share of Taxes payable for such period and the Tenant shall pay the total of such amount in either:

- 4.2.1 six equal monthly installments, if the portion of the calendar year in question is equal to or more than six months, payable on the first day of each month from January through June of such period; or
- 4.2.2 if the portion of the calendar year in question is less than six months, in equal installments payable on the first day of each month during such period.

The Landlord will forward the property tax notice to the Tenant when received and the proper adjusting credit may be made by the Landlord or payment made by the Tenant, as the case may be, within 14 days after delivery of the property tax notice. Any credit made by the Landlord or payment made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, shall be without prejudice to the right of the Landlord to claim a readjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this section 4.2.

#### 4.3 Tenant's Taxes.

The Tenant shall promptly pay the Tenant's Taxes as they become due. The Tenant shall provide to the Landlord, upon request, the official receipt for each payment made by the Tenant in respect of the Tenant's Taxes.


#### 4.4 Utilities.

The Tenant shall pay or cause to be paid promptly when due, all charges for electricity, gas, other fuel, water, telephone and other utilities consumed on the Premises during the Term.

#### 4.5 Tenant's Insurance.

4.5.1 The Tenant covenants with the Landlord that the Tenant will, at its sole cost, obtain and maintain in force throughout the Term and during any such other time as the Tenant occupies the Premises:

- (1) "all risks" insurance, including flood, earthquake, sewer backup and water damage insurance, covering all of the Tenant's property or property for which the Tenant is legally liable or installed by or on behalf of the Tenant or any previous tenant in the Premises including, without limitation, its improvements, furniture, equipment, fittings, fixtures and stock-in-trade, in amounts adequate to cover fully any loss that the Tenant could sustain (if there is a dispute as to the amount which comprises full replacement cost, the decision of the Landlord shall be conclusive);

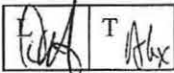
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- (2) comprehensive general liability insurance (including without limitation, tenant's legal liability and employer's liability and contractual liability to cover the responsibilities assumed under this Lease) against claims for personal injury, death or property damage occurring upon or in or about the Development, including without limitation the Premises or the Common Areas, such coverage to include the activities and operations conducted by the Tenant and any other person on the Premises, and by the Tenant and any other person performing work on behalf of the Tenant and those for whom the Tenant is in law responsible in any other part of the Building. Such policies shall be written on a comprehensive basis with limits of not less than \$5,000,000.00 per occurrence or such higher limits as the Landlord, acting reasonably, requires from time to time;
- (3) glass insurance, for the benefit of the Landlord and the Tenant, covering all exterior and interior glass in the Premises, including plate glass windows and doors;
- (4) business interruption insurance in an amount which will reimburse the Tenant for direct or indirect loss of earnings, including continuing and extra expenses, attributable to all perils insured against and any other perils commonly insured against by prudent tenants; comprehensive boiler and machinery insurance on a blanket repair or replacement basis for each accident in an amount equal to the replacement cost of all leasehold improvements, including all boilers, pressure vessels, air-conditioning equipment, electrical apparatus, production equipment and other miscellaneous equipment installed, owned and/or operated by the Tenant, or a previous tenant of the Premises, or those on behalf of the Tenant, in the Premises, extended to include business interruption insurance in an amount which will reimburse the Tenant for direct or indirect loss of earnings, including continuing and extra expenses; and
- (5) any other form of insurance and such higher limits as the Landlord or its mortgagee requires from time to time.

4.5.2 The Tenant will effect all insurance policies with insurers, upon terms and in amounts, as to deductibles and otherwise reasonably satisfactory to the Landlord, acting reasonably. The Tenant will furnish to the Landlord insurance certificates confirming such coverage, and will provide written notice of the continuation of such policies not less than 21 days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or to keep in force such insurance the Landlord may effect such insurance, at the Tenant's cost. All policies shall be non-contributing and shall apply only as primary and not as excess to any other insurance available to the Landlord; and shall not be invalidated as respects the interests of the Landlord and of its mortgagee or mortgagees by reason of any breach or violation of any warranties, representations, declarations or conditions contained in the policies.

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4.5.3 The Tenant will cause each of the policies for the insurance referred to herein to contain an undertaking by the insurer(s) to notify the Landlord at least 30 days prior to cancellation or to making any other change material to the Landlord's interests. The liability policy will include the Landlord, its property manager and its mortgagee(s) as additional insureds, with cross-liability and severability of interest clauses, and the all risks insurance policy will name the Landlord and its mortgagee(s) as loss payees as their respective interests may appear.

4.6. Subrogation.

The Tenant will cause any insurance policy obtained by it pursuant to this Lease to contain a waiver of subrogation clause in favour of the Landlord, its property manager and the Landlord's Mortgagees and those for whom they are in law responsible.

4.7 Landlord's Insurance.



The Landlord shall, at all times throughout the Term carry:

- 4.7.1 insurance on the Building (excluding any property with respect to which the Tenant is obliged to insure pursuant to clause 4.5) against damage by fire and extended perils coverage in such reasonable amounts and with such reasonable deductions as would be carried by a prudent owner;
- 4.7.2 public liability and property damage insurance with respect to the Landlord's operations in, on and about the Development in such reasonable amounts and with such reasonable deductions as would be carried by a prudent owner; and
- 4.7.3 such other form or forms of insurance as the Landlord reasonably considers advisable or the Landlord's Mortgagees require.

Notwithstanding any contribution by the Tenant to the cost of the Landlord's insurance premiums provided herein, the Tenant acknowledges and agrees that no insurable interest is conferred upon the Tenant under this Lease for purposes of any policies of insurance carried by the Landlord and the Tenant has no right to receive any proceeds of any such insurance policies carried by the Landlord.

4.8 Increases in Rates.

The Tenant will not permit or omit or do anything which might result in an increase in the cost of insurance of the Landlord or which might result in an actual or threatened cancellation of, or adverse change in, any insurance policy of the Landlord. If any rate of insurance shall be increased as aforesaid, the Tenant shall pay to the Landlord the amount of the increase forthwith upon demand. If any insurance policy of the Landlord is cancelled or threatened to be cancelled by reason of the use or occupancy of the Premises by the Tenant or any act or omission of the Tenant, the Tenant shall forthwith remedy or rectify such use, occupation, act or omission forthwith upon being requested to do so in writing by the Landlord. If the Tenant shall fail to so remedy or rectify, the Landlord may, at its option, but shall not be obligated to, do so at the Tenant's cost or terminate this Lease.

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