

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.**

**APPLICATION UNDER RULE 45.02 OF THE
RULES OF CIVIL PROCEDURE, R.R.O. 1990, REG. 194, AS AMENDED**

**RESPONDING MOTION RECORD OF SCOTT'S REAL ESTATE
INVESTMENT TRUST, SR OPERATING TRUST, SCOTT'S REAL ESTATE
LIMITED PARTNERSHIP, SCOTT'S TRUSTEE CORP. AND SCOTT'S GP
TRUST TO THE MOTION OF PRISM UNDER 11.3 OF THE CCAA**

**(Returnable May 30th, 2011)
(Part 1 of 2)**

May 27, 2011

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Tab 1

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**AFFIDAVIT OF EVELYN SUTHERLAND
(sworn May 30, 2011)**

I, **EVELYN SUTHERLAND**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

1. I am the Chief Financial Officer of Scott's Real Estate Investment Trust ("**Scott's REIT**"). As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in response to the motion brought by Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc., Kit Finance Inc., and Prizm Limited Partnership ("**Prizm LP**") (collectively, "**Prizm**" or the "**Prizm Entities**"), for an order, *inter alia*, authorizing the assignment of all of the rights and obligations of Prizm under the Consent Leases (as defined below) which are the subject of the Revised Transaction (as defined below), pursuant to section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

DESCRIPTION OF SCOTT'S REIT AND ITS RELATED PARTIES

3. Scott's REIT is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated December 31, 2010. Scott's REIT manages a portfolio of 220 retail properties located in 7 provinces across Canada. Scott's REIT trades on the Toronto Stock Exchange under the symbols SRQ.UN, SRQ.DB, SRQ.DB.A. A copy of Scott's REIT's organizational chart is attached as **Exhibit "A"** to this Affidavit. Scott's REIT and its subsidiaries and affiliates will be collectively referred to as "**Scott's**" in this Affidavit.

SCOTT'S RELATIONSHIP WITH PRISZM AND PRUDENTIAL

4. Prizm is a significant tenant of Scott's and operates KFC, Pizza Hut and Taco Bell restaurants at 188 of Scott's properties. Prizm also remains liable on the covenant in respect of 3 other of Scott's properties that operate as KFC restaurants.

5. To the best of my knowledge, Computershare Trust Company of Canada, as collateral agent for Prudential Investment Management, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company and Prudential Retirement Insurance and Annuity Company (collectively, "**Prudential**"), is Prizm's senior secured lender, holding general security against all of Prizm's assets, including, without limitation, a mortgage of the leasehold interests in many or all of the leases to which Prizm is a party.

THE SALE OF PRISZM LOCATIONS TO SOUL

6. On or around January 31, 2011, Scott's received notice and a request from Prizm to assign 9 master leases (collectively, the "**Leases**") to Soul Restaurants Canada Inc. ("**Soul**"), a

corporation incorporated on December 2, 2010, under federal laws of Canada which changed its name from 7716443 Canada Inc.. Prizm sought to assign the Leases to Soul pursuant to an Asset Purchase Agreement dated December 11, 2010 between Prizm, as vendor, and Soul, as purchaser (the “**APA**”). A copy of the APA is attached as **Exhibit “B”** to this Affidavit.

7. Based upon the information contained in Prizm’s past press releases, Soul is an affiliate of Soul Foods Group, a U.K. based franchisee of YUM! Restaurants International. A copy of Soul’s corporate profile report is attached as **Exhibit “C”** to this Affidavit.

8. The Leases which Prizm sought to assign pursuant to the APA can be conveniently separated into 3 different groups:

- (a) 4 master leases, copies of which are attached as **Exhibit “D”** to this Affidavit, each of which contains a provision that, provided the tenant remains liable for its covenants under the lease, the tenant shall have the right to assign the lease upon giving prior written notice to the landlord (collectively, the “**Standard Notice Leases**”);
- (b) 1 master lease, a copy of which is attached as **Exhibit “E”** to this Affidavit, which contains a provision stating that, provided the tenant remains liable for its covenants under the lease and its financial performance pursuant to the lease, the tenant shall have the right to assign the lease upon giving prior written notice to the landlord (the “**Additional Notice Lease**”); and
- (c) 4 master leases, copies of which are attached as **Exhibit “F”** to this Affidavit, each of which contains a provision stating that the tenant cannot assign the lease

without the prior written consent of the landlord (collectively, the “**Consent Leases**”).

SCOTT’S ENTITLEMENT FLOWING FROM THE LEASES

9. Each of the Leases contain an operative provision which creates an entitlement of Scott’s to any funds paid to Prizm in consideration for the transfer or assignment of the premises which are the subject of those leases.

10. Each of the Leases state, in similar language, that *upon any assignment or transfer of the lease, the tenant is required to pay to the landlord any amount it receives from an assignee or transferee in excess of the minimum rent and the additional rent payable under the lease plus any consideration the tenant receives in respect of the transfer over and above rent and additional rent for such assignment or transfer* (the “**Lease Consideration Clause**”).

11. Further, each of the Consent Leases and Standard Notice Leases require that *the tenant and the transferee shall execute any agreement required to give effect to the foregoing term* (together with the Lease Consideration Clause, the “**Lease Consideration Clauses**”).

12. The Lease Consideration Clauses are found at section 21.03 of all 4 of the Standard Notice Leases, section 21.03 of 1 of the Consent Leases and section 21.02 of 1 of the Consent Leases. Each of these sections states:

The Landlord’s consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, *the amount of any excess shall be paid by the Tenant to the Landlord*. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide

financing as a result of a Transfer involving a mortgage, charge or similar security interest in this Lease) *the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration.* The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term. [*Emphasis added*]

13. The Lease Consideration Clauses are found at section 21.03 of the other 2 Consent Leases and state:

The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent, and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent and additional rent payable under this Lease, *the amount of any excess shall be paid by the Tenant to the Landlord.* If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as a result of a Transfer involving a mortgage, charge or similar security interest in this Lease) *the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration.* The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term. [*Emphasis added*]

14. Lastly, section 11.4(a) and 11.4(b) of the Additional Notice Lease contains the following Lease Consideration Clause:

(a) if the Tenant shall receive from any Transferee of this Lease, either directly or indirectly, any consideration for the Transfer of this Lease, either in the form of cash, goods or services, *the Tenant shall forthwith pay an amount equal to such consideration to the Landlord as Additional Rent forthwith upon receipt of same;* [*Emphasis added*]

(b) in the event of any Transfer by virtue of which the Tenant receives a rent in the form of cash, goods or services which is higher than the Rent payable hereunder to the Landlord for the portion of the Leased Premises so Transferred, *the Tenant shall pay any such excess rent to the Landlord as Additional Rent forthwith upon receipt of same.* [*Emphasis added*]

15. It is Scott's view that it has at all times retained the ownership and interest in all rights, value and consideration associated with, derived from or attributable to the premises which are the subject of the Leases and, accordingly, any and all consideration (other than rent or

additional rent) payable by Soul in respect of the Leases is the property of Scott's and is properly payable to Scott's (the "**Lease Consideration**").

LEASEHOLD MORTGAGEE AGREEMENTS

16. Scott's (or its predecessor), Prizm (or its predecessor) and Prudential, among others, are parties to three Leasehold Mortgagee Agreements which relate to each of the Standard Notice Leases and the Consent Leases. Copies of the Leasehold Mortgagee Agreements are attached as **Exhibit "G"** to this Affidavit.

17. The Leasehold Mortgagee Agreements expressly acknowledge that the Charges (as defined in the Leasehold Mortgagee Agreements) are *subject to and subordinate to all conditions and covenants of the Standard Notice Leases and the Consent Leases and to the rights of Scott's thereunder.*

18. Specifically, section 2 of the Leasehold Mortgagee Agreements states:

The Landlord in granting its consent to the Charges does not hereby acknowledge or approve of any of the terms of the Charges as between the Tenant and the Leasehold Mortgagee except for the granting itself of the Charges and except as aforesaid, the Landlord shall not be bound by nor be deemed to have knowledge of any of the terms of the Charges. The Leasehold Mortgagee acknowledges that, subject to the terms hereof, *the Charges are subject to and subordinate to all conditions and covenants of the Leases and to the rights of the Landlord thereunder.* [Emphasis added]

19. Section 11 of the Leasehold Mortgagee Agreements states:

Nothing contained in this Agreement or in any Assignment and Assumption Agreement shall: (i) restrict the ability of the Landlord to transfer, assign or convey the Leased Premises or the Leases or any interest of the Landlord therein; (ii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord against any personal and/or other property on or in the Leased Premises including without limitation any right of distraint that the

Landlord has in respect of any such property; or (iii) *be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord under the Leases or at law*, including, without limitation, under section 38 of the *Commercial Tenancies Act*, R.S.O. 1990, c. L.7. For greater certainty, the Landlord shall have no obligation on any transfer, assignment or conveyance contemplated in (i) above, to obtain any covenant by any purchaser, transferee or assignee of the Landlord's interest to be bound by the terms of this Agreement. *[Emphasis added]*

20. Pursuant to sections 2 and 11 of the Leasehold Mortgage Agreements, Prudential expressly acknowledged Scott's interest and priority to the Lease Consideration pursuant to the Lease Consideration Clause contained in each of the Standard Notice Leases and the Consent Leases.

SCOTT'S RESPONSE TO PRISZM'S INITIAL NOTICE AND REQUEST

21. In response to Prizm's initial notice that it was assigning the Leases, Scott's sent a letter to Prizm dated February 14, 2011, which, among other things, advised Prizm that pursuant to section 21.03 of the Standard Notice Leases that the respective tenants would not be released from any of their obligations or covenants contained in the respective Leases. The letter further advised Prizm that Scott's reserved its rights pursuant to section 21.03 of the Standard Notice Leases to require any consideration received from the tenant in respect of any transfer to be paid to Scott's. A copy of the letter from Scott's to Prizm dated February 14, 2011 with respect to the Standard Notice Leases is attached as **Exhibit "H"** to this Affidavit.

22. Scott's further letter to Prizm dated February 14, 2011, among other things and in response to the consent to assignment request, again advised Prizm of Scott's reservation of its rights pursuant to section 21.02 or 21.03 of the Consent Leases, as the case may be, to require any consideration received from the tenant from any transfer to be paid to Scott's. A copy of the

letter from Scott's to Prizm dated February 14, 2011 with respect to the Consent Leases is attached as **Exhibit "I"** to this Affidavit.

23. Upon Prizm's request, Scott's also sent a letter dated February 14, 2011 to Nazir Hussein, the consultant to Soul Foods Group, which also reserved Scott's rights in this regard. A copy of the letter from Scott's to Mr. Hussein dated February 14, 2011 is attached as **Exhibit "J"** to this Affidavit.

24. Despite the specific request, Scott's was not provided with a breakdown of the purchase price allocation attributable to each of the restaurant operations being acquired by Soul pursuant to the APA to assist in quantifying the Lease Consideration. Copies of the letters from Prizm and Mr. Hussein to Scott's, each dated February 17, 2011, which outline their respective responses to Scott's, are attached as **Exhibit "K"** to this Affidavit. Interestingly, one of the statements made in Prizm's response is noteworthy. On the last page, Ms. Papernick states, "Furthermore, we dispute your unsubstantiated statement that Prizm is currently financially insolvent."

25. Scott's communicated to Prizm by way of a subsequent letter dated February 18, 2011, wherein Scott's advised Prizm that the issue with respect to the purchase price allocation must be addressed in advance of the closing of the sale transaction with Soul contemplated by the APA (the "**Original Transaction**") so that the portion of the purchase price which constitutes Lease Consideration flows to Scott's in accordance with the Lease Consideration Clauses. A copy of the letter from Scott's to Prizm dated February 18, 2011 is attached as **Exhibit "L"** to this Affidavit.

26. Prizm responded to Scott's by way of letter dated February 21, 2011, stating it disagreed with Scott's view that the Lease Consideration Clauses provide Scott's with rights to a certain portion of the proceeds of sale from the Original Transaction. No justification for this position was provided. A copy of the letter from Prizm to Scott's dated February 21, 2011 is attached as **Exhibit "M"** to this Affidavit.

THE CCAA PROCEEDINGS

27. On March 31, 2011, Prizm and certain related parties sought and obtained an initial order (the "**Initial Order**") under the CCAA. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as monitor (the "**Monitor**") in these CCAA proceedings.

28. The Original Transaction did not close in advance of Prizm obtaining the Initial Order. The materials filed in connection with Prizm's application for protection from its creditors under the CCAA continued to refer to the Original Transaction and Prizm's intention to pursue it, but no motion to seek approval of the Original Transaction was ever brought.

29. After the CCAA filing of Prizm, Scott's was advised that the Original Transaction was the subject of further negotiation by Prizm and the Monitor.

PRIZM'S REFUSAL TO EXECUTE THE TRUST AGREEMENT

30. On April 19, 2011, in accordance with the Lease Consideration Clauses contained in sections 21.02 and 21.03 of the Standard Notice Leases and the Consent Leases, as the case may be, counsel to Scott's, in an effort to protect Scott's position, delivered to Prizm and its lawyers a Trust Agreement to be executed by Scott's, Prizm and Soul as per the terms of the Leases

referred to in paragraphs 12 to 14 above. A copy of the letter and the enclosed Trust Agreement is attached as **Exhibit “N”** to this Affidavit.

31. In response to Scott’s request to execute the Trust Agreement, counsel to Prizm sent a letter to Scott’s dated April 21, 2011, which, among other things, stated that the trust mechanism to hold proceeds of the sale is unnecessary on the basis that the sale approval and/or distribution order will deal with the conditions pursuant to which such proceeds will be held and distributed. A copy of the letter from counsel to Prizm to Scott’s dated April 21, 2011 is attached as **Exhibit “O”** to this Affidavit.

32. Counsel to Scott’s responded to counsel to Prizm by way of a subsequent letter dated April 28, 2011, wherein Scott’s advised Prizm that pending agreement on an acceptable form of sale order, Scott’s continues to reserve all of its rights pursuant to the Leases, including, without limitation, the right to insist on the trust agreement mechanism proposed in the letter dated April 19, 2011. A copy of the letter from Scott’s to Prizm dated April 28, 2011 is attached as **Exhibit “P”** to this Affidavit.

33. Counsel to Scott’s reiterated its position by way of a further letter dated May 10, 2011, wherein Scott’s advised Prizm that the proceeds arising from a sale that are determined to be attributable to the Leases as part and parcel of the transaction are the property of Scott’s. A copy of the letter from Scott’s to Prizm dated May 10, 2011 is attached as **Exhibit “Q”** to this Affidavit.

THE REVISED TRANSACTION

34. While Scott's was led to believe that a transaction with Soul was still being finalized, a revised transaction, in the form of an Amended and Restated Asset Purchase Agreement dated May 17, 2011 (the "**Revised APA**"), was not presented to us until a meeting held on or about May 18, 2011 (the "**May 18th Meeting**") among the Monitor, its counsel, and counsel to both Prizm Scott's (the "**Revised Transaction**"). The Revised APA is attached hereto as **Exhibit "R"**.

35. Pursuant to the Revised Transaction, the number of locations which Prizm seeks to transfer to Soul under various leases has been reduced from 231 to 204. The number of premises which are governed by Scott's Leases and which Prizm seeks to transfer to Soul has been reduced from 79 (in the Original Transaction) to 63 (in the Revised Transaction).

36. Prizm continues to seek to assign, *inter alia*, the Consent Leases which affect 31 premises owned by Scott's. Prizm also seeks to assign the Standard Notice Leases and the Additional Notice Lease which affect 32 properties owned by Scott's.

37. Despite Scott's repeated efforts to deliver its consent to the assignment of these leases, Prizm has unreasonably refused to accept such consent on the terms delivered by Scott's and refuses, without justification, to negotiate with Scott's with respect to any assignment agreement, as further detailed below.

PRIZM'S REFUSAL TO NEGOTIATE AN ASSIGNMENT AGREEMENT

38. In connection with the Original Transaction, Scott's advised Prizm, in a letter dated March 30, 2011, that it was prepared to provide, *inter alia*, its consent to the assignment of the Consent Leases on the understanding that Prizm execute a standard form assignment agreement,

a copy of which was executed by Scott's and enclosed with its letter (the "**Assignment Agreement**"). A copy of Scott's letter and the enclosed Assignment Agreement are attached hereto as **Exhibit "S"**.

39. The Assignment Agreement was delivered in a form that was consistent with previous assignment agreements to which Scott's, as landlord, had provided its consent to Prizm to the assignment of a lease under which Prizm was the tenant (the "**Precedent Assignment Agreement**"). The only material difference which existed as between the Precedent Assignment Agreement and the Assignment Agreement is that the latter does not waive Scott's entitlement under sections 21.02 (under 1 of the Consent Leases) and 21.03 (under 3 of the Consent Leases) to receive the equivalent of any consideration that is paid to Prizm by Soul in connection with the assignment of the Consent Leases. A copy of a Precedent Assignment Agreement executed by, *inter alia*, Prizm and Scott's is attached hereto as **Exhibit "T"**.

40. At no time between the Initial Order and the May 18th Meeting did Prizm respond to Scott's delivery of the Assignment Agreement.

41. Accordingly, on May 23, 2011, counsel for Scott's emailed counsel for Prizm, advising that Scott's is agreeable, *inter alia*, to the assignment of the Consent Leases on the limited condition that an agreement in the same or similar form to the Assignment Agreement is signed by Soul in Scott's favour. To this end, Scott's advised Prizm that there is no need for an order under section 11.3 of the CCAA. A copy of the email delivered by Scott's on May 23, 2011 enclosing the Assignment Agreement is attached at **Exhibit "U"**.

42. In response, counsel for Prizm emailed counsel for Scott's on May 24, 2011, advising, *inter alia*, that the Assignment Agreement "is not acceptable to Prizm nor, we believe, was it or

will it be acceptable to Soul Restaurants”. No justification for this position was provided by Prizm. Rather, counsel to Prizm merely advised that Prizm intends to move forward with a motion under section 11.3 of the CCAA for an order assigning all of the leases which require consent where consent has not yet been obtained from the landlord. A copy of the email delivered by counsel for Prizm on May 24, 2011 is attached at **Exhibit “V”**.

43. On May 26, 2011, counsel for Scott’s emailed counsel for Prizm inquiring as to the specific concerns which Prizm has with the Assignment Agreement in its current form, and requesting that Prizm advise of any proposed drafting changes regarding same. As at Friday, May 27, 2011, no response to this inquiry has been received by Scott’s from Prizm. A copy of the email delivered by counsel for Scott’s on May 26, 2011 is attached as **Exhibit “W”**.

THE SALE PROCEEDS

44. It is Scott’s view that a significant portion of the proceeds of sale from the Revised Transaction (the “**Sale Proceeds**”) are attributable to the Leases as opposed to the other tangible and intangible assets of Prizm.

45. Counsel to the Monitor advised Scott’s in a letter dated May 19, 2011, that the Monitor has not taken a position with respect to Scott’s entitlement under the Lease Consideration Clauses. To this end, the Monitor advised Scott’s that it intends to hold the proceeds from the proposed sale transaction in escrow pending further determination by the court or the consensual resolution between the parties. The Monitor has confirmed at paragraph 53 of its Second Report dated May 26, 2011 (the “**Second Report**”), that Scott’s claim to a portion of the Sale Proceeds is not currently subject to a motion before the Court, and further that Prizm and Scott’s have agreed that \$12.2 million of the Sale Proceeds will be held by the Monitor pending further Order

of the Court. To this end, the Monitor has requested that such an escrow be approved by the Court, as explained at paragraphs 53-55 and 58 of its Second Report. A copy of the Second Report of the Monitor is attached hereto as **Exhibit "X"**.

46. Scott's is prepared to move forward with a motion as to its entitlement to the Lease Consideration on a prompt basis.

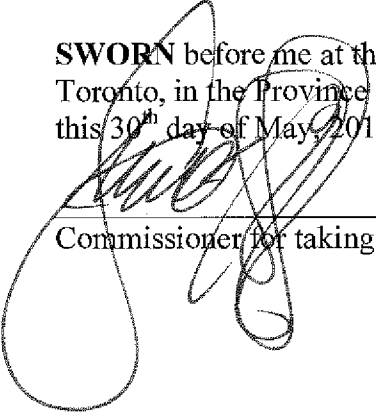
47. Prizm's refusal to accept the Assignment Agreement is, without justification, as is its further refusal to negotiate with Scott's in connection with the terms of any such agreement. Scott's consent (subject to a proper assignment agreement) has been offered and is available. Scott's has not tied its consent to the amounts to which it says it is entitled under the Lease Consideration Clauses, but is agreeable to allowing the Revised Transaction to proceed on the understanding that the issue of entitlement to the Lease Consideration to be adjudicated after the Revised Transaction closes, in the absence of an order under section 11.3 of the CCAA.

48. The Monitor has not stated in its Second Report that the assignment of the Consent Leases via court order is necessary, or a condition precedent, to the closing of the Revised Transaction. In fact, at paragraph 46 of its Second Report, the Monitor states that "given the limited conditions of the [Revised APA], the evidence of financing provided by Soul and the satisfaction of the conditions precedent related to the consents of Prudential and the Franchisor, the Prizm Entities believe that there is a relatively low degree of closing risk. The Monitor concurs".

49. Scott's believes that this motion is being pre-maturely advanced and likely unnecessary given that Prizm has not made commercially reasonable efforts to obtain, prior to the Closing

Date (as defined in the Revised APA), the consent of Scott's to the assignment of the Consent Leases, and this consent had been offered by Scott's.

50. This Affidavit is made in support of the within motion, and for no other or improper purpose whatsoever.

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 30th day of May, 2011.


Commissioner for taking affidavits, etc.

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EVELYN SUTHERLAND

Attached is Exhibit "A"

Referred to in the

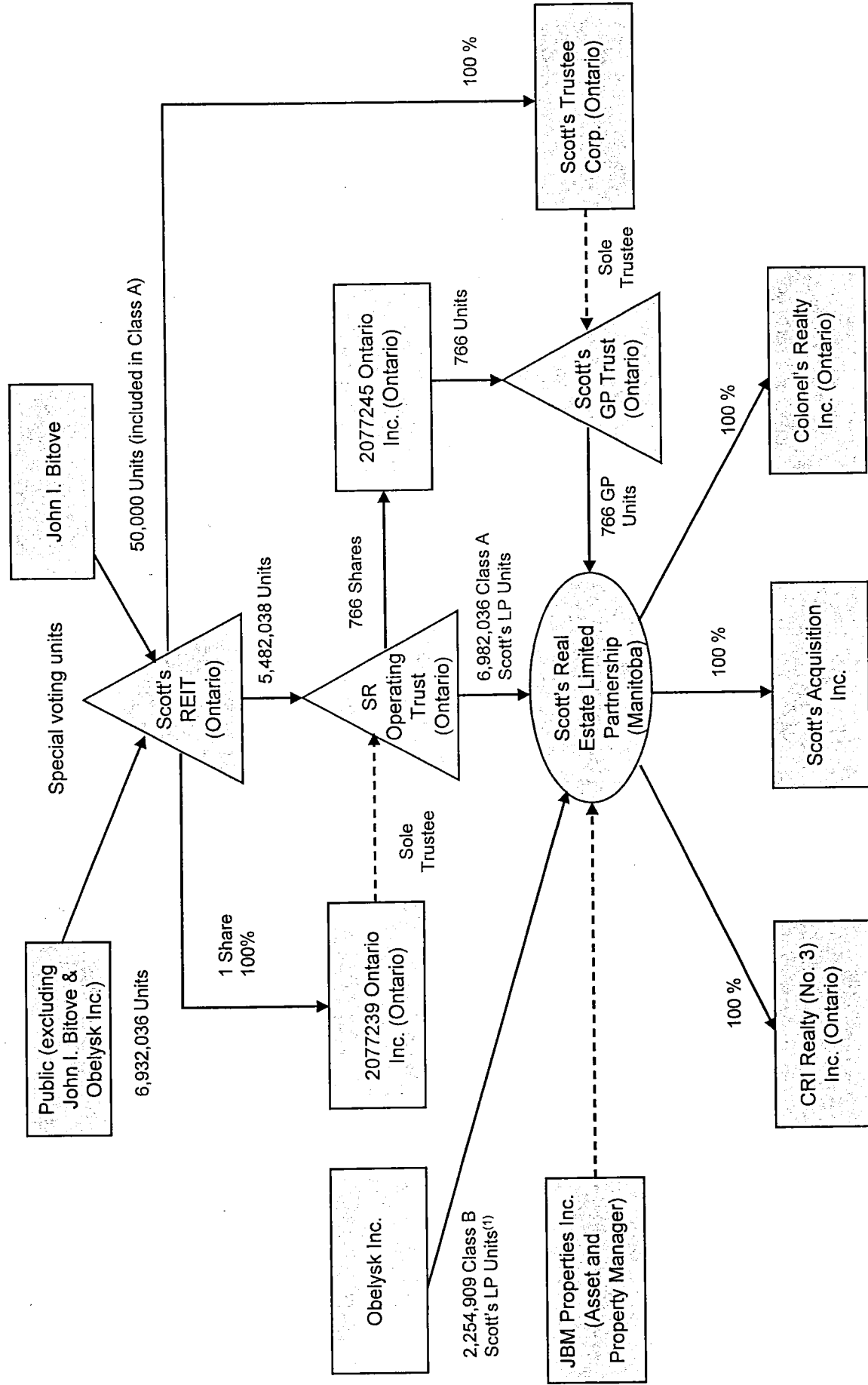
AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

Corporate Organizational Chart



Note:

(1) Indirectly exchangeable for Units of Scott's REIT on a one-for-one basis and accompanied by Special Voting Units

Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

ASSET PURCHASE AGREEMENT

Asset Purchase Agreement dated December 11, 2010 between PRISZM LIMITED PARTNERSHIP (the "Vendor"), PRISZM INC. (the "General Partner") and 7716443 CANADA INC. (the "Purchaser").

RECITALS

- (a) The Vendor is the legal and beneficial owner of the Purchased Assets.
- (b) The Vendor wishes to sell and the Purchaser wishes to acquire the Purchased Assets upon the terms and conditions contained in this Agreement.

In consideration of the mutual agreements contained in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the parties agree as follows.

Section 1 Defined Terms.

All capitalized words not defined herein shall have the meaning ascribed thereto in Schedule "A".

Section 2 Purchase and Sale.

- (1) Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date all properties, assets, interests and rights of the Vendor which are related to the operation of Outlets and is necessary to conduct the business as now conducted at the Outlets, other than the Excluded Assets (as herein defined) (collectively, the "Purchased Assets"), and for greater certainty, the Purchased Assets will include the assets in Schedule "B" hereto, for each Outlet.
- (2) The Purchased Assets will not include any of the assets (in each case, as of the Closing Date) (collectively, the "Excluded Assets") described in Schedule "C" hereto.

Section 3 Contracts.

- (1) Nothing in this Agreement shall be construed as an attempt to assign to the Purchaser any Contract or agreement which, as a matter of law or by its terms, is not assignable in whole or in part without the consent of the other party or parties to such Contract, unless such consent has been given. In order that the Purchaser may receive and realize the full benefit of the non-assigned Contracts, after Closing and until all such Contracts are transferred to the Purchaser, the Vendor shall: (a) maintain its existence; (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Contracts to the Purchaser, including holding any such Contracts in trust for the Purchaser and all benefits derived from such Contracts shall be for the account of the Purchaser provided that the requirement of the Vendor to do so does not void the Contract and (c) upon the written direction of the Purchaser, enforce, at the direction, request and expense of the Purchaser and for the account of the Purchaser, any

rights of the Vendor under or arising from such Contract against any third person, including the right to elect to terminate any such rights in accordance with the terms of such Contract. The Vendor shall take such action and do or cause to be done such things as are necessary or proper or requested by the Purchaser to ensure that the obligations of the Vendor under the non-assigned Contracts are performed and that the value of all of such Contracts are preserved and enure to the benefit of the Purchaser and that the collection of moneys due and payable to the Purchaser are received by the Purchaser and the Vendor shall promptly pay over to the Purchaser all moneys collected by or paid to the Vendor in respect hereof.

Section 4 Landlord Consents.

- (1) The Vendor shall use its commercially reasonable efforts to obtain, prior to the Closing Date, all of the Landlord Consents. Notwithstanding the foregoing, in no event shall the Vendor be required to bear any expense or pay any fee or grant any concession in connection with obtaining any Landlord Consents other than: (i) a Landlord's reasonable consent administration fee and reasonable legal fees incurred by the Landlord in connection with the issuance of its Landlord Consent, and (ii) to bring any Lease into good standing.
- (2) The Landlord Consents must be on terms which are acceptable to each of the Vendor and the Purchaser, acting reasonably, provided however there shall not be any material change to the terms of any Leases to which such Landlord Consent relates without the prior written consent of the Purchaser. Purchaser, acting reasonably, shall be entitled to approve the form of Landlord consent prior to its distribution to any Landlord.
- (3) As to any Lease for which a Landlord Consent is not obtained prior to Closing (each case an "**Outstanding Lease**"), the Seller and the Purchaser shall each, for a period expiring 6 months following the Closing, continue to use commercially reasonable efforts to obtain same, in each case in accordance with the provisions of Section 4(1) hereof.
- (4) The Purchaser acknowledges that: (a) it is not entitled to request any amendments to the terms of any Lease in connection with any Landlord Consent; (b) nothing herein shall prohibit the Vendor from seeking a reasonable release from the Landlords in respect of its obligations under the Leases following the Closing provided however that the Vendor's efforts to obtain any such release shall not impede, interfere with or delay obtaining a Landlord Consent; (c) it shall cooperate with and assist the Vendor in pursuing the Landlord Consents (including providing directly to the other party any reasonable information requested by a Landlord, including reasonable financial information, financing structure and proposed management team for the business, which, for greater certainty, shall not be provided to the Vendor without the Purchaser's prior consent, provided however that the Vendor shall not be liable to the Purchaser hereunder for any breach of the Landlord to disclose such information to the Vendor and the Purchaser's sole recourse for any breach relating to this subsection shall be towards such Landlord); and (d) it shall provide certificates of insurance and execute and

deliver any necessary acknowledgements and assumption agreements required by any Landlord as a condition to the issuance of its Landlord Consent that are commercially reasonable or otherwise contemplated by the Leases.

- (5) Nothing in this Agreement shall be construed as an attempt to assign to the Purchaser any Lease which, as a matter of law or by its terms, is not assignable in whole or in part without the consent of the Landlord, if required, unless such consent has been given. From and after Closing and until the earlier of: (i) the date that the Landlord Consent relating to an applicable Outstanding Lease has been obtained and such Outstanding Lease has been assigned to the Purchaser; or (ii) the expiration or earlier termination of such Outstanding Lease, the Purchaser hereby covenants to:
 - (a) pay the corresponding obligations for the periods from and after the Closing Date associated with the applicable Outstanding Lease to the Vendor or as it directs, indemnify and hold the Vendor harmless of and from: (A) any claims that may be made pursuant to the applicable Outstanding Lease as a result of the Vendor holding the Outstanding Lease in trust for the Purchaser; (B) any claims that may be made by the Landlord pursuant to the applicable Outstanding Lease as a result of the completion of the transaction contemplated by this Agreement;
 - (b) to the extent within its control, comply with the terms and provisions of the applicable Outstanding Lease; and
 - (c) cooperate in the transfer of the applicable Outstanding Lease and obtain such necessary approvals, consents, and waivers and take such actions and provide such information and assurances as may be reasonably requested or required pursuant to the applicable Outstanding Lease.
- (6) From and after Closing and until the earlier of: (i) the date that the Landlord Consent relating to an applicable Outstanding Lease has been obtained and such Outstanding Lease has been assigned to the Purchaser; or (ii) the expiration or earlier termination of such Outstanding Lease, the Vendor hereby covenants to:
 - (a) hold the Outstanding Leases in trust for the Purchaser;
 - (b) to the extent within its control, comply with the terms and provisions of the applicable Outstanding Lease; and
 - (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of the rights under the Outstanding Leases to the Purchaser.

Section 5 Material Contract Consents.

- (1) The Vendor shall use its commercially reasonable efforts to obtain, prior to the Closing Date, all of the Material Contract Consents. Notwithstanding the foregoing, in no event shall the Vendor be required to bear any expense or pay any

fee or grant any concession in connection with obtaining any Material Contract Consents other than: (i) such contracting counterparty's reasonable consent administration fee and reasonable legal fees incurred by such contracting counterparty, to the extent applicable, in connection with the issuance of its Material Contract Consent, and (ii) to bring any contract into good standing, provided however that the Vendor shall under no circumstances be obliged to pay any amount which individually exceeds \$2,500, or in the aggregate exceeds \$25,000, so long as such Material Contract is not necessary to the Purchaser receiving the full benefit of the Purchased Assets and Vendor is not in breach of this Agreement.

- (2) The Material Contract Consents obtained pursuant to this section must be on terms which are acceptable to each of the Vendor and the Purchaser, acting reasonably, provided however there shall not be any material change to the terms of any Material Contract to which such Material Contract Consent relates without the prior written consent of the Purchaser.
- (3) As to any Material Contract for which a Material Contract Consent is not obtained prior to Closing (each case an "Outstanding Contract"), the Seller and the Purchaser shall each, for a period expiring 6 months following the Closing, continue to use commercially reasonable efforts to obtain same, in each case in accordance with the provisions of Section 5(1) hereof.
- (4) The Purchaser acknowledges that: (a) it is not entitled to request any amendments to the terms of any Material Contract in connection with any Material Contract Consent; (b) nothing herein shall prohibit the Vendor, in connection with a Material Contract from seeking a reasonable release from the contracting counterparty in respect of its obligations under the Material Contract following the Closing provided however that the Vendor's efforts to obtain any such release shall not impede, interfere with or delay obtaining a Material Contract Consent; (c) it shall cooperate with and assist the Vendor in pursuing the Material Contract Consents (including providing directly to the other party any reasonable information requested by a contract counterparty, including reasonable financial information, financing structure and proposed management team for the business, which, for greater certainty, shall not be provided to the Vendor without the Purchaser's prior consent, provided however that the Vendor shall not be liable to the Purchaser hereunder for any breach of the Material Contract counterparty to disclose such information to the Vendor and the Purchaser's sole recourse for any breach relating to this subsection shall be towards such Material Contract counterparty); and (d) it shall provide certificates of insurance and execute and deliver any necessary acknowledgements and assumption agreements required by any Material Contract counterparty as a condition to the issuance of its Material Contract Consent that are commercially reasonable or otherwise contemplated by the Material Contracts.

Section 6 Representations and Warranties.

The Purchaser acknowledges that there are no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the Purchased Assets or in respect of any other matter or thing whatsoever except as otherwise expressly stated in this Agreement or any schedule hereto.

The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor or its affiliates, or any such entity's directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete save and except such information is disclosed pursuant to a representation, warranty, covenant or condition contained herein.

Section 7 Liabilities, Costs and Expenses.

- (1) The Purchaser covenants with the Vendor that it shall, as and from the Closing Date, discharge, perform and fulfill all the obligations and liabilities on the part of the Vendor with respect to the Purchased Assets arising on or after the Closing Date and not related to any default existing prior to or as a consequence of the closing of the transaction contemplated by this Agreement (the "**Assumed Liabilities**"). The Purchaser shall not assume and shall have no obligation to discharge any liability or obligation under any contract or agreement which is not assignable in whole or in part without the consent of the other party or parties to such contract or agreement, unless such consent has been given or unless the Vendor have performed its obligations under Section 3 and the value of such contracts and agreements have enured to benefit of the Purchaser.
- (2) All current liabilities relating to the Purchased Assets arising before the Closing Date, including such liabilities described in section 24(5), (the "**Current Liabilities**") shall not form part of the Purchased Asset but shall be on the account of the Vendor.
- (3) From and after the Closing, all costs and expenses related to the Purchased Assets shall be borne by the Purchaser at its sole cost and expense, including without limitation, title insurance, surveys, Phase I environmental reports and Phase II environmental reports, escrow and recording or registration fees, the transfer fees, ongoing license fees, and any other costs associated with the Purchased Assets.
- (4) For the period from and after the Closing, all costs and expenses related to the Outlet Software Licenses shall be borne by the Purchaser at its sole cost and expense, including, without limitation, escrow and recording or registration fees, transfer fees, ongoing license fees, and any other costs associated with the Outlet Software Licenses or the transfer thereof (including costs in connection with using the Outlet Software Licenses independently of the Vendor or costs to be paid in connection with the transfer of the Outlet Software Licenses to the Purchaser). The Purchaser hereby covenants to comply with all provisions or obligations and perform all such actions as are reasonably necessary or desirable in order to transfer the Outlet Software Licenses.

Section 8 Purchase Price and Deposit.

- (1) The aggregate purchase price ("**Purchase Price**") payable by the Purchaser to the Vendor for the Purchased Assets is: (i) **CDN\$41,585,973** (subject to any adjustment contemplated by Section 18(2)), plus (ii) the amount of **CDN\$714,000**, equal to the

franchise renewal fees, plus (iii) the amount of **CDN\$116,000** equal to the price of the UPGC Shares, plus (iv) the amount of **CDN\$3,944,000** equal to the Closing Date Current Assets Amount, subject to Section 10.

- (2) The Purchaser agrees to pay and deliver a deposit in the amount of **CDN\$2,000,000** (the "**Deposit**") on or before January 15, 2011 to the Vendor's counsel. The Deposit shall be delivered and held in accordance with the Escrow Agreement. The Deposit will be applied on Closing in satisfaction of an equivalent amount of the Purchase Price.
- (3) Subject to the terms of the Escrow Agreement:
 - (a) if the Closing does not occur for any reason other than a breach by the Purchaser of its representations, warranties or covenants under this Agreement, the full amount of the Deposit together with all accrued interest received by the Vendor, if any, shall be immediately returned to the Purchaser; or
 - (b) if the Closing does not occur because the Purchaser breached any of its representations, warranties or covenants under this Agreement the full amount of the Deposit shall become the property of, and may be retained by, the Vendor as liquidated damages (and not as a penalty) to compensate it for the expenses incurred and opportunities foregone as a result of the failure of the transaction to close. In such event, the Vendor may exercise any other rights or remedies that it may have against the Purchaser in respect of any default by the Purchaser.
- (4) The Purchase Price shall be satisfied by the Purchaser paying to the Vendor as follows: (i) as to the amount of the Deposit, by application of such amounts in the manner specified in Section 8(2); and (ii) as to the balance, by the Purchaser paying to or to the order of the Vendor such amount by wire transfer to a Canadian schedule of Banks (or such other method as mutually agreed to by the Vendor and Purchaser) of immediately available funds payable to or to the order of the Vendor or as it may otherwise direct in writing.
- (5) Any adjustment required to be made to the Purchase Price in accordance with Section 10 shall be satisfied by the payment of the Current Assets Purchase Price Adjustment by the party owing such payment to the other party in the manner and at the time contemplated in Section 10.
- (6) The Purchaser shall be liable for and shall pay all applicable federal and provincial sales taxes, property transfer taxes, transfer fees, and all other taxes, duties, registration charges or other like charges payable in connection with the sale of the Purchased Assets by the Vendor to the Purchaser.
- (7) The Vendor and the Purchaser will mutually agree on or before the Closing Date a reasonable allocation of the Purchase Price, provided however that the Purchase Price allocated to each Outlet shall be the amount specified in Schedule "F", which

Schedule "F" shall be mutually agreed to and completed on or before January 15, 2011.

Section 9 Preparation of Financial Statements.

- (1) After the Closing, the Vendor will prepare, at the Vendor's expense, a draft statement of the Current Assets ("**Current Assets Statement**") as at Closing, which shall be delivered to the Purchaser no later than the 30th day following the Closing Date. The Purchaser will: (i) provide access to the Vendor upon every reasonable request to its accounts and books and records relating to the Purchased Assets; and (ii) cooperate with the Vendor for purposes of preparing the Current Assets Statement. The 30 day period for the Vendor to prepare and deliver the Current Assets Statement will be extended for a reasonable period of time in the event that the preparation or delivery of the draft Current Assets Statement is delayed as a result of circumstances beyond the reasonable control of the Vendor.
- (2) If the Purchaser does not give a notice of objection in accordance with this Section 9, the Purchaser shall be deemed to have accepted the draft Current Assets Statement prepared by the Vendor which shall be final and binding on the parties and such draft Current Assets Statement shall constitute the Current Assets Statement for purposes of this Agreement.
- (3) If the Purchaser objects to any matter in the draft Current Assets Statement prepared pursuant to Section 9(1), then the Purchaser shall give notice to the Vendor no later than 15 days after delivery of the draft Current Assets Statement. Any notice given by the Purchaser shall set forth in detail the particulars of such objection. The parties shall then use reasonable efforts to resolve such objection for a period of 30 days following the giving of such notice. If the matter is not resolved by the end of such 30 day period, then the dispute with respect to such objection shall be submitted by the parties to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is independent of the parties, and, failing such agreement between the Purchaser and the Vendor within a further period of five Business Days, such independent firm of chartered accountants shall be KPMG LLP, or if such firm is unable to act, Deloitte LLP) (the "**Independent Accountant**"). The Independent Accountant shall, as promptly as practicable (but in any event, within 45 days following its appointment), make a determination of the Current Assets Statement, based solely on written submissions of the parties given by them to the Independent Accountant. The submissions of each party shall be disclosed to the other party and each other party shall be afforded a reasonable opportunity to respond thereto. The Current Assets Statement as determined by the Independent Accountant shall be final and binding upon the parties and shall constitute the Current Assets Statement for purposes of this Agreement.
- (4) The Purchaser and the Vendor will each bear their own fees and expenses, including the fees and expenses of their respective auditors, in preparing or reviewing, as the case may be, the draft Current Assets Statement. In the case of a dispute and the retention of the Independent Accountant to determine such

dispute, the costs and expenses of such firm of chartered accountants shall be borne equally by the Purchaser and the Vendor. However, the Purchaser and the Vendor will each bear their own costs in presenting their respective cases to such firm of chartered accountants.

- (5) The parties agree that the procedure set forth in this Section 9 for resolving disputes with respect to the draft Current Assets Statement is the sole and exclusive method of resolving such disputes.
- (6) After the Closing, the Vendor will prepare, at the Vendor's expense, a draft Profit and Loss Statement as at Closing, which shall be delivered to the Purchaser no later than the 30th day following the Closing Date.

Section 10 Current Assets Purchase Price Adjustment

- (a) The Purchase Price will be increased or decreased, as the case may be, dollar-for-dollar, to the extent that the Current Assets as determined from the final Current Assets Statement is more or less than CDN\$3,944,000 (the "**Closing Date Current Assets Amount**").
- (b) If the Current Assets, as determined from the Current Assets Statement, is more than CDN\$3,944,000, the Purchaser will pay to the Vendor the amount of such difference as an increase to the Purchase Price. If the Current Assets as determined from the Current Assets Statement is less than CDN\$3,944,000, the Vendor will pay to the Purchaser the amount of such difference as a decrease to the Purchase Price. Any amounts to be paid under this Section 10 (the "**Current Assets Purchase Price Adjustment**") will be paid by bank draft or wire transfer of immediately available funds within two Business Days after the draft Current Assets Statement becomes the Current Assets Statement for purposes of this Agreement in accordance with Section 9(2) or Section 9(3), as the case may be.

Section 11 Vendor Representations and Warranties.

The Vendor represents and warrants as to those matters set forth in Schedule "D" to this Agreement and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement by the Purchaser.

Section 12 Purchaser's Representations and Warranties.

The Purchaser represents and warrants as to those matters set forth in Schedule "E" and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the entering into of this Agreement by the Vendor.

Section 13 Financing.

- (1) The consummation of the transaction contemplated by this Agreement is not contingent on the Purchaser's ability to obtain financing.
- (2) The Purchaser shall provide by no later than January 15, 2011 evidence satisfactory to the Vendor's senior lender, that the Purchaser has, and will have at Closing all

funds on hand necessary to pay the Purchase Price referred to in Section 8. The Purchaser hereby acknowledges that the Vendor may provide a copy of such evidence of financing to its senior lender in connection with the consummation of the transaction contemplated hereby. In the event that the Purchaser fails to provide such evidence of financing to the Vendor on or prior to January 15, 2011, the Vendor shall have the right to forthwith terminate this Agreement without any liability.

Section 14 Due Diligence.

- (1) The Purchaser shall not be obligated to complete the purchase of the Purchased Assets pursuant to this Agreement, unless, on or before January 15, 2011 the Purchaser has confirmed in writing to the Vendor during the period commencing on the date hereof and ending on January 15, 2011 (the "**Investigation Period**") that it has confirmed or substantially completed its investigation to its satisfaction, in its sole discretion, the truth and accuracy of the information provided by the Vendor in respect of the Outlets, Leases, and the Books and Records of the Vendor relating thereto, the Contracts and legal due diligence relating to the Purchased Assets. In addition, the Vendor shall provide to the Purchaser on or prior to January 10, 2011 a debtor profile setting out in reasonable detail to the satisfaction of the Purchaser, acting reasonably, as to the debts of the Vendor, the priority rights of creditors and the use of proceeds from this transaction, sufficient to enable the Purchaser is in a position to evaluate the priority ranking of creditors of the Vendor.
- (2) The Vendor will (i) permit the Purchaser and its employees, counsel, agents, accountants or other representatives, during the Interim Period, to have reasonable access during normal business hours and upon reasonable notice to (A) the premises of the Outlets, (B) the Purchased Assets and, in particular to any information, including all Books and Records, copies of Employee Plans, and all insurance policies held by the Vendor with respect to the Purchased Assets, (C) all Contracts and Leases, and (D) the senior personnel of the Vendor, and (ii) furnish to the Purchaser or its employees, counsel, agents, accountants or other representatives such financial and operating data and other information with respect to the Purchased Assets as the Purchaser may from time to time request.

Section 15 Conditions of Closing.

- (1) **Conditions for the Benefit of the Purchaser.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:
 - (a) the Vendor shall deliver to the Purchaser certified copies of: (i) the limited partnership declaration filed under Applicable Laws in the Province of Manitoba for the Vendor; (ii) the resolution of the directors of the Vendor's general partner approving the transfer of the Purchased Assets to the Purchaser; and (ii) a list of the directors and officers of the Vendor's general

partner, in each case authorized to sign agreements together with their specimen signatures;

- (b) the Vendor shall deliver or cause to be delivered to the Purchaser all keys, entry devices and pass codes with respect to the Purchased Assets including combinations to any locks or vaults;
- (c) the entering into by the Purchaser of a new franchise agreement with the Franchisor in respect of the Outlets has been obtained;
- (d) the Vendor shall have entered into a non-competition and non-solicitation agreement for a period of 5 years in respect of the provinces of British Columbia and Ontario in form and substance acceptable to the parties, acting reasonably.
- (e) the Vendor shall deliver to the Purchaser a certificate of status, good standing, or like certificate with respect of the general partner of the Vendor issued by the appropriate Governmental Entity;
- (f) the Vendor shall have executed, or shall have caused to be executed, all deeds, conveyances, assurances, transfers and assignments and other instruments, in form and substance satisfactory to the Purchaser, necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title, free and clear of all liens, charges, pledges, security interests and other encumbrances other than Permitted Liens;
- (g) the representations and warranties of the Vendor in Schedule "D" shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date;
- (h) the Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated required to be so executed and delivered in this Agreement;
- (i) the Vendor has obtained the approval and evidence satisfactory to the Purchaser that the UPGC Shares have been transferred to the Purchaser;
- (j) during the Interim Period, there shall have been no Material Adverse Change;

- (k) in the case where unitholder approval is required by Prizm Income Fund, if required by the Purchaser, the Vendor shall have caused its largest unitholder, Obelysk Inc and its related affiliates which hold units in the Vendor to enter into a support agreement on or before January 15, 2011, in form and substance acceptable to the Purchaser, acting reasonably, which will include a commitment to vote all of its or their units in favour of any vote conducted relating to the approval of the transactions contemplated by this Agreement; and
 - (l) the Purchaser shall have received from legal counsel for the Vendor, a legal opinion which addresses the due approval and authorization by the Vendor and the General Partner for the transactions contemplated hereby other than the approval of any holder of securities.
- (2) **Conditions for the Benefit of the Vendor.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before the Closing Date (other than items (c) and (d) which shall be fulfilled or performed on or before January 15, 2011), which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion:
- (a) the Purchaser shall deliver to the Vendor certified copies of (i) the articles and by-laws of the Purchaser and any other constating documents; (ii) all resolutions of the board of directors of the Purchaser, approving the entering into and completion of the transactions contemplated by this Agreement; and (iii) a list of the directors and officers of the Purchaser, in each case authorized to sign agreements together with their specimen signatures;
 - (b) the Purchaser shall deliver to the Vendor a certificate of status, good standing, or like certificate with respect to the Purchaser issued by the appropriate Governmental Entity;
 - (c) the payment of the Deposit in accordance with Section 8(2) to the Vendor's counsel by the Purchaser;
 - (d) the Vendor shall have received evidence of financing as contemplated in Section 13;
 - (e) the representations and warranties of the Purchaser in Schedule "E" shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date; and
 - (f) the Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at

or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents contemplated required to be so executed and delivered in this Agreement.

- (3) **Conditions Precedent.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the mutual benefit of each of the parties and may only be waived, in whole or in part, by agreement by the parties to this Agreement:
- (a) the Vendor shall deliver to the Purchaser a certificate of payment issued by the appropriate Governmental Entity under retail sales act legislation in the relevant jurisdiction(s) of the Purchased Assets to the effect that all requisite taxes under such legislation relating to the Purchased Assets (other than relating to the conveyance and transfer of the Purchased Assets to the Purchaser) have been paid by the Vendor;
 - (b) the Vendor shall deliver to the Purchaser a certificate issued by the applicable workplace safety and insurance board or entity in respect of the Purchased Assets confirming that as at the Closing, the relevant boards or entities have no claim against the Vendor for which the Purchaser will be or could be liable in respect of any amounts payable pursuant to the relevant workplace safety and insurance/workers' compensation legislation in respect of the Purchased Assets;
 - (c) the Competition Act Approval has been obtained;
 - (d) the Minimum Outlet Threshold shall have been obtained;
 - (e) evidence of the termination of the franchise agreement between the Vendor and the Franchisor in respect of the Outlets;
 - (f) the Vendor having obtained the consent of the Franchisor to the transaction contemplated hereby;
 - (g) the Vendor having obtained the consent of the Vendor's senior lender to the transaction contemplated hereby; and
 - (h) all regulatory and security holder approval, if necessary, shall have been obtained.
- (4) The Vendor and the Purchaser agree to take all such actions as are within their respective powers to control, and to use their commercially reasonable efforts to cause other actions to be taken which are not within their respective powers to control, so as to ensure compliance with all of the conditions set forth in this Section 15.

Section 16 Purchaser Covenants.

- (1) The Purchaser shall, on or prior to the Closing Date, enter into a new franchise arrangement with the Franchisor in respect of the Outlets.
- (2) For each Outlet located in an area where Bell Canada provides high speed internet coverage, the Purchaser shall, on or prior to the Closing Date, enter into a contract with Bell Canada for the provision of high speed internet service at such Outlet.
- (3) The Purchaser shall use its best efforts to obtain the Competition Act Approval as promptly as is reasonably practicable upon the execution of the this Agreement and in doing so the Vendor will cooperate with the Purchaser, and without limiting the generality of the foregoing, the Purchaser shall, within 10 days of the execution of this Agreement prepare and provide to the Commissioner of Competition such submissions as are necessary or desirable in order to receive Competition Act Approval as promptly as is reasonably practicable, including without limitation, an application for an Advance Ruling Certificate and a request in the alternative for a no-action letter and a waiver from notification under paragraph 113(c) of the Competition Act, and in connection with the foregoing, the Purchaser shall promptly furnish all information requested under the Competition Act, provided however, that any filing fees or similar amounts specifically required to be submitted to the Commissioner of Competition in connection with the foregoing shall be borne equally by each party.

Section 17 Vendor Covenants

- (1) During the Interim Period, the Vendor will conduct the business carried on with the Purchased Assets only in the Ordinary Course.
- (2) In the event that the Purchaser fails to obtain a Landlord Consent in respect of an Outstanding Lease within 6 months of the Closing Date (the "Extension Period") and Landlord Consents representing at least ninety-five (95%) of all the Outlets has not yet been obtained, then the Purchaser shall have the unilateral right upon written notice to the Vendor to extend the Extension Period by an additional 6 month period provided however that the Vendor shall be required throughout the Extension Period and any extension thereof to continue to its efforts in Section 4(1) throughout such periods, and the Outstanding Lease is terminated in accordance with its terms during such period by the applicable Landlord such that the Purchaser is evicted or otherwise removed from the Outlet or Outlets, the Purchaser shall promptly notify the Vendor of such eviction or removal and the Vendor shall within five Business days of such eviction or removal pay to the Purchaser the portion of the Purchase Price allocated to such Outlet or Outlets as specified in Schedule "F". This payment by the Vendor shall be the sole remedy to the Purchaser for the failure to obtain the Landlord Consent in respect of such Outstanding Lease and for the Damages suffered by the Purchaser in connection therewith and the eviction and removal related thereto.
- (3) During the Interim Period, the Vendor shall provide access to the managers, the Regional Directors of Operations, Area Managers, and Field Training Leaders employed by the General Partner who are responsible for the geographic area in

which the Outlets are situated for the purpose of offering employment effective as of the Closing Date to such persons.

- (4) After Closing, the Purchaser will have the right to access any customer on-line software system that is currently used at the Outlets and administered by the Vendor for the entire KFC system in Canada on such terms and conditions that are generally provided to other KFC franchisees that also access such software system. This right shall terminate on the date the Vendor no longer administers such software system.

Section 18 Labour MAC

- (1) In the event of a Labour MAC, the Vendor will promptly notify the Purchaser of the circumstances relating to the Labour MAC, including the particular Outlets which are the subject of the Labour MAC.
- (2) Upon notification of the Labour MAC, as contemplated in section 18(1), the Purchaser shall have the right, but not the obligation, to exclude the Outlets which are subject to the Labour MAC from the Purchased Assets. The Purchaser shall notify the Vendor within the earlier of (i) the Closing Date and (ii) five Business Days of receiving the notification of the Labour MAC, of its intentions regarding the Outlets which are subject to the Labour MAC. In the event the Purchaser determines not to exclude the Outlets subject to the Labour MAC from the Purchased Assets, such Outlets will be included as Purchased Assets and the Purchase Price will be unaffected. In the event the Purchaser determines to exclude the Outlets subject to the Labour MAC from the Purchased Assets, such Outlets will be excluded from the Purchased Assets and the Purchase Price will be reduced by the amount of the Purchase Price allocated to such Outlets.
- (3) For greater certainty, a Labour MAC shall not provide to the Purchaser a right of termination under this Agreement.

Section 19 Closing.

- (1) Subject to satisfaction or waiver by the relevant party or parties, as applicable, of the conditions of closing contained in Section 15, at the Closing, the Vendor will deliver actual possession of the Purchased Assets and all necessary deeds, conveyances, assurances, transfers and assignments and any other instruments necessary or reasonably required to transfer the Purchased Assets to the Purchaser and upon such delivery the Purchaser will pay or satisfy the Purchase Price in accordance with Section 8. The transfer of the Purchased Assets will take effect on the Closing Date.
- (2) The completion of the transaction of purchase and sale contemplated by this Agreement (the "Closing") shall take place at 8:00 a.m. (Toronto time) at the offices of Stikeman Elliott LLP, Suite 5300, Commerce Court West, Toronto, Ontario, on the later of: (i) the date which is five (5) Business Days following the satisfaction of all of the conditions contained in Section 15(3) (or if applicable the waiver of such conditions by the parties); and (ii) February 28, 2011, provided however Vendor and Purchaser may mutually agree to extend such date by an additional 30 days on

not less than five (5) days written notice given in advance of February 28, 2011, or at such other place, on such other date and such other time as may be agreed upon in writing by the parties (the "Closing Date").

Section 20 Indemnity for Current Assets Purchase Price Adjustment

Following the Closing, the party obligated to pay the Current Assets Purchase Price Adjustment in accordance with Section 10 will indemnify and save the other party harmless, of and from, and will pay for, any Damages suffered by, imposed upon or asserted against the other party as a result of, in respect of, connected with, or arising out of, under or pursuant to the failure of the applicable party to pay the Current Assets Purchase Price Adjustment as contemplated by Section 10 of this Agreement.

Section 21 Indemnities

In addition to the indemnity in Section 20, following the Closing, the Vendor and the Purchaser will indemnify and save the other Party harmless, of and from, and will pay for, any Damages suffered by, imposed upon or asserted against it as set out in Schedule "H" attached to this Agreement.

Section 22 Access to Books and Records

- (1) During the Interim Period and for a period of 6 years from the Closing Date or for such longer period as may be required by Law, the Vendor will retain all original accounting Books and Records relating to the Purchased Assets for the period prior to the Closing Date, but the Vendor shall not be responsible or liable to the Purchaser for any accidental loss or destruction of or damage to any such Books and Records. So long as such Books and Records are retained by the Vendor pursuant to this Agreement, the Purchaser will have the reasonable right to inspect and make copies (at its own expense) of them upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Vendor for purposes of tax returns. The Vendor will have the right to have its representatives present during any such inspection.

Section 23 Action During Interim Period.

- (1) During the Interim Period and except as otherwise provided in this Agreement, or the Disclosure Letter, or as otherwise agreed in writing by the Purchaser, the Vendor shall from the date of this Agreement up to the Closing deal with the Purchased Assets in the Ordinary Course including:
 - (a) Carry on and conduct its business in the Ordinary Course consistent with past practice (including, without limitation, but subject to the provisions of this Section 23 entering into contracts, agreements and commitments for the purchase and sale of inventory items) and in particular:
 - (i) use all commercially reasonable efforts to keep available the services of the present employees of the Vendor for the Purchaser and to maintain relations and goodwill with customers having business relations with the Vendor;

- (ii) make all necessary tax, governmental and other filings in a timely fashion;
 - (iii) pay to all its employees all wages (including overtime claims), salaries, bonuses and commissions, and all earned but unpaid vacation pay and sick leave pay and other entitlements under Employee Plans up to and including the Closing Date; and
 - (iv) comply in all material respects with and not violate any of its contractual, common law or statutory duties and obligations to the Vendor's employees relating to the Purchase Assets, a Trade Union and relevant government authorities.
- (b) Disclose to the Purchaser all notices relating to environmental matters, regulatory matters, employment matters, leasing matters, collective bargaining proposals and the status of ongoing negotiations, in each case, relating to the operation of the Purchased Assets.
- (c) Advise of any Labour Disputes not disclosed in the Disclosure Letter, including in respect of a Labour MAC as contemplated in Section 18.
- (d) Advise and disclose to the Purchaser any agreement to amend or vary any Leases or of any Material Contracts, and to disclose to the Purchaser the terms of any such agreement.
- (2) During the Interim Period, the Vendor shall not:
- (a) mortgage, pledge, grant a security interest in or otherwise create a Lien on any of the Purchased Assets, except in the Ordinary Course and in amounts which, individually and in the aggregate, are not material to the financial condition or the operation of the Purchased Assets;
 - (b) enter into any lease or other contract or any other transaction relating to the Purchased Assets that is not in the Ordinary Course;
 - (c) dispose of or revalue any of the Purchased Assets, except for sales of Inventory in the Ordinary Course;
 - (d) terminate, cancel, modify or amend in any material respect or take or fail to take any action which would entitle any party to any Material Contract to terminate, cancel, modify or amend any Material Contract;
 - (e) unless required by Applicable Laws, make any change in its accounting principles, policies, practices or methods; or
 - (f) agree, commit or enter into any understanding to take any actions enumerated in paragraphs of this Section 23(2).

Section 24 Employees

- (1) On or before the Closing Date, the Purchaser shall offer, or cause any of its affiliates to offer, employment effective as of the Closing Date to the Designated Employees on terms substantially similar in the aggregate to those existing as of the Closing Date. In such offer, and subject to Section 24(3), the Purchaser will recognize, to the extent previously recognized by the Vendor, the service of the Designated Employees for all purposes. The Purchaser shall have no liability or obligation in respect of any Designated Employees who reject Purchaser's offer of employment that has been made in accordance with this Section 24(1).
- (2) The Vendor shall not attempt in any way to discourage Designated Employees from accepting the offer of employment made by the Purchaser.
- (3) The Purchaser shall not assume any of the Employee Plans or liability for accrued benefits or any other liability under or in respect of any of the Employee Plans. The Transferred Employees will, as of the Closing Date in respect of their employment by the Vendor, cease to accrue further benefits under the Employee Plans. The Purchaser agrees that it will permit the Transferred Employees to participate in benefit plans sponsored by the Purchaser (such plans to be called the "Replacement Plans"). The Purchaser shall cause each Replacement Plan to recognize the prior service of the Transferred Employee rendered to the Vendor for purposes of eligibility to participate, vesting and entitlement to benefits under such Replacement Plans but not for the purpose of benefit accrual. The Purchaser shall waive all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Transferred Employees under any Replacement Plans except and only to the extent that any Transferred Employees were subject to such pre-existing conditions, exclusions and waiting periods under the Employee Plans, and will provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the Closing Date (in the calendar year of such start date) in satisfying any applicable deductible or out of pocket requirements under any Replacement Plans.
- (4) The Purchaser shall be responsible for:
 - (i) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to the employment of all Transferred Employees on and after the Closing Date and all liabilities under or in respect of the Replacement Plans;
 - (ii) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Purchaser of the employment of any Transferred Employee;
 - (iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Transferred Employees at the Outlets on and after the Closing Date; and

- (iv) all employment-related claims, penalties and assessments in respect of the Purchased Assets arising out of matters which occur on or subsequent to the Closing Date.
- (5) The Vendor shall be responsible for:
 - (i) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to the employment of all Designated Employees arising prior to the Closing Date and all liabilities accrued under or in respect of Employee Plans prior to the Closing Date;
 - (ii) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination of any Designated Employees who reject Purchaser's offer of employment that has been made in accordance with Section 24(1);
 - (iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Designated Employees in the Purchased Assets prior to the Closing Date; and
 - (iv) all employment-related claims, penalties and assessments in respect of the Purchased Assets arising out of matters which occur prior to the Closing Date.

Section 25 Filings and Authorizations

- (1) Each of the Vendor and the Purchaser, as promptly as practicable after the execution of this Agreement, will (i) make, or cause to be made, all such filings and submissions under all Applicable Laws, including as may be required for it to consummate the purchase and sale of the Purchased Assets in accordance with the terms of this Agreement. The Vendor and the Purchaser shall coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, providing each other with all notices and information supplied to or filed with any Governmental Entity (except for notices and information which the Vendor or the Purchaser, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Entity.
- (2) The parties waive compliance with the Bulk Sales Act (Ontario) and any other similar bulk sales laws, and the Vendor agrees to indemnify and save the Purchaser harmless from any Damages incurred by the Purchaser as a direct result of any failure of the parties to comply with the Bulk Sales Act (Ontario) or any applicable bulk sales laws in respect of the transaction of purchase and sale contemplated under this Agreement.

Section 26 Income Tax Matters

- (1) The parties shall be entitled to review and approve, on a timely basis and prior to the filing of the same, all elections and all other tax forms and elections to be filed

by the other party in connection with the sale of the Purchased Assets and the transactions contemplated by this Agreement.

- (2) Without limiting the generality of Section 22, following the Closing Date, upon request, each party shall promptly provide the other party with copies of all documents, information or records relating to any income tax or other tax audit of the Purchased Assets or any income tax or other tax dispute involving the Purchased Assets, and the parties agree that the other party shall be entitled to be consulted and involved in respect of any such audit or dispute.
- (3) The parties covenant to use their commercially reasonable efforts to minimize the taxes payable by each of the parties to this Agreement in connection with the completion of the transaction contemplated hereby, including the filing of such elections as would be necessary in order to do so, provided however that such structuring or elections do not adversely effect any party.

Section 27 Survival of Covenants, Representations and Warranties.

The covenants, representations and warranties set forth in this Agreement shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Purchased Assets for a period beginning on the Closing Date and ending on the date which is 15 months from the Closing Date, except with respect to any representations and warranties set forth in this Agreement which relate exclusively to Taxes, in which case such representations and warranties will survive and continue in full force and effect until 3 months after the expiration of the period during which any tax assessment may be issued by a Governmental Entity in respect of any taxation year to which such representations and warranties extend. Such period will be determined without regard to any consent, waiver, agreement or other document, made or filed after the Closing Date that extends the period during which a Governmental Entity may issue a tax assessment. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under Applicable Laws; provided however if either party provides the other with written notice of a Claim prior to the expiry of the survival period applicable to such representation and warranty, the survival period shall not expire to the extent of that representation and warranty and Claim relating thereto.

Notwithstanding the foregoing, a Claim for any breach of any of the representations and warranties contained in this Agreement or in any contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving negligent misrepresentation or fraud may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Applicable Law.

Section 28 Termination.

This Agreement may, by notice in writing given at or prior to the completion of the transaction, be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;

- (b) by the Purchaser if any of the conditions in Section 15(1) have not been satisfied as at the Closing Date and the Purchaser has not waived such condition at or prior to completion of the transaction;
- (c) by the Vendor if:
 - (i) any of the conditions in Section 15(2) have not been satisfied as at the Closing Date and the Vendor have not waived such condition at or prior to completion of the transaction;
 - (ii) the Purchaser has failed to provide, by January 15, 2011, the Deposit in accordance with Section 8(2); or
 - (iii) the Purchaser has failed to provide, by January 15, 2011, evidence satisfactory to the Vendor, that the Purchaser has, and will have at Closing all funds on hand necessary to pay the Purchase Price referred to in Section 13; or
- (d) by either party if:
 - (i) any of the condition precedents in Section 15(3) have not been satisfied as at the Closing Date; or
 - (ii) if the Closing has not occurred on or prior to March 31, 2011 or on or before such later date as the parties agree to in writing, provided that a party may not terminate this Agreement under this Section if it has failed to perform any one or more of its obligations or covenants under this Agreement to be performed at or prior to Closing and the Closing has not occurred because of such failure.

Section 29 Time of the Essence.

Time shall be of the essence of this Agreement.

Section 30 Enurement.

This Agreement shall become effective when executed by the Vendor and the Purchaser together with complete schedules thereto and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by either party without the consent of the other party.

Section 31 Public Announcements.

No Party shall make any public statement or issue any press release concerning the transactions contemplated by this Agreement except as agreed by the Parties acting reasonably or as may be necessary, in the opinion of counsel to the Party making that disclosure, to comply with the requirements of all Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with the other Party before making that statement or release.

Section 32 Entire Agreement.

This Agreement together with all schedules attached hereto constitutes the entire agreement between the parties with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 33 Waiver.

- (1) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of the Vendor or the Purchaser to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

Section 34 Further Assurances.

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

Section 35 Severability.

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

Section 36 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 37 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 38 French Language.

The parties hereto have requested that this Agreement be drafted in English only. *Les parties aux présentes ont demandé à ce que la présente convention soit rédigée en anglais seulement.*

Section 39 Statute References.

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

Section 40 Headings.

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

Section 41 References.

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto.

Section 42 Number and Gender.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 43 Use of the word "including" and "or" etc.

The word "includes" or "including" shall mean "includes without limitation" or "including without limitation", respectively. The word "or" is not exclusive.

Section 44 Business Days.

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

Section 45 Currency and Payment Obligations.

Except as otherwise expressly provided in this Agreement all dollar amounts referred to in this Agreement are stated in Canadian Dollars.

Section 46 Accounting Principles.

All calculations made or referred to herein shall be made in accordance with Canadian GAAP.

Section 47 Notice.

Any notice, direction or other communication given pursuant to this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

(a) To the Vendor:

(i) Prizm Limited Partnership
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Canada

Attention: Deborah Papernick
Facsimile: (416) 977-4860
Email: deborah.papernick@prizm.com

(ii) with a copy to the Vendor's solicitors:

Stikeman Elliott LLP
5300 commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Dee Rajpal
Facsimile: (416) 947-0866
Email: drajpal@stikeman.com

(b) To Prizm Inc.:

(i) Prizm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Canada

Attention: Deborah Papernick
Facsimile: (416) 977-4860
Email: deborah.papernick@prizm.com

(ii) with a copy to Prizm Inc.'s solicitors:

Stikeman Elliott LLP
5300 commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Dee Rajpal
Facsimile: (416) 947-0866
Email: drajpal@stikeman.com

(c) To the Purchaser:

(i) 7716443 Canada Inc.

Attention: Aly Janmohamed
Facsimile: (416) 865-6636

(ii) with a copy to the Purchaser's solicitors:

Gardiner Roberts LLP
Suite 3100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3Y2

Attention: Arlene O'Neill
Facsimile: (416) 865-6636
Email: aoneill@gardiner-roberts.com

A Notice is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if transmitted by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile, or (iv) if sent by email, when the sender receives an email from the recipient acknowledging receipt, provided that an automatic "read receipt" does not constitute acknowledgment of an email for purposes of this section. Any party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a party.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties have executed this Asset Purchase Agreement,

**PRISZM LIMITED PARTNERSHIP,
by its general partner, PRISZM INC.**

By: (signed) "Deborah Papernick"
Name: Deborah Papernick
Title: Chief Financial Officer

By: _____
Name:
Title:

PRISZM INC.

By: (signed) "Deborah Papernick"
Name: Deborah Papernick
Title: Chief Financial Officer

By: _____
Name:
Title:

7716443 CANADA INC.

By: (signed) "Aly Janmohamed"
Name: Aly Janmohamed
Title: President

By: _____
Name:
Title:

SCHEDULE "A"

DEFINED TERMS

"Advance Ruling Certificate" means an advance ruling certificate issued by the Commissioner of Competition pursuant to section 102 of the Competition Act with respect to the transaction contemplated hereby.

"Assumed Liabilities" has the meaning specified in Section 7.

"Accounts Receivable" has the meaning specified in Schedule "B"

"Agreement" means this asset purchase agreement and all schedules and instruments in amendment or confirmation of it and the expression **"Section"** followed by a number means and refers to the specified Section of this Agreement.

"Applicable Law" " means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations, by-laws (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity and (iii) policies, guidelines, notices and protocols, to the extent that they have the force of law.

"Authorization" means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"Books and Records" means all books of account, financial statements, tax records, audit working papers, general ledgers, personnel records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence, minute books and corporate records and other information (whether in written, printed, electronic or computer printout form) relating to the Purchased Assets.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"Closing" has the meaning specified in Section 19.

"Closing Date" has the meaning specified in Section 19.

"Closing Date Current Assets Amount" has the meaning specified in Section 10.

"Commissioner of Competition" means the Commissioner of Competition appointed pursuant to the Competition Act.

"Competition Act" means the *Competition Act* (Canada);

"Competition Act Approval" means:

(i) the issuance of an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to Closing; or

(ii) the parties have given the notice required under section 114 of the Competition Act with respect to the transaction contemplated hereby and the applicable waiting period under section 123 of the Competition Act has expired or been terminated in accordance with the Competition Act; or

(iii) the obligation to give the requisite notice has been waived pursuant to paragraph 13 (c) of the Competition Act,

and, in the case of (ii) or (iii), the parties has been advised in writing by the Commissioner of Competition or a person authorized by the Commissioner of Competition that, in effect, such person does not, at that time, have sufficient grounds on which to apply to the Competition Tribunal under section 92 of the Competition Act and, therefore, does not, at that time, intend to make such an application in respect of the Transaction ("no-action letter").

"Competition Tribunal" means the Competition Tribunal established under the Competition Tribunal Act (Canada).

"Contracts" has the meaning specified in Schedule "B".

"Current Assets" means the dollar amount of current assets relating to the Purchased Assets as determined in accordance with this Agreement which shall comprise Inventories, Accounts Receivable, Restaurant Cash Float and any prepayments.

"Current Assets Statement" has the meaning specified in Section 9.

"Current Liabilities" has the meaning specified in Section 7.

"Current Assets Purchase Price Adjustment" has the meaning specified in Section 10.

"Damages" means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, or a cause, matter, thing, act, omission or state of facts not involving a third party.

"Deposit" has the meaning specified in Section 8.

"Designated Employees" means the employees currently employed by the Vendor at the Outlets, the managers employed by the General Partner with respect to the Outlets, and the Regional Directors of Operations, Area Managers, and Field Training Leaders employed by the General Partner with respect to the geographic area in which the Outlets are situated.

"Disclosure Letter" means the letter delivered to the Purchaser by the Vendor on or before January 10, 2011.

"Employee Plans" means all employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, severance, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former employees, officers or directors of the Vendor maintained, sponsored or funded by the Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.

"Environmental Law" means Applicable Law in respect of the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Substances.

"Escrow Agreement" means the escrow agreement to be entered into on or before January 15, 2011 between the parties and Stikeman Elliott LLP, as escrow agent, in form and substance satisfactory to each of the parties and Stikeman Elliott LLP, acting reasonably.

"Excluded Assets" has the meaning specified in Section 2(2).

"Franchisor" means Yum! Restaurants International (Canada) LP, a limited partnership formed under the laws of the Province of Ontario.

"Governmental Entity" means (i) any multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"Hazardous Substance" means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes any contaminant, waste, substance or material defined by Environmental Law as hazardous, toxic or dangerous or any other substance or material prohibited, regulated or reportable pursuant to any Environmental Law.

"Intellectual Property" means all right, title and interest of the Vendor in and to the "prizm" name, mark, logo and domain name and the right, title and interest of the Vendor in all intellectual property related to the operation of the Vendor's call centre or online ordering system.

"Interim Period" means the period between the close of business on the date of this Agreement and the Closing.

"Inventories" has the meaning specified in Schedule "B"

"Labour Dispute" means a strike, lock-out (including a lock-out declared or recommended by an employer's association or where the Vendor has been served with written notice by

the Trade Union that the employees are going on strike), a work-to-rule, a slow-down, a withdrawal of labour, a refusal or failure to perform or provide any labour or service, picketing, a work-stoppage caused in whole or in part by picketing, or any labour-related disruption, whether or not lawful, by or involving one or more employees of the Vendor, whether in concert or not, or involving a trade union representing one or more employees of the Vendor;

"Labour MAC" means a Labour Dispute occurring in the Interim Period involving the Outlets which are the subject of a Trade Union, which effect is, or could reasonably be expected to be, material and adverse to the operations, affairs, or condition (financial or otherwise) of such Outlets.

"Landlords" means the landlords under the Leases.

"Landlord Consents" means the consents, to the extent required by the terms of the applicable Leases, of the applicable Landlords under said Leases for the assignment thereof by the Vendor to the Purchaser as contemplated by the terms of this Agreement.

"Leased Properties" means the lands and premises which are the subject of the Leases relating to the Outlets by reference to their municipal address.

"Leases" means the leases relating to the Outlets.

"Legal Proceedings" means any litigation, action, application, suit, hearing, claim, grievance, civil, administrative, regulatory proceeding before or by any court or other tribunal thereof and includes any appeal thereof and any application for leave for appeal or review.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

"Master Franchise Agreement" means the master franchise agreement between the Vendor and the Franchisor dated as of November 9, 2003.

"Material Adverse Change" means a change in the Purchased Assets or in the operations, affairs, or condition (financial or otherwise) of the Purchased Assets during the Interim Period, taken as a whole which alone or in the aggregate has an adverse effect on the Purchased Assets in excess of CDN\$2,500,000.

"Material Adverse Effect" means any effect that is, or could reasonably be expected to be, material and adverse to the operations, affairs, or condition (financial or otherwise) of the Purchased Assets during the Interim period, taken as a whole which alone or in the aggregate has an adverse effect on the Purchased Assets in excess of CDN\$2,500,000.

"Material Contract" means a Contract which involves or may reasonably be expected to involve the payment to or by the Vendor of more than CDN\$100,000 over the term of that

Contract and such Contract has an unexpired term of more than one year, a Contract containing a non-competition or non-solicitation covenant or other provision that restricts the business of the Vendor.

"Material Contract Consents" means the consent of the contracting parties to the assignment of any Material Contracts if: (ii) required by the terms of such Material Contract, and (ii) the failure to obtain which would individually have a Material Adverse Effect on the Purchased Assets.

"Minimum Outlet Threshold" means: Landlord Consent(s) representing at least seventy-five (75%) percent of all of the Outlets. For certainty, if a Lease does not require the consent of the Landlord for the assignment thereof by the Vendor to the Purchaser, the Outlet relating to such Lease shall be treated as an Outlet which may be assigned to the Purchaser in accordance with the terms of such Lease and such Outlet shall be included in the calculation for determining whether the Minimum Outlet Threshold has been satisfied.

"no-action letter" has the meaning specified in the definition of "Competition Act Approval.

"Permitted Liens" means (i) Liens for taxes not yet due and delinquent, and (ii) easements, encroachments, restrictions and other imperfections and matters of title which do not, individually or in the aggregate, materially impair the use of any real property.

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Entity, and the executors, administrators or other legal representatives of an individual in such capacity.

"Profit / Loss Statements" means the statements prepared by the Vendor in connection with the Outlets for the three year period ending on September 5, 2010, which statements documented the profits and losses of each Outlet.

"Purchase Price" has the meaning specified in section 8(1).

"Purchased Assets" has the meaning specified in Section 2(1).

"Prepaid Expenses" means all prepaid expenses including prepaid taxes and rent, relating exclusively or primarily to the Purchased Assets.

"Ordinary Course" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the day-to-day operations of the Person.

"Outlet" means the outlets of the Vendor listed in Schedule "G".

"Outlet Software Licenses" means the licenses for software used exclusively at the Outlets.

"Outstanding Contract" has the meaning specified in Section 5.

"Outstanding Leases" has the meaning specified in Section 4.

"Restaurant Cash Float" means the standard opening cash float and restaurant level petty cash float at each of the Outlets.

"Taxes" means all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Entity in respect thereof and whether disputed or not.

"Trade Fixtures" means the fixtures, shelves, counters, display units, refrigeration equipment, deep fryers, cooking equipment, video cameras and other fixtures used in connection with the operation of the Purchased Assets and which are owned or leased by the Vendor.

"Trade Union" means a national, international, provincial or local organization or association of employees, or a local or provincial branch of a national or international organization or association of employees in British Columbia, that has as one of its purposes a regulation of relations between employers and employees through collective bargaining, and any member or representative of the same, and includes a council of trade unions or a member or representative of a council of trade unions;

"Transferred Employees" means those Designated Employees who accept the Purchaser's offer of employment.

"UPGC Shares" has the meaning specified in Schedule "B".

SCHEDULE "B"

PURCHASED ASSETS

1. The Vendor's right, title and interest in and to the Leases and the Leased Premises;
2. All machinery, equipment, tools, handling equipment, computer equipment, information systems, furniture, furnishings and all other accessories and supplies of all kinds owned by the Vendor and used in connection with the Purchased Assets;
3. All inventories of the Purchased Assets (the "**Inventories**"), including all food, food ingredients, packaging materials, paper products and miscellaneous consumable and non-consumable inventories of the Purchased Assets;
4. All accounts receivable, notes receivable and other debts due or accruing due to the Vendor in connection with the Purchased Assets (the "**Accounts Receivable**") and the full benefit of all security for the Accounts Receivable;
5. All Prepaid Expenses;
6. Subject to Section 3 of the Agreement, the full benefit of all contracts (except for the Master Franchise Agreement), licences, software licenses, undertakings, engagements or commitments of any nature, written or oral, to which the Vendor is entitled in connection with the Purchased Assets (the "**Contracts**");
7. All Authorizations, owned, held or used by the Vendor in connection with the Purchased Assets to the extent that they are transferable;
8. The Restaurant Cash Float;
9. The shares in the capital of UPGC, Inc. ("**UPGC Shares**") owned by the Vendor and directly related to the Outlets;
10. The Vendor's right, title and interest in and to the Outlet Software Licenses; and
11. Any and all right, title and interest of the Vendor in and to the Trade Fixtures.

SCHEDULE "C"

EXCLUDED ASSETS

1. Any cash, cash equivalents, securities or other short-term investments of the Vendor (other than, for greater certainty, the Restaurant Cash Float);
2. The original Books and Records;
3. The Intellectual Property;
4. The Master Franchise Agreement;
5. The Vendor's right, title and interest in and to all software and related software licenses and computer hardware not used directly and exclusively at the Outlets (which for greater certainty does not include the Outlet Software Licenses);
6. The Vendor's right, title and interest in and to the information and technology support and maintenance agreement between the Vendor and IBM;
7. The Vendor's right, title and interest in and to its proportionate share of the sales rebate to which it is entitled to from UPGC, Inc. for the period up to and prior to Closing;
8. The Vendor's right, title and interest in and to the agreement between the Vendor and Global Payments in respect of debit and credit card services;
9. Any real property related to the Purchased Assets;
10. All insurance policies of the Vendor;
11. All Employee Plans; and
12. Any and all assets not located at an Outlet or comprising a Purchased Asset.

SCHEDULE "D"

VENDOR'S REPRESENTATIONS AND WARRANTIES

1. The Vendor is validly existing as a limited partnership under the laws of the Province of Manitoba. The Vendor has full power and authority to own its property, to carry on its business and enter into and perform its obligations under this Agreement. The Vendor is duly qualified, licensed or registered to carry on business in all jurisdictions where the nature of the property owned by it or the business carried on by it makes such qualification necessary, and has full legal right under the laws of all such jurisdictions to own its property and to carry on the business carried on by it, in each case, in all material respects.
2. The execution, delivery and performance by the Vendor of this Agreement:
 - (d) has been duly authorized by all necessary corporate and other action on the part of the Vendor;
 - (e) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws; and
 - (f) will not result in the violation of any Law.
3. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligations of the Vendor, enforceable against it in accordance with its terms subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
5. The Closing Date Current Assets Amount represents the approximate gross Current Assets for all of the Outlets, as determined by the Vendor acting reasonably.
6. Since September 5, 2010, the business carried on at the Outlets has been carried on in the Ordinary Course.
7. The Vendor is conducting and has always conducted the business carried on with the Purchased Assets in compliance with all Applicable Laws of each jurisdiction in which the Outlets are located in all material respects.
8. Except for the Excluded Assets, the property and assets included in the Purchased Assets constitute all of the assets used by the Vendor in carrying on the business conducted with the Purchased Assets.

9. The Vendor has legal and beneficial ownership of the Purchased Assets, free and clear of all Liens except for Permitted Liens.
10. The Profit / Loss Statements fairly present the financial position of the Outlets as at the date it is given.
11. The inventory included in the Purchased Assets, subject to a reasonable allowance for obsolete inventory, is good and usable and is capable of being processed and sold in the Ordinary Course at normal profit margins. The inventory levels of the Purchased Assets have been maintained at levels sufficient for the continuation of the business conducted with the Purchased Assets in the Ordinary Course.
12. Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase from the Vendor of any of the Purchased Assets, other than inventory sold in the Ordinary Course.
13. Except as disclosed in the Disclosure Letter, the Vendor does not own or purport to own any real property related to the Outlets.
14. The Vendor is not a party to, or under any agreement to become a party to, any leases with respect to real property that is used or to be used in connection with the Purchased Assets other than the Leases.
15. The Vendor has provided to the Purchaser a summary of the Leases.
16. With respect to each Lease (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, and (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease.
17. The Vendor has made available to the Purchaser the Books and Records related to the Outlets.
18. The Contracts represent all of the contracts used in connection with the Purchased Assets, and each Contract is in full-force and effect and is unamended and there are no outstanding material defaults or breaches under any of the Contracts.
19. To the knowledge of the Vendor, no material regulatory approval or filing with, notice to, or waiver from any Governmental Entity is required to be obtained or made by the Vendor: (a) in connection with the execution and delivery of, and performance by the Vendor of its obligations under, this Agreement or the consummation of the transactions contemplated hereby; (b) to transfer any and all rights and benefits thereunder to the Purchaser; or (c) to permit the Purchaser to carry on the business carried on by the Vendor using the Purchased Assets after the Closing as such business is currently carried on by the Vendor,.

20. Except as disclosed in the Disclosure Letter, (i) the Vendor is in compliance with all applicable Environmental Laws related to the Outlets in all material respects and (ii) to the actual knowledge of the Vendor there are no material breaches of Environmental Laws with respect to any of the properties on which an Outlet is situated. Except as disclosed in the Disclosure Letter, to the actual knowledge of the Vendor, there are no contaminants located in the ground or in groundwater under any of the Outlets except for contaminants in concentrations which would not exceed applicable cleanup or response thresholds.
21. Except as disclosed in the Disclosure Letter, and except with respect to the required Material Contract Consents and Landlord Consents contemplated by this Agreement and the giving of any required notices thereunder, the execution, delivery and performance of this Agreement by the Vendor and the completion the transactions contemplated by this Agreement do not and will not result in or constitute any of the following: (a) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the articles or by-laws of the Vendor or of any Material Contract; (b) an event which, pursuant to the terms of any Material Contract, would cause any right or interest of the Vendor to come to an end or be amended in any way that is detrimental to the Purchased Assets or entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder; (c) the creation or imposition of any Lien on any of the Purchased Assets; or (d) the violation of any Applicable Law, in each case, in all materials respects.
22. Except as disclosed in the Disclosure Letter, there is no unfair labour practice complaint, grievance or arbitration proceeding, Employment Standards complaints under applicable legislation, court actions or human rights complaints whatsoever, by or involving any of the Designated Employees or former employee (where the former employee wishes to be reinstated) in progress or, to the knowledge of the Vendor, threatened against it.
23. The Vendor has provided to the Purchaser a complete and accurate list of the Designated Employees relating to the Purchased Assets as at the date it is given, which list contains the material terms related to so such employment and agrees to update such list as at the Closing Date.
24. The Vendor has provided to the Purchaser a complete and accurate list and description of all Designated Employees as at the date it is given who are on long term disability, on an extended leave of absence or in receipt of workers' compensation benefits and agrees to update such list as at the Closing Date.
25. The Vendor has provided to the Purchaser a complete and accurate list and description of all collective agreements or other agreements with any Trade Union or employee association currently in force with Vendor or any associated or related company (within the meaning thereof under the Labour Relations Code (British Columbia) (whether or not the expiry date of any such agreement has passed) with respect to the Designated Employees.

26. The Vendor has provided to the Purchaser a complete list and description of the Employee Plans applicable to the Designated Employees, together with all amendments, which have been made to such plans since their inception and all of the employee benefit booklets relating thereto.
27. Except as disclosed in the Disclosure Letter, the Vendor is in compliance with all Applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labour relations, pay equity and workers' compensation, in each case, in all material respects.
28. To the knowledge of the Vendor, none of the Employees is in material violation of any noncompetition, non-solicitation, non-disclosure or any similar agreement with any third party.
29. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any brokers' or finder's fee or any other commission or similar fee in connection with this Agreement or any of the transactions contemplated hereby except for such fees and commissions as will be paid by the Vendor at Closing without liability whatsoever to the Purchaser.
30. All federal, provincial, local and foreign income, profits, franchise, sales, use, occupancy, excise and other taxes and assessments (including interest and penalties) that are or may become payable by or due from the Vendor in respect of the Purchased Assets have been fully paid or fully disclosed and fully provided for in the Books and Records. There are no outstanding agreements or waivers extending the statutory period providing for an extension of time with respect to the assessment or reassessment of tax or the filing of any tax return by, or any payment of any tax by the Vendor, no notice of assessment or reassessment has been received and, to the knowledge of the Vendor, no examination of any tax return of the Vendor in respect of the Purchased Assets is currently in progress. There are no claims, actions, suits or proceedings (or, to the knowledge of the Vendor, any investigation) pending, or, to the knowledge of the Vendor, threatened against the Vendor relating to taxes of the Purchased Assets and the Vendor knows of no valid basis for any such claim, action, suit, proceeding, investigation or discussion. The Vendor is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada).

SCHEDULE "E"

PURCHASER'S REPRESENTATIONS AND WARRANTIES

1. The Purchaser has been duly incorporated and is validly subsisting under the laws of the jurisdiction of its incorporation, and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets and is qualified to carry on business under the laws of the jurisdictions where it carries on a material portion of its business.
2. The execution, delivery and performance by the Purchaser of this Agreement:
 - (g) has been duly authorized by all necessary corporate action on the part of the Purchaser;
 - (h) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected; and
 - (i) will not result in the violation of any Law.
3. This Agreement has been duly executed and delivered by the Purchaser and constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. The Purchaser is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada).
5. The Purchaser has provided evidence to the Vendor, which evidence is attached as Schedule "F", that the Purchaser has, and will have at Closing all funds on hand necessary to pay the Purchase Price referred to in Section 8.
6. The Purchaser is a WTO Investor for the purposes of the *Investment Canada Act*.

SCHEDULE "F"

PURCHASE PRICE ALLOCATION PER OUTLET

[To be completed on or before January 15, 2011]

SCHEDULE "G"
OUTLETS

SCHEDULE "H"

INDEMNITIES

1.1 Indemnity by the Vendor. The Vendor shall indemnify the Purchaser and its officers directors, shareholders and employees (the "Purchaser Indemnified Parties") and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatever to:

- (a) any incorrectness in or breach of any representation or warranty or non-fulfillment of any covenant of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (b) any Liability arising from the ownership or operation of the business, the employees or the Purchased Assets prior to the Closing Date, other than a Liability that is an Assumed Liability; and
- (c) the Current Liabilities;

and, for greater certainty and without limiting the generality of the provisions of Sections 1.1(a) and (b), the indemnity provided for in this Section 1.1 shall extend to any Damages arising from any act, omission or state of facts that occurred or existed prior to the Closing Time, and whether or not disclosed in any Schedule to this Agreement. The rights to indemnification of the Purchaser's Indemnified Parties under this Section 1.1 shall apply notwithstanding any inspection or inquiries made by or on behalf of any of the Purchaser's Indemnified Parties, or any knowledge acquired or capable of being acquired by any of the Purchaser's Indemnified Parties or facts actually known to any of the Purchaser's Indemnified Parties (whether before or after the execution and delivery of this Agreement and whether before or after Closing). The waiver of any condition based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

1.2 Indemnity by the Purchaser. The Purchaser shall indemnify the Vendor and its officers directors, shareholders and employees (the "Vendor's Indemnified Parties") and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatever to:

- (a) any incorrectness in or breach of any representation or warranty or non-fulfillment of any covenant of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;

- (b) any Liability arising from the ownership or operation of the business, the employees or the Purchased Assets by the Purchaser on or after the Closing Date, other than a Liability that is a Current Liability; and
- (c) the Assumed Liabilities.

1.3 Notice of Claim. If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Section 1.3 the Indemnified Party shall promptly give written notice thereof (a "**Notice of Claim**") to the Indemnifying Party. Such notice shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the potential Damages do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and
- (b) the amount of the potential Damages arising therefrom, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of a particular claim in time effectively to contest the determination of any liability susceptible of being contested or to assert a right to recover an amount under applicable insurance coverage, then the liability of the Indemnifying Party to the Indemnified Party under this Schedule "H" shall be reduced to the extent that Damages are incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis. Nothing in this Section 1.3 shall be construed to affect the time within which a Notice of Claim must be delivered pursuant to Sections 1.4(1) and 1.4(2) in order to permit recovery pursuant to Section 1.1(a) or 1.2(a) as the case may be.

1.4 Time Limits for Delivery of Notice of Claim for Breach of Representations and Warranties.

No Damages may be recovered from either party the Vendor pursuant to this Section 1.1 or 1.2, as applicable, unless a Notice of Claim is delivered by the party making the Claim on or before the expiry of the period applicable thereto set out in Section 27 in this agreement.

1.5 Monetary Limits on Damages for Breach of Representations and Warranties.

- (a) No Damages may be recovered from the Vendor pursuant to paragraph 1.1(a) unless and until the accumulated aggregate amount of Damages of the Purchaser's Indemnified Parties arising pursuant to Section 1.1(a) exceeds \$500,000, in which event the accumulated aggregate amount of all such Damages exceeding \$500,000 may be recovered. Such limitation shall have no application to any claim to recover Damages based on any incorrectness in or breach of any representation or warranty made in any document executed or delivered pursuant hereto involving negligent misrepresentation or fraud.
- (b) No Damages may be recovered from the Purchaser pursuant to Section 1.2(a) unless and until the accumulated aggregate amount of Damages of the Vendor's Indemnified Parties arising pursuant to Section 1.2(a) exceeds \$500,000 in which event the accumulated aggregate amount of all such Damages exceeding \$500,000 may be recovered. Such limitation shall have no application to any claim to recover Damages based on any incorrectness in or breach of any representation or warranty made in any document executed or delivered pursuant hereto involving negligent misrepresentation or fraud.

1.6 Limitation Periods.

(1) *Limitation Periods for Representations and Warranties.* Notwithstanding the provisions of the *Limitations Act, 2002* (Ontario) or any other statute, an Indemnified Party may commence a proceeding in respect of Damages arising from any incorrectness in or breach of any representation and warranty of the Indemnifying Party as referred to in a Notice of Claim delivered within the time periods stipulated in Section 1.4 at any time on or before the later of:

- (a) the second anniversary of the last date upon which such Notice of Claim is permitted to be delivered under Section 1.4; and
- (b) the expiry of the limitation period otherwise applicable to such claim,

and any applicable limitation period is hereby so extended to the full extent permitted by law.

(2) *Limitation Periods for Covenants and Other Matters.* The limitation period applicable to any proceeding relating to a claim in respect of any matter in Sections 1.1(a) to (c) and 1.2(a) to (c) shall be solely as prescribed in sections 15-17 of the *Limitations Act, 2002* and any other limitation period in respect of such claim (including that provided for in section 4 of the *Limitations Act, 2002*) is extended accordingly.

1.7 Direct Claims. In the case of a Direct Claim, the Indemnifying Party shall have 60 days from receipt of notice thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Schedule "H", together with all such other information as the Indemnifying Party may

reasonably request. If the Parties fail to agree at or before the expiration of such 60 day period (or any mutually agreed upon extension thereof), the Indemnified Party shall be free to pursue such remedies as may be available to it.

1.8 Third Party Claims. In the case of a Third Party Claim, the provisions in the following paragraphs of this Section 1.8 apply.

- (a) The Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party, unless the Indemnifying Party:
 - (i) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, the Third Party Claim; and
 - (ii) furnishes evidence to the Indemnified Party which is satisfactory to the Indemnified Party of its financial ability to indemnify the Indemnified Party;

in which case the Indemnifying Party may assume such control at its expense through counsel of its choice.

- (b) If the Indemnifying Party elects to assume control as contemplated in Section 1.8(a), the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. The Indemnified Party shall continue to have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel at its expense or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the fees and disbursements of such counsel shall be paid by the Indemnifying Party. The Indemnified Party shall co-operate with the Indemnifying Party so as to permit the Indemnifying Party to conduct such negotiation, settlement and defence and for this purpose shall preserve all relevant documents in relation to the Third Party Claim, allow the Indemnifying Party access on reasonable notice to inspect and take copies of all such documents and require its personnel to provide such statements as the Indemnifying Party may reasonably require and to attend and give evidence at any trial or hearing in respect of the Third Party Claim.
- (c) If, having elected to assume control of the negotiation, settlement or defence of the Third Party Claim, the Indemnifying Party thereafter fails to conduct

such negotiation, settlement or defence with reasonable diligence, then the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

- (d) If any Third Party Claim is of a nature such that (i) the Indemnified Party is required by Applicable Law or any Order, or (ii) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices, in respect of (A) a Third Party Claim by a customer relating to products or services supplied by the Business or (B) a Third Party Claim relating to any Contract which is necessary to the ongoing operations of the Business or any material part thereof in order to avoid material damage to the relationship between the Indemnified Party and any of its major customers or to preserve the rights of the Indemnified Party under such an essential Contract, to make a payment to any Person (a "Third Party") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, then the Indemnified Party may make such payment and the Indemnifying Party shall, promptly after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, promptly after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.
- (e) If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

Attached is Exhibit "C"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Canada

Industry Canada > Business Tools and Resources > Corporations Canada > Online Filing Centre

Corporations Canada

Federal Corporation Information

[Glossary of Terms used on this page](#)

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Corporation Number

7716443

Business Number (BN)

840671515RC0001

Governing Legislation

Canada Business Corporations Act -
2010-12-02

Corporate Name

Soul Restaurants Canada Inc.

Status

Active

Registered Office Address

40 King Street West
Suite 3100
Toronto ON M5H 3Y2
Canada

Active CBCA corporations are required to update this information within 15 days of any change.

Directors

Minimum	Maximum
1	10

Directors

Paul Stoyan
Aly Janmohamed
Shehzad Janmohamed

Email or fax [Corporations Canada](#) to obtain addresses of directors.

Active CBCA corporations are required to update this information within 15 days of any change.

Annual Filings

Anniversary Date (MM-DD)
12-02

Date of Last Annual Meeting
Not Available

Annual Filing Period (MM-DD)
12-02 to 01-31

Type of Corporation
Not Available

Status of Annual Filings

2011 - Not due

Corporate History

Corporate Name History

2010-12-02 to 2011-02-02
2011-02-02 to Present

7716443 CANADA INC.
Soul Restaurants Canada Inc.

Certificates Issued

Certificate of Incorporation

2010-12-02

Certificate of Amendment *

2011-02-02 Amendment details: Other

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. [Contact Corporations Canada](#) for more information.

Date Modified: 2011-02-03

Attached is Exhibit "D"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005.

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT.

BETWEEN:

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

(hereinafter called the "Landlord"),

OF THE FIRST PART;

-and -

KIT LIMITED PARTNERSHIP

(hereinafter called the "Tenant"),

OF THE SECOND PART;

RECITALS:

WHEREAS Scott's Restaurants Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of May 7, 2001 in respect of the Leased Premises (as defined herein);

AND WHEREAS the original Lease was assigned by the Original Landlord to SRI Realty Inc. by an assignment of leases dated as of August 13, 2001;

AND WHEREAS the Original Lease was amended by way of a Lease Amending Agreement dated as of November 10, 2003 (the Original Lease, as so amended the "Amended Lease")

AND WHEREAS the Amended Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Amended Lease was assigned by SRI Realty Inc. to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Amended Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "Common Areas and Facilities" means all that part of the Property which is not designated for lease to tenants of the Property, together with all other common areas, facilities, equipment and installations which are now or which may in the future be provided or designated (and which may be changed) from time to time by the Landlord for the use by or benefit of the Tenant, its employees, customers and other

invitees in common with others entitled to the use or benefit of such areas, facilities, equipment and installations in the manner and for the purposes permitted by this Lease.

- (c) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (d) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (e) "Landlord's Proportionate Share" is 53.89%.
- (f) "Lands" means the lands and premises known municipally as 3351 Lawrence Avenue East, in the City of Toronto, in the Province of Ontario and more particularly described in Schedule "A" attached hereto.
- (g) "Lease" means this lease as executed by the Landlord and the Tenant.
- (h) "Leased Premises" means those certain premises on the Property being outlined in black on Schedule "D" with a rentable area of 3477 square feet.
- (i) "Other Tenants" means those tenants under:
 - (i) the Lease Agreement between SRI Properties Inc. as assigned to Scott's Real Estate Limited Partnership (Landlord) and 1268585 Ontario Inc. o/a M&M Meat (Tenant) and Gordon Turney and Mark Turney (Indemnifier) dated April 23, 1998 commencing on May 1, 1998 for a five (5) year term, with a right to renew, and
 - (ii) the Offer to Lease between Scott's Food Services Inc. as assigned to Scott's Real Estate Limited Partnership (Landlord) and 1208050 Ontario Ltd., o/a Signs Now - Scarborough Centre (Tenant) and Kwok Kong Chan (Guarantor) accepted May 1, 1997, commencing May 1, 1997 for a five (5) year term, with a right to renew, and
 - (iii) Lease agreement between SRI Realty Inc., as assigned to Scott's Real Estate Limited Partnership (Landlord) and Prizm Brandz LP, by its general partner Prizm Brandz Inc. made as of November 10, 2003 for term ending May 6, 2016.
- (j) "Property" means the Lands and Building.
- (k) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.

- (l) "Tenant's Proportionate Share" is 46.11%.
- (m) "Term" shall have the meaning attributed thereto in section 3.01.
- (n) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (o) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (p) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 - DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved contained on the part of the Tenant to be paid, observed and performed, the Landlord presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 - TERM

3.01 The term of the Lease (the "Term") is set out in Schedule "B" attached hereto.

ARTICLE 4 - RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for the Leased Premises (the "Minimum Rent") yearly and every year during the within Term as set out in Schedule "C" attached hereto.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Landlord covenants with the Tenant to pay to the Tenant to the Landlord's Proportionate Share of Property Taxes in accordance with Article 28 of this Lease.

5.07 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant 's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant 's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

7.03 It is understood and agreed that the Landlord will be contribute to the Tenant's cost of repairing and providing day-to-day maintenance of the Common Areas and Facilities as set out in Article 28 of this Lease.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the

Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;

- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises; and
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages and coverages as therein contained.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions

as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building; and

- (c) such insurance as would a prudent owner in connection with the Leased Premises, the Building, and the Common Area and Facilities, including all risk insurance to the full replacement cost, and general public liability insurance against claims for personal injury, death, or property damage occurring in or about the Common Area and Facilities in an amount not less than \$2,000,000.00 in respect of any one accident or occurrence. Copies of certificates of policy or policies for insurance shall be delivered to the Tenant within thirty (30) days after receipt of same by Landlord. All policies of insurance referred to in this Section 11.01(c) shall contain a clause or endorsement to the effect that they may not be terminated or materially amended except after ten (10) days' written notice to the Tenant. Insurance under this Section 11.01(c) shall include the Tenant as an additional insured and contain cross liability and severability of interest provisions, as applicable.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such

cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 -DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any renewal thereof to prospective tenants and (at any time during the Term) to prospective purchaser's and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the: sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 - LANDLORD MAY CURE TENANTS DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent instalment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is, diligently proceeding to cure same.

ARTICLE 17 - CONSTRUCTION LIENS

17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or

material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnities the Landlord against any expense or damage as a result of such liens or orders.

17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the Construction Lien Act.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or the Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Ontario, and to use those trademarks, names, logos and other registerable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

21.04 Notwithstanding subsections 21.01, 21.02 and 21.03 herein, provided the Tenant shall remain liable for its covenants under this Lease, upon prior written notice given to the Landlord, but without having to obtain the Landlord's prior written consent, the Tenant shall have the right to assign the Lease or sublet the Leased Premises, including any options to renew or other rights benefiting the Tenant, without any increased rental or fee, to any of the following:

- (a) to any corporation or partnership which is now or in the future affiliated or associated with the Tenant or any holding body corporate or subsidiary body corporate (as those terms are defined pursuant to the Ontario Business Corporations Act) of the Tenant or any of Yum! Brands Canada Management Holding Inc., Scott's Restaurants Inc., SRI Realty Inc. and SRI Realty (No. 2) Inc. (the "Related Companies") or to a franchisee of any of the foregoing;
- (b) to any corporation formed as a result of a merger or amalgamation of the Tenant or any of the Related Companies with another corporation or corporations;
- (c) to any person, corporation or entity who is purchasing a majority in the Province of Ontario of the Tenant's other similar businesses as the business being operated on the Leased Premises; and
- (d) to a party that is a franchisee, licensee or concessionaire entitled to carry on the permitted use, so long as the same business is operated and the franchisee, licensee or concessionaire agrees to be bound by, perform and observe all of the terms, conditions and agreements of the Lease.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force

for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (f) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease.
- (g) The Landlord may enter the Leased Premises and distress upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.
- (h) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (i) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (j) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant.

Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (i) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.

- (k) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (l) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.
- (m) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary

or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;

- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account; and
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, as the Landlord may reasonably request, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all mortgages, trust deeds, charges, liens or (other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 - NOTICE

24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

- (a) if to the Landlord, addressed to: Scott's Real Estate Limited
Partnership
161 Bay Street, Suite 2300
Toronto, ON M5J 2S1

- (b) if to the Tenant, addressed to: KIT Inc.
101 Exchange Avenue
Vaughan, ON L4K 5R6

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 25 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall

on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 26 - QUIET ENJOYMENT

26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 27 - CONDITION OF PREMISES

27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is " basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 - USE OF COMMON AREAS AND FACILITIES

28.01 All Common Areas and Facilities as the same may exist from time to time shall at all times be subject to the exclusive control and management of Landlord and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to such Common areas and Facilities. Landlord shall have the right to construct, maintain and operate lighting facilities on all said areas and improvements; to police the same; from time to time to change the area, level, location and arrangement of parking areas and other facilities hereinabove referred to; to restrict parking by tenants, their officers, agents and employees to employee parking areas; to enforce parking charges, with appropriate provisions for free parking ticket validation by tenants; to close all or any portion of said areas or facilities to such extent as may, in the opinion of Landlord's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or the public therein; to obstruct or close off any or all of the Common Areas and Facilities or parts thereof for the purpose of maintenance or repair provided same is carried out with all due diligence; to close temporarily all or any portion of the parking areas or facilities to discourage non-customer parking; and to do and perform such other acts in and to said areas and improvements as, in the use of good business judgment, the Landlord shall determine to be advisable with a view to the improvement of the convenience and use thereof by tenants, their officers, agents, employees and customers. Landlord will operate and maintain the common facilities referred to above in such manner as Landlord, in its sole discretion, shall determine from time to time. Without limiting the scope of such discretion, Landlord shall have the full right and authority to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and Facilities.

28.02 It is understood and agreed that the Tenant will repair and provide day-to-day maintenance to the Leased Premises and the Property, other than those portions designated for lease to Other Tenants (for and on behalf of the Landlord), in accordance with the provisions of Article 7 of this Lease. The Landlord will pay to the Tenant to the Landlord's Proportionate Share of Common Areas and Facilities

costs and all of structural repairs, fixtures and equipment costs. In addition, it is understood and agreed that the Tenant will pay to the Landlord as additional rent the Tenant's Proportionate Share of the cost to the Landlord of the Landlord's Insurance, in accordance with Article 11 of this Lease and the Tenant's Proportionate Share of depreciation of fixtures and equipment. The following provisions of this Article 28 are intended to allocate the cost of such repair, maintenance, and insurance on an equitable basis and to mirror the provisions in the Other Tenant's leases.

28.03 In each year, Landlord will pay to Tenant the Landlord's Proportionate Share of the Tenant's costs and expenses of maintaining and operating the Common Areas and Facilities, including without limitation all costs and expenses referred to in the immediately following subparagraphs (i) to (v) inclusive, namely:

- (i) landscaping, cleaning and snow removal;
- (ii) lighting and electrical systems;
- (iii) repairs and replacements to and maintenance and operation of the Common Areas and Facilities including gardening and landscaping maintenance, and any repairs and replacements carried out to comply with then current governmental requirements.
- (iv) repairs and replacements to and maintenance of the Property and the pylon sign located on the Property; and all utility and licensing costs for such pylon sign; and
- (v) utilities supplied to the Common Areas and Facilities.

28.04 In addition, in each year, Landlord will pay to Tenant the cost of all structural repairs, fixtures and equipment, including the ventilation and air conditioning unit servicing the Property which, by their nature, require periodic replacement or substantial replacement.

28.05 The amounts of which Landlord is to pay the Tenant pursuant to sections 28.03 and 28.04 shall be estimated by the Tenant for such period as the Tenant may determine not exceeding one year, and the Landlord agrees to pay to the Tenant such amounts in monthly instalments in advance during such period together with other rent payments provided for in this Lease. At the end of the period for which such estimated payments have been made, the Landlord shall be advised of the actual amount required to be paid under the provisions of Section 28.03, and if necessary, an adjustment shall be made between the parties within thirty (30) days. In advising Landlord of the actual amount required to be paid, Tenant shall provide Landlord with a statement showing in reasonable detail the total expenses arising under the provisions of Section 28.03. At the Landlord's request, the Landlord shall be provided with reasonable photocopies of Tenant's expenses applied toward the calculation of Landlord's Proportionate Share and all other expenses for which Landlord is liable pursuant to this lease. The Landlord shall also have the right during the Tenant's business hours to inspect those records of the Tenant including all to this lease in order to verify the Tenant's calculation therein. Upon receiving advice from the Tenant of the amounts to be paid hereunder, Landlord will bill the Other Tenants for a portion of the amount of such a charge.

28.06 In each year, Tenant will pay to Landlord the Tenant's Proportionate Share of:

- (i) the Landlord's total annual costs of insuring the Leased Premises, the Building, and the Common Area and Facilities,

including all risk insurance to the full replacement cost, and general public liability insurance against claims for personal injury, death, or property damage occurring in or about the Common Area and Facilities; and

- (ii) depreciation of cost, including interest payable thereon, if any, of all fixtures and equipment, including the ventilation and air conditioning unit servicing the Property which, by their nature, require periodic replacement or substantial replacement.

28.07 The amounts of which the Tenant is to pay Tenant's Proportionate Share pursuant to Section 28.06 shall be estimated by the Landlord for such period as the Landlord may determine not exceeding one year, and the Tenant agrees to pay to the Landlord the Tenant's Proportionate Share of such amounts in monthly instalments in advance during such period together with other rent payments provided for in this Lease. At the end of the period for which such estimated payments have been made, the Tenant shall be advised of the actual amount required to be paid under the provisions of Section 28.06, and if necessary, an adjustment shall be made between the parties within thirty (30) days. In advising Tenant of the actual amount required to be paid, Landlord shall provide Tenant with a statement showing in reasonable detail the total expenses arising under the provisions of Section 28.06. At the Tenant's request, the Tenant shall be provided with reasonable photocopies of Landlord's expenses applied toward the calculation of Tenant's Proportionate Share and all other expenses for which Tenant is liable pursuant to this lease. The Tenant shall also have the right during the Landlord's business hours to inspect those records of the Landlord including all receipts and invoices and other records relevant to the calculation of the expenses arising pursuant to this lease in order to verify the Landlord's calculation therein.

ARTICLE 29 - MISCELLANEOUS

29.01 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

29.02 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

29.03 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all existing leases or agreements to lease between the parties with respect to the Leased Premises.

29.04 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

29.05 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the Planning Act. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

29.06 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

29.07 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

29.08 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

29.09 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

ARTICLE 30 - NET LEASE

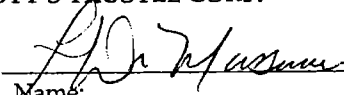
30.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

30.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

30.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP, by its general partner, **SCOTT'S GP TRUST**, by its trustee, **SCOTT'S TRUSTEE CORP.**

By: 
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP, by its general partner, **KIT INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP, by its general partner, **SCOTT'S GP TRUST**, by its trustee, **SCOTT'S TRUSTEE CORP.**

By: _____

Name:

Title:


By: _____

Name:

Title:

I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP by its general partner, **KIT INC.**

By:  _____

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind the Corporation.

SCHEDULE "A"
Legal Description

Store No. 1305, 3351 Lawrence Avenue East, Toronto, Ontario

Parcel 18131-A, in the Register for Scarborough, being Part Block A, Plan M-802, designated as Part 2 and 3, Plan R-1209, City of Toronto (formerly City of Scarborough), as set out in Instrument No. E22627

SCHEDULE "B"
Term of the Lease

Term	Commencement Date	Completion Date
fifteen (15) years	May 7, 2001	May 6, 2016

SCHEDULE "C"

Rent Payable	
(1)	during the first through fifth years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$150,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$12,500.00, in advance
(2)	during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$157,500.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$13,125.00, in advance; and
(3)	during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$165,375.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$13,781.25, in advance

SCHEDULE "D"
Leased Premises

Please see the attached.

THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005.

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT.

BETWEEN :

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP
(hereinafter called the "Landlord"),

OF THE FIRST PART;

-and -

KIT LIMITED PARTNERSHIP
(hereinafter called the "Tenant"),

OF THE SECOND PART;

RECITALS:

WHEREAS Scott's Restaurants Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of October 1, 2002 in respect of certain premises described therein, including the Leased Premises (as defined below);

AND WHEREAS the Original Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Original Lease was assigned, to the extent only that the Original Lease relates to the Leased Premises, by the Original Landlord to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.

- (d) "Lands" means each of the three (3) lands and premises as shown on Schedule "A" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Building.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 - DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved contained on the part of the Tenant to be paid, observed and performed, the Landlord presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 - TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years commencing at 12:01 a.m. on the 1st day of October, 2002 (the "Commencement Date"), to be fully completed at 11:59 p.m. on the 30th day of September, 2017.

ARTICLE 4 - RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly year during the within Term as set out in Schedule "B " attached hereto.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and

service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind

arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises; and
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages and coverages as therein contained.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its

mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine; and
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the

Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or

impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any renewal thereof to prospective tenants and (at any time during the Term) to prospective purchaser's and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is

caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 - LANDLORD MAY CURE TENANTS DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent instalment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is, diligently proceeding to cure same.

ARTICLE 17 - CONSTRUCTION LIENS

17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnities the Landlord against any expense or damage as a result of such liens or orders.

17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the Construction Lien Act.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or the Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Ontario, and to use those trademarks, names, logos and other registerable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and

shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

21.04 Notwithstanding subsections 21.01, 21.02 and 21.03 herein, provided the Tenant shall remain liable for its covenants under this Lease, upon prior written notice given to the Landlord, but without having to obtain the Landlord's prior written consent, the Tenant shall have the right to assign the Lease or sublet the Leased Premises, including any options to renew or other rights benefiting the Tenant, without any increased rental or fee, to any of the following:

- (a) to any corporation or partnership which is now or in the future affiliated or associated with the Tenant or any holding body corporate or subsidiary body corporate (as those terms are defined pursuant to the Ontario Business Corporations Act) of the Tenant or any of Yum! Brands Canada Management Holding Inc., Scott's Restaurants Inc., SRI Realty Inc. and SRI Realty (No. 2) Inc. (the "Related Companies") or to a franchisee of any of the foregoing;
- (b) to any corporation formed as a result of a merger or amalgamation of the Tenant or any of the Related Companies with another corporation or corporations;
- (c) to any person, corporation or entity who is purchasing a majority in the Province of Ontario of the Tenant's other similar businesses as the business being operated on the Leased Premises; and
- (d) to a party that is a franchisee, licensee or concessionaire entitled to carry on the permitted use, so long as the same business is operated and the franchisee, licensee or concessionaire agrees to be bound by, perform and observe all of the terms, conditions and agreements of the Lease.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the: Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (f) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease.
- (g) The Landlord may enter the Leased Premises and distress upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.

- (h) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (i) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (j) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (i) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.
- (k) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (l) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.

- (m) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immoveable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account; and
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal

process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, as the Landlord may reasonably request, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all mortgages, trust deeds, charges, liens or (other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 - NOTICE

24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

- (a) if to the Landlord, addressed to the Landlord at:

Canada Trust Tower
BCE Place
161 Bay Street
Suite 2300
Toronto, Ontario
M5J 2S1

Attention: Lilly Di Massimo

Facsimile: 416-361-6018

(b) if to the Tenant, addressed to the Tenant at:

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Peter Walkey

Facsimile: (416) 361-6018

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 25 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

25.04 As of the Commencement Date, the Tenant surrenders to the Landlord the Former Leases with the intent that the unexpired residue of the term and any renewals or extensions thereof shall be merged and extinguished in the reversion. The Landlord shall accept this surrender of the Former Leases as of the date hereof.

Notwithstanding this surrender, both parties covenant and agree that they remain obligated to perform their respective obligations under the Former Leases up to the Commencement Date.

ARTICLE 26 - QUIET ENJOYMENT

26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 27 - CONDITION OF PREMISES

27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is " basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 - MISCELLANEOUS

28.01 The parties acknowledge and agree that this is a lease of three (3) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

28.02 INTENTIONALLY DELETED

28.03 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

28.04 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

28.05 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all existing leases or agreements to lease between the parties with respect to the Leased Premises.

28.06 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

28.07 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the Planning Act. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

28.08 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

28.09 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

28.10 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

28.11 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

ARTICLE 29 - NET LEASE

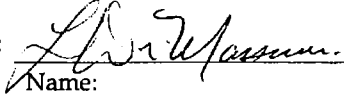
29.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

29.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

29.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S TRUSTEE CORP., in its capacity as trustee of SCOTT'S GP TRUST, in its capacity as general partner of SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

By: 
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP by its general partner, KIT INC.

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

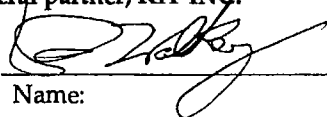
IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S TRUSTEE CORP., in its capacity as trustee of SCOTT'S GP TRUST, in its capacity as general partner of SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP by its general partner, KIT INC.

By:  _____
Name:
Title:

By: _____
Name:
Title:
I/We have the authority to bind the Corporation.

SCHEDULE "A"

Store No. 1315, 829 St. Clair Avenue West, Toronto, Ontario

Part Lot 5, Plan 1356 and Part Lot 1, Plan 1382, City of Toronto, more particularly described as follows:

FIRSTLY:

That part of Lot Five (5) on the south side of St. Clair Avenue according to a Plan filed in the Registry Office for the Registry Division of Toronto (No. 63) (formerly in the Registry Division of West Toronto), as Plan Number 1356 lying south of the southerly limit of St. Clair Avenue as widened by By-law of the Corporation of the City of Toronto.

SECONDLY:

Lot Number One (1) according to registered Plan No. 1382, registered in the Registry Office for the Registry Division of Toronto (No. 63) (formerly in the Registry Office for the Registry Division of West Toronto), (excepting thereout the northerly ten feet (10') of the said lot, conveyed to the Corporation of the City of Toronto widening St. Clair Avenue), together with a right-of-way over the easterly fifty feet (50') of the northerly one foot six inches (1'6") of Lot Number Two (2) according to said Plan.

Subject to a right-of-way over the southerly one foot six inches (1'6") of the said Lot Number One (1), the said two rights-of-way forming a common passageway for the owners and occupants from time to time of the said Lots One (1) and Two (2).

The south side of St. Clair Avenue West as confined by Boundary Plan No. B.A. 1737 registered May 12, 1980 as Instrument No. CT41 1684.

As described in Instrument No. CA420350.

Store No. 1329, 415 Mount Pleasant Road, Toronto, Ontario

PIN: 2 1125-0205 (LT)

Parcel 36-2, Section M-121, being Part of Lot 36, East Side of Alberta Crescent, Plan M-1 21, City of Toronto

Store No. 1442, 850 Wellington Road South, London, Ontario

PIN: 08493-0003 (LT)

Part of Lot 25, Concession 2, designated as Parts 1,2 and 3, Plan 33R-1'544, City of London, County of Middlesex, as in 564818

SCHEDULE "B"

Municipal Address	Rent Payable
829 St. Clair Avenue West, Toronto	<p>during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$81,093.48 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,757.79, in advance</p> <p>during the sixth through tenth years of the Term from October 1, 2007 until September 20, 2012 the sum of \$85,148.15 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,095.68</p> <p>during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$89,405.56 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,450.56, in advance</p>
415 Mount Pleasant Road, Toronto	<p>(a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$74,043.84 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,170.32, in advance.</p> <p>(b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$77,746.03 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,478.84</p> <p>(c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$8 1,633.33 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,802.78, in advance</p>
850 Wellington Road South, London	<p>(a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$98,044.08 of lawful money of Canada in twelve (12) equal monthly instalments of \$8,170.34, in advance</p> <p>(b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$102,946.28 of lawful money of Canada in twelve (12) equal monthly instalments of \$8,578.86</p>

	<p>(c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$108,093.60 of lawful money of Canada in twelve (12) equal monthly instalments of \$9,007.80, in advance</p>
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THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005.

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT.

BETWEEN :

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP
(hereinafter called the "Landlord"),
OF THE FIRST PART;

- and -

KIT LIMITED PARTNERSHIP
(hereinafter called the "Tenant"),
OF THE SECOND PART;

RECITALS:

WHEREAS Scott's Restaurants Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of May 7, 2001 in respect of the Leased Premises (as defined herein);

AND WHEREAS the Original Lease was assigned by the Original Landlord to SRI Realty Inc. on or about August 13, 2001;

AND WHEREAS the Original Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Original Lease was assigned by SRI Realty Inc. to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 -DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on

account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.

- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (d) "Lands" means each of the thirteen lands and premises as shown on Schedule "A" attached hereto, and more particularly described in Schedule "B" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Building.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 -DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 -TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years-and shall commence at 12.01 am on the 7th day of May, 2001 (the "Commencement Date"), to be fully completed at 11:59 pm on the 6th day of May, 2016.

ARTICLE 4 -RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term as set out in Schedule "C" attached hereto.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 -REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 -COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 -UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 -TENANT 'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant 's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or/property damage, (but the Landlord, acting reasonably, or the mortgagee may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises;
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks againstwhch a prudent tenant would insure.

10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant is business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages and coverages as therein contained.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant 's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has, been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant 's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 -LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in till1 force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord 's insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall dot be an insured under the policies with respect to the Landlord 's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right pr interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and 40th I the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any: expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be 'no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 -INSPECTION OF PREMISES BY LANDLORD

14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any renewal thereof) to prospective tenants and (at any time during the Term) to prospective purchaser 's and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 -LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, 'costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;

- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 -LANDLORD MAY CURE TENANT 'S DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall; have commenced and is diligently proceeding to cure same.

ARTICLE 17 -CONSTRUCTION LIENS

17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such liens or orders.

17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the Construction Lien Act.

ARTICLE 18 -WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall, the sprinkler system, or the heating, ventilating, not be unreasonably or arbitrarily withheld, but: may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Ontario, and to use those trademarks, names, logos and other registerable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and addition, all rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

21.04 Notwithstanding subsections 20.01, 20.02 and 20.03 herein, provided the Tenant shall remain liable for its covenants under this Lease, upon prior written notice given to the Landlord, but without having to obtain the Landlord's prior written consent, the Tenant shall have the right to assign the Lease or sublet the Leased Premises, including any options to renew or other rights benefiting the Tenant, without any increased rental or fee, to any of the following:

- (a) to any corporation or partnership which is now or in the future affiliated or associated with the Tenant or any holding body corporate or subsidiary body corporate (as those terms are defined pursuant to the Ontario Business Corporations Act) of the Tenant or any of Tricon Global Restaurants (Canada), Inc., KFCC/Tricon Holdings Ltd. or Scott's Restaurants Inc. (the "Related Companies");
- (b) to any corporation formed as a result of a merger or amalgamation of the Tenant or any of the Related Companies with another corporation or corporations;
- (c) to any person, corporation or entity who is purchasing a majority in the Province of Ontario of the Tenant's other similar businesses as the business being operated on the Leased Premises; and
- (d) to a party that is a franchisee, licensee or concessionaire entitled to carry on the permitted use, so long as the same business is operated and the franchisee, licensee or concessionaire agrees to be bound by, perform and observe all of the terms, conditions and agreements of the Lease.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (f) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (g) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and /he equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public

auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.

- (h) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (i) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from, such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (j) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (i) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, prior shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.

- (k) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (l) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three month's rent shall accelerate and shall immediately become due and payable.
- (m) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in, such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;

- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels Without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 -FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide evidence of the Tenant's financial standing in reasonable detail and such other information as the Landlord may reasonably request. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and all mortgages, trust deeds, charges, liens or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 - NOTICE

24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

- (a) if to the Landlord, addressed to Scott's Real Estate Limited Partnership
161 Bay Street, Suite 2300
Toronto, Ontario
M5J 2S1
- (b) if to the Tenant, addressed to Kit Limited Partnership
101 Exchange Avenue
Vaughan, Ontario
LK4 5R1

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 25 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided t, he Tenant makes good any damage in so doing.

ARTICLE 26 - QUIET ENJOYMENT

26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 27 - CONDITION OF PREMISES

27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is" basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 - MISCELLANEOUS

28.01 The parties acknowledge and agree that this is a lease of thirteen (13) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

28.02 The parties acknowledge and agree that it may be the case that either of the parties will wish to terminate this Lease in respect of certain of the separate properties, but to continue the Lease in respect of others. Each of the parties shall have the right to give at least ninety (90) days prior written notice to the other to request the termination of this Lease in respect of such separate properties. In the event that such termination is requested by either of the parties, both of the parties will negotiate the same in a reasonable manner.

28.03 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

28.04 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

28.05 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all existing leases or agreements to lease between the parties with respect to the Leased Premises.

28.06 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

28.07 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the Planning Act. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

28.08 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

28.09 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

28.10 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

28.11 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

ARTICLE 29 -NET LEASE

29.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

29.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

29.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP, by its general partner, SCOTT'S GP TRUST, by its trustee, SCOTT'S TRUSTEE CORP.

Per: *[Signature]*
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP, by its general partner, KIT INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Corporation.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP, by its general partner, SCOTT'S GP TRUST, by its trustee, SCOTT'S TRUSTEE CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP, by its general partner, KIT INC.

Per:  _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Corporation.

SCHEDULE "A"

Store No.	Municipal Address
1303	965 Dundas Street East, Mississauga, Ontario, and more particularly described in Schedule "B"
1307	190 Queen Street East, Brampton, Ontario, and more particularly described in Schedule "B"
1309	563 Gerrard Street East, Toronto, Ontario, and more particularly described in Schedule "B"
1311	2567 Eglinton Avenue East, Scarborough, Ontario, and more particularly-described in Schedule "B"
1318	2032 Kipling Avenue, Etobicoke, Ontario, and more particularly described in Schedule "B"
1324	15492 Yonge Street, Aurora, Ontario, and more particularly described in Schedule "B"
1327	1221 Dundas Street West, Toronto, Ontario, and more particularly described in Schedule "B"
1331	1338 Kennedy Road, Scarborough, Ontario, and more particularly described in Schedule "B"
1333	466 Queen Street West, Toronto, Ontario, and more particularly described in Schedule "B"
1334	636 Bloor Street West, Toronto, Ontario, and more particularly described in Schedule "B"
1336	2500 Danforth Avenue, Toronto, Ontario, and more particularly described in Schedule "B"
1337	1300 Weston Road, Toronto, Ontario, and more particularly described in Schedule "B"
1338	2296 Eglinton Avenue West, Toronto, Ontario, and more particularly described in Schedule "B"

SCHEDULE "B"
Legal Description

Store No. 1303, 965 Dundas Street East, Mississauga, Ontario

Part of South Half of Lot 9, First Concession, North of Dundas Street, City of Mississauga, Regional Municipality of Peel, as set out in Instrument No. R01121243

Store No. 1307, 190 Queen Street East, Brampton, Ontario

Part of Lot 29, Block C, Plan BR-13, designated as Part 2 on Plan 43R-18930, City of Brampton (formerly Township of Chinguacousy), Regional Municipality of Peel

Store No. 1309, 563 Gerrard Street East, Toronto, Ontario

In the City of Toronto, Municipality of Metropolitan Toronto (formerly in the County of York), being composed of:

FIRSTLY: Lots 57, 110 and 111 and Part of Lot 190, Plan 374, more particularly described as follows:

COMMENCING at the south-easterly angle of the said Lot No. 57 being a point in the westerly limit of Hamilton Street;

THENCE northerly along the said westerly limit of Hamilton Street 41 feet 9-3/8 inches, more or less, to the northerly limit of the said Lot. No. 57, being the southerly limit of Gerrard Street East;

THENCE westerly along the northerly limit of the said lots Nos. 57 and 111, 180 feet 2-3/4 inches, more or less, to the westerly limit of the said Lot No. 111, and the easterly limit of Munro Street;

THENCE southerly along the said easterly limit of Munro Street 76 feet 7-3/4 inches, more or less, to its intersection with the westerly production of the northerly face of the northerly wall of the house standing in August, 1949 on the lands immediately to the south of the herein described parcel of land and known as No. 243 Munro Street;

THENCE easterly to and along the said northerly face of wall, and along the fence line in rear thereof, in all a distance of 89 feet and 10 inches, more or less, to the easterly limit of the said Lot No. 109;

THENCE northerly along the easterly limits of the said Lots Nos. 109, 110 and 111, 50 feet 7 inches, more or less, to the south westerly angle of the said Lot No. 57;

THENCE easterly along the south limit of the said Lot No. 57, 89 feet 9 1/2 inches, more or less, to the point of commencement.

SECONDLY: Lot 58 on the west side of Hamilton Street, Plan 374 (York).

TOGETHER WITH a right of way over the easterly sixty -five feet of the northerly four feet of the land lying immediately to the south of this land, being part of Lot 59, Plan 374.

SUBJECT TO a right of way over the easterly sixty-five feet of the southerly four feet of this land, being part of Lot 58.

The said two strips of land to form a driveway for the use of the owners and occupiers of Lot 58 and the land lying immediately adjacent thereto.

AS DESCRIBED IN INSTRUMENT NO. CA 675993

Store No. 1311, 2567 Eglinton Avenue East, Scarborough, Ontario

Lots 229, 230, 231, 232, 233 and the northerly 17 feet from front to rear of Lot 234, Plan 2029, City of Toronto (formerly City of Scarborough), as set out in Instrument No. CA675994

Store No. 1318, 2032 Kipling Avenue, Etobicoke, Ontario

Part of Lot 27, Concession 1, Fronting the Humber, City of Toronto (formerly City of Etobicoke), as set out in Instrument No. EB523125

Store No. 1324, 15492 Yonge Street, Aurora, Ontario

Part of Lot 3, Plan 246, Town of Aurora, Regional Municipality of York, as set out in Instrument No. R682629

Store No. 1327, 1221 Dundas Street West, Toronto, Ontario

ALL and Singular that certain parcel or tract of land and premises, situate lying and being in the City of Toronto, in the County of York, and being composed of part of Lot Number 19 on the south side of Dundas Street West according to Plan 330 registered in the Registry Office for the Registry Division of Toronto and more particularly described as follows:

COMMENCING at a point on the southerly limit of Dundas Street West where it is intersected by the production northerly of the line of the west face of the west wall of the store building standing on the lands to the west of those herein described, the said point being distant 48 feet 1-3/4 inches measured easterly along the said limit of Dundas Street from its intersection with the easterly limit of Grove Avenue;

THENCE Southerly to and along the line of the westerly face of the westerly wall of the store building standing on the lands to the east of those herein described and its production southerly 100.0 feet;

THENCE Westerly and parallel with the southerly limit of Dundas Street West, 17 feet 5 inches more or less to the easterly limit of Grove Avenue;

THENCE Northerly along the easterly limit of Grove Avenue, 102 feet 2 inches more or less to the southerly limit of Dundas Street West;

THENCE Easterly along the last mentioned limit 48 feet 1-3/4 inches to the place of beginning.

TOGETHER WITH the right to the Grantee, its successors and assigns to have the use of the west wall belong to the building and premises situated on the lands immediately to the east of the lands herein conveyed if such right is possessed by the Grantor.

AS DESCRIBED IN INSTRUMENT NO. CA 675996

Store No. 1331, 1338 Kennedy Road, Scarborough, Ontario

FIRSTLY: Parcel B-1, Section M-703, being Block B, Plan M-703, City of Toronto (formerly City of Scarborough)

SECONDLY: Block D, Plan 5318, City of Toronto (formerly City of Scarborough), as set out in Instrument No. E22626

Store No. 1333, 466 Queen Street West, Toronto, Ontario

All and Singular that certain parcel or tract of land and premises situate lying and being in the City of Toronto, in the Municipality of Metropolitan Toronto, formerly in the County of York, and the Province of Ontario, being composed of part of Lot 3 on the north side of Queen Street, now Queen Street West according to a plan filed in the Registry office for the Registry Division of Toronto as 65, the said part of lot

being parts of PARTS 1, 2 and 3 according to the expropriation plan registered in the said Registry Office for Toronto as Instrument 90102 W.A., the boundaries of the said parcel being described as follows:

PREMISING that the easterly limit of Bathurst Street, between the northerly limit of lot 15 according to Plan D-164 and the northerly limit of Lot 1 according to plan 1070, both the said plans being filed in the said Registry Office for Toronto, is on a course of North 16 degrees 17 minutes and 15 seconds West, and governs all bearings herein, then;

COMMENCING at the south-westerly angle of the said PART 1 according to Instrument 90102 W.A., the said angle being a point in the northerly limit of Queen Street West, distant 58.09 feet measured westerly thereon from the westerly limit of Augusta Avenue as widened by Instrument 16143B, registered in the said Registry Office for Toronto;

THENCE North 16 degrees 17 minutes and 30 seconds West along the westerly limit of the said PART1, a distance of 57.00 feet more or less to an angle therein;

THENCE North 15 degrees 22 minutes and 15 seconds West along the westerly limit of the said PART 1 a distance of 43.19 feet more or less to another angle therein;

THENCE North 74 degrees 11 minutes and 35 seconds East, a distance of 48.88 feet more or less to a point in the westerly limit of Augusta Avenue as dedicated by City of Toronto By-law 297-69 and described Firstly therein, distant 100.44 feet measured northerly along the said westerly limit and southerly production thereof from the aforesaid northerly limit of Queen Street West;

THENCE South 16 degrees 34 minutes and 40 seconds East along the said westerly limit of Augusta Avenue as dedicated by By-law 297-69, a distance of 74.94 feet more or less to the beginning of a curve to the right having a radius of 25.00 feet;

THENCE south-westerly along the said curve to the right having a radius of 25.00 feet, being along a south-easterly limit of Augusta Avenue as dedicated by the said City of Toronto By-law 297-69 and described Firstly therein, a distance of 39.76 feet more or less to the end of the said curve, being a point in the aforesaid northerly limit of Queen Street West, distant 35.70 feet measured on a course of South 28 degrees 59 minutes and 10 seconds West from the beginning of the said curve;

THENCE South 74 degrees 32 minutes and 55 seconds West along the said northerly limit of Queen Street West, being along the southerly limits of the said PARTS 2 and 1, a distance of 24.59 feet more or less to the point of commencement.

AS DESCRIBED IN INSTRUMENT NO. CA 675997

Store No. 1334, 636 Bloor Street West, Toronto, Ontario

Part of Lot 44, Plan 219, in the City of Toronto, in the Municipality of Metropolitan Toronto and more particularly described as follows:

COMMENCING at the intersection of the northerly limit of Bloor Street West with the easterly limit of Euclid Avenue;

THENCE easterly along the said limit of Bloor Street West 40 feet and 11 inches to the site of an old fence;

THENCE northerly to and along the line of the said fence and along the site thereof in all a distance of 130 feet more or less to a point in the southerly limit of a lane in rear of the said lot, which point is distant 40 feet and 9 inches measured easterly thereon from the said limit of Euclid Avenue;

THENCE westerly along the said limit of a lane 40 feet and 9 inches to the easterly limit of Euclid Avenue aforesaid;

THENCE southerly along the last mentioned limit 130 feet more or less to the point of commencement.

AS DESCRIBED IN INSTRUMENT NO. CA 675998

Store No. 1336, 2500 Danforth Avenue, Toronto, Ontario

In the City of Toronto, Municipality of Metropolitan Toronto, (formerly in the County of York) and being composed of Part of Lot 1, Plan 1081, described as follows:

COMMENCING at a point in the westerly limit of said Lot 1, being also the easterly limit of Chisholm Avenue, where it is intersected by the northerly limit of Danforth Avenue as widened by By-law 5735, said point of commencement being 7.38 feet more or less measured northerly along said westerly limit of Lot 1 from the southwest angle of said Lot 1;

THENCE easterly along a connecting line joining the said point of commencement with a point in the southerly limit of Lot 4 on Plan 1081, distant 20.25 feet measured westerly along said southerly limit from the southeast angle of said Lot 4, a distance of 73.00 feet to a point, the said connecting line being the northerly limit of Danforth Avenue as widened by By-law No. 5735;

THENCE northerly parallel to the easterly limit of Chisholm Avenue a distance of 120.67 feet more or less to a point in the northerly limit of said Lot 1;

THENCE westerly along said northerly limit a distance of 73.00 feet to the northwest angle of said Lot 1;

THENCE southerly along the westerly limit of said Lot 1, being also the easterly limit of Chisholm Avenue, a distance of 118.29 feet more or less to the point of commencement.

As described in Instrument No. 83472 E.V.

SAVE AND EXCEPT that part of Lot 1 on the north side of Danforth Avenue, Plan 1081, shown as Part 1 on reference plan 63R-4809, transferred to The Corporation of the City of Toronto by Instrument Number CA112713.

AS DESCRIBED IN INSTRUMENT NO. CA 675999

Store No. 1337, 1300 Weston Road, Toronto, Ontario

In the City of York; (formerly the Borough of York) in the Municipality of Metropolitan Toronto, being composed of part of Lot 17, Plan 1510, which parcel is described as follows:

FIRSTLY:

PREMISING that the bearings used herein are referred to the North 74 degrees, 24 minutes, 00 seconds East of the northerly limit of said Lot 17 as shown on Plan 1510;

COMMENCING at an iron bar found marking the north-westerly corner of said Lot;

THENCE North 74 degrees, 24 minutes, 00 seconds East along the northerly limit of said Lot, 99.54 feet to the intersection of said limit with the south-westerly limit of Weston Road, as widened by Borough of York By-law Number 8007;

THENCE South 59 degrees, 33 minutes, 20 seconds East along the said south-westerly limit of Weston Road, 57.04 feet to an iron bar found marking the intersection of the said limit with the south-easterly limit of said Lot;

THENCE South 33 degrees, 01 minutes, 50 seconds West, along the south-easterly limit of said Lot, 185.96 feet to the most southerly corner of said Lot;

THENCE North 65 degrees, 07 minutes, 20 seconds West along the south-westerly limit of said Lot, 22.08 feet to an iron bar found at a corner of said Lot;

THENCE North 09 degrees, 01 minutes, 00 seconds West along the westerly limit of said Lot, 150.62 feet to the place of commencement;

AS DESCRIBED IN INSTRUMENT NO. CA 676000.

Store No. 1338, 2296 Eglinton Avenue West, Toronto, Ontario

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of York, in the Municipality of Metropolitan Toronto, and being composed of Lots 57, 59 and the westerly 4 feet throughout from front to rear of Lot 58 on the north side of Eglinton Avenue according to a Plan registered in the Registry Office for the Registry Division of Toronto Borough (No. 64) as Plan No. 1700 and also that part of Lot 58 as shown on a Plan registered in the said Registry Office as No. 1700, which said parcel may be more particularly described as follows:

COMMENCING at the north-easterly angle of the said Lot 58;

THENCE southerly along the easterly limit of the said Lot a distance of 100 feet more or less to a point in the northerly limit of Eglinton Avenue as widened by York Township By-law No. 12030;

THENCE westerly along the northerly limit of Eglinton Avenue as widened by York Township By-law No. 12030 a distance of 36 feet;

THENCE northerly parallel to the easterly limit of the said Lot a distance of 100 feet more or less to a point in the northerly limit of the said Lot;

THENCE easterly along the northerly limit of the said Lot a distance of 36 feet to the point of commencement.

AS DESCRIBED IN INSTRUMENT NO. CA 676001

SCHEDULE "C"

Municipal Address	Rent Payable
965 Dundas Street East, Mississauga, Ontario (Store No. 1303)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$85,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of 7,083.33, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$89,250.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,437.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$93,712.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,808.37, in advance</p>
190 Queen Street East, Brampton, Ontario (Store No. 1307)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$75,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,250.00, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$78,750.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,562.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$82,687.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,890.63, in advance</p>
563 Gerrard Street East, Toronto, Ontario (Store No. 1309)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$77,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,416.67, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$80,850.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,737.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$84,892.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,074.37, in advance</p>

Municipal Address	Rent Payable
2657 Eglinton Avenue East, Scarborough, Ontario (Store No. 1311)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$100,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$8,333.33, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$105,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$8,750.00, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$110,250.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$9,187.50, in advance</p>
2032 Kipling Avenue, Etobicoke, Ontario (Store No. 1318)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$83,900.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,991.67, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$88,095.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,341.25, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$92,499.75 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,708.31, in advance</p>
15492 Yonge Street, Aurora, Ontario (Store No. 1324)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$46,400.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,866.67, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$48,720.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,060.00, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$51,156.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,263.33, in advance</p>
1221 Dundas Street West, Toronto, Ontario (Store No. 1327)	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$62,625.00 of lawful money of Canada in twelve (12) equal monthly</p>

Municipal Address	Rent Payable
	<p>instalments of \$5,208.33, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$65,625.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,468.75, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$68,906.25 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,742.19, in advance</p>
<p>1338 Kennedy Road, Scarborough, Ontario (Store No. 1331)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$75,000.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,250.00, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$78,750.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,562.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$82,687.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,890.63, in advance</p>
<p>466 Queen Street West, Toronto, Ontario (Store No. 1333)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$60,700.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,058.33, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$63,735.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,311.25, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$66,921.75 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,576.81, in advance</p>
<p>636 Bloor Street West, Toronto, Ontario (Store No. 1334)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$61,400.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,116.67, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every</p>

Municipal Address	Rent Payable
	<p>year the sum of \$64,470.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,372.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$67,693.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,641.12, in advance</p>
<p>2500 Danforth Avenue, Toronto, Ontario (Store No. 1336)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$76,200.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,350.00, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$80,010.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,667.50, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$84,010.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,000.88, in advance</p>
<p>1300 Weston Road, Toronto, Ontario (Stone No. 1337)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$62,700.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,225.00, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$65,835.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,486.25, in advance; and</p> <p>(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$69,126.75 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,760.56, in advance</p>
<p>2296 Eglinton Avenue West, Toronto, Ontario (Store No. 1338)</p>	<p>(a) during the first five years of the Term from May 7, 2001 until May 6, 2006 yearly and every year the sum of \$70,600.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,883.33, in advance;</p> <p>(b) during the second five years of the Term from May 7, 2006 until May 6, 2011 yearly and every year the sum of \$74,130.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,177.50, in advance; and</p>

Municipal Address	Rent Payable
	(c) during the last five years of the Term from May 7, 2011 until May 6, 2016 yearly and every year the sum of \$77,836.50 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,486.37, in advance

THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005.

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT.

BETWEEN:

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP
(hereinafter called the "Landlord"),

OF THE FIRST PART;

AND

KIT LIMITED PARTNERSHIP
(hereinafter called the "Tenant"),

OF THE SECOND PART;

RECITALS:

WHEREAS SRI Realty (No. 2) Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of October 1, 2002 in respect of certain premises described therein, including the Leased Premises (as defined herein);

AND WHEREAS the Original Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Original Lease was assigned, to the extent only that the Original Lease relates to the Leased Premises, by the Original Landlord to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.

- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (d) "Lands" means each of the twenty-six (26) lands and premises as shown on Schedule "A" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Building.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.0 1.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 DEMISE

Section 2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 TERM

Section 3.01 The term of the Lease (the "Term") shall be for a period of fifteen years commencing at 12:01 a.m. on the 1st day of October, 2002 (the "Commencement Date"), to be fully completed at 11:59 p.m. on the 30th day of September, 2017.

**ARTICLE 4
RENT**

Section 4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term in monthly installments as set out in Schedule "B" attached hereto.

**ARTICLE 5
TAXES**

Section 5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

Section 5.02 Notwithstanding anything contained in Section. 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

Section 5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

Section 5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

Section 5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

Section 5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to nonpayment of rent.

**ARTICLE 6
USE OF PREMISES**

Section 6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

Section 6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

Section 6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

Section 6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 REPAIRS AND MAINTENANCE

Section 7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

Section 7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 COMPLIANCE WITH LAWS

Section 8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

Section 8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 UTILITIES

Section 9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify Landlord against any liability for any charges therefor.

Section 9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

Section 9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

Section 9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 TENANT'S INSURANCE

Section 10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises;
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

Section 10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages and coverages as therein contained.

Section 10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

Section 10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 LANDLORD'S INSURANCE

Section 11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

Section 11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

Section 11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

Section 11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

Section 11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any

part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

Section 11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) reenter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 DAMAGE AND DESTRUCTION

Section 12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

Section 12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

Section 12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of

insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 EXPROPRIATION

Section 13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or impracticable, for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

Section 13.02 In the event of any expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 INSPECTION OF PREMISES BY LANDLORD

Section 14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three-(3) months prior to the expiration of the Term of this Lease or any renewal thereof) to prospective tenants and (at any time during the Term) to prospective purchaser's and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

Section 14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 LOSS OR DAMAGE, INDEMNITY

Section 15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

Section 15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

**ARTICLE 16
LANDLORD MAY CURE TENANT'S DEFAULTS**

Section 16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is diligently proceeding to cure same.

**ARTICLE 17
CONSTRUCTION LIENS**

Section 17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such liens or orders.

Section 17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the *Construction Lien Act*.

**ARTICLE 18
WAIVERS, CUMULATIVE REMEDIES, ETC.**

Section 18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to

exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

**ARTICLE 19
INVALIDITY OF PARTICULAR PROVISIONS**

Section 19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

**ARTICLE 20
ALTERATIONS AND ADDITIONS**

Section 20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or the Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section.- Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

Section 20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

Section 20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Ontario, and to use those trademarks, names, logos and other registerable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

**ARTICLE 21
ASSIGNMENT AND SUBLETTING**

Section 21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior

written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

Section 21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

Section 21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

21.04 Notwithstanding subsections 21.01, 21.02 and 21.03 herein, provided the Tenant shall remain liable for its covenants under this Lease, upon prior written notice given to the Landlord, but without having to obtain the Landlord's prior written consent, the Tenant shall have the right to assign the Lease or sublet the Leased Premises, including any options to renew or other rights benefiting the Tenant, without any increased rental or fee, to any of the following.

- (a) to any corporation or partnership which is now or in the future affiliated or associated with the Tenant or any holding body corporate or subsidiary body corporate (as those terms are defined pursuant to the Ontario Business Corporations Act) of the Tenant or any of Yum! Brands Canada Management Holding Inc., Scott's Restaurants Inc., SRI Realty Inc, and SRI Realty (No. 2) Inc. (the "Related Companies") or to a franchisee of any of the foregoing;
- (b) to any corporation formed as a result of a merger or amalgamation of the Tenant or any of the Related Companies with another corporation or corporations;

- (c) to any person, corporation or entity who is purchasing a majority in the Province of Ontario of the Tenant's other similar businesses as the business being operated on the Leased Premises; and
- (d) to a party that is a franchisee, licensee or concessionaire entitled to carry on the permitted use, so long as the same business is operated and the franchisee, licensee or concessionaire agrees to be bound by, perform and observe all of the terms, conditions and agreements of the Lease.

**ARTICLE 22
DEFAULT AND REMEDIES**

Section 22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (f) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (g) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods,

chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law', and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.

- (h) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (i) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord 'without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (j) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (j) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i)

and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.

- (k) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (l) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.
- (m) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

Section 22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

Section 22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra judicial fees of advocates and notaries,
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;

- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

Section 22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 FINANCING AND ASSIGNMENT BY LANDLORD

Section 23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, as the Landlord may reasonably request, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

Section 23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all mortgages, trust deeds, charges, liens or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that

the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

Section 23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the

covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 NOTICE

Section 24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

(a) if to the Landlord, addressed, to the Landlord at:

Canada Trust Tower
BCE Place
161 Bay Street, Suite 2300
Toronto, Ontario, M5J 2S1

Attention: Lilly Di Massimo
Facsimile: (416) 361-6018

(b) if to the Tenant, addressed to the Tenant at:

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 25 SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

Section 25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

Section 25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no

damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

Section 25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 26 QUIET ENJOYMENT

Section 26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it,

ARTICLE 27 CONDITION OF PREMISES

Section 27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is" basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 MISCELLANEOUS

Section 28.01 The parties acknowledge and agree that this is a lease of twenty-six (26) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

Section 28.02 INTENTIONALLY DELETED

Section 28.03 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

Section 28.04 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

Section 28.05 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all existing leases or agreements to lease between the parties with respect to the Leased Premises.

Section 28.06 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

Section 28.07 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the Planning Act. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

Section 28.08 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

Section 28.09 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

Section 28.10 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but' the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

Section 28.11 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder,

**ARTICLE 29
NET LEASE**

Section 29.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

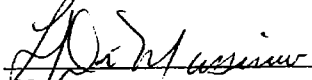
Section 29.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

Section 29.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S TRUSTEE CORP., in its capacity as trustee of SCOTT'S GP TRUST, in its capacity as general partner of SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

By: 
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Corporation.

KIT LIMITED PARTNERSHIP, by its general partner KIT INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Corporation.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

SCOTT'S TRUSTEE CORP., in its capacity as trustee of SCOTT'S GP TRUST, in its capacity as general partner of SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

By: _____

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind the Corporation.

**KIT LIMITED PARTNERSHIP,
by its general partner KIT/INC.**

By:  _____

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind the Corporation.

SCHEDULE "A"

Store No. 1310, 3495 Sheppard Avenue East, Toronto, Ontario

PIN: 06157-0134 (LT)

Firstly: Blocks A and B, Plan 5934

Secondly: Part of Lot 32, Concession 2

City of Toronto (formerly City of Scarborough), as in Instrument No. SC390198

Store No. 1312, 3719 Lakeshore Boulevard West, Toronto, Ontario

PIN: 07579-0219 (LT)

Lot 3, Plan 2155, City of Toronto (formerly City of Etobicoke)

Store No. 1323, 3517 Dundas Street West, Toronto, Ontario

PIN: 10519-0021 (LT)

Lot 6 and Part of Lot 7, Plan 1005, City of Toronto (formerly City of York), as in Instrument No. CA675995

Store No. 1349, 239 Scarlett Road, Toronto, Ontario

PIN: 10531-0003 (LT)

Lots 1 and 2, Plan 5052, City of Toronto (formerly City of York)

Store No. 1372, 973 Simcoe Street North, Oshawa, Ontario

PIN: 16286-0039(LT)

Part of Lot 9, Sheet IOD, Plan 357, City of Oshawa (formerly East Whitby), Regional Municipality of Durham, as in D475925

Store No. 1373, 474 Simcoe Street South, Oshawa, Ontario

PIN: 16368-0312 (LT)

Part Lot C40, Sheet 22, Plan 335, City of Oshawa, Regional Municipality of Durham, as in D475926

Store No. 1374, 574 King Street East, Oshawa, Ontario

PIN: 16332-0116 (LT)

Part of Lot 3, Sheet 6C, Plan 357, City of Oshawa (formerly East Whitby), Regional Municipality of Durham., as in D475927

Store No. 1400, 2795 St. Joseph Boulevard, Orleans, Ontario

PIN: 04425-0088 (LT) and 04425-0115 (LT)

Firstly: Part of Lots 21 and 22, Plan 86, being Part 1, Plan 5R-3841, except Part 1, Plan 5R10612, north side of St. Joseph Blvd (formerly Ottawa Street), City of Ottawa (formerly City of Gloucester)

Secondly: Part of Lots 21 and 22, Plan 86, being Parts 5 and 6 on Plan 5R-1516, City of Ottawa (formerly City of Gloucester)

Store No. 1402, 932 St. Laurent Boulevard, Ottawa, Ontario

PIN: 04245-0114 (LT)

Part of Block N, Plan 131, save and except Part 24, expropriated in CT133866, City of Ottawa (formerly City of Gloucester), as in OT79881 and CT102375

Store No. 1403, 1096 Wellington Street, Ottawa, Ontario

PIN: 04093-0085 (LT)

Part of Lot19 and Lots 20 and 21, Plan 72, City of Ottawa (formerly City of Nepean), as in CR558282

Store No. 1405, 1677 Bank Street, Ottawa, Ontario

PIN: 04149-0097 (LT) and 04149-0098 (LT)

Firstly: Parcel 499-1, Section M-23, being Part of Lot 499, Plan M-23, City of Ottawa (formerly City of Gloucester)

Secondly: Parcel 500-1, Section M-23, being Part of Lot 500, Plan M-23, East Side of Bank Street, City of Ottawa (formerly City of Gloucester)

Store No. 1406, 2919 Bank Street, Ottawa, Ontario

PIN: 04342-0002 (LT)

Part of Lots 591, 592 and 593, Plan 326 and Lots 647, 648, 649, 650, 651 and 652, Plan 326 and Part of Lane, Plan 326, closed by GL52533, City of Ottawa (formerly City of Gloucester), as in N745869

Store 1418, 1943 Baseline Road, Ottawa, Ontario

PIN: 03992-0007 (LT)

Block A, Plan 369253, City of Ottawa (formerly City of Nepean), save and except as in N49973 8

Store No. 1419, 917 Richmond Road, Ottawa, Ontario

PIN: 04751-0107 (LT)

Part of Lot 26, Concession 1, Ottawa Front, City of Ottawa (formerly City of Nepean), as in N745868

Store No. 1436, 450 Wharncliff Road South, London, Ontario

PIN: 08387-0140 (LT)

Lots 1, 2, 3 and 10, Plan 529, City of London, County of Middlesex

Store No. 1440, 1291 Commissioners Road West, London, Ontario

PIN: 08259-0004 (LT)

Lot 129 and Part of Lots 106 and 107, Compiled Plan 563, designated as Part 1, Plan 33R-4991, City of London, County of Middlesex

Store No. 1446, 3006 Dougall Road, Windsor, Ontario

PIN: 01306-0957(LT)

Part of Lots 5 and 6, Plan 713, designated as Parts 1 and 4, Plan 12R-13239, City of Windsor,
(formerly Township of Sandwich West), County of Essex

Store No. 1451, 7435 Tecumseh Road Last, Windsor, Ontario

PIN: 01380-0050 (LT)

Part of Lot 125, Concession 2, City of Windsor (formerly Township of Sandwich East), County of Essex, as in 8437844

Store No. 1509, 507 Division Street, Cobourg, Ontario

Parts of Lots 6, 7, 8 and 9, Block I (17-A), being Part 1, Plan 39R-2021; Town of Cobourg, County of Northumberland, save and except Part of Lots 8 and 9, Block I, designated as Part 3, Plan 39R-2892, together with right-of-way over that Part of Lot 21, Block I, designated as Part 2, Plan 39R-2021

Store No. 1510, 63 Lindsay Street, Lindsay, Ontario

Town Lot 1, north side of Melbourne Street, Town of Lindsay, County of Victoria, as in 372973

Store No. 1513, 274 North Front Street, Belleville, Ontario

Part of Lot 16, Registrar's Compiled Plan 1679, City of Belleville, County of Hastings, together with a right-of-way over Part of Lot 7, Registrar's Compiled Plan 1679, more particularly described as follows:

ALL AND SINGULAR that certain parcel or tract of land and premises, situate, lying and being in the City of Belleville, in the County of Hastings, and being composed of Lot 16, according to Registrar's Compiled Plan No. 1679;

TOGETHER with a right-of-way in common with all other persons having a similar right, with person, animals and vehicles, in, over, along and upon part of Lot 7, Registrar's Compiled Plan No. 1679, described as follows;

PREMISING that the west limit of Front Street has a bearing of N19°19'W as shown on Expropriation Plan No. 161 S;

COMMENCING at a corner of said Lot 7, said corner also being the northeast corner of Lot 16, Registrar's Compiled Plan No. 1679;

THENCE S70°47'00"W along a limit of said Lot 7, also being the north limit of said Lot 16 a distance of 212.07 feet;

THENCE N19°19'W a distance of 26.00 feet;

THENCE N70°47'00"E a distance of 212.07 feet to the east limit of said Lot 7;
THENCE S19°19'E a distance of 26.00 feet to the point of commencement;

The hereinbefore described parcels are subject to an easement in favour of Ontario Hydro, set out in Instrument No. 16508;

The hereinbefore described right-of-way is subject to an easement in favour of the Corporation of the City of Belleville, as set out in Instrument No. 102163.

As in Instrument No, 583270

SAVE AND EXCEPT that part of Lot 16, Registrar's Compiled Plan 1679, designated as Part 1, Plan 21R-15434, conveyed to The Corporation of the City of Belleville by Instrument No. 509758.

Store No. 1514, 464 Dundas Street, Belleville, Ontario

Part of Lot 37, Plan 65, designated as Part 1, Plan 21R-7256, City of Belleville, County of Hastings

Store No. 1516, 499 Dundas Street, Cambridge, Ontario

PIN: 03808-0012 (R)

Part of Lots 3, 4, 5 and 6, Plan 214, City of Cambridge (formerly City of Gait), Regional Municipality of Waterloo, more particularly described as follows:

FIRSTLY: Lots 3 and 4, Plan 214 as in Instrument No. 518924.

SECONDLY: Part Lot 6, Plan 214 Cambridge shown as Part 3 on reference plan 67R1573 as in Instrument No. 612524.

THIRDLY: Lot 5., Plan 214 as in Instrument No. 599062.

SUBJECT TO an easement in favour of the Regional Municipality of Waterloo over those Parts of Lots 4 and 5, Plan 214, shown as Parts 1 and 2 on reference plan 67R-1850 for the purposes as set out in Instrument No. 612527.

SAVE AND EXCEPT Part of Lots 3, 4 and 5, Plan 214 shown as Parts 7 and 8 on reference plan 67R-1530 conveyed to The Regional Municipality of Waterloo by Instrument No. 612526.

SAVE AND EXCEPT those parts of Lots 3, 4, 5 and 6, Plan 214, shown as Parts 1, 2 and 4 on reference plan 67R-3712.

Store No. 1519, 27 Dalhousie Street, Brantford, Ontario

PIN: 32143-0043 (LT)

Part of Lots 4 and 5, south side of Dalhousie Street, as shown on the Registered Plan prepared by F.J. Ure, P.L.S. in 1982, as in A513066, City of Brantford, County of Brant

Store No. 1554, 322 Argyle Street South, Caledonia, Ontario

Part of Lot 1, in the range west of the road from Townsend to Caledonia, designated as Part 1, Plan 18R-992, Town of Haldimand (formerly Township of Oneida), Regional Municipality of Haldimand-Norfolk, now in Haldimand County, as described in Instrument No. 252551

Store No, 1557, 827 McGill Street, Hawkesbury, Ontario

Parcel 1-2, Section M-15, being Lot Ion Plan. M-15, Town of Hawkesbury, County of Prescott, subject to an easement in favour of The Hydro-Electric Power Commission of Ontario and The Bell Telephone Company of Canada as set out in Instrument No. 31 1-C and 368-C

SCHEDULE "B"

Municipal Address	Rent Payable
<p>3495 Sheppard Avenue East, Toronto (Store No. 1310)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$51,492.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,291.00, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$54,067.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,505.5\$</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$56,770.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,730.83, in advance</p>
<p>3719 Lakeshore Boulevard West, Toronto (Store No. 1312)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$60,872.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,072.67, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$63,916.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,326.33</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$67,111.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,592.58, in advance</p>
<p>3517 Dundas Street West, Toronto (Store No. 1323)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$47,542.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,961.83, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$49,919.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,159.92</p>

Municipal Address	Rent Payable
	<p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$52,415.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,367.92, in advance</p>
<p>239 Scarlett Road, Toronto (Store No. 1349)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$45,587.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,798.92, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$47,866.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,988.83</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$50,259.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,188.25, in advance</p>
<p>973 Simcoe Street North, Oshawa (Store No. 1372)</p>	<p>a) during the first through fifth years of the Terms from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$69,993.00 of lawful money of Canada in twelve (12) , equal monthly installments of \$5,832.75, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$73,493.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,124.42</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$77,168.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,430.67, in advance</p>
<p>474 Simcoe St. South, Oshawa (Store No. 1373)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$78,176.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,514.67, in advance</p>

Municipal Address	Rent Payable
	<p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$82,085.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,840.42</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$86,189.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,182.42, in advance</p>
<p>574 King Street East, Oshawa (Store No. 1374)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$68,389.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,699.08, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$71,809.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,984.08</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$75,399.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,283.25, in advance</p>
<p>2795 St. Joseph Boulevard, Orleans (Store No. 1400)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$58,128.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,844.00, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$61,034.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,086.17</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$64,086.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,340.50, in advance</p>

Municipal Address	Rent Payable
932 St. Laurent Boulevard, Ottawa (Store No. 1402)	<p>a) during the first through fifth years of the Term I from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$87,545.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,295.42, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$91,922.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,660.17</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$96,519.00 of lawful money of Canada in twelve (12) equal monthly installments of \$8,043.25, in advance</p>
1096 Wellington Street, Ottawa (Store No. 1403)	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$52,750.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,395.83, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$55,387.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,615.58</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$58,157.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,846.42, in advance</p>
1677 Bank Street, Ottawa (Store No. 1405)	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$68,711.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,725.92, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$72,147.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,012.25</p>

Municipal Address	Rent Payable
	<p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$75,754.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,312.83, in advance</p>
<p>2919 Bank Street, Ottawa (Store No. 1406)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$85,277.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,106.42, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$89,541.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,461.75</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$94,018.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,834.83, in advance</p>
<p>1943 Baseline Road, Ottawa (Store No. 1418)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$53,674.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,472.83, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$56,358.00 of lawful motley of Canada in twelve (12) equal monthly installments of \$4,696.50</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$59,175.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,931.25. in advance</p>
<p>917 Richmond Road, Ottawa (Store No. 1419)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$50,416.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,201.33, in advance</p>

Municipal Address	Rent Payable
	<p>b) during the sixth through tenth years of the Term from October 1, 2007 to September 30, 2012 the sum of \$52,937.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,411.42</p> <p>c) during the eleventh through fifteenth years of the Terra from October 1, 2012 until September 30, 2017 yearly and every year the of \$55,583.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,631.92, in advance</p>
<p>450 Wharncliffe Road South, London (Store No. 1436)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$65,575.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,464.58, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$68,854.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,737.83</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$72,297.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,024.75, in advance</p>
<p>1291 Commissioners Road West, London (Store No. 1440)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$43,654.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,637.83, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$45,837.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,819.75</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$48,129.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,010.75, in advance</p>

Municipal Address	Rent Payable
3006 Dougall Road, Windsor (Store No. 1446)	a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$86,954.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,246.17, in advance b) during the sixth through tenth years of the Term from October 1, 2007 to September 30, 2012 the sum of \$91,301.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,608.42 c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$95,867.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,988.92, in advance
7435 Tecumseh Road East, Windsor (Store No. 1451)	a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$72,568.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,047.33, in advance b) during the sixth through tenth years of the Term from October 1, 2007 to September 30, 2012 the sum of \$76,196.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,349.67 c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$80,006.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,667.17, in. advance

Municipal Address	Rent Payable
507 Division Street, Cobourg (Store No. 1509)	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$63,181.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,265.08, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$66,340.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,528.33</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$69,658.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,804.83, in advance</p>
63 Lindsay Street, Lindsay (Store No. 1510)	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$74,524.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,210.33, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$78,250.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,520.83</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$82,163.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,846.92, in advance</p>

Municipal Address	Rent Payable
274 North Front Street, Belleville (Store No. 1513)	a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$74,991.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,249.25, in advance b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$78,740.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,561.67 c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$82,677.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,889.75, in advance
464 Dundas Street, Belleville (Store No. 1514)	a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$57,821.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,818.42, in advance b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$60,712.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,059.33 c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$63,747.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,312.25, in advance

Municipal Address	Rent Payable
<p>499 Dundas Street, Cambridge (Store No. 1516)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$86,776.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,231.33, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$91,114.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,592.83</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017. yearly and every year the sum of \$95,670.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,972.50, in advance</p>
<p>27 Dalhousie Street, Brantford (Store No. 1519)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$86,306.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,192.17, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$90,621.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,551.75</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$95,153.00 of lawful money of Canada in twelve (12) equal monthly installments of \$7,929.42, in advance</p>
<p>322 Argyle Street South, Caledonia (Store No. 1554)</p>	<p>a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$54,162.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,513.50, in advance</p> <p>b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$56,870.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,739.17</p> <p>c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$59,713.00 of lawful money of Canada</p>

Municipal Address	Rent Payable
	in twelve (12) equal monthly installments of \$4,976.08, in advance
827 McGill Street, Hawkesbury (Store No. 1557)	a) during the first through fifth years of the Term from October 1, 2002 until September 30, 2007 yearly and every year the sum of \$60,767.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,06392, in advance b) during the sixth through tenth years of the Term from October 1, 2007 until September 30, 2012 the sum of \$63,805,00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,317.08 c) during the eleventh through fifteenth years of the Term from October 1, 2012 until September 30, 2017 yearly and every year the sum of \$66,995.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,592.92, in advance

Attached is Exhibit "E"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

CENTRE: **Gates of Glen Shopping Centre
9025 Torbram Road
Brampton, Ontario**

LANDLORD: **SCOTT'S REAL ESTATE LIMITED PARTNERSHIP,
herein acting by its general partner Scott's GP Trust,
herein acting through its sole trustee Scott's TrusteeCorp.**

TENANT: **PRISZM LP,
herein acting by its general partner PRISZM INC.
(t/a "KFC/TACO BELL")**

TENANT'S ADDRESS: **101 Exchange Avenue
Vaughan, Ontario
L4K 5R6**

STORE NO.: **Unit No. 1**

AREA: **3,488 square feet of certified Rentable Area**

TERM OF LEASE: **Fifteen (15) years**

FROM: **August 1, 2007**

TO: **July 31, 2022**

RENTAL/SQ.FT. RATE: **August 1, 2007 – July 31, 2012: \$30 per square foot
August 1, 2012 – July 31, 2017: \$31 per square foot
August 1, 2017 – July 31, 2022: \$32 per square foot**

% RATE: **Five percent (5%) of Gross Receipts in excess of Two Million,
Five Hundred Thousand Dollars (\$2,500,000.00) for each
Lease Year**

OPTION: **1 x 5 year option to extend the Term (Section 13.23)**

EXCLUSIVE: **Yes (Section 13.24)**

ALLOWANCE: **One Hundred Thousand Dollars (\$100,000.00), plus G.S.T.
(Section 13.25)**

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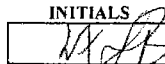
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THIS INDENTURE made this 19th day of March, 2008, but effective as of the 1st day of May, 2007.

BETWEEN:

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP,
herein acting by its general partner Scott's GP Trust,
herein acting through its sole trustee Scott's Trustee
Corp.

herein called the "Landlord"

OF THE FIRST PART

- and -

PRISZM LP, herein acting by its general partner
PRISZM INC.

herein called the "Tenant"

OF THE SECOND PART

WITNESSETH THAT:

ARTICLE I
DEFINITIONS

1.1 Definitions

The definitions are more particularly set out in the Schedule of Definitions attached hereto.

ARTICLE II
GRANT, TERM AND INTENT

2.1 Leased Premises

In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord demises and leases to the Tenant and the Tenant leases from the Landlord, the Leased Premises. The Leased Premises are presently designated as Unit No. 1, are shown hatched on Schedule "B" attached hereto and contain a certified Rentable Area of three thousand, four hundred and eighty-eight (3,488) square feet.

2.2 Use of Common Areas

The use and occupation by the Tenant of the Leased Premises shall entitle the Tenant to the use in common with all others entitled thereto of the Common Areas, subject however, to the terms and conditions of this Lease and to reasonable rules and regulations for the use thereof as prescribed from time to time by the Landlord.

2.3 Term of Lease

TO HAVE AND TO HOLD the Leased Premises for and during the Term of **fifteen (15) years**, to be computed from **August 1, 2007** (the "Commencement Date"), and to be fully completed and ended on **July 31, 2022**, save as hereinafter provided for earlier termination.

PROVIDED THAT upon the Landlord or its Architect giving notice to the Tenant that the Leased Premises are available for the commencement of the Tenant's Work, the Tenant shall immediately take possession of the Leased Premises on **May 1, 2007** (such date to be hereinafter referred to as the "Possession Date") and shall occupy same until the commencement Date (the period from the Possession Date to the Commencement Date being hereinafter referred to as the "Fixturing Period") for the purpose of fixturing and installing its inventory, at its own risk, for a period of ninety (90) days after the Possession Date, free of the payment of Minimum Rent, and Additional Rent (save for any Additional Rent arising by virtue of the default

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Landlord	Tenant

of the Tenant under this Lease and save for the obligation of the Tenant to pay for all utility charges, temporary heating, and refuse removal services used by the Tenant or consumed in the Leased Premises during the period of such fixturing) and shall during the Fixturing Period be a tenant in the Leased Premises subject to the same covenants and agreements as are contained in this Lease, mutatis mutandis, including, without limitation, the Tenant's obligation to maintain insurance and the provisions relating to liability of the Tenant for its acts and omissions and the acts and omissions of its servants, employees, agents, contractors, invitees, concessionaires and licensees and the indemnification of the Landlord and others under this Lease.

Forthwith upon the Commencement Date being determined in accordance with the foregoing, the Tenant and the Landlord shall execute an acknowledgement of same on Landlord's usual form.

The Tenant shall pay all Minimum Rent and Additional Rent calculated on a per diem basis, from the Commencement Date to the last day of the month in which the Commencement Date occurs and thereafter all payments of Rent shall be made on the first day of each month throughout the Term unless otherwise specified herein.

2.4 Net Lease Intent

The Tenant acknowledges and agrees that it is intended that this Lease is a completely carefree net lease to the Landlord, except as expressly herein set out, that the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Leased Premises, or the use and occupancy thereof, or the contents thereof, or the business carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Leased Premises except as expressly herein set out.

ARTICLE III RENT AND DEPOSIT

3.1 Minimum Rent

The Tenant covenants and agrees to pay unto the Landlord from and after the Commencement Date a Minimum Rent for the Leased Premises payable in equal consecutive monthly installments in advance on or before the first day of each month, without any prior demand therefor and without any deduction, abatement or set-off whatsoever, as follows:

August 1, 2007 – July 31, 2012:
\$104,640.00 (\$8,720.00 per month),
based on \$30.00 per square foot of Rentable Area of the Premises per annum;

August 1, 2012 – July 31, 2017:
\$108,128.00 (\$9,010.67 per month),
based on \$31.00 per square foot of Rentable Area of the Premises per annum;

August 1, 2017 – July 31, 2022:
\$111,616.00 per annum (\$9,301.33 per month),
based on \$32.00 per square foot of Rentable Area of the Premises per annum.

The said Minimum Rent is calculated on the basis of the Leased Premises having a certified Rentable Area of three thousand, four hundred and eighty-eight (3,488) square feet.

3.2 Percentage Rent

(a) In addition to the Minimum Rent, the Tenant shall pay to the Landlord, in the manner and upon the conditions and at the times hereinafter set forth during each Lease Year, as Percentage Rent, an amount equivalent to five percent (5%) of the amount, if any, by which the Gross Receipts from all business done on and from the Leased Premises for each Lease Year exceeds Two Million, Five Hundred Thousand Dollars (\$2,500,000.00).

(b) Percentage Rent shall be payable once annually at the office of the Landlord or at such other place as the Landlord designates, in lawful money of Canada without any prior demand therefor and without any deduction, abatement, set-off or compensation whatsoever. Payments of Percentage Rent shall be made on or before the thirtieth (30th) day following the end of each Lease Year (including the last Lease Year of the Term). The amount of each payment of Percentage Rent shall be equal to the calculation referred to in Section 3.2(a).

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<i>[Signature]</i>	<i>[Signature]</i>
Landlord	Tenant

(c) For the purposes of computing the Percentage Rent payable hereunder, if any Lease Year during the Term does not correspond to a twelve (12) month period, the Gross Receipts for such Lease Year shall be adjusted proportionately.

3.3 Reports by Tenant

(a) Intentionally deleted.

(b) On or before the fifteenth (15th) day following the end of each Lease Year (including the last Lease Year of the Term) the Tenant shall submit to the Landlord a statement in such form, style and scope as the Landlord reasonably determines, showing the amount of Gross Receipts during the preceding Lease Year in accordance with the provisions of this Lease and generally accepted accounting principles applied on a basis consistent with that of the Lease Year immediately preceding (if any).

3.4 Tenant's Records

For the purpose of ascertaining the amount payable as Percentage Rent, the Tenant agrees to prepare and keep at the Tenant's head office for a period of not less than two (2) years following the end of each Lease Year books and records that will adhere to sound accounting practice and which shall show inventories and receipts of merchandise at the Leased Premises and daily receipts from all sales and other transactions on the Leased Premises by the Tenant and any other persons conducting any business upon the Leased Premises. The Tenant covenants to record at the time of sale, in the presence of the customer, all receipts from sales or other transactions, whether for cash or credit, in an accurate, tamper-proof point-of-purchase register having a sealed cumulative total. The Tenant further agrees to keep at the Tenant's head office for at least two (2) years following the end of each Lease Year all pertinent sales records such as would normally be examined by an independent accountant pursuant to accepted auditing standards in performing an audit of the sales conducted at the Leased Premises.



3.5 Right to Examine Books

The acceptance by the Landlord of payments of Percentage Rent shall be without prejudice to the Landlord's rights to an examination of the Tenant's books and records of its Gross Receipts and inventories of merchandise at the Leased Premises in order to verify the amount of annual Gross Receipts received by the Tenant in and from the Leased Premises.

3.6 Audit

At its option, the Landlord may cause, at any reasonable time upon five (5) business days' prior written notice to the Tenant, and only within one (1) year of the delivery of any such statement from the Tenant, a complete audit to be made of the Tenant's records relating to the Gross Revenue generated from the Leased Premises for the period covered by any statement issued by the Tenant pursuant to Section 3.3. If such audit shall disclose a liability for Percentage Rent to the extent of three percent (3%) or more in excess of the Percentage Rent theretofore computed and paid by the Tenant for such period, the Tenant shall promptly pay to the Landlord the cost of said audit, in addition to the deficiency, which deficiency shall be payable in any event, and in addition if such deficiency occurs more than three (3) times during the Term (excluding deficiencies arising from clerical error or employee fraud, misconduct or negligence), the Landlord shall have the further remedy of terminating this Lease upon five (5) days written notice to the Tenant, such remedy to be exercised within sixty (60) days following the completion of such audit. Provided always that if the shortage in computation of Percentage Rent by the Tenant was due to clerical or demonstrable error or as a result of the fraud, misconduct or negligence of an employee of the Tenant, then the foregoing remedy of terminating the Lease shall not be applicable with respect to such shortage, but the Tenant shall still be obligated to pay to the Landlord the cost of said audit, together with the said deficiency. If such audit shall disclose the Tenant was not complying with one or more provisions of Sections 3.3 or 3.4, the Landlord may deliver a copy of such report to the Tenant and the Tenant shall forthwith take such steps as may be recommended, necessary or advisable to remedy such default. If such audit shall disclose that the Tenant's accounting records and procedures which the auditor was able to inspect were not sufficient to permit a determination of Gross Receipts for a period, the Landlord may thereafter deliver to the Tenant an estimate made by the Landlord of Gross Receipts for such period and the amount of any underpayment of Percentage Rent (which estimate shall be based upon any information accessible to the Landlord which the Landlord considers reliable, the apparent business conducted on or from the Leased Premises, and such records of the Tenant as have been made available having regard to the possibility of errors or inaccuracies therein) and the Tenant shall forthwith pay to the Landlord any amount therein set out as an underpayment of Percentage Rent. Every such estimate shall be binding upon the Tenant until and except to the extent that the Tenant proves it inaccurate, and shall not be contestable by the Tenant after one year after its delivery to the Tenant. Any information obtained by the Landlord as a result of such audit shall be held in strict confidence by the Landlord. Provided, however, that

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the Landlord shall have the right to disclose to Mortgagees, prospective Mortgagees and prospective purchasers of the Shopping Centre the contents of any statements, reports and audits.

3.7 Rent Past Due

If the Tenant fails to pay, when the same is due and payable, any Minimum Rent, Percentage Rent, Additional Rent or other amount payable by the Tenant under this Lease, such unpaid amounts shall bear interest from the due date thereof to the date of payment, compounded monthly at the rate equal to two (2) percentage points in excess of the Prime Rate.

3.8 Advance Rent/Security Deposit

Intentionally Deleted.

3.9 Pre-Authorized Payments/Postdated Cheques

Intentionally deleted.

**ARTICLE IV
TAXES**

4.1 Taxes Payable by Landlord

The Landlord shall pay all Taxes which are levied, rated, charged or assessed against the Shopping Centre or any part thereof subject always to the provisions of this Lease regarding payment of Taxes by the Tenant. However, the Landlord may defer payment of any such Taxes or defer compliance with any statute, law, by-law, regulation or ordinance in connection with the levying of any such Taxes in each case to the fullest extent permitted by law, so long as it diligently prosecutes any contest or appeal of any such Taxes and as long as the Tenant is not liable for payment of any penalties arising as a result of such late payment.

4.2 Taxes Payable by Tenant

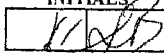
(a) The Tenant shall during the Term pay, as Additional Rent, without any deduction, abatement or set-off whatsoever, all Taxes levied, laid or assessed on or against the Leased Premises. In addition to and without any duplication of the Taxes levied or assessed against the Leased Premises, the Tenant shall also pay a share of all Taxes levied, rated, charged or assessed from time to time against the Common Areas.

(b) In the event that a separate tax bill or assessment is issued by any lawful taxing authority, then the Taxes payable by the Tenant in respect of the Leased Premises (and, if set out in such separate tax bill or assessment, the Common Areas) will be determined on the basis of such separate tax bill or assessment. If there is no such separate tax bill or assessment then, at the Landlord's option, the Tenant shall pay in lieu thereof, its Proportionate Share, prior to deducting any discounts on account of vacancies in the Shopping Centre, of all Taxes levied, rated, charged or assessed from time to time against the Shopping Centre, including the Common Areas. The Landlord estimates *bona fide* that the Tenant's share of Taxes for the calendar year 2007 will be Six Dollars and Twenty Cents (\$6.20) per square foot of the Rentable Area of the Leased Premises, but the Tenant specifically acknowledges the foregoing amount to be an estimate only and actual Taxes may be greater or less than the estimate.

(c) All Taxes shall be paid by the Tenant to the Landlord on or before the due date shown on invoices for the Taxes received from the Landlord or the taxing authority having jurisdiction.

(d) In the case of assessments for local improvements or betterments which are assessed or imposed during the Term and which may by law be payable in installments, the Tenant shall only be obligated to pay such installments as same fall due during the Term, together with interest on deferred payments, on condition that the Tenant shall take such steps as may be prescribed by law to convert the payment of the assessment into installment payments. Such payments of installments and any interest thereon shall be made before any fine, penalty, interest or cost may be added thereto for non-payment of any installment or interest thereon.

(e) In any suit or proceeding of any kind or nature arising or growing out of the failure of the Tenant to keep any covenant contained in this Article, the certificate or receipt of the department, officer or bureau charged with collection of the Taxes, showing that the tax, assessment or other charge affecting the Leased Premises is due and payable or has been paid, shall be prima facie evidence that such tax, assessment or other charge was due and payable as a lien or charge against the Leased Premises or that it has been paid as such by the Landlord.

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(f) The Tenant shall have the right to contest or review by legal proceedings or in such manner as the Tenant in its opinion shall deem advisable (which proceedings or other steps taken by the Tenant shall be conducted diligently at its own expense and free of expense to the Landlord) any and all Taxes levied, assessed or imposed upon or against the Leased Premises or Taxes in lieu thereof required to be paid by the Tenant hereunder. No such contest shall defer or suspend the Tenant's obligations to pay the Taxes as herein provided pending the contest, but if by law it is necessary that such payment be suspended to preserve or perfect the Tenant's contest, then the contest shall not be undertaken without there being first deposited with the Landlord a sum of money equal to twice the amount of the Taxes that are the subject of the contest, to be held by the Landlord as an indemnity to pay such Taxes upon conclusion of the contest and all costs thereof that may be imposed upon the Landlord or the Leased Premises.

(g) The Tenant upon request of the Landlord will promptly exhibit to the Landlord all paid bills for Taxes, which bills after inspection by the Landlord shall be returned to the Tenant.

(h) Any Taxes relating to a fiscal period of the taxing authority, a part of which is within the Term and a part of which is prior to the commencement of the Term or subsequent to the expiration or earlier termination of the Term, shall, whether or not such Taxes shall be assessed, levied, imposed or become a lien upon the Leased Premises, or shall become payable during the Term, be apportioned and adjusted between the Landlord and the Tenant as of the date of commencement, expiration or termination of the Term, as the case may be.

(i) If the Tenant designates that Taxes go to support separate schools, the Tenant shall pay the difference, if any, between the rate for separate and public schools to the Landlord, together with any other payment pursuant to this Section 4.2.

(j) If the Tenant pays its Proportionate Share of Taxes, the Landlord shall estimate the amount of Taxes payable by the Tenant during a particular Lease Year and the Tenant shall, pay one-twelfth of such estimate to the Landlord together with the monthly payment of Minimum Rent, with appropriate adjustments to be made between the Landlord and the Tenant within one hundred and twenty (120) days after the end of each Lease Year.

4.3 GST Payable by Tenant

The Tenant shall pay to the Landlord all GST on Rent and any other GST imposed by the applicable legislation on the Landlord or Tenant with respect to this Lease, in the manner and at the times required by the applicable legislation. Such amounts are not consideration for the rental of space or the provision by the Landlord of any service under this Lease, but shall be deemed to be Rent and the Landlord shall have all of the same remedies for and rights of recovery of such amounts as it has for recovery of Rent under this Lease. If a deposit is forfeited to the Landlord, or an amount becomes payable to the Landlord due to a default or as consideration for a modification of this Lease, and the applicable legislation deems a part of the deposit or amount to include GST, the deposit or amount will be increased and the increase paid by the Tenant so that the Landlord will receive the full amount of the forfeited deposit or other amount payable without encroachment by any deemed GST portion.


4.4 Business Taxes and Other Taxes of Tenant

The Tenant shall pay as Additional Rent to the lawful taxing authorities or to the Landlord, as it may direct, and shall discharge in each Lease Year, when the same becomes due and payable:

(a) all taxes, rates, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of: (i) all improvements, equipment and facilities of the Tenant on or in the Leased Premises or the Shopping Centre or any part or parts thereof or (ii) the Landlord on account of its ownership of or interest in the items referred to in subparagraph (i); and

(b) every tax and license fee which is levied, rated, charged or assessed against or in respect of: (i) any business carried on in the Leased Premises or in respect of the use or occupancy thereof or any other part of the Shopping Centre by the Tenant and any subtenant, licensee, or other occupant of the Leased Premises, or (ii) the Landlord on account of its ownership thereof or interest therein, in respect of any business referred to in subparagraph (i);

whether in any case any such taxes, rates, duties, assessments or license fees are rated, charged or assessed by any federal, provincial, municipal or other body. If there are not separate tax bills provided for such taxes, the Landlord is entitled to allocate them to the Tenant using the methods referred to in subsection 4.2(b).

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**ARTICLE V
OPERATING COSTS, MANAGEMENT FEE, HVAC AND UTILITIES**

5.1 Operating Costs Payable by Tenant

(a) In each Lease Year, the Tenant shall pay to the Landlord, as Additional Rent, its Proportionate Share of the Operating Costs incurred by the Landlord during such Lease Year. The Tenant acknowledges that Operating Costs may be allocated or attributed by the Landlord directly to or between the various components of the Shopping Centre including the retail, office and storage areas, as well as to the other buildings, if any, comprising part of the Shopping Centre and that the Landlord may adjust Operating Costs and/or the Tenant's Proportionate Share fraction in accordance with practices relevant to multi-use commercial developments on a basis consistent with the benefits derived by the tenants of each component of the Shopping Centre and having regard to the nature of the particular costs and expenses being allocated.

(b) The Additional Rent to be paid under this Section 5.1 shall be paid by monthly installments in advance on the first day of each and every month throughout the Term, without any deduction, abatement or set-off whatsoever, in an amount to be reasonably fixed from time to time by the Landlord as an estimate of actual expenses. The Landlord shall within one hundred and twenty (120) days of the end of each Lease Year submit to the Tenant a statement setting out the Operating Costs and the Tenant's Proportionate Share thereof. To the extent that the Tenant's Proportionate Share is greater than the amount actually paid by it, the Tenant shall forthwith upon receipt of the said statement pay such difference to the Landlord. In the event that the Tenant's Proportionate Share is less than the amount actually paid, such excess payment shall at the option of the Landlord, be retained by the Landlord to be applied to the next succeeding installment or installments of Additional Rent due or may be refunded by the Landlord to the Tenant. The Landlord bona fide estimates that the Tenant's Proportionate Share of Operating Costs for the calendar year 2007 will be Four Dollars and Sixty Cents (\$4.60) per square foot of Rentable Area of the Leased Premises, but the Tenant specifically acknowledges the foregoing amount to be an estimate only and the tenant's actual Proportionate Share of Operating Costs may be greater or less than such estimate.

(c) Neither the Landlord nor the Tenant shall be entitled to revise or dispute the said statement except within one (1) year of delivery or receipt, as applicable, of same.

5.2 Management Fee

The Tenant shall pay to the Landlord, as Additional Rent, an annual property management fee in the amount of five percent (5%) of the total annual Minimum Rent, Percentage Rent and Additional Rent payable by the Tenant to the Landlord under this Lease, at the times and in the manner described in Section 5.1(b), mutatis mutandis.

5.3 Heating, Ventilating and Air Conditioning

If the Leased Premises are served by a heating, ventilating and air conditioning system which serves more than one premises in the Shopping Centre, then the Tenant shall be obligated to pay a share only of the foregoing costs and expenses for maintenance, repair and replacement of such system and the Landlord shall be responsible for maintaining, repairing and replacing such system in first class condition and repair. The Tenant's share of all such costs and expenses shall be equitably determined by the Landlord upon the advice of a qualified engineer and such costs or expenses shall be allocated amongst the tenants served by the said heating, ventilating and air conditioning equipment and facilities. The foregoing costs and expenses and shall exclude the cost of fuel and electricity consumed by the use of such equipment to the extent only that such costs and expenses are charged separately to and paid by the Tenant pursuant to other provisions of this Lease.

5.4 Utilities

During the Fixturing Period and thereafter during the Term, the Tenant shall be solely responsible for and promptly pay all charges for heat, water, gas, electricity or any other utility used or consumed in the Leased Premises on the basis of separate meters, if available. If there are no separate meters, the Tenant shall pay: (a) all charges for heat, water, gas, electricity or any other utility used or consumed in the Leased Premises on the basis of an equitable allocation as determined by the Landlord; (b) the Landlord's costs of determining the Tenant's share of the costs of all utilities including, but not limited to, professional, engineering and consulting fees; and (c) an administration fee of fifteen percent (15%) of the total of (a) and (b). If so required by the Landlord or by the utility company, separate meters shall be installed in the Leased Premises at the Tenant's expense.

5.5 Tenant's Review of Records

The Tenant shall at any reasonable time upon not less than five (5) business days' prior written notice to the Landlord, during the business hours of the Landlord, and not more than twice annually, and not later

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than one hundred and twenty (120) days from the receipt of the Operating Cost Statement, have the right by a duly authorized representative to examine the books and records of account of the Landlord to the extent necessary to verify its Proportionate Share of Operating Costs and Expenses. If such Proportionate Share in any Lease Year covered by such examination is found to vary by at least three percent (3%) or greater from that shown on the statement for such Lease Year, the expenses of such examination shall be borne solely by the Landlord, but otherwise such expenses shall be borne solely by the Tenant and the Landlord shall forthwith pay to the Tenant and the Tenant to the Landlord, as the case may be, any amount found to be due to the Tenant or the Landlord, as the case may be, by such examination.

ARTICLE VI CONDUCT OF BUSINESS BY TENANT

6.1 Use of Leased Premises

(a) The Leased Premises shall be used continuously, actively and diligently at all times during the Term, and any renewals and extensions thereof, only for the operation of a sit-down, family-style restaurant specializing in the primary sale of: (i) chicken, and (ii) Mexican-style entrees and related products, and as ancillary thereto, the sale of those other products typical of a combined "KFC/Taco Bell" location in Canada, together with take-out and delivery services. So long as the Tenant provides prior written notice to the Landlord, the Tenant shall be entitled, from time to time, to temporarily halt business operations for a reasonable period of time for the sole purpose of renovating or refurbishing its store in the Leased Premises.

The Tenant will not use or permit or suffer the use of the Leased Premises or any part thereof for any other business or purpose. In connection with the business to be conducted by the Tenant on the Leased Premises, the Tenant shall only use the advertised name "KFC/Taco Bell" or such other trade name as is used by a majority of similar operations operated by the Tenant in the Province of Ontario and will not otherwise change the advertised name of the business to be operated in the Leased Premises without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed. The Tenant acknowledges that the Landlord is making no representation or warranty as to the Tenant's ability to use the Leased Premises for its intended use and the Tenant shall perform such searches as may be necessary to satisfy itself that its use is permitted under all applicable laws and that the Tenant is able to obtain an occupancy permit.

Unless otherwise specifically set out in this Lease to the contrary, nothing contained in this Lease shall: (i) confer upon the Tenant the exclusive right to sell or provide in the Shopping Centre any of the products or services permitted to be sold or provided from the Leased Premises pursuant to this Section 6.1; nor (ii) prevent the Landlord from leasing any other premises in the Shopping Centre to any other tenant(s) carrying on a business which is similar in whole or in part to the business permitted to be carried on from the Leased Premises pursuant to this Section 6.1.

6.2 Conduct and Operation of Business

The Tenant shall occupy the Leased Premises from and after the Commencement Date and thereafter shall conduct continuously and actively the business set out in Section 6.1, in the whole of the Leased Premises. In the conduct of the Tenant's business pursuant to this Lease the Tenant shall:

(a) operate its business with due diligence and efficiency and maintain an adequate staff to properly serve all customers; install and keep in good order and condition fixtures and equipment of first class quality; and carry at all times such stock of goods and merchandise of such size, character and quality as will produce the maximum volume of sales from the Leased Premises consistent with good business practices;

(b) conduct its business in the Leased Premises during Normal Business Hours and at no other time. However the Tenant is not required or permitted to carry on its business during any period prohibited by any law regulating the hours of business. If the Tenant fails to open on the Commencement Date or during the days and/or hours required by the Landlord, then in addition to all other amounts of Rent payable under this Lease the Tenant shall pay as Additional Rent to the Landlord upon demand as liquidated damages and not as a penalty, an amount equal to Two Hundred Dollars (\$200.00) per day for each and every day that the Tenant is in default;

(c) keep displays of merchandise in the display windows (if any) of the Leased Premises, and keep the display windows and signs (if any) in the Leased Premises well-lit during the hours the Landlord designates from time to time;

(d) stock in the Leased Premises only merchandise the Tenant intends to offer for retail sale from the Leased Premises, and not use any portion of the Leased Premises for office, clerical or other non-selling purposes except minor parts reasonably required for the Tenant's business in the Leased Premises;

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- (e) abide by all rules and regulations and general policies formulated by the Landlord from time to time relating to the delivery of goods to the Leased Premises;
- (f) not allow or cause to be committed any waste upon or damage to the Leased Premises or any nuisance or other act or thing which disturbs the quiet enjoyment of any other tenant in the Shopping Centre or which unreasonably disturbs or interferes with or annoys any third party, or which may damage the Shopping Centre;
- (g) not allow or cause to be done any act in or about the Common Areas or the Shopping Centre which in the Landlord's opinion hinders or interrupts the Shopping Centre's flow of traffic in any way obstructs the free movement of parties doing business in the Shopping Centre;
- (h) not allow or cause business to be solicited in any part of the Shopping Centre other than the Leased Premises, nor display any merchandise outside the Leased Premises at any time without the prior written consent of the Landlord;
- (i) use the name designated for the Shopping Centre by the Landlord from time to time and all insignia or other identifying names and marks designated by the Landlord in connection with the advertising of the business conducted in the Leased Premises. Notwithstanding the foregoing the Tenant will not acquire any rights in such names, marks or insignia and upon the Landlord's request the Tenant will abandon or assign to the Landlord any such rights which the Tenant may acquire by operation of law and will promptly execute any documents required by the Landlord to give effect to this subparagraph (i);
- (j) not install or allow in the Leased Premises any transmitting device nor erect any aerial on the roof of any building forming part of the Shopping Centre or on any exterior walls of the Leased Premises or in any of the Common Areas. Any such installation shall be subject to removal by the Landlord without notice at any time and such removal shall be done and all damage as a result thereof shall be made good, in each case, at the cost of the Tenant, payable as Additional Rent on demand;
- (k) not use any travelling or flashing lights or signs or any loudspeakers, television, phonograph, radio or other audio-visual or mechanical devices in a manner so that they can be heard or seen outside of the Leased Premises, without the prior written consent of the Landlord. If the Tenant uses any such equipment without receiving the prior written consent of the Landlord, the Landlord shall be entitled to remove such equipment without notice at any time and such removal shall be done and all damage as a result thereof shall be made good, in each case, at the cost of the Tenant, payable as Additional Rent on demand;
- (l) not install or allow in the Leased Premises any equipment which will exceed or overload the capacity of any utility, electrical or mechanical facilities in the Leased Premises or of which the Landlord has not approved. If the Tenant requires additional utility, electrical or mechanical facilities, the Landlord may in its sole discretion if they are available elect to install them at the Tenant's expense and in accordance with plans and specifications to be approved in advance in writing by the Landlord;
- (m) not bring upon the Leased Premises any machinery, equipment, article or thing that by reason of its weight, size or use, might in the opinion of the Landlord damage the Leased Premises or overload the floors of the Leased Premises. Any such machinery, equipment, article or thing shall be subject to removal by the Landlord without notice at any time and such removal shall be done and all damage as a result thereof shall be made good, in each case, at the cost of the Tenant, payable as Additional Rent on demand;
- (n) observe and comply with all federal, provincial or municipal laws pertaining to or affecting the Leased Premises, the Tenant's use of the Leased Premises or the conduct of any business in the Leased Premises, or the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Leased Premises, and the regulations of any insurance underwriters in respect of the insurance maintained by the Landlord in respect of the Shopping Centre, and carry out all modifications to the Leased Premises and the Tenant's conduct of business in or use of the Leased Premises which may be reasonably required by any such authorities to comply with applicable laws affecting the Leased Premises.

6.3 Prohibited Activities

- (a) The Tenant acknowledges that it is only one of many tenants in the Shopping Centre and that therefore the Tenant shall use its best efforts to conduct its business in the Leased Premises in a manner consistent with the best interests of the Shopping Centre as a whole.
- (b) The Landlord shall have the right to cause the Tenant to discontinue and the Tenant shall thereupon forthwith discontinue the sale of any item, merchandise, commodity or the supply of any service or the carrying on of any business, any of which is either prohibited by this Section 6.3 or which the Landlord determines is

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not directly related to the business set out in Section 6.1. The Tenant will not allow or cause the use of any part of the Leased Premises for any of the following businesses or activities:

- (i) the sale of secondhand goods or surplus articles, insurance salvage stock, fire sale stock or bankruptcy stock;
- (ii) an auction, bulk sale (other than a bulk sale made to an assignee or sublessee pursuant to a permitted assignment or subletting hereunder), liquidation sale, "going out of business" or bankruptcy sale, or warehouse sale;
- (iii) any advertising or selling procedures which would, or any sale or business conduct or practice which would, because of the merchandising methods or quality of operation likely to be used, in either case in the Landlord's opinion, tend to lower the character of the Shopping Centre or harm or tend to harm the business or reputation of the Landlord or reflect unfavourably on the Shopping Centre, the Landlord or other tenants in the Shopping Centre or tend to confuse, deceive, mislead or be fraudulent to the public; or
- (iv) a mail order business or a department store, junior department store or variety store.

6.4 Radius Clause

Intentionally deleted.

6.5 Hazardous Substances

The Tenant covenants and agrees to utilize the Leased Premises and operate its business in a manner so that no part of the Leased Premises or surrounding lands are used to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substances, except in strict compliance with all applicable federal, provincial and municipal statutes, by-laws and regulations, including, without limitation, environmental, land use and occupational and health and safety laws, regulations, requirements, permits, statutes, by-laws and regulations. Further the Tenant hereby covenants and agrees to indemnify and save harmless the Landlord and those for whom the Landlord is in law responsible from any and all losses, costs, claims, damages, liabilities, expenses or injuries caused or contributed to by any Hazardous Substances which are at any time located, stored or incorporated in any part of the Leased Premises as a result of the acts or omissions of the Tenant or those for whom the Tenant is in law responsible. Provided the Landlord has reasonable grounds for believing the Tenant is in default under this Section 6.5, the Tenant hereby agrees that the Landlord or its authorized representatives shall have the right at the Tenant's expense, payable as Additional Rent within fifteen (15) days of receipt of an invoice therefor, to conduct such environmental site reviews and investigations as it may deem necessary for the purposes of ensuring compliance with this Section 6.5. The Tenant's obligations pursuant to this Section 6.5 shall survive the expiration or earlier termination of the Term.

6.6 Landlord's Environmental Warranty

As at the Possession Date, the Landlord represents and warrants to the Tenant to the best of the Landlord's knowledge and belief without independent enquiry, that the Shopping Centre, including the Leased Premises, comply with all applicable laws relating to environmental matters and the Lease Premises and Shopping Centre do not contain Hazardous Substances. Notwithstanding anything in this Lease, Tenant shall not be responsible for any costs related to the removal, remediation or clean-up of Hazardous Substances, unless the presence of the Hazardous Substance is a direct result of the acts or omissions of the Tenant or those for whom the Tenant is in law responsible.

**ARTICLE VII
FIXTURES, ALTERATIONS AND REPAIRS AND
LANDLORD'S CONTROL OF SHOPPING CENTRE**

7.1 Installations by the Tenant

All equipment, fixtures and improvements installed by the Tenant in the Leased Premises shall be new or completely reconditioned. The Tenant shall not make any alterations, additions or improvements or install or cause to be installed any trade fixtures, exterior signs, floor covering, interior or exterior lighting, plumbing fixtures, shades or awnings or make any changes to the store front without first obtaining the Landlord's written approval and consent, not to be unreasonably withheld or delayed. The Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought. The Tenant covenants that any work that may be done in respect of the Leased Premises by or on behalf of the Tenant shall be done in such a manner as not to conflict or interfere with any work being done or about to be done by the Landlord in or about the Shopping Centre, whether such conflict or interference shall arise in relation to labour unions or otherwise and

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the Tenant shall obtain all requisite permits, licenses and inspections in respect of any such work done by or on the Tenant's behalf. Notwithstanding anything herein contained, the Tenant shall make no alterations, additions or improvements that are of a structural nature or that would lessen the value or Rentable Area of the Leased Premises or the Shopping Centre, or would interfere with the usage of the Common Areas.

All alterations, decorations, additions and improvements made by the Tenant or made by the Landlord on the Tenant's behalf by agreement under this Lease shall immediately upon installation or affixation become the property of the Landlord without compensation therefor to the Tenant, but the Landlord shall be under no obligations to repair, maintain or insure the alterations, decorations, additions or improvements. Such alterations, decorations, additions and improvements shall not be removed from the Leased Premises without prior consent in writing from the Landlord unless they are being replaced by the Tenant with similar items or unless they are no longer required for the Tenant's business operations. Upon expiration of this Lease, the Tenant shall, at the option of the Landlord, remove all trade fixtures and personal property and shall remove all such alterations, decorations, additions and improvements installed by or on behalf of the Tenant and repair any damage caused by such removal. If the Tenant does not remove its trade fixtures and personal property at the end of the Term or earlier termination thereof, the Landlord shall have no obligation in respect thereof and may sell or destroy the same or have them removed or stored at the expense of the Tenant, or at the Landlord's option, become the absolute property of the Landlord without any compensation to the Tenant.

7.2 Maintenance and Repair by the Tenant

The Tenant will at all times keep the Leased Premises (including exterior entrances and all glass and show windows) and all partitions, doors, fixtures, equipment and appurtenances thereof (including lighting, heating and plumbing fixtures, and the electrical and mechanical systems) in good order, condition and repair (including periodic painting or redecorating and preventative maintenance as determined by the Landlord and including such repairs or replacements as are required to keep the Leased Premises in good repair and condition). All aforesaid maintenance, repairs, restorations and replacements shall be in quality and class equal to the original work or installations.

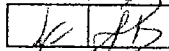
The Tenant shall, subject to Section 5.3, throughout the Term, operate, maintain, repair, replace when necessary and regulate the heating, ventilating and air conditioning equipment within or installed by or on behalf of the Tenant for the Leased Premises in such a manner as to maintain such reasonable conditions of temperature and humidity within the Leased Premises as are determined by the Landlord or its Architect so that no direct or indirect appropriation of the heating, ventilating or air conditioning from the Common Areas shall occur. The Tenant shall comply with such stipulations and with all reasonable rules and regulations of the Landlord pertaining to the maintenance and operation of such equipment.

7.3 Signs, Awnings, Canopies

The Tenant will not place or suffer to be placed or maintained on any exterior door, wall or window of the Leased Premises any sign, awning or canopy or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Leased Premises without first obtaining the Landlord's written approval and consent (which approval will not be unreasonably withheld). The Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter or other thing as may be approved in good condition and repair at all times; and in addition to the foregoing, the Tenant shall maintain any signs or displays of its goods or wares which may be seen from the exterior of the Leased Premises in a manner which is in keeping with the character of the Shopping Centre of which the Leased Premises form a part and which is designed to enhance the business of the Tenant. Subject to first obtaining the Landlord's written approval to the proposed location and method of affixation (such approval not to be unreasonably withheld), the Tenant will be permitted to use the Tenant's or the Tenant's franchisor's federally registered trademarked logo on its signs on the exterior of the Leased Premises.

7.4 Surrender of Leased Premises

Subject to Article IX, the Tenant will leave the Leased Premises in good repair, reasonable wear and tear only excepted. Without limiting the generality of the foregoing, at the expiration or earlier termination of the Term the Tenant shall surrender the Leased Premises in good repair, reasonable wear and tear only excepted, and shall surrender all keys for the Leased Premises to the Landlord at the place then fixed for the payment of Rent and shall inform the Landlord of all combinations on locks, safes and vaults, if any, in the Leased Premises. Should the Tenant fail to remove its fixtures and personal property, such fixtures and personal property shall be deemed to be abandoned by the Tenant any may be appropriated, sold or otherwise disposed of by the Landlord without notice or obligation to compensate the Tenant or to account therefor. The Tenant's obligations to observe or perform this covenant shall survive the expiration or earlier termination of the Term of this Lease.

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7.4.1 Removal and Restoration by Tenant

All alterations, decorations, additions and improvements in or upon the Leased Premises made or caused by the Tenant, or made by the Landlord on behalf of the Tenant, shall immediately become the property of the Landlord without compensation therefor to the Tenant and shall not be removed from the Leased Premises before, during or after the Term hereof except that:

- (a) the Tenant may, at the expiration of the Term or Extension Term hereof, if not in default herein, remove its trade fixtures at its own expense;
- (b) the Tenant may, but shall not be obligated, at the expiration of the Term or Extension Term hereof, if not in default herein, remove such of the alterations, decorations, additions and improvements and its trade fixtures as the Tenant, in its sole discretion, determines;
- (c) the Tenant may, during the Term or Extension Term hereof, remove its trade fixtures in the usual and normal course of its business or if same have become excess for business purposes or if same are to be substituted with similar new trade fixtures, provided that the Tenant is not in default herein;

and the Tenant covenants and agrees to make good any damages caused to the Leased Premises and the Centre and/or Complex by any such removal and to restore the Leased Premises and the Centre and/or Complex as provided in this Article.

7.4.2 Surrender of Leased Premises – Ownership of Improvements

The Landlord acknowledges that all signs, fixtures furnishings, equipment or other property bearing the name KFC/Kentucky Fried Chicken/Taco Bell or relating to a KF/Kentucky Fried Chicken/Taco Bell restaurant, including trademarks, service marks, copyrights, slogans, designs, cooking equipment, logos and distinctive building designs and other architectural features (collectively the "Proprietary Property") in or on the outside of the Leased Premises are the property of a permitted franchisor and/or the Tenant and shall remain the permitted franchisor's and or the Tenant's property throughout the Term and all extensions thereof. The Landlord shall not use or acquire any interest in such Proprietary Property which shall not be subject to the Landlord's rights, interests, remedies, or claim in ownership or seizure. The Tenant and/or the permitted franchisor shall have the right on or before the expiration or sooner termination of the Term of the Lease, to enter on the Leased Premises and the Shopping Centre and remove any and all Proprietary Property.

7.5 Tenant to Discharge all Liens

The Tenant will ensure that no construction or other lien or charge, or notice thereof, is registered or filed against:

- (a) the Shopping Centre or any part of it;
- (b) any interest in all or part of the Shopping Centre of the Landlord, the Mortgagee or any owner of the Shopping Centre; or
- (c) the Tenant's interest in the Leased Premises or any of the leasehold improvements in the Leased Premises;

by any person claiming by, through, under or against the Tenant or its contractors or subcontractors. If such a lien or charge or notice thereof is registered or filed and the Tenant fails to discharge it within five (5) days after written notice from the Landlord, the Landlord may discharge it by paying the amount claimed to be due into court or directly to the claimant and the Tenant will pay to the Landlord as Additional Rent on demand all costs (including legal fees) incurred by the Landlord in connection therewith, together with an administrative overhead charge of fifteen percent (15%) thereon.

7.6 Rules and Regulations

The Tenant will comply with the Rules and Regulations. Landlord reserves the right from time to time to amend or supplement the Rules and Regulations. Notice of such amendments and supplements, if any, shall be given to the Tenant, and the Tenant agrees thereupon to comply with and observe all such amendments and supplements, provided that no Rule or Regulation shall contradict any provision of this Lease. The Landlord shall not be responsible to the Tenant for non-observance or violation of any of the provisions of such Rules and Regulations by any other tenant of the Shopping Centre or of the terms of any other lease of premises in the Shopping Centre and the Landlord shall be under no obligation to enforce any such provisions. All Rules and Regulations shall be enforced against the Tenant in a non-discriminatory manner.

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7.7 Maintenance and Repair by the Landlord

The Landlord shall, subject to the other provisions of this Lease, maintain and repair or cause to be maintained and repaired in good order and condition, the Common Areas and the structure of the Shopping Centre, including without limitation, the foundations, exterior weather walls, subfloor, roof, bearing walls and structural columns and beams of the Shopping Centre. If, however, the Landlord is required to maintain or repair any structural portions or any other portion of the Leased Premises or the Shopping Centre by reason of the negligent acts or omissions of the Tenant, its employees, agents, invitees, suppliers, agents and servants of suppliers, licensees, concessionaires or subtenants, the Tenant shall pay on demand as Additional Rent, the Landlord's costs for making such maintenance or repairs, together with an administrative fee of fifteen percent (15%) of such costs, subject to Section 8.7 of this Lease.

7.8 Operation and Control of Shopping Centre by Landlord

The Landlord shall operate the Shopping Centre in good order condition and repair and in such manner as would a prudent landlord and in keeping with standards prevailing from time to time for similar shopping centres having regard to size, age and location.

The Shopping Centre and the Common Areas are at all times subject to the exclusive control and management of the Landlord. Without limiting the generality of the foregoing, the Landlord has the right in its control, management and operation of the Shopping Centre and by the establishment of rules and regulations and general policies with respect to the operation of the Shopping Centre or any part thereof at all times throughout the Term to construct, maintain and operate lighting facilities and heating, ventilating and air conditioning systems for the Common Areas; provide supervision and policing services for the Shopping Centre; close all or any portion of the Shopping Centre to such extent as may in the opinion of the Landlord's counsel be legally sufficient to prevent a dedication thereof or the accrual of any rights to any third party or the public; grant, modify and terminate easements or other agreements pertaining to the use and maintenance of all or any part of the Shopping Centre; obstruct or close off all or any part of the Shopping Centre for the purpose of maintenance, repair or construction; employ all personnel, including supervisory personnel and managers necessary for the operation, maintenance and control of the Shopping Centre; use any part of the Common Areas from time to time for merchandising, display, decorations, entertainment and structures designed for retail selling or special features or promotional activities; designate the areas and entrances and the times in, through and at which loading and unloading of goods shall be carried out; control, supervise and generally regulate the delivery or shipping of merchandise, supplies and fixtures to and from the Leased Premises and other portions of the Shopping Centre; designate and specify the kind of container to be used for garbage and refuse in the manner and the times and places at which same is to be placed for collection (if the Landlord for the more efficient and proper operation of the Shopping Centre provides or designates a commercial service for the pickup and disposal of refuse and garbage instead of or in addition to the service provided by the municipality, the Tenant shall use same at the Tenant's cost); designate areas where the Tenant and its employees may park in the Shopping Centre and impose reasonable rules and regulations to enforce such limits on parking; from time to time change the area, level, location, arrangement or use of the Shopping Centre or any part thereof; construct other buildings or improvements in the Shopping Centre and make changes to any part of the Shopping Centre; and do and perform such other acts in and to the Shopping Centre as in the use of good business judgment the Landlord determines to be advisable for the more efficient and proper operation of the Shopping Centre. Notwithstanding the aforementioned in the exercise of the Landlord's rights at no time shall access to the Shopping Centre or the Leased Premises be permanently adversely diminished and sufficient parking for the customers of the Shopping Centre shall be maintained at all times. In addition, there shall be no permanent and adverse interference with the use of the Shopping Centre as retail shopping centre and the Tenant's use of the Leased Premises for the purposes in this Lease.

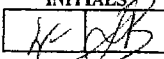
Notwithstanding anything to the contrary, if as a result of the exercise by the Landlord of any of its rights as set out in this Section 7.8, but subject to the aforementioned, the Common Areas are diminished or altered in any manner whatsoever, the Landlord is not subject to any liability nor is the Tenant entitled to any compensation or diminution or abatement of Rent nor is any alteration or diminution of the Common Areas deemed constructive or actual eviction, or a breach of any covenant for quiet enjoyment contained in this Lease.

7.9 Right to Relocate

The Landlord shall have no right to relocate the Leased Premises during the Term.

7.10 Landlord's Right to Enter Leased Premises

(a) It is not a re-entry or a breach of quiet enjoyment if the Landlord or its authorized representatives enter the Leased Premises at reasonable times on reasonable prior notice (provided that no notice is required in the

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event of a real or apprehended emergency) to:

- (i) examine them;
- (ii) make permitted or required repairs, alterations, improvements or additions to the Leased Premises (including the pipes, conduits, wiring, ducts, columns and other installations in the Leased Premises) or the Shopping Centre or adjacent property; or
- (iii) excavate land adjacent or subjacent to the Leased Premises;

in each case (to the extent reasonably possible in the circumstances) without unreasonably interfering with the Tenant's business operations in the Leased Premises, and the Landlord may take material into and on the Leased Premises for those purposes. Rent will not abate or be reduced while the repairs, alterations, improvements or additions are being made. The Landlord will take reasonable steps to minimize any interruption of business resulting from any entry.

(b) At any time during the Term on reasonable prior notice, the Landlord may exhibit the Leased Premises to prospective purchasers and during the six (6) months prior to the expiration of the term of this Lease, the Landlord may exhibit the Leased Premises to prospective tenants and place upon the Leased Premises the usual notices "To Let" or "For Sale" which notices the Tenant shall permit to remain where placed without molestation.

(c) If the Tenant shall not be personally present to open and permit an entry into the Leased Premises, at any time in an emergency, the Landlord or the Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering the Landlord or such agents liable therefor, and without in any manner affecting the obligations and covenants of this Lease.

(d) Nothing in this Section contained, however, shall be deemed or construed to impose upon the Landlord any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the Shopping Centre or any part thereof, except as otherwise in this Lease specifically provided.

7.11 Demolition

Intentionally Deleted.

ARTICLE VIII INSURANCE AND INDEMNITY

8.1 Tenant's Insurance


(a) The Tenant shall throughout the Term and during any period when it is in possession of the Leased Premises, at its own cost and expense, take out and keep in full force and effect and in the names of the Tenant, the Landlord, any property manager retained by the Landlord in respect of the Shopping Centre and the Mortgagee, as their respective interests may appear, the following insurance;

(i) All risks (excluding flood and earthquake) insurance upon property of every description and kind owned by the Tenant or for which the Tenant is legally liable (including, without limitation, signs and plate glass) and which is located within the Shopping Centre in an amount of not less than the full replacement cost thereof;

(ii) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in the amount of not less than the replacement cost of all leasehold improvements and of all boilers, pressure vessels, air conditioning equipment and miscellaneous electrical apparatus owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant in the Leased Premises;

(iii) business interruption insurance in such amounts as will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against by the Tenant hereunder;

(iv) public liability and property damage insurance including personal injury liability, tenant legal liability, contractual liability and owners' protective insurance coverage with respect to the Leased Premises and the Tenant's use thereof and the Tenant's use of the Common Areas. Such policies shall be written on a comprehensive basis within inclusive limits of not less than Five Million Dollars (\$5,000,000) or such higher limits as the Landlord or the Mortgagee may reasonably require from time to time with provisions for severability of interest and cross-liability;

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(v) any other form of insurance as the Tenant or the Landlord or the Mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

(b) All policies required to be written on behalf of the Tenant pursuant to this Section 8.1 shall contain the Mortgagee's standard mortgage clause, and shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is in law responsible, whether any such damage is caused by the act, omission or negligence of the Landlord or those for whom the Landlord is in law responsible. All policies will have deductibles not greater than three percent (3%) of the amount insured and will be primary and not call into contribution or be in excess of any other insurance available to the Landlord or any additional insureds.

(c) All policies shall be taken out with insurers acceptable to the Landlord and shall be in a form satisfactory from time to time to the Landlord. The Tenant agrees that certificates of insurance will be delivered to the Landlord as soon as practicable after the placing of the required insurance. All policies shall contain an undertaking by the insurers to notify the Landlord and the Mortgagee in writing not less than thirty (30) days prior to any material change, cancellation or termination thereof.

(d) The Tenant agrees that if the Tenant fails to take out or keep in force any such insurance referred to in this Section 8.1, or should any such insurance not be approved by either the Landlord or the Mortgagee and should the Tenant not rectify the situation immediately after written notice by the Landlord to the Tenant, the Landlord has the right without assuming any obligation in connection therewith to effect such insurance at the sole cost of the Tenant and all outlays by the Landlord shall be immediately paid by the Tenant to the Landlord as Additional Rent without prejudice to any other rights and remedies of the Landlord under this Lease.

8.2 Increase in Insurance Premium

The Tenant will not allow or cause anything to occur in the Leased Premises which shall cause any increase of premium for any insurance on the Leased Premises or the Shopping Centre or any part thereof above the rate for the least hazardous type of occupancy legally permitted in the Leased Premises excluding the permitted use as outlined in Section 6.1 of this Lease. If the Tenant is in default under this Section 8.2 the Tenant shall pay any resulting additional premium on any insurance policies taken out or maintained by the Landlord, including any additional premium on any rental income insurance policy that may be carried by the Landlord. If notice of cancellation shall be given respecting any insurance policy or if any insurance policy upon the Leased Premises or the Shopping Centre or any part thereof shall be cancelled or refused to be renewed by an insurer by reason of the use or occupation of the Leased Premises or any part thereof or the acts or omissions of the Tenant, the Tenant shall forthwith remedy or rectify such use or occupation upon request to do so in writing by the Landlord, and if the Tenant shall fail to do so within twenty-four (24) hours of such written request, the Landlord shall have the right to enter the Leased Premises and rectify the situation, without liability to the Tenant for any loss or damage occasioned by such entry and rectification, or shall be entitled to hold the Tenant liable for any damage or loss resulting from such cancellation or refusal, or the Landlord may at its option determine this Lease forthwith by leaving upon the Leased Premises notice in writing of its intention to do so, and thereupon 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 determination of the Lease. In determining whether increased premiums are the result of the Tenant's use of the Leased Premises, a schedule issued by the organization making the insurance rate on the Leased Premises, showing the various components of such rate, shall be conclusive evidence of the several items and charges which make the fire insurance rate of the Leased Premises. Bills for such additional premiums shall be rendered by the Landlord to the Tenant at such times as the Landlord may elect, and shall be due from and payable by the Tenant when rendered, and the amount thereof shall be deemed to be and be paid as Additional Rent.

8.3 Landlord's Insurance

The Landlord shall at all times throughout the Term carry: (a) insurance on the Shopping Centre (including equipment used for the maintenance and operation of the Shopping Centre) and the machinery, boilers and equipment contained therein and owned by the Landlord or for which the Landlord has assumed responsibility; and (b) public liability and property damage insurance with respect to the Landlord's operations in the Shopping Centre; against such perils, in such reasonable amounts, but in any event no less than Five Million Dollars (\$5,000,000.00) and with such reasonable deductibles as would be carried by a prudent owner of a reasonably similar shopping centre, having regard to size, age and location, as determined by the Landlord from time to time, and shall also carry such other form or forms of insurance as the Landlord or the Mortgagee reasonably considers advisable including but not limited to rental income insurance.

Notwithstanding the Landlord's covenant herein and the Tenant's contribution to the cost of the Landlord's insurance premiums but subject to Sections 8.5 and 8.7 of this Lease: (i) the Tenant is not relieved of any liability arising from or contributed to by its negligence or its willful acts or omissions; (ii) no insurable interest or other benefit (including an implied waiver of subrogation from the Landlord's insurers) is conferred

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upon the Tenant under the Landlord's insurance policies; and (iii) the Tenant has no right to receive proceeds from the Landlord's insurance policies.

8.4 Loss or Damage

The Landlord shall not be liable for any death or injury arising from or out of any occurrence in, upon, at or relating to the Shopping Centre, or damage to property of the Tenant or of others located on the Leased Premises, nor shall it be responsible for any loss of or damage to any property of the Tenant or others from any cause whatsoever, whether or not any such death, injury, loss or damage results from the negligence of the Landlord, its agents, servants or employees or other persons for whom the Landlord is in law responsible. Without limiting the generality of the foregoing, the Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Leased Premises or from the pipes, appliances, plumbing works, roof or subsurface of any floor or ceiling or from the street or any other place or by dampness or by any other cause whatsoever. The Landlord shall not be liable for any such damage caused by other tenants or persons in the Shopping Centre or by occupants of adjacent property thereto, or the public, or caused by construction or by any private, public or quasi-public work. All property of the Tenant kept or stored on the Leased Premises shall be so kept or stored at the risk of the Tenant only and the Tenant shall indemnify the Landlord and save it harmless from any claims arising out of any damages to the same, including, without limitation, any subrogation claims by the Tenant's insurers. In no event shall the Landlord be liable for any injury to the Tenant, its servants, agents, employees, customers and invitees or for any injury or damage to the Leased Premises or to any property of the Tenant, or to any property of any other person, firm or corporation on or about the Leased Premises caused by an interruption, suspension or failure in the supply of any utilities to the Leased Premises.

8.5 Indemnification of the Landlord and the Tenant

(a) The Tenant will indemnify the Landlord, registered owners and Mortgagees of the Shopping Centre and save them harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Leased Premises, the occupancy or use by the Tenant of the Leased Premises or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant, its agents, contractors, employees, servants, licensees, or concessionaires or invitees. In case the Landlord, registered owners or Mortgagees shall, without fault on their part, be made a party to any litigation commenced by or against the Tenant, then the Tenant shall protect and hold them harmless and shall pay all costs, expenses and solicitors' and counsel fees on a full indemnity basis incurred or paid by them in connection with such litigation.

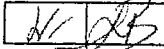
(b) The Landlord will indemnify the Tenant and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Shopping Centre outside the Leased Premises, the occupancy or use by the Landlord of the Shopping Centre or any part thereof, or occasioned wholly or in part by any act or omission of the landlord, its agents, contractors, employees, servants, licensees, or concessionaires or invitees. In case of the Tenant, without fault on its part, be made a party to any litigation commenced by or against the Landlord, then the Landlord shall protect and hold them harmless and shall pay all costs, expenses and solicitors and counsel fees on a full indemnity basis incurred or paid by it in connection with such litigation.

8.6 Blanket Policies

Notwithstanding Section 8.1 of this Lease, so long as the Tenant is Prizm LP, herein acting by its general partner KIT Inc., the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverage as therein maintained, provided such amounts of coverage(s) are no less than the amounts stipulated in Section 8.1 of this Lease.

8.7 Waiver

Notwithstanding anything in this Lease to the contrary, neither the Landlord nor the Tenant shall be required to indemnify the other in respect of any losses, claims, actions, damages, costs, liability or expenses under this Lease where that other party has or is required to obtain insurance in respect of same pursuant to the provisions of this Lease.

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**ARTICLE IX
DAMAGE, DESTRUCTION AND EXPROPRIATION**

9.1 Total or Partial Destruction of Leased Premises

If, during the Term, the Leased Premises are expropriated or totally or partially destroyed or damaged by any cause in respect of which the Landlord is or is required to insure under this Lease, the following provisions shall have effect:

(a) if the Leased Premises are rendered partially unfit for occupancy by the Tenant, Rent shall abate in part only, in the proportion that the part of the Leased Premises rendered unfit for occupancy by the Tenant bears to the whole of the Leased Premises or if the Leased Premises are rendered wholly unfit for occupancy by the Tenant the Rent hereby reserved shall be suspended in either event until the day following a reasonable period (taking into account the extent of the Tenant's restoration) following completion of the Landlord's restoration;

(b) notwithstanding the provisions of subparagraph (a), if the Leased Premises in the opinion of the Architect shall be incapable of being rebuilt and/or repaired or restored with reasonable diligence within 180 days of the happening of such destruction or damage, then the Landlord or Tenant may at their option terminate this Lease by notice in writing to the Tenant given within thirty (30) days of the date of such destruction or damage and in the event of such notice being so given this Lease shall cease and become null and void from the date of such destruction or damage and the Tenant shall immediately surrender the Leased Premises and all interest therein to the Landlord and the Rent shall be apportioned and shall be payable by the Tenant only to the date of such destruction or damage and the Landlord may re-enter and repossess the Leased Premises discharged of this Lease.

If the Leased Premises are capable of being rebuilt and/or repaired or restored within 180 days of the happening of such damage or destruction or if within the period of thirty (30) days referred to in Section 11.1(b) the Landlord or Tenant shall not give notice terminating this Lease, the Landlord shall with reasonable promptitude but within the said one hundred and eighty (180) days, proceed to rebuild and/or repair or restore the Leased Premises to the condition existing as of the Possession Date (as defined in Section 2.3 of this Lease) and the Tenant shall immediately upon substantial completion of the Landlord's work and, within a reasonable period determined by the Landlord, (given the extent of the Tenant's restoration) complete the restoration of the Leased Premises.

The certificate of the Architect shall bind the parties as to the (i) extent to which the Leased Premises are unfit for occupancy; (ii) time required to rebuild and/or repair or restore the Leased Premises; and (iii) due completion of repairs.

9.2 Total or Partial Destruction of Shopping Centre

In the event that (i) more than thirty-five percent (35%) of the Rentable Area of the Shopping Centre; or (ii) more than thirty-five percent of the Common Areas (excluding the parking facilities) or more than fifteen percent (15%) of the parking facilities of the Shopping Centre shall be expropriated or damaged or destroyed by fire or other cause, or in the event the costs as estimated by the Landlord of repairing, restoring or rebuilding will exceed by \$250,000 or more the proceeds of insurance available to the Landlord or which would be available if the Landlord had obtained the proper insurance required under this Lease, notwithstanding that the Leased Premises may be unaffected, or in the event the Landlord shall have the right, to be exercised by notice in writing delivered to the Tenant within sixty (60) days from and after said occurrence, to elect to cancel and terminate this Lease. Upon the giving of such notice to the Tenant, the Term of this Lease shall expire upon the third (3rd) day after such notice is given, and the Tenant shall vacate the Leased Premises and surrender the same to the Landlord.

9.3 Abatement of Rent

Intentionally Deleted.

9.4 Expropriation Awards

The Landlord and the Tenant will co-operate with each other if there is an expropriation of all or part of the Leased Premises or the Shopping Centre, so that each may receive the maximum award that it is entitled to at law. To the extent, however, that a part of the Shopping Centre, other than the Leased Premises, is expropriated, the full proceeds that are paid or awarded as a result, will belong solely to the Landlord, and the Tenant will assign to the Landlord any rights that it may have or acquire in respect of the proceeds or awards and will execute the documents that the Landlord reasonably requires in order to give effect to this intention.

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9.5 Right to Lease

If, within two (2) calendar years of any termination by the Landlord under this Article IX, the Landlord repairs, restores and rebuilds all or substantially all of the Shopping Centre in the form that existed prior to such termination, and so long as the Landlord intends to lease premises in such restored Shopping Centre to restaurant tenant(s) selling food, at retail, for on- or off-premises consumption, the Tenant shall have an option to re-lease the Leased Premises or similar premises (the "New Leased Premises") on the following terms and conditions:

(a) not less than six (6) months of the date the Landlord estimates the New Leased Premises will be ready for delivery to the Tenant, the Landlord shall provide the Tenant with written notice that such premises are available for lease and the Tenant shall have ten (10) days from receipt of such notice to exercise its option hereunder by notice in writing to the Landlord (the "Notice to Re-Lease");

(b) the Lease for the New Leased Premises shall be on the same terms and conditions as this Lease, save and except for:

(i) the Possession Date, which shall be amended to a date mutually agreed upon between the parties, both acting reasonably;

(ii) the Fixturing Period, which shall be computed for a period of thirty (30) days from the new Possession Date;

(iii) the Commencement Date, which shall be the day immediately following expiration of the new Fixturing Period;

(iv) the Term, which shall commence on the new Commencement Date, and be comprised of the greater of: (i) five (5) years, and (ii) the balance of the Term that remained prior to such termination;

(v) all obligations on the part of the Landlord under Section 13.25 of this Lease (Tenant Allowance) shall not apply in respect of the New Leased Premises; and

(vi) the Minimum Rent, which shall be determined by mutual agreement between the Landlord and the Tenant based on then current market rates for similar premises in the vicinity of the Leased Premises, provided in no event shall the Minimum Rent for the New Leased Premises be less than the Minimum Rent payable before such termination. If the parties (both acting reasonably and in good faith) are unable to agree on the Minimum Rent for the New Leased Premises within fifteen (15) days after the Landlord receives the Tenant's Notice to Re-Lease as hereinbefore provided in this Section 9.5, then this option to re-lease, shall be null and void notwithstanding anything else in this Section 9.5 to the contrary;

(c) on the agreed-upon Possession Date, the Landlord shall deliver the New Leased Premises in equal or better condition then existing as of the original Possession Date of this Lease.

ARTICLE X STATUS STATEMENT, SUBORDINATION AND ATTORNMENT



10.1 Status Statement

Within ten (10) business days after request, the Tenant will sign and deliver to the Landlord or anyone with or proposing to take an interest in all or part of the Shopping Centre, a status statement or certificate, stating that this Lease is in full force and effect, any modifications to this Lease, the commencement and expiry dates of this Lease, the date to which Rent has been paid, the amount of any prepaid Rent or deposits held by the Landlord, whether there is any existing default and the particulars, and any other information reasonably required by the party requesting it.

10.2 Subordination and Attornment

This Lease is subordinate to every existing and future ground lease, mortgage, charge, trust deed, financing, refinancing or collateral financing against the Leased Premises or the Shopping Centre and to the instruments of, as well as the charge or lien resulting from any of them and any renewals or extensions of or

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advances under them (collectively, "encumbrances"). The Tenant will, on request, attorn to and recognize as landlord the holder of any such encumbrance or any transferee or donee of the Shopping Centre or of an ownership or equity interest in the Shopping Centre subject to receipt of a non-disturbance agreement from such encumbrancers. The Tenant will, within ten (10) business days after request, sign and deliver any reasonably requested document confirming the subordination or the attornment. The form and content of the document will be determined by the party requesting it.

10.3 Power of Attorney

Intentionally Deleted.

10.4 Sale by Landlord

If the Landlord transfers or disposes of all or any part of the Shopping Centre or the Landlord's interest under this Lease, then to the extent that the transferee or donee agrees with the Landlord to assume its obligations under this Lease, the Landlord will be released from them, except for existing defaults as of the date of the transfer or disposition.

10.5 Financial Information

Intentionally Deleted.

10.6 Non-Disturbance Agreement

The Landlord shall make its reasonable efforts to obtain from any encumbrancers of the Shopping Centre a non-disturbance agreement (on such encumbrancers' standard form) confirming that so long as the Tenant is not in default under this Lease, its possession of the Leased Premises shall not be disturbed by such encumbrancers in the event of a default by the Landlord under such encumbrance.

**ARTICLE XI
TRANSFERS BY TENANT**

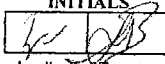
11.1 Transfer Defined

"Transfer" means, (i) an assignment, sale, conveyance, sublease, or other disposition of this Lease or the Leased Premises, or any part of them or any interest in this Lease (whether by operation of law or otherwise), or in a partnership that is a Tenant under this Lease, (ii) a mortgage, charge or debenture (floating or otherwise) or other encumbrance of this Lease or the Leased Premises or any part of them, or of any interest in this Lease or of a partnership, or partnership interest, where the partnership is a Tenant under this Lease, (iii) a parting with or sharing of possession of all or part of the Leased Premises, and (iv) a transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription of all or part of the corporate shares of the Tenant or an "affiliate" (as that term is defined on the date of this Lease under the Canada Business Corporations Act) of the Tenant which results in a change in the effective voting control of the Tenant. "Transferor" and "Transferee" have meanings corresponding to the definition of "Transfer" set out above, (it being understood that for a Transfer described in clause (iv) the Transferor is the person that has effective voting control before the Transfer and the Transferee is the person that has effective voting control after the Transfer).

11.2 Consent Required

The Tenant will not allow or cause a Transfer, without the prior written consent of the Landlord in each instance which consent may not be unreasonably withheld or unduly delayed, subject however to the provisions of Section 11.4. Notwithstanding any statutory provisions to the contrary, Landlord's consent shall not be deemed to have been unreasonably withheld where Landlord refuses consent to a Transfer within twenty-four (24) months of either the Commencement Date or a previous Transfer. Without limiting the generality of the foregoing, no Transfer shall be effective and no consent shall be given unless the following provisions have been complied with:

- (i) there is no default of the obligations of the Tenant under this Lease;
- (ii) the Tenant shall have given at least thirty (30) days' prior written notice of the proposed Transfer and the effective date thereof to the Landlord;
- (iii) a duplicate original of the documents affecting the Transfer shall be given to the Landlord within thirty (30) days after the execution and delivery thereof;
- (iv) the Transferee, except in the case of a Transfer described in Section 11.1(iv), shall have

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assumed in writing with the Landlord the due and punctual performance and observance of all the agreements, provisions, covenants and conditions hereof on the Tenant's part to be performed or observed from and after the effective date of the Transfer.

The Tenant acknowledges that the factors governing the granting of the Landlord's consent to any Transfer may include, without limitation, the restrictive clauses entered into with other tenants by the Landlord, the financial background, business history and the capability of the proposed Transferee in the Tenant's line of business, and the nature of the business practices of the proposed Transferee. In particular, consideration shall be given as to whether the proposed Transferee will operate as a "cut-rate" bargain or discount store, or a business of an obnoxious nature which may tend to lessen traffic or lower the reputation or merchandising image of the Shopping Centre or its tenants. The consent by the Landlord to any Transfer shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. If a Transfer takes place, the Landlord may collect rent from the Transferee, and apply the net amount collected to the Rent herein reserved, but no such action shall be deemed a waiver of the requirement to obtain consent or the acceptance of the Transferee as tenant, or a release of the Tenant from the further performance by the Tenant of covenants on the part of the Tenant herein contained. Notwithstanding any Transfer, the Tenant shall remain fully liable under this Lease and shall not be released from performing any of the obligations of the Tenant under this Lease.

Any Transfer (except permitted non-consent transfers contemplated in Section 11.3 of this Lease), if consented to by the Landlord, may at the Landlord's option be documented by the Landlord or its solicitors, and any and all reasonable legal costs with respect thereto or to any documents reflecting the Landlord's consent to the Transfer shall be payable by the Tenant on demand as Additional Rent.

11.3 Permitted Transfers

Notwithstanding anything contained in this Lease to the contrary, the Tenant may, without the Landlord's consent, sublet all or any portion of the Leased Premises or assign this Lease to: (i) a subsidiary, parent, affiliate, division or corporation controlled by or under common control with the Tenant; (ii) a successor corporation related to the Tenant by merger, consolidation, reorganization or government action; (iii) a person or corporation purchasing a majority of the Tenant's other businesses in the Province of Ontario which are substantially similar to the business being operated in the Leased Premises by the Tenant; (iv) a bona fide franchisor of the Tenant; or (v) a party that acquires the Tenant's leasehold interest provided such party engages in a lawful retail restaurant use that is not in conflict with any then existing exclusive use right(s) in favour of other tenants or occupants of the Shopping Centre that remain in full force and effect as of the date of such transfer; and provided further that, in the case of any transfer effected pursuant to this Section 11.3, the Tenant shall remain liable for financial performance pursuant to this Lease.

11.4 Conditions of Consent

If the Tenant receives consent under Section 11.2, it shall be subject to the following conditions:

- (a) if the Tenant shall receive from any Transferee of this Lease, either directly or indirectly, any consideration for the Transfer of this Lease, either in the form of cash, goods or services, the Tenant shall forthwith pay an amount equal to such consideration to the Landlord as Additional Rent forthwith upon receipt of same; and
- (b) in the event of any Transfer by virtue of which the Tenant receives a rent in the form of cash, goods or services which is higher than the Rent payable hereunder to the Landlord for the portion of the Leased Premises so Transferred, the Tenant shall pay any such excess rent to the Landlord as Additional Rent forthwith upon receipt of same.

If this Lease is disaffirmed, disclaimed, repudiated, rejected or terminated as a result of court proceedings or otherwise, in connection with the insolvency or bankruptcy of any Transferee, then at the Landlord's option the original Tenant named in this Lease will enter into a lease (the "Remainder Period Lease") with the Landlord, containing the same terms and conditions as this Lease modified, however, by changing the Term of the Remainder Period Lease so that it commences on the date of the disaffirmation, disclaimer, repudiation, rejection or termination, and expires on the date on which this Lease would have expired had the disaffirmation, disclaimer, repudiation, rejection or termination not occurred.

11.5 Landlord's Option

If the Tenant requests that Landlord's consent to a Transfer, then notwithstanding anything in this Lease or any statute or law to the contrary, the Landlord shall always have the option to cancel this Lease by written notice given to the Tenant within sixty (60) days following receipt by it of the Tenant's request for the Landlord's consent to the Transfer. The Landlord's notice of termination shall specify the date of termination which shall be not earlier than thirty (30) days after the date the Landlord's notice is given, and the Tenant shall

deliver up possession of the Leased Premises to the Landlord on such date leaving same in the state of repair required pursuant to this Lease provided that if the Tenant withdraws the request for a Transfer within fifteen (15) days of the Landlord's notice, the said notice of termination shall be null and void.

11.6 No Advertising of Leased Premises

The Tenant shall not print, publish, post, display or broadcast any notice or advertisement to the effect that the Leased Premises are for lease or for sale or otherwise advertise the proposed sale or lease of the whole or any part of the Leased Premises and shall not permit any broker or other party to do any of the foregoing, unless the complete text and format of any such notice, advertisement or offer is first approved in writing by the Landlord. Without in any way restricting or limiting the Landlord's right to refuse any text or format on other grounds, any text or format proposed by the Tenant shall not contain any reference to the rental rate of the Leased Premises.

ARTICLE XII DEFAULT OF TENANT

12.1 Right to Re-Enter

When

- (a) the Tenant shall be in default in the payment of any Rent and such default shall continue for a period of five (5) consecutive days after notice of default from the Landlord; or
- (b) the Tenant shall be in default of any of its covenants, obligations or agreements under this Lease or of any term or condition of this Lease (other than its covenant to pay Rent) and such default shall continue for a period of fifteen (15) consecutive days or such longer period as may be reasonably required to cure such default, after written notice by the Landlord to the Tenant specifying with reasonable particularity the nature of such default and requiring the same to be remedied;

then and in any of such cases the then current month's Rent, together with the Rent for the three (3) months next ensuing shall immediately become due and payable, and at the option of the Landlord, the Term shall become forfeited and void, and the Landlord may without notice or any form of legal process whatsoever forthwith re-enter upon the Leased Premises or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate, anything contained in any statute or law to the contrary notwithstanding, provided, however, that such forfeiture shall be wholly without prejudice to the right of the Landlord to recover arrears of rent or damages for any antecedent default by the Tenant of its covenants, obligations or agreements under this Lease or any term or condition of this Lease and provided further that notwithstanding any such forfeiture the Landlord may subsequently recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been prematurely determined. In addition, the Landlord shall have the right to remove and sell the Tenant's good and chattels and trade fixtures and apply the proceeds thereof to Rent due under the Lease.

12.2 Right to Relet

Should the Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises, and relet the Leased Premises or any part thereof as agent for the Tenant for such term or terms (which may be for a term extending beyond the Term of this Lease) and at such rental or rentals and upon such other terms and conditions as the Landlord in its sole discretion may deem advisable; upon each reletting all rentals received by the Landlord from such reletting shall be applied; first, to the payment of any indebtedness other than rent due hereunder from the Tenant to the Landlord; second, to the repayment of any costs and expenses of such reletting, including brokerage fees and solicitors' fees and of costs of such alterations and repairs; third, to the payment of Rent due and unpaid hereunder, and the residue, if any, shall be held by the Landlord and applied in payment of future Rent as the same may become due and payable hereunder. If such Rent received from such reletting during any month be less than that to be paid during that month by the Tenant hereunder, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to the Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, the Landlord may at any time thereafter elect to terminate this Lease for such previous breach. Should the Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur by reason of such breach, including the cost of recovering the Leased Premises, and including the worth at the time of such termination of the excess, if any, of the amount of Rent and charges equivalent to Rent

INITIALS

<i>[Handwritten Initials]</i>	<i>[Handwritten Initials]</i>
Landlord	Tenant

reserved in this Lease for the remainder of the Term hereof over the then reasonable rental value of the Leased Premises for the remainder of the Term hereof, all of which amounts shall be immediately due and payable from the Tenant to the Landlord. In determining the Rent which would be payable by the Tenant hereunder, subsequent to default, the annual Rent for each year of the unexpired Term shall be equal to the greater of: (a) the average annual Minimum Rent and Percentage Rent payable by the Tenant from the Commencement Date to the time of default or during the preceding three (3) full calendar years, whichever period is shorter; and (b) Minimum Rent payable hereunder; together with all Additional Rent which would have been payable during the calendar year in which this Lease was terminated, pro-rated over a full calendar year, if required.

12.3 Legal Expenses

In case suit shall be brought for recovery of possession of the Leased Premises, for the recovery of Rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of the Tenant to be kept or performed and a breach shall be established, the Tenant shall pay to the Landlord all expenses incurred therefor, including reasonable solicitors' and counsel fees on a full indemnity basis.

12.4 Bankruptcy

The Tenant covenants and agrees that if the Term or any of the goods and chattels of the Tenant on the Leased Premises shall be at any time during the Term seized or taken in execution or attachment by any creditor of the Tenant or if a receiver, interim receiver or receiver and manager is appointed for the assets or business of the Tenant or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or, becoming bankrupt or insolvent, shall take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors or if any order shall be made for the winding up of the Tenant and such acts are not set aside with twenty (20) days, or if the Leased Premises shall without the written consent of the Landlord become and remain vacant for a period of fifteen (15) days, or be used by any other persons than such as are entitled to use them under the terms of this Lease, or if the Tenant shall without the written consent of the Landlord abandon or attempt to abandon the Leased Premises or to sell or dispose of goods or chattels of the Tenant or to remove them or any of them from the Leased Premises so that there would not in the event of such abandonment, sale or disposal be sufficient goods on the Leased Premises subject to distress to satisfy the Rent above due or accruing due, then and in every such case 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 the servants of the Tenant or any other occupant of the Leased Premises were holding over after the expiration of the Term and the Term shall, at the option of the Landlord, immediately without any notice or opportunity for cure provided to the Tenant, become forfeited and determined, and in every one of the cases above such accelerated Rent shall be recoverable by the Landlord in the same manner as the Rent hereby reserved and as if Rent were in arrears and the said option shall be deemed to have been exercised if the Landlord or its agents given notice to the Tenant as provided for herein.

12.5 Landlord May Perform Tenant's Covenants

If the Tenant shall fail to perform any of its covenants or obligations under or in respect of this Lease and such default shall continue beyond expiry of the applicable cure periods set out under Section 12.1 of this Lease, the Landlord may from time to time at its discretion, perform or cause to be performed any of such covenants or obligations, or any part thereof, and for such purpose may do such things upon or in respect of the Leased Premises or any part thereof as the Landlord may consider requisite or necessary.

All expenses incurred and expenditures made by or on behalf of the Landlord under this Section, together with an administrative fee equal to fifteen (15%) percent thereon, shall be forthwith paid by the Tenant to the Landlord on demand as Additional Rent.

12.6 Waiver of Exemptions from Distress

Despite the Commercial Tenancies Act of Ontario, as amended, or any other applicable Act, legislation, or any legal or equitable rule of law none of the inventory, furniture, equipment or other property at any time owned by the Tenant is exempt from distress.

12.7 General Security Agreement

Intentionally Deleted.

12.8 Remedies Cumulative

No reference to nor exercise of any specific right or remedy by the Landlord or Tenant will prejudice or preclude the Landlord or Tenant from exercising or invoking any other remedy in respect thereof, whether

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<i>JL</i>	<i>JS</i>
Landlord	Tenant

allowed at law or expressly provided for in this Lease. No such remedy will be exclusive or dependent upon any other such remedy, but the Landlord or Tenant may from time to time exercise any one or more of such remedies independently or in combination.

12.9 Parties to Act Reasonably

Unless specifically set out to the contrary under this Lease, each party shall act reasonably and in good faith in all matters dealing with this Lease.

**ARTICLE XIII
MISCELLANEOUS**

13.1 Overholding

If the Tenant remains in possession of the Leased Premises after the end of the Term and without the execution and delivery of a new lease, there shall be no tacit renewal of this Lease and the Term hereby granted, and the Tenant shall be deemed to be occupying the Leased Premises as a Tenant from month to month at monthly rent payable in advance on the first day of each month equal to the sum of:

- (i) one and one half (1 ½) times the Minimum Rent payable during the last month of the Term; and
- (ii) one-twelfth of the Additional Rent payable by the Tenant for the Lease Year immediately preceding the last Lease Year of the Term;

and otherwise upon the same terms and conditions as are set forth in this Lease, except as to duration of Term, and any right of renewal mutatis mutandis.

13.2 Successors

This Lease applies to the successors and assigns of the Landlord and, if Article XIII is complied with, the heirs, executors, administrators and permitted successors and permitted assigns of the Tenant. If there is more than one party named as Tenant, they are jointly and severally liable under this Lease.

13.3 Waiver

Failure by the Landlord or the Tenant to require performance of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by the Landlord shall not be deemed to be a waiver of any preceding breach by the Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No covenant, term or condition of this Lease shall be deemed to have been waived by the Landlord or the Tenant, unless such waiver be in writing by the Landlord or the Tenant.

13.4 Accord and Satisfaction

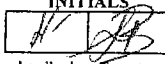
No payment by the Tenant or receipt by the Landlord of a lesser amount than the monthly Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement or any cheque or any letter accompanying any cheque or payment as Rent be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

13.5 Entire Agreement

This Lease sets forth all the covenants, promises, agreements, conditions and understandings between the Landlord and the Tenant concerning the Leased Premises and there are no covenants, promises, agreements, conditions or representations, either oral or written, between them other than are herein and in the said schedules and rider, if any, set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon the Landlord or the Tenant unless reduced to writing and signed by them.

13.6 No Partnership

The Landlord does not, in any way or for any purpose, become a partner of the Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with the Tenant. The provisions

INITIALS

Landlord Tenant

of this Lease relating to the Percentage Rent payable hereunder are included solely for the purpose of providing a method whereby the Rent is to be measured and ascertained.

13.7 Force Majeure

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Notwithstanding anything herein contained, the provisions of this Section 13.7 shall not operate to excuse the Tenant from the prompt payment of Minimum Rent, Percentage Rent, Additional Rent or any other payments required by the terms of this Lease, nor entitle the Tenant to compensation for any inconvenience, nuisance or discomfort thereby occasioned.

13.8 Notices

Any notice herein provided or permitted to be given by the Tenant to the Landlord shall be sufficiently given if delivered personally to the party being given such notice or to a responsible employee of the party being given such notice, or if transmitted by telecopier or if mailed in Canada, registered and postage prepaid, addressed to the Landlord at

c/o Scott's Real Estate Investment Trust
161 Bay Street, Suite 2300
TD Canada Trust Tower, BCE Place
Toronto, Ontario
M5J 2S2,

and any notice herein provided or permitted to be given by the Landlord to the Tenant shall be sufficiently given if delivered personally to the party being given such notice or to a responsible employee of the party being given such notice, or if transmitted by telecopier or if mailed in Canada, registered and postage prepaid, addressed to the Tenant at the Leased Premises or at the following address:

Prizm LP
c/o Prizm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Any such notice given as aforesaid shall be conclusively deemed to have been given on the day on which such notice is delivered or transmitted or on the third day that there is postal delivery following the day on which such notice is mailed, as the case may be. Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder. The word "notice" in this paragraph shall be deemed to include any request, statement or other writing in this Lease provided or permitted to be given by the Landlord to the Tenant or by the Tenant to the Landlord. If there is more than one party named as Tenant, notice to one shall be deemed sufficient as notice to all.

13.9 Place for Payment of Rent

The Tenant shall pay the Rent, including all Additional Rent, at the office of the Landlord specified in Section 13.8, or at such place or places as the Landlord may designate from time to time by notice in writing.

13.10 Approval in Writing

Wherever the Landlord's consent is required to be given hereunder or wherever the Landlord must approve any act or performance by the Tenant, such consent or approval, as the case may be, shall be given in writing by the Landlord before same shall be deemed to be effective.

13.11 Registration

Subject to the Landlord's reasonable approval, the Tenant may register a notice of this Lease on title to the Shopping Centre at its sole cost and expense. Upon the expiration of the Term or other termination of this Lease, the Tenant shall promptly cause any notice of this Lease registered by the Tenant to be discharged.

13.12 Governing Law

The Lease is to be governed by and construed according to the laws of the Province of Ontario.

13.13 Captions and Section Numbers

The captions, section numbers and article numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or articles of or this Lease, nor in any way affect this Lease.

13.14 Brokerage Commissions

Any brokerage commission with respect to this lease transaction shall be borne exclusively by the Tenant and the Tenant shall indemnify and hold harmless the Landlord from any and all claims with respect thereto save only where the Landlord has specifically retained a broker or agent to represent it in respect of this transaction.

13.15 Partial Invalidity

If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease and/or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be separately valid and enforceable to the fullest extent permitted by law.

13.16 No Option

The submission of this Lease for examination does not constitute a reservation of or option for the Leased Premises and this Lease becomes effective as a Lease only upon execution and delivery thereof by the Landlord and the Tenant.

13.17 Limitation on Length of Term

The Lease is entered into subject to the express condition that it is to be effective to create any interest in land only if the provisions of any statute relating to the severance of land or interests in land by conveyance or otherwise (as it may from time to time be amended) are complied with. The Landlord and Tenant agree, as a separate and distinct agreement, that if pursuant to any statute consent is requisite to the validity of this Lease, either party may apply for such consent and until unconditional consent has been obtained, the Term of this Lease or any renewal thereof will not extend beyond the period permitted without consent pursuant to any such statute, with no further right on the part of Tenant to extend the term, notwithstanding any other provision of this Lease.

13.18 Time To Be of the Essence

Time shall be of the essence of this Lease.

13.19 Quiet Enjoyment

The Landlord covenants with the Tenant for quiet enjoyment.

13.20 Tenant Partnership

If the Tenant is or shall become a partnership, each person who is a member, or shall become a member of, such partnership or successor thereof shall be and continue to be jointly and severally liable for the performance and observance of all covenants, provisos, conditions and agreements on the part of the Tenant to be observed and performed, whether or not such person ceases to be a member of such partnership or successor thereof.

13.21 Limitation of Landlord's Liability

The Tenant will look solely to the interest of the Landlord in the Shopping Centre for the collection or satisfaction of any money or judgement which the Tenant may recover against the Landlord, and the Tenant will not look for the collection or satisfaction of any such money or judgement to the personal assets of any person who is at any time a partner, joint venturer or co-tenant in the Shopping Centre.

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[Signature]	[Signature]
Landlord	Tenant

13.22 Non-Liability

The Tenant acknowledges, covenants and agrees:

- (i) that the Landlord is the nominee on behalf of Scott's Real Estate Investment Trust (the "Trust"); and
- (ii) the obligations being created by this Lease and any liabilities arising in any manner whatsoever out of or in connection with this Lease are not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of;
 - (A) the unitholders of the Trust;
 - (B) annuitants under a plan of which a unitholder of the Trust acts as trustee or carrier; and
 - (C) the officers, trustees, employees or agents of the Trust.

13.23 Option to Extend

The Tenant shall have the right to extend the Term of the Lease for one (1) further period of five (5) years (the "Extension Term"), commencing on the day after the expiry date of the initial Term of this Lease, provided that:

- (a) the Tenant is not in default under any of its covenants, obligations and agreements under this Lease; and
- (b) the Tenant gives to the Landlord written notice of its intention to exercise the aforesaid option to extend not less than six (6) months prior to the expiry of the Term.

The Minimum Rent payable during the Extension Term shall be determined by mutual agreement between the Landlord and the Tenant based on the then current market rates for similar premises in the vicinity of the Leased Premises, provided in no event shall the Minimum Rent during the Extension Term be less than the Minimum Rent payable during the last year of the initial Term.

The Tenant shall not be entitled to the benefit of any rent free period or receive any leasehold improvement allowance or any payments by the Landlord to the Tenant. There shall be no further option to extend the Term or renew this Lease available to the Tenant.

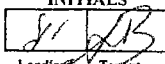
13.24 Exclusive Use

Provided that: (i) Tenant is not in default under the terms of this Lease beyond the expiry of all applicable cure periods; (ii) the Tenant is in occupation of and operating in and from the whole of the Leased Premises; and (iii) the Leased Premises are being used for the purposes permitted under this Lease, then the Tenant shall have the exclusive right in the Shopping Centre to sell, as a principal business, prepared chicken products and Mexican food (the "Restricted Products"). As used herein, "principal business" means any business which generates more than ten percent (10%) of its annual gross revenue from the sale of any one or any combination of such Restricted Products.

13.25 Tenant Allowance

Notwithstanding anything in this Lease to the contrary, provided the Tenant is in occupation of the whole of the Leased Premises and is not then in default under the terms of this Lease, the Landlord will pay to the Tenant the sum of One Hundred Thousand Dollars (\$100,000.00), plus applicable G.S.T., in the form of a tenant allowance (the "Tenant Allowance") to be applied towards the actual cost of constructing the Tenant's store and leasehold improvements within the Leased Premises. The Tenant Allowance shall be payable upon the last to occur of the following:

- (a) the date the Tenant opens for business to the general public from the Leased Premises;
- (b) execution of this Lease by both the Landlord and the Tenant, not to be unreasonably delayed by either party;
- (c) the Commencement Date (as defined in Section 2.3 of this Lease);
- (d) delivery to the Landlord of a clearance certificate issued pursuant to the *Workplace Safety and Insurance Act*, S.O. 1997, c.16 (Ontario), or such successor or replacement legislation, in respect of each contractor and subcontractor who did work in connection with the Tenant's

INITIALS

Landlord Tenant

Work in the Leased Premises;

- (e) compliance by the Tenant, in the opinion of the Landlord's architect, with the Tenant's obligations under this Lease (including, without limitation, Schedule "C" attached hereto) and the plans and specifications relating to the Tenant's Work that have been approved by the Landlord;
- (f) delivery of a notarized statutory declaration from a senior officer of the Tenant, confirming that: (i) all accounts in respect of the Tenant's Work have been paid in full; and (ii) all holdback periods referred to in the construction lien provisions of the applicable legislation in the province in which the Shopping Centre is located, have expired;
- (g) delivery to the Landlord of certificates evidencing the placement of insurance by the Tenant as required in accordance with this Lease; and
- (h) receipt by the Landlord of a written request from the Tenant for the Tenant Allowance.

If at any time during the initial Term of this Lease:

- (i) this Lease is terminated by reason of the default of the Tenant hereunder; or
- (ii) the Tenant has become bankrupt or insolvent or has taken the benefit of any statute for bankrupt or insolvent debtors, or has filed a proposal, or has made an assignment for the benefit of creditors or any arrangement or compromise.

then in such event, and without prejudice to any of the Landlord's other rights and remedies available to it under this Lease and at law, the unamortized portion of the Tenant Allowance calculated from the Commencement Date on the basis of an assumed rate of depreciation on a straight line basis to zero over the initial Term of this Lease, shall immediately become due and payable to the Landlord as Additional Rent.

13.26 Tenant's Permits

The Tenant covenants and agrees to actively and diligently pursue and obtain, at its sole cost and expense, all building permits required to be issued by the competent municipal authorities or other governmental authorities necessary to permit construction of the Leased Premises by the Tenant.

13.27 Schedules

The Schedule of Definitions and Schedules "A", "B", "C", and "D" attached hereto form part of this Lease.

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

SIGNED, SEALED AND DELIVERED
In the Presence of:

) **LANDLORD:**
) **SCOTT'S REAL ESTATE LIMITED**
) **PARTNERSHIP**, herein acting by its general partner
) Scott's GP Trust, herein acting through its sole trustee
) Scott's Trustee Corp.
)
) Per: E. Sutherland
) c/s
) Per: _____
)
) **TENANT:**
) **PRISZM LP**, herein acting by
) its general partner, PRISZM INC.
)
) Per: [Signature]
) c/s
) Per: _____
)
) (I/We have authority to bind the corporation)

INITIALS
 [Signature Box]
 Landlord Tenant

SCHEDULE OF DEFINITIONS

"Additional Rent" means all and any monies required to be paid by the Tenant to the Landlord under or pursuant to the terms of this Lease, save only for Minimum Rent and Percentage Rent.

"Architect" shall mean the independent architect from time to time named by the Landlord. Any certificate provided by the Architect and called for by the terms of this Lease shall be final and binding on the parties hereto subject to manifest error.

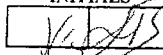
"Commencement Date" means a date determined in accordance with the provisions of Section 2.3.

"Common Areas" means those areas, facilities, utilities, improvements, equipment and installations in the Shopping Centre which from time to time are not designated or intended by the Landlord to be leased to tenants of the Shopping Centre, and those areas, facilities, utilities, improvements, equipment and installations which serve or are for the benefit of the Shopping Centre whether or not located in, adjacent to or near the Shopping Centre and which are designated from time to time by the Landlord as part of the Common Areas. Without limiting the generality of the foregoing, Common Areas includes all parking areas and parking garages, all entrances and exits thereto and all structural elements thereof, employee parking areas, access roads, truck courts, driveways, truckways, delivery passages, the roof, exterior weather walls, exterior and interior structural elements and bearing walls in the building and improvements comprising the Shopping Centre, package pick-up stations, loading and related areas, pedestrian sidewalks, landscaped and planted areas, bus kiosks, if any, roadways and stops, signs, equipment and fixtures, stairways, ramps, electrical, telephone, meter, valve, mechanical, mail storage service and janitor rooms and galleries, fire prevention, security and communication systems, columns, pipes, electrical, plumbing, drainage, any central system for the provision of heating, ventilating or air conditioning to leasable premises or any enclosed Common Areas and all other installations, equipment or services located therein or related thereto as well as the structures housing the same. Common Areas further include any such facilities, utilities, improvements, equipment and installations, including but not limited to courts and arcades, public seating and service areas, corridors, furniture, first aid and/or information stations, public washrooms and music systems.

"C.P.I." means the Consumer Price Index (All Items) for the city in which the Shopping Centre is located or if there is no Consumer Price Index for that city, for the city in Canada nearest the Shopping Centre for which such a Consumer Price Index is published (or any index published in substitution for the Consumer Price Index or any other replacement index reasonably designated by the Landlord, if it is no longer published) published by Statistics Canada (or by any successor thereof or any other governmental agency, including a provincial agency).

"Gross Receipts" means the total of all gross sales and receipts from all business conducted upon or from the Leased Premises, whether or not by the Tenant, and whether for cash, cheques, credit, charge account, exchange or otherwise, and shall include, but not be limited to, amounts received or receivable from the sale of goods or services and the amount of all orders taken or received at the Leased Premises regardless of where they are filled, whether such sales be made at a sales desk or counter, over the telephone or by any vending device. Interest, installment, finance charges and deposits will be included, and bank or collection agency charges and uncollectible amounts or bad debts will not be deducted. A credit or installment sale will be considered as a sale for the full price in the month in which it takes place. Gross Receipts shall not include:

- (i) sales for which the customer has received a refund, provided that the original sale was included in Gross Receipts;
- (ii) sales of merchandise in exchange for returned merchandise, but only to the extent the original sale of the returned merchandise was included in Gross Receipts;
- (iii) GST and any other sales, use, excise or gross receipts tax directly on sales and collected from customers at the point of sale, provided that the amount thereof is added to the selling price and shown and/or collected as a separate item, and paid by the Tenant to such governmental authority;
- (iv) delivery charges;
- (v) transfers of merchandise between stores of the Tenant or returned to suppliers of the Tenant, but only if such transfer or return is not for the purpose of reducing Gross Receipts;

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Landlord Tenant

(vi) any sums and credits received by the Tenant for the loss of or damage to the Tenant's merchandise and amounts recovered by the Tenant under policies of insurance in respect of the Tenant's loss of business, sales or profits arising from any fire or other peril of occurrence.

(vii) bank charges or uncollected or uncollectible credit accounts or charges made by collection agencies and other proper allowances for bad debts;

(viii) bulk sales associated with any assignment or sublease not prohibited by the terms of this Lease or the sale of the Tenant's fixtures and equipment normally used in the Tenant's business if same are surplus and replaced by new or comparable fixtures and equipments; and

(ix) discounts, credits or allowances, whether for cash or in merchandise given by the Tenant to its employees to a maximum of three percent (3%) of Gross Receipts.

"GST" means goods and services taxes, value-added taxes, multi-stage taxes, business transfer taxes or other similar taxes however they are characterized.

"Hazardous Substances" means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, hazardous waste, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substances or materials that are declared or defined to be hazardous, toxic, contaminants or pollutants in or pursuant to any applicable federal, provincial or municipal statute, by-law or regulation.

"Landlord" includes the Landlord and its successors and assigns.

"Lease" means this indenture of lease and includes any riders and schedules hereto and shall also include any agreements entered into which have the effect of amending this indenture from time to time.

"Leased Premises" means the premises leased to the Tenant as referred to and described in Section 2.1 hereof. Save as mentioned below, the boundaries of the Leased Premises shall be measured from (a) the exterior face of all exterior walls, doors and windows; (b) the exterior face of all interior walls that are not party walls separating leasable premises from adjoining leasable premises; and (c) the centre line of interior party walls separating leasable premises from adjoining leasable premises. The Leased Premises shall extend from the top surface of the structural subfloor to the bottom surface of the structural ceiling. If the Leased Premises have no ceiling abutting the demising walls, but rather are open to the ceiling of the Shopping Centre building, the boundaries of the Leased Premises extend from the top surface of the structural subfloor to the height of the demising walls.

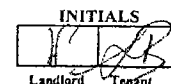
"Lease Year" shall mean a period of time, the first Lease Year commencing on the Commencement Date and ending on December 31st in the calendar year of the Commencement Date. Thereafter Lease Years shall consist of consecutive periods of twelve calendar months ending in each case on December 31st, save for the last Lease Year of the Term which shall terminate upon the expiration or earlier termination of this Lease, as the case may be.

"Minimum Rent" means the annual minimum rent payable by the Tenant pursuant to Section 3.1.

"Mortgagee" means any mortgagee, chargee or hypothecary creditor (including any trustee for bondholders) of the Shopping Centre or any part thereof.

"Normal Business Hours" means Monday to Thursday and Sunday: 11:00 a.m. to 11:00 p.m.; Friday and Saturday: 11:00 a.m. to 12:00 a.m. (midnight).

"Operating Costs" means without duplication or profit the total cost and expense incurred in owning, operating, maintaining, managing and administering the Shopping Centre and the Common Areas, excluding only the original acquisition costs and financing and mortgage charges, but specifically including without limiting the generality of the foregoing: any capital or place of ownership taxes levied against the Landlord or any owners of the Shopping Centre on account of their interest in the Shopping Centre, in an amount equitably allocated to the Shopping Centre by the Landlord; gardening and landscaping charges; the cost and expenses of taking out the insurance described in Section 8.3; cleaning, snow removal, garbage and waste collection and disposal; lighting, electricity, public utilities, loud speakers, public address and musical broadcasting systems and any telephone answering service used in or serving the Shopping Centre, and the cost of electricity and maintenance for any signs designated by the Landlord as part of the Common Areas; policing, security, supervision and traffic control; salaries and benefits of all supervisory and other personnel employed in connection with the Shopping Centre and management office rent imputed to the Shopping Centre by the

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Landlord, acting reasonably; the cost of providing additional parking or other Common Areas for the benefit of the Shopping Centre, whether such costs be Taxes or other type of costs; the costs and expenses of environmental site reviews and investigations, removal and/or clean-up of Hazardous Substances from the Common Areas; all Taxes not recovered from tenants of the Shopping Centre; the cost of the rental of any equipment and signs and the cost of supplies used in the maintenance and operation of the Shopping Centre and the Common Areas; accounting and audit fees incurred in the preparation of the statements required to be prepared and supplied by the Landlord under the terms of this Lease; heating, ventilating and air conditioning of the Common Areas; all repairs and replacements (amortized in accordance with generally accepted accounting principles) to and maintenance and operation of the Shopping Centre and the Common Areas; depreciation or amortization of the costs, including repair and replacement, of all maintenance and cleaning equipment, master utility meters, and all other fixtures, equipment, and facilities serving or comprising the Shopping Centre or the Common Areas, which are not charged fully in the Lease Year in which they are incurred, from the earlier of the date when the cost was incurred or the Commencement Date, at rates on the various items determined in accordance with generally accepted accounting principles; interest calculated at two (2) percentage points above the Prime Rate upon the undepreciated or unamortized portion of the costs referred to above; and an administration and management fee of fifteen percent (15%) of the total of all of the above costs, excluding only interest on undepreciated or unamortized costs.

"Percentage Rent" means the rent payable by the Tenant pursuant to Section 3.2.

"Prime Rate" means the annual rate of interest from time to time publicly quoted by any Canadian chartered bank designated by the Landlord as its reference rate of interest for determining rates of interest chargeable in Toronto on Canadian dollar demand loans to commercial customers.

"Proportionate Share" means a fraction, the numerator of which is the Rentable Area of the Leased Premises and the denominator of which is the Rentable Area of the Shopping Centre.

"Rent" means all Minimum Rent, Percentage Rent and Additional Rent payable pursuant to the terms of this Lease.

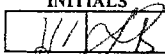
"Rentable Area of the Leased Premises" means the area expressed in square feet of the Leased Premises measured from:

- (i) the exterior face of all exterior walls, doors and windows;
- (ii) the exterior face of all interior walls, doors and windows separating the Leased Premises from Common Areas, if any; and
- (iii) the centre line of all interior walls separating the Leased Premises from adjoining leasable premises.

The Rentable Area of the Leased Premises includes all interior space whether or not occupied by projections, structures or columns, structural or non-structural, and if the store front is recessed from the lease line, the area of such recess for all purposes lies within the Rentable Area of the Leased Premises. Provided, however, that if the Leased Premises are storage premises, then for the purposes of determining the fraction that is the Tenant's Proportionate Share, the Rentable Area of the Leased Premises shall be multiplied by a factor of 1/2. Despite anything herein to the contrary, if the Leased Premises have the benefit of the use of any common loading areas, utility rooms or other Common Areas (in common with other tenants in the Shopping Centre), the area of the Leased Premises shall be grossed-up to include a reasonable portion of such Common Areas.

For the purposes of this Lease and despite the foregoing, Rentable Area of the Leased Premises shall be deemed to be 3,488 certified square feet.

"Rentable Area of the Shopping Centre" means the area in square feet of all rentable premises in the Shopping Centre set aside for leasing by the Landlord from time to time, except for any theatre, gas bar, library, post office or other governmental agency or office, any premises located on a floor generally designated by the Landlord and generally used for use or occupancy by office tenants or for office purposes, and any basements or mezzanines, storage areas or free-standing buildings. Provided however that the Landlord shall credit to Operating Costs any contributions received in respect of such Operating Costs from the occupants of any of the areas excluded from the Rentable Area of the Shopping Centre in accordance with this definition. Provided further that in determining the fraction that is the Tenant's Proportionate Share, if the Leased Premises consists of any of the foregoing excluded categories, the Rentable Area of that category will be included in the Rentable Area of the Shopping Centre.

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"Rules and Regulations" means the rules and regulations adopted and promulgated by the Landlord from time to time acting reasonably and in such manner as would a prudent landlord of a reasonably similar shopping centre, including those listed on Schedule "D".

"Shopping Centre" means the lands and premises described in Schedule "A" attached hereto as such lands and premises may be altered, expanded or reduced from time to time and the buildings, improvements, equipment and facilities erected thereon or situate from time to time therein.

"Taxes" means all duties, real property taxes, charges, assessments and payments, from time to time levied, assessed or imposed upon the Shopping Centre or any part thereof or upon the Landlord by reason of its ownership of the Shopping Centre, by any taxing authority. Taxes shall also include any penalties, late payment or interest charges imposed by any municipality or other taxing authority as a result of the Tenant's late payments of any taxes or installments thereof.

"Tenant" means the party named as Tenant in this Lease.

"Term" means the period referred to in Section 2.3.

INITIALS

<i>[Handwritten Initials]</i>	<i>[Handwritten Initials]</i>
Landlord	Tenant

SCHEDULE "A"

LEGAL DESCRIPTION

Part of Lot 6, Concession 6 EHS, Chinguacousy, City of Brampton, Regional Municipality of Peel, as in Instrument No. RO952528, municipally known as 9025 Torbram Road, Brampton, Ontario.

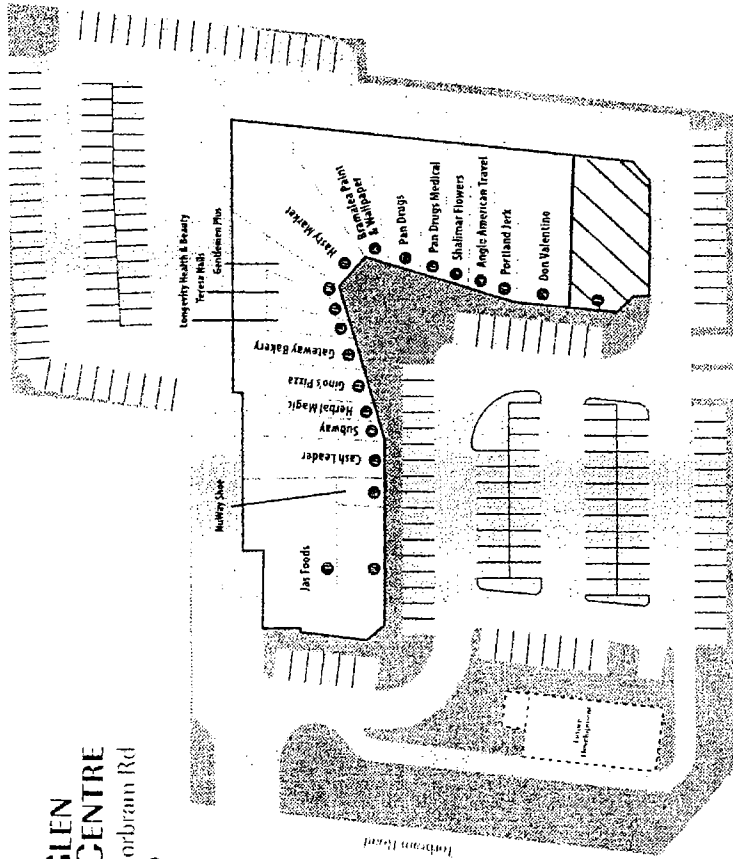
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<i>HE</i>	<i>RB</i>
Landlord	Tenant

SCHEDULE "B"

PLAN OF THE SHOPPING CENTRE

Scott's
REIT

**GATES OF GLEN
SHOPPING CENTRE**
Highway N° 7 & Torbram Rd
Brampton Ontario



TENANT LISTING

UNIT NUMBER	LAND TENANT	SOFT	LAND TENANT	SOFT	LAND TENANT	SOFT		
1	Don Valentino	2,688	6	Pan Drugs Medical	945	11	Freeze Nails	525
2	Portland Jerk	986	7	Pan Drugs	2,528	12	Longcity Health & Beauty	533
3	Anglo American Travel	1,000	8	Brimston Paint & Wallpaper	1,118	13	Gateway Bakery	2,742
4	Shalinur Fitness	1,000	9	Hotly Market	2,000	14	Chin's Pize	1,002
5			10	Gentlemen Plus	525	15	Herbal Magic	787
						16	Jan Foods	4,200
						17	Crash Lender	1,055
						18	Subway	926
						19	Subway	318
						20	Jan Foods	4,200

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SCHEDULE "C"

LANDLORD'S AND TENANT'S WORK

CONSTRUCTION OF LEASED PREMISES

Landlord's Obligation

Nil.

Tenant's Obligation

The Tenant shall at its cost and expense complete or cause the completion of all items of work described as Tenant's Work herein prior to the Commencement Date in accordance with the plans and specifications which have been submitted to and approved by the Landlord. All work performed by the Tenant with respect to the Leased Premises shall:

- (a) be done in accordance with the design criteria set down by the Landlord or its authorized representatives with respect to the external and internal appearance of the Leased Premises;
- (b) be done as expeditiously as reasonably possible;
- (c) be done in such manner as will not interfere unreasonably with work being done by the Landlord upon the Leased Premises or any other portion of the Shopping Centre;
- (d) be done in compliance with such reasonable rules and regulations as the Landlord or its agents or contractors may make;
- (e) be carried out by competent workers under the supervision of one or more professional contractor(s) and designer(s), who shall be subject to prior written approval of the Landlord (such approval not to be unreasonably withheld or delayed), and be subject to the reasonable supervision of the Landlord or its agents or contractors;
- (f) be done only by persons whose labour union affiliations are acceptable to the unions of which the employees of the Landlord, its contractors or subcontractors are members, and
- (g) be done at the risk of the Tenant.

Landlord's Work

The Tenant acknowledges that it has examined the Leased Premises and accepts them in their present state and condition (subject to the removal of any existing fixtures and furniture) and subject to latent defects.

Tenant's Work

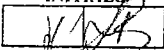
The Tenant shall perform all construction required to ready the Leased Premises for the conduct of the Tenant's business therein, at its sole cost and expense, and in accordance with the provisions of this Schedule "C" and all authorities having jurisdiction. The Tenant shall be responsible for securing all permits at its expense.

OTHER PROVISIONS

Performance of Tenant's Work

The following provisions are in addition to, and do not waive the provisions of any general covenants between the Tenant and the Landlord as may be contained in the Lease:

- A. Before doing any item of Tenant's Work, (i) the Tenant shall secure and demonstrate to the Landlord on demand, all necessary permits; (ii) the Tenant shall deliver to the Landlord a certificate evidencing that it has obtained contractors' general liability insurance in accordance with the Landlord's requirements, naming both the Landlord and its property manager, as additional named insureds; and (iii) the Tenant shall deliver at last one (1) contractor's quotation outlining the scope of the Tenant's Work and estimated cost of the Tenant's Work which the Tenant intends to undertake and complete in accordance with the terms hereof. Upon completion, the Tenant shall secure all applicable certificates of completion and occupancy.
- B. All work by the Tenant within the Leased Premises shall be completed in new materials. Materials and workmanship shall be of a uniformly high quality and used and/or performed in accordance with the very best standards of practice and shall not be in contravention of any governing codes or regulations

INITIALS

Landlord Tenant

and shall be subject to the approval of the Landlord and/or its Architect, not to be unreasonably withheld. Any damage to the Leased Premises or the Shopping Centre caused by the Tenant or any of its employees, contractors or workmen shall be repaired forthwith by the Landlord at the expense of the Tenant.

- C. Under no circumstances will the Tenant, its employees, its contractors or its contractors' employees enter onto any roof of the Shopping Centre or make any opening in the roof without the consent of the Landlord's site supervisor.
- D. The Tenant and his contractor(s) shall not impose a greater load on any concrete floor than the design live load of one hundred (100) pounds per square foot of the Leased Premises uniformly distributed. No unusual loads may be suspended from the underside of roof structure.
- E. Tenant shall maintain the Leased Premises in a reasonably clean and orderly manner and shall be responsible for the cost of removing from the Shopping Centre all excess materials, trash and cartons resulting from Tenant's Work and stocking of the Leased Premises. Should the Tenant fail to regularly clean up construction material, trash and cartons, the Landlord may remove such materials and charge the costs to the Tenant.
- F. The Tenant shall not allow any liens or notices thereof to be placed against the Leased Premises or the Shopping Centre in respect to work undertaken by the Tenant or its contractors. Failure to discharge any liens or notices thereof within five (5) days of notice by the Landlord to do so, shall constitute a default under the Lease.

Exhaust and Odours

- (a) Objectionable odours from the Leased Premises shall, at the Tenant's expense, be exhausted in such a manner as precludes their escaping into other rental areas, or short-circuiting into any fresh-air vents.
- (b) Where Tenant requests a total exhaust rate greater than allowed for in the design criteria, the Tenant shall provide a make-up air system in accordance with Landlord's specifications, sized in the amount of the excess and shall waive right to demand of the Landlord the ambient design conditions specified in the design package provided to the Tenant by the Landlord, if any.
- (c) Garbage refrigeration equipment must be installed in the Leased Premises by the Tenant if perishable items are handled.

Complete Drawings by Tenant (as applicable)

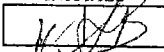
The Tenant shall submit to the Landlord complete drawings and specifications for the Leased Premises, to be prepared by qualified designers and confirming to each of good engineering practice, the outline drawings provided to the Tenant by the Landlord, if any, and the provisions of this Schedule "C".

Such complete drawings and specifications shall show at least the following:

STORE SUBMISSION REQUIREMENTS

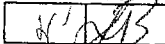
The Tenant shall provide complete working plans and specifications in the following form:

- (d) Floor plan: Scale 1/4" = 1'0".
- (e) Reflecting ceiling: Scale 1/4" = 1'0".
- (f) Store front and show window elevation and sections: 1/4" = 1'0".
- (g) Store front and show window details: Scale 3" = 1'0".
- (h) Interior elevations: Scale 1/4" = 1'0".
- (i) Interior finishing schedule.
- (j) Sign and related lighting and equipment.
- (k) Any other special facilities or installations that affect the building
- (l) Sprinkler and other fire protection devices.
- (m) Underfloor electrical or plumbing.
- (n) Electrical wiring plan.

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All required drawings and specifications shall be submitted for approval within a reasonable time and in any event within fifteen (15) days of written request for by the Landlord therefor. No Tenant's Work may proceed prior to the Landlord's written approval, which will not be unreasonably withheld nor unduly delayed. In the event that the completion of the Landlord's Work and/or Tenant's Work is delayed as a result of the failure by the Tenant to comply with its obligations contained herein, the Fixturing Period shall be reduced by the length of delay caused or contributed to by the Tenant.

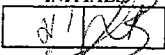
ALL MECHANICAL DRAWINGS AND SPECIFICATIONS SHALL BE STAMPED BY AN ENGINEER QUALIFIED TO PRACTICE IN THE PROVINCE WHICH THE SHOPPING CENTRE IS LOCATED. ALL ELECTRICAL DRAWINGS AND SPECIFICATIONS (INCLUDING LIFE SAFETY AND FIRE SAFETY) SHALL BE STAMPED BY AN ELECTRICIAN QUALIFIED TO PRACTICE IN THE PROVINCE IN WHICH THE SHOPPING CENTRE IS LOCATED. ANY CHANGES TO THE PLANS AND SPECIFICATIONS THAT HAVE BEEN APPROVED BY THE LANDLORD SHALL BE STAMPED BY AN ARCHITECT OR ENGINEER QUALIFIED TO PRACTICE IN THE PROVINCE IN WHICH THE SHOPPING CENTRE IS LOCATED AND SHALL ALSO BE SUBJECT TO THE PRIOR WRITTEN APPROVAL OF THE LANDLORD. ANY INCREASE IN THE COST OF COMPLETING THE LANDLORD'S WORK RESULTING FROM CHANGES REQUESTED BY THE TENANT SHALL BE TO THE ACCOUNT OF THE TENANT AND THE LANDLORD SHALL BE REIMBURSED FOR SAME IMMEDIATELY UPON PRESENTATION OF AN INVOICE IN RESPECT THEREOF.

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Landlord Tenant

SCHEDULE "D"



RULES AND REGULATIONS

1. All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances, designated for such purposes by the Landlord.
2. The delivery or shipping of merchandise, supplies and fixtures to and from the Leased Premises shall be subject to such controls as in the judgment of the Landlord are necessary for the proper operation of the Leased Premises and/or the Shopping Centre.
3. All garbage and refuse shall be kept in the kind of containers specified by the Landlord and shall not be burned in or about the Leased Premises.
4. No radio, television, telegraphic or telephone or similar device and no water pipe, gas pipe or electric wire shall be installed or connected without obtaining in each instance the written consent of the Landlord. All such connections shall be installed in accordance with the Landlord's direction and without such direction no boring or cutting for wires or pipes shall be permitted.
5. The Tenant and its employees, suppliers and other persons not customers having business with the Tenant, shall park their cars only in those portions of the parking area designated for that purpose by the Landlord. Within five (5) days after taking possession of the Leased Premises the Tenant shall furnish the Landlord with the automobile license numbers of the Tenant and its employees and shall thereafter notify the Landlord of any changes within five (5) days after such changes occur. Should the Tenant, its employees, suppliers and other persons not customers having business with the Tenant park vehicles in areas not allocated for that purpose, the Landlord shall have the right to remove the said trespassing vehicles and the Tenant shall save harmless the Landlord from any and all damages therefrom and the Tenant shall pay the costs of such removal.
6. The plumbing facilities shall not be used for any other purpose than that for which they are intended, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision shall be borne by the Tenant.
7. The Tenant shall use at the cost of the Tenant such pest extermination contractor as the Landlord may direct and at such intervals as the Landlord may require.
8. The Tenant, its employees or agents, shall not mark, paint, drill or in any way deface any walls, ceilings, partitions, floors, wood, stone or iron without the written consent of the Landlord.
9. No sidewalk, entry, passageway, or staircase shall be obstructed or used by the Tenant, its officers, agents, servants, employees, contractors, customers, invitees or licensees for any purpose other than ingress to and egress from the Leased Premises.
10. The Tenant, its officers, agents, servants, employees, contractors, customers, invitees or licensees shall not bring in or take out, position, construct, install or move any safe or other heavy equipment or furniture without first obtaining the consent in writing of the Landlord. In giving such consent, the Landlord shall have the right in its sole discretion, to prescribe the weight permitted and the position thereof, and the use and design of planks, skids or platforms to distribute the weight thereof. All damage done to the Shopping Centre by moving or using any such safe, heavy equipment or furniture shall be repaired at the expense of the Tenant. The moving of all equipment and furniture shall occur only during those hours when the Shopping Centre shall not be open for business or any other time consented to by the Landlord and the persons employed to move the same in and out of the Leased Premises shall be acceptable to the Landlord.
11. All persons entering and leaving the building in which the Leased Premises are situated at any time other than during normal business hours shall register in the books kept by the Landlord and the Landlord will have the right to prevent any person from entering or leaving such building unless provided with a key to the premises to which such person seeks entrance or a pass in a form to be approved by the Landlord. Any persons without such key or passes will be subject to the surveillance of the employees and agents of the Landlord. The Landlord shall be under no responsibility for failure to enforce this rule.
12. The Tenant shall not place or cause to be placed any additional locks upon any doors of the Leased Premises without the approval of the Landlord and subject to any conditions imposed by the Landlord.

INITIALS

Landlord Tenant

13. No one shall use the Leased Premises for sleeping apartments or residential purposes, or for the storage of personal effects or articles other than those required for the purposes permitted by the lease to which these rules and regulations are annexed.
14. Subject to the Landlord's providing such service, the Tenant shall permit window cleaners to clean the windows of the Leased Premises from time to time and at reasonable times.
15. Any hand trucks, carryalls or similar appliances used in any building in the Shopping Centre shall be equipped with rubber tires, side guards and such other safeguards as the Landlord shall require.
16. No animals or birds shall be brought into the Leased Premises except as permitted by the lease to which these rules and regulations are annexed.
17. The Tenant shall not solicit business in the common areas or distribute any handbills or other advertising matter in the common areas or in automobiles parked in the parking areas.
18. The Tenant shall keep the Leased Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
19. The Tenant shall not keep or display any merchandise on or otherwise obstruct the common areas adjacent to the Leased Premises.
20. The Tenant shall not use or permit any part of the Leased Premises to be used in such a manner as to cause annoying noises or vibrations or offensive odours.
21. The Tenant shall keep its display windows and signs lit in a manner satisfactory to the Landlord until 11:00 p.m. local time, on each evening except if prevented by reasons beyond the control of the Tenant or unless otherwise approved by the Landlord.

INITIALS

	
Landlord	Tenant

Attached is Exhibit "F"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005,

BETWEEN:

CRI REALTY (NO. 3) INC.,
(the "Landlord")

AND

KIT LIMITED PARTNERSHIP
(the "Tenant")

RECITALS:

WHEREAS SRI Realty (No. 3) Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of March 28, 2003 in respect of the Leased Premises (as defined herein);

AND WHEREAS the Original Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Original Lease was assigned by the Original Landlord to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 -DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11 .01.
- (d) "Lands" means each of the fourteen (14) lands and premises as shown on Schedule "A" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.

- (f) "Leased Premises" means each of the Lands arid Building.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immoveable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21 .01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 -DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 -TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years and shall commence at 12:01 am on the 28th day of March, 2003 (the "Commencement Date"), to be fully completed at 11: 59 pm on the 27th day of March, 2018.

ARTICLE 4 -RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term as set out in Schedule "B" attached hereto.

ARTICLE 5 -TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such hypothec, mortgage or encumbrance

requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the hypothecary creditor, mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such deed of hypothec, mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 -REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;

- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant 's legal liability insurance for the replacement cost of the Leased Premises;
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant 's business operations therein, under the Tenant 's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages as therein contained.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure they that are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant 's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

10.04 If the Tenant fail s to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD 'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance "):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased, Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or my other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part, thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer 's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any renewal thereof) to prospective tenants and (at any time during the Term) to prospective purchaser's and mortgagees; and

- (c) viewing the state of repair of the Leased Premises.

14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 -LANDLORD MAY CURE TENANT 'S DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is diligently proceeding to cure same.

ARTICLE 17 - CONSTRUCTION LIENS

17.01 If any legal hypothecs or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such legal hypothecs or orders.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 -ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or the Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Quebec, and to use those trademarks, names, logos and other registrable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen

day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;

- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (i) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (ii) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.
- (iii) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (iv) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations, and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment

of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.

- (v) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (j) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.
- (vi) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (vii) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.
- (viii) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in the Quebec Civil Code or any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee hypothecary creditor or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the

amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, as the Landlord may reasonably request, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all conventional hypothecs, mortgages, trust deeds, charges or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 -NOTICE

24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

- (a) if to the Landlord, addressed to: CRI Realty (No. 3) Inc.
161 Bay Street
Suite 2300
Toronto, Ontario
M5J 2S1

- (b) if to the Tenant, addressed to: KIT Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 25 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 26 - QUIET ENJOYMENT

26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 27 - CONDITION OF PREMISES

27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is " basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 - MISCELLANEOUS

28.01 The parties acknowledge and agree that this is a lease of fourteen (14) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

28.02 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

28.03 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

28.04 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supersede and replace any and all

existing leases or agreements to lease between the parties with respect to the Leased Premises.

28.05 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

28.06 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the Planning Act (Manitoba) and the City of Winnipeg Charter. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

28.07 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

28.08 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice of memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

28.09 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

28.10 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

ARTICLE 29 -OPTION TO PURCHASE

29.01 The Tenant shall have the option to purchase the Lands effective upon the expiry of the Term of this Lease upon the terms and conditions hereinafter set out:

- (a) The Tenant (Optionee) shall exercise this option to purchase by notice in writing to the Landlord (Optionor) given at least three (3) months prior to the expiry of the Term of the Lease. The option is not severable from the balance of this Lease and may be exercised only by the Tenant under this Lease.
- (b) The purchase price (the "Purchase Price ") for the Lands shall be the fair market value (as agreed to between the Optionor and Optionee) of the Lands as of the date which is three (3) months prior to the expiry to the Term.
- (c) The purchase of the Lands contemplated herein shall be completed upon the date of the expiry of the Term.

ARTICLE 30 -NET LEASE

30.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased

Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

30.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

30.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

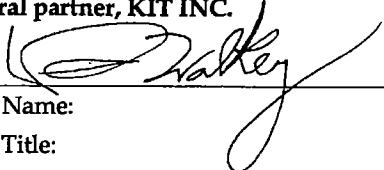
IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

CRI REALTY (NO. 3) INC.

Per: _____
Name:
Title:

I have the authority to bind the Corporation.

**KIT LIMITED PARTNERSHIP, by its
general partner, KIT INC.**

By:  _____
Name:
Title:

SCHEDULE "A"

Store No. 1100, 5601 Bd Leger, Montreal

An emplacement known and designated as being lot number ONE MILLION NINETY-SIX THOUSAND TWO HUNDRED AND TWENTY-FOUR (1 096 224) upon the Cadastre du Québec, Registration Division of Montreal.

Together with a building erected thereon bearing civic address 5601, Léger Boulevard (borough of Montreal-North), Montreal, Québec, H1G 1K4.

Store No. 1106, 2997 Ch. Chambly, Longueuil

An emplacement known and designated as being composed of lot number ONE MILLION NINE HUNDRED TWENTY-EIGHT THOUSAND ONE HUNDRED AND SEVENTY-THREE (1 928 173) upon the Cadastre du Québec, Registration Division of Chambly.

Together with a building erected thereon bearing civic address 2997, Chambly Road, Longueuil, Québec, J4L 1N3.

Store No. 1115, 1110 Rue Provost, Lachine

An emplacement known and designated as being composed of lot number TWO MILLION ONE HUNDRED THIRTY-THREE THOUSAND FIVE HUNDRED AND SEVENTEEN (2 133 517) of the Cadastre du Québec, Registration Division of Montreal.

Together with a building erected thereon bearing civic address 1110, Provost Street (borough of Lachine), Montreal, Québec, H8S 1N5.

Store No. 1116, 9205 Bd Lacordaire, St-Leonard

An emplacement known and designated as being composed of lot number ONE MILLION THREE HUNDRED THIRTY-TWO THOUSAND THREE HUNDRED AND EIGHTY-THREE (1 332 383), upon the Cadastre du Québec, Registration Division of Montreal.

Together with a building erected thereon bearing civic address 9205, Lacordaire Boulevard (borough of St-Léonard), Montreal, Québec, H1R 2B6.

Store No. 1124, 1595 Cote Vertu, St. Laurent

An emplacement known and designated as being composed of lot number ONE MILLION FIVE HUNDRED SIXTEEN THOUSAND EIGHT HUNDRED AND THIRTY-SEVEN (1 516 837) of the Cadastre du Québec, Registration Division of Montreal.

Together with a building erected thereon bearing civic address 1595, Côte Vertu (borough of Saint-Laurent), Montreal, Québec, H4L 2A1.

Store No. 1129, 1551 Bd Shevchenko, Lasalle

An emplacement known and designated as being composed of lot number ONE MILLION FOUR HUNDRED NINETY-NINE THOUSAND TWO HUNDRED AND THIRTY-TWO (1 499 232) of the Cadastre du Québec, Registration Division of Montreal.

Together with a building erected thereon bearing civic address 1551, Shevchenko Boulevard (borough of Lasalle), Québec, H8N 1P3.

Store No. 1150, 9460 Boul Henri Bourassa, Charlesbourg

An emplacement known and designated as being composed of lot number ONE MILLION TWENTY-SEVEN THOUSAND AND ONE (1 027 001) of the Cadastre du Québec, Registration Division of Québec.

With a building erected thereon bearing civic address 9460, Henri-Bourassa Boulevard (borough of Charlesbourg) Québec, Québec, G1G 4E6.

Store No. 1153, 3101 Boul Pere Lelievre, Duberger

An emplacement known and designated as being composed of lot number ONE MILLION TWO HUNDRED TWENTY-SEVEN THOUSAND AND SIXTY-SIX (1 227 066) of the Cadastre du Québec, Registration Division of Québec.

With a building erected thereon bearing civic address 3101, Père Lelièvre, Québec, Quebec, GIP 2Y3

Store No. 1156, 615 4ieme Ave., St. Romuald

An emplacement known and designated as being composed of lot number TWO MILLION ONE HUNDRED FIFTY-FIVE THOUSAND SEVEN HUNDRED AND SEVENTY (2 155 770) of the Cadastre du Québec, Registration Division of Lévis.

Together with a building erected thereon bearing civic address 615, 4th Avenue, Saint-Romuald, Québec, G6W 5M6.

Store No. 1158, 315 Boul Ste Anne, Beauport

An emplacement known and designated as being composed of lot number ONE MILLION FOUR HUNDRED SEVENTY-FIVE THOUSAND ONE HUNDRED AND EIGHTY (1 475 180) of the Cadastre du Québec, Registration Division of Québec.

With a building erected thereon bearing civic address 315, Ste-Anne Boulevard (borough of Beauport), Québec, Québec, G1E 3L4.

Store No. 1171, 104 Bd Arthur-Sauve, St. Eustache

An emplacement known and designated as being composed of lot number ONE MILLION SIX HUNDRED NINETY-NINE THOUSAND SEVEN HUNDRED AND FORTY-TWO (1 699 742), upon the Cadastre du Québec, Registration Division of Deux-Montagnes.

Together with a building erected thereon bearing civic address 104, Arthur-Sauvé Boulevard, Saint-Eustache, Québec, J7R 2H7.

Store No. 1178, 335 Sir Wilfrid Laurier, Beloeil

An emplacement known and designated as being composed of lot number TWENTY of the official subdivision of original lot number THIRTY-FOUR (34-20), upon the official Cadastre of the Parish of Saint-Mathieu-de-Beloeil, Registration Division of Verchères.

Together with a building erected thereon bearing civic address 335, Sir Wilfrid-Laurier Boulevard, Beloeil, Québec, J3G 4H5.

Store No. 1208, 347 Bd St-Joseph, Hull

An emplacement known and designated as being composed of lot number ONE MILLION EIGHTY-FIVE THOUSAND SEVEN HUNDRED AND NINE (1 085 709), upon the Cadastre du Québec, Registration Division of Hull.

Together with a building erected thereon bearing civic address 347, Saint-Joseph Boulevard, Hull, Québec, J6Y 3Z3.

Store No. 1209, 258 Rue Notre-Dame, Gatineau Mills

An emplacement known and designated as being composed of lot number ONE MILLION NINE HUNDRED THIRTY-FIVE THOUSAND SIX HUNDRED AND EIGHTY-THREE (1 935 683) of the Cadastre du Québec, Registration Division of Hull.

Together with a building erected thereon bearing civic address 258, Notre-Dame Street, Gatineau, Québec, J8P 1K4.

SCHEDULE "B"

Municipal Address	Rent Payable
<p>5601 Bd. Leger, Montreal (Store No. 1100)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$62,770.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,230.83, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$65,909.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,492.42, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$69,204.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,767.00, in advance</p>
<p>2997 Ch. Chambly, Longueuil (Store No. 1106)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$55,234.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,602.83, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$57,996.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,833.00, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$60,895.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,074.58, in advance</p>
<p>1110 Rue Provost, Lachine (Store No. 1115)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and</p>

	<p>every year the sum of \$43,534.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,627.83, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$45,711.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,809.25, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$47,996.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,999.67, in advance</p>
9205 Bd Lacordaire, St-Leonard (Store No. 1116)	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$66,575.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,547.92, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$69,904.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,825.33, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$73,399.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,116.58, in advance</p>
1595 Cote Vertu, St. Laurent (Store No. 1124)	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$67,488.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,620.67, in advance</p> <p>(b) during the sixth through tenth</p>

	<p>years of the Term from March 28, 2008 until March 27, 2013 the sum of \$70,821.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,901.75, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$74,362.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,196.83, in advance</p>
<p>1551 Bd Shevchenko, Lasalle (Store No. 1129)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$40,950.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,412.50, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$42,998.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,583.17, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$45,148.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,762.33, in advance</p>
<p>9460 Boul Henri Bourassa, Charlesbourg (Store No. 1150)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$50,640.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,220.00, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$53,172.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,431.00, in advance</p>

	<p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$55,830.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,652.50, in advance</p>
<p>3101 Boul Pere Lelievre, Duberger (Store No. 1153)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$34,206.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$2,850.50, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$35,917.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$2,993.08, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$37,713.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,142.75, in advance</p>
<p>615 4ieme Ave., St. Romauld (Store No. 1156)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$50,001.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,166.75, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$52,501.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$4,375.08, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$55,126.00 of lawful money of Canada in twelve (12)</p>

	equal monthly instalments of \$4,593.83, in advance
315 Boul Ste Anne, Beauport (Store No. 1158)	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$61,559.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,129.92, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$64,637.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,386.42, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$67,869.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,655.75, in advance</p>
104 Bd Arthur-Sauve, St. Eustache (Store No. 1171)	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$65,486.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,457.17, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$68,760.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$5,730.00, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$72,198.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,016.50, in advance</p>
335 Sir Wilfrid Laurier, Beloeil (Store No. 1178)	(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$37,632.00

	<p>of lawful money of Canada in twelve (12) equal monthly instalments of \$3,136.00, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$39,514.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,292.83, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$41,489.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$3,457.42, in advance</p>
<p>347 Bd St-Joseph, Hull (Store No. 1208)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$89,281.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,440.08, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$93,745.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,812.08, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$98,433.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$8,202.75, in advance</p>
<p>258 Rue Notre-Dame, Gatineau Mills (Store No. 1209)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$80,426.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$6,702.17, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28,</p>

	<p>2008 until March 27, 2013 the sum of \$84,447.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,037.25, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$88,669.00 of lawful money of Canada in twelve (12) equal monthly instalments of \$7,389.08, in advance</p>
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THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005,

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT,

BETWEEN:

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP,
(the "Landlord")

AND

KIT LIMITED PARTNERSHIP,
(the "Tenant")

RECITALS:

WHEREAS SRI Realty (No. 3) Inc. (the "Original Landlord") and Prizm Brandz LP, by its General Partner Prizm Brandz Inc. (the "Original Tenant") entered into a lease agreement (the "Original Lease") dated as of March 28, 2003 in respect of certain premises described therein, including the Leased Premises (as defined below);

AND WHEREAS the Original Lease was assigned by the Original Tenant to the Tenant, by an assignment of leases dated as of November 10, 2003;

AND WHEREAS the Original Lease was assigned, to the extent only that the Original Lease relates to the Leased Premises, by the Original Landlord to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (d) "Lands" means each of the six (6) lands and premises as shown on Schedule "A" attached hereto.

- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Building.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Building, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 - DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 - TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years and shall commencing at 12:01 a.m. on the 28th day of March, 2003 (the "Commencement Date"), to be fully completed at 11: 59 pm on the 27th day of March, 2018.

ARTICLE 4 - RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term as set out in Schedule "B" attached hereto.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under

this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof which may or may not be licensed to sell alcoholic beverages, or any other lawful use.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odour or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be commonly known as a repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance of the shall include, without limitation, snow removal for the Building, outside maintenance and gardening of the Building, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the term which affect the condition, equipment, maintenance, occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of liability or fire insurance company by which the Building may be insured by the or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may with the requirements of this Article and the Tenant shall forthwith pay all costs and incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with service companies and private utilities supplying Utilities during and throughout the Term shall indemnify Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, licence or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for or any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement

cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;

- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties, performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises;
- (e) any other form of insurance as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 Notwithstanding subsection 10.01 above, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant, including the deductible amounts and amounts of coverages as therein contained.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall not be required to provide either the original or certified copies of the Tenant's blanket insurance policy to the Landlord.

10.04 If the Tenant fails to take out fifty of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may place such insurance on the Tenant's behalf and the premiums payable for such

insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent, Percentage Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may, at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof;

or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance hereunder or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, the Landlord may terminate this Lease on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of the Leased Premises shall be expropriated or such portion of the Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of the Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any renewal thereof) to prospective tenants and (at any time during the Term) to prospective purchaser's and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 - LANDLORD MAY CURE TENANT'S DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is diligently proceeding to cure same.

ARTICLE 17 - CONSTRUCTION LIENS

17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant 's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such liens or orders.

17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the *Construction Lien Act*.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means or redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or the Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use such signage as is used and installed by the Tenant in its other retail locations in the Province of Ontario, and to use those trademarks, names, logos and other registrable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without, the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in the Tenant or in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this original Lease, the tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term which, shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee. With the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.02 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent, Percentage Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) If the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) If he Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) If the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) If a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) If the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (i) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (ii) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.

- (iii) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (iv) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (v) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (i) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (i) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (j) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.
- (vi) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (vii) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and

the next ensuing three months' rent shall accelerate and shall immediately become due and payable.

- (viii) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Notwithstanding any provision to the contrary in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to so operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees as between a solicitor and his own client and all judicial and extra-judicial fees of advocates and notaries;
- (d) (4 interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall

be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, and whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, as the Landlord may reasonably request, the financial statements shall be audited by an independent firm of chartered accountants, The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the tights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all mortgages, trust deeds, charges, liens or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of all of the Leased Premises, or the assignment by the Landlord of this entire Lease, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon the covenants and obligations contained in this Lease.

ARTICLE 24 - NOTICE

24.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

(a) if to the Landlord, addressed to the Landlord at:

Canada Trust Tower
BCE Place
161 Bay Street
Suite 2300
Toronto, Ontario
M5J2S1

Attention: Lilly Di Massimo
Facsimile: 416-361-6018

(b) if to the Tenant, addressed to the Tenant at:

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Peter Walkey
Facsimile: 416-361-6018

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing strike a is mail in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time notice by to the other change the address to which notices are to be given.

ARTICLE 25 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

25.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 25 and in good order, repair and condition.

25.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant, For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead Corn the Leased Premises.

25.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove

the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 26 - QUIET ENJOYMENT

26.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 27 - CONDITION OF PREMISES

27.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is" basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 28 - MISCELLANEOUS

28.01 The parties acknowledge and agree that this is a lease of six (6) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

28.02 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

28.03 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

28.04 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all existing leases or agreements to lease between the parties with respect to the Leased Premises.

28.05 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

28.06 This Lease is subject to the condition that it is to be effective only on obtaining such consents, if any, as may be required under the *Planning Act*. The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any necessary consent to this Lease.

28.07 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and the Tenant and their successors and permitted assigns.

28.08 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

28.09 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term or any renewal thereof, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

28.010 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

ARTICLE 29 - OPTION TO PURCHASE

29.01 The Tenant shall have the option to purchase the Lands effective upon the expiry of the Term of this Lease upon the terms and conditions hereinafter set out:

- (a) The Tenant (Optionee) shall exercise this option to purchase by notice in writing to the Landlord (Optionor) given at least three (3) months prior to the expiry of the Term of the Lease. The option is not severable from the balance of this Lease and may be exercised only by the Tenant under this Lease.
- (b) The agreement of purchase and sale resulting from the exercise of the aforesaid right shall be effective to create an interest in the Leased Premises only if the applicable land division provisions of the Planning Act are complied with.
- (c) The purchase price (the "Purchase Price") for the Lands shall be the fair market value (as agreed to between the Optionor and Optionee) of the Lands as of the date which is three (3) months prior to the expiry to the Term.
- (d) The purchase of the Lands contemplated herein shall be completed upon the date of the expiry of the Term.

ARTICLE 30 - NET LEASE

30.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature arising from or relating to the Leased Premises or the use or occupancy thereof, and the Tenant shall pay all charges and expenses relating to the Leased Premises.

30.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes capital taxes, value added taxes, business transfer taxes or other taxes personal to the Landlord.

30.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

**SCOTT'S TRUSTEE CORP., in its capacity
as trustee of SCOTT'S GP TRUST, in its
capacity as general partner of SCOTT'S
REAL ESTATE LIMITED PARTNERSHIP**

By: 
Name:

Title:

I have the authority to bind the Corporation.

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By: _____

Name:

Title:

I have the authority to bind the Corporation.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

**SCOTT'S TRUSTEE CORP., in its capacity
as trustee of SCOTT'S GP TRUST, in its
capacity as general partner of SCOTT'S
REAL ESTATE LIMITED PARTNERSHIP**

By: _____

Name:

Title:

I have the authority to bind the Corporation.

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By:  _____

Name:

Title:

I have the authority to bind the Corporation.

SCHEDULE "A"

Store No. 1351, 1630 Queen St. East, Toronto

PIN: 21023-0163 LT

Lots 5 and 6, Plan 455E, Toronto; City of Toronto

Store No. 1412, 415 Pembroke Street East, Pembroke

PIN: 57141-0002 LT

Lots 74 and 75, Plan 18, City of Pembroke

Store No. 1438, 1683 Dundas Street, London

PIN: 08112-0198 LT

Part of Lots 5, 6, 7 and 8, Plan 477, as in Instrument No. 300061, London, London Township

Store No. 1529, 1314 Dufferin Street, Wallaceburg

PIN: 0058 1-0092 R

Lot 69, Plan 410, formerly town of Wallaceburg, County of Kent, Municipality of Chatham-Kent

Store No. 1532, 1300 Lasalle Blvd., Sudbury

PIN: 02120-0040 LT

Part of Lot 2, Plan M-300, City of Sudbury, Regional Municipality of Sudbury

Store No. 1534, 582 Kathleen Street West, Sudbury

PIN: 02128-0365 LT

Lots 169 and 170, Plan M-1 00, City of Sudbury, Regional Municipality of Sudbury

SCHEDULE "B"

Municipal Address	Rent Payable
<p>1630 Queen St. East, Toronto (Store No. 1351)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$39,686.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,307.17, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$41,670.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,472.50, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$43,753.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,646.08, in advance</p>
<p>415 Pembroke Street East, Pembroke (Store No. 1412)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of 653,587.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,465.58, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$56,266.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,688.83, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$59,080.00 of lawful money of Canada in twelve (12) equal monthly installments of \$4,923.33, in advance</p>
<p>1683 Dundas Street, London (Store No. 1438)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$67,450.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,620.83, in advance</p>

Municipal Address	Rent Payable
	<p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$70,823.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,901.92, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$74,364.00 of lawful money of Canada in twelve (12) equal monthly installments of \$6,197.00, in advance</p>
<p>1314 Dufferin Street, Wallaceburg (Store No. 1529)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$35,427.00 of lawful money of Canada in twelve (12) equal monthly installments of \$2,952.25, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$37,198.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,099.83, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$39,058.00 of lawful money of Canada in twelve (12) equal monthly installments of \$3,254.83, in advance</p>
<p>1300 Lasalle Blvd., Sudbury (Store No. 1532)</p>	<p>(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$61,822.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,151.83, in advance</p> <p>(b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$64,913.00 of lawful money of Canada in twelve (12) equal monthly installments of \$5,409.42, in advance</p> <p>(c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$68,159.00 of lawful</p>

Municipal Address	Rent Payable
	money of Canada in twelve (12) equal monthly installments of \$5,679.92, in advance
582 Kathleen Street West, Sudbury (Store No. 1534)	(a) during the first through fifth years of the Term from March 28, 2003 until March 27, 2008 yearly and every year the sum of \$29,661.00 of lawful money of Canada in twelve (12) equal monthly installments of \$2,471.75, in advance (b) during the sixth through tenth years of the Term from March 28, 2008 until March 27, 2013 the sum of \$31,144.00 of lawful money of Canada in twelve (12) equal monthly installments of \$2,595.33, in advance (c) during the eleventh through fifteenth years of the Term from March 28, 2013 until March 27, 2018 yearly and every year the sum of \$32,701.00 of lawful money of Canada. In twelve (12) equal monthly installments of \$2,725.08, in advance

COLONEL'S REALTY INC.
as Landlord

and

KIT LIMITED PARTNERSHIP
as Tenant

AMENDED AND RESTATED MASTER LEASE - QUEBEC PROPERTIES
As of October 6, 2005

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THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005

BETWEEN:

Colonel's Realty Inc.

(the "Landlord")

AND

KIT Limited Partnership

(the "Tenant")

RECITALS:

WHEREAS the Landlord and the Tenant entered into a lease agreement (the "Original Lease") dated as of November 10, 2003 in respect of certain premises described therein, including the Leased Premises (as defined below);

AND WHEREAS the Landlord transferred nine (9) properties leased pursuant to the Original Lease and assigned the Original Lease, to the extent only that the Original Lease related to such properties by an assignment of lease (the "Assignment Agreement") dated as of September 30, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.
- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (d) "Lands" means each of the fifty-three (53) lands and premises as shown on Schedule "A" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Buildings.

- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Buildings, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 - DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 - TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years, subject to any extension under Section 3.02 hereof commencing at 9:00 a.m. on the 10th day of November, 2003 (the "Commencement Date"), to be fully completed at 11:59 p.m. on the 9th day of November, 2018.

3.02 Provided that the Tenant is not then in default under the terms of this Lease, the Tenant shall have the right, on prior written notice to the Landlord to be given at least six (6) months prior to the expiration of the Term or the first extension of the Term, to extend the Term for two further periods of five (5) years each, such extensions to be on the same terms and conditions of this Lease except that (i) Minimum Rent shall be at then prevailing market rates for each of the premises leased hereunder and (ii) there shall be no further right of extension. In the event that the parties are unable to agree to the Minimum Rent for any extension of the Term within three (3) months after the Tenant providing notice of such extension, then such Minimum Rent shall be determined by arbitration in accordance with the Arbitration Act (Ontario), and such arbitration shall be conducted in Toronto, Ontario. In exercising its extension rights pursuant to this Section 3.02, the Tenant shall have the right to extend the Term in respect of any one or more of the Leased Premises leased hereunder but, in so doing, shall not be obligated to extend the Term in respect of all the Leased Premises leased hereunder. Notwithstanding the foregoing, in the event the Tenant elects not to extend the Term in respect of any one or more of the Leased Premises for the first five year extension term contemplated by this Section 3.02, it shall thereafter be prohibited from exercising an extension of the Term in respect of such particular Leased Premises pursuant to the second five year extension term contemplated by this Section 3.02.

ARTICLE 4 - RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term in monthly installments as set out in Schedule "B" attached hereto, with the first payment having been payable on November 10, 2003, and subsequent installments payable on the first day of each month. Rent payable in respect of any broken portion of a calendar month shall be prorated.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a hypothec, mortgage or other financial encumbrance on the Leased Premises and such hypothec, mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the hypothecary creditor, mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such deed of hypothec, mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein, to the extent permitted by all applicable requirements of law, a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof, which may or may not be licensed to sell alcoholic beverages, and for no other purpose without the prior written consent of the Landlord, which will not be unreasonably withheld.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises and, in the event that there is a change of use of the Leased Premises after the Commencement Date, the standard to which the Tenant will be responsible to repair the Leased Premises will be the standard of good condition and repair and consistent with recognized industry standards for comparable operations. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Leased Premises, outside maintenance and gardening of the Leased Premises, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the Term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of any liability or casualty insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify the Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the Landlord's mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises;
- (e) any other or additional insurance coverage as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 So long as the Tenant is KIT Limited Partnership and is not in default of any provisions of this Lease, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant including the deductible amounts and amounts of coverages as therein contained, provided that this Section 10.02 shall not have any effect upon the obligations of the Tenant to maintain or repair the Leased Premises or to be responsible for any property owned by the Tenant under this lease.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, and others for whom they may be responsible at law, whether or not any loss is caused by the act, omission or negligence of such persons. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall, within a reasonable period of time after written request by the Landlord, provide either the original or certified copies of the Tenant's insurance policies to the Landlord.

10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may (but shall have no obligation to) place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums

are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may (but shall have no obligation to), at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent for such Leased Premises shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance under Section 10.01 hereof (regardless of the application of Section 10.02 hereof) or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease in respect of such Leased Premises by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, or in the event that any mortgagee is entitled to, and does, require that any insurance proceeds be applied against mortgage debt, the Landlord may terminate this Lease in respect of such Leased Premises on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of any Leased Premises shall be expropriated or such portion of any Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of any Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 The Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any extension thereof) to prospective tenants and (at any time during the Term) to prospective purchasers and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 The Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 - LANDLORD MAY CURE TENANT'S DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is diligently proceeding to cure same.

ARTICLE 17 - LEGAL HYPOTHECS

17.01 If any legal hypothecs or orders for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such legal hypothecs, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such legal hypothecs or orders.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances or Leased Premises shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances or Leased Premises other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the

Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use at the Leased Premises such signage as is used and installed by the Tenant in its other retail locations in the Province in which such Leased Premises are situate, and to use those trademarks, names, logos and other registrable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent, and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other

than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;
- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (i) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (ii) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period

permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.

- (iii) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (iv) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (v) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (iv) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (iv) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (v) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.
- (vi) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (vii) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.

- (viii) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Each of the Landlord and the Tenant acknowledge and agree that, in accordance with the intention contemplated by Section 29.01 hereof that the terms of this Lease be interpreted as if they apply to each of the Leased Premises individually, a default under this Lease in respect of any one of the Leased Premises leased hereunder shall not constitute a default in respect of any other of the Leased Premises leased hereunder, and the Landlord's remedies exercisable in the event of any such default shall be exercisable only in respect of the Leased Premises to which such default relates. So long as the Tenant is KIT Limited Partnership and the use of the Leased Premises remains unchanged from the Commencement Date, notwithstanding anything contained in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees on a substantial indemnity basis and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in the Quebec Civil Code or any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord

that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee, hypothecary creditor or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, whether there is any work remaining to be done by the Landlord within or to the Leased Premises, and such other matters as the Landlord may reasonably request, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all conventional hypothecs, mortgages, trust deeds, charges, liens or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of some or all of the Leased Premises, or the assignment by the Landlord of this Lease, as it relates to some or all of the Leased Premises, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon such covenants and obligations.

ARTICLE 24 - LIMITATION OF LIABILITY

24.01 If the Landlord or any assignee of the beneficial rights of the Landlord is ever a real estate investment trust (a "REIT") or other type of trust or fund (a "Fund"), then the Tenant acknowledges and confirms that the obligations of the Landlord hereunder are not and will not be binding on a trustee of the REIT or Fund, any registered or beneficial holder of one or more units of the REIT or Fund ("Unitholder") or any annuitant under a plan of which such a Unitholder acts as trustee or carrier, or any officers, employees or agents of the REIT or Fund and that resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing or the private property of any of the foregoing and for clarity, the Tenant's recourse, if any, in respect of the obligations of the REIT or Fund shall be limited to the REIT's or Fund's interest in the Leased Premises.

ARTICLE 25 - NOTICE

25.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

(a) if to the Landlord, addressed to the Landlord at:

Canada Trust Tower
BCE Place
161 Bay Street, Suite 2300
Toronto, Ontario, M5J 2S1

Attention: Lilly Di Massimo

Facsimile: (416) 361-6018

with a copy to:

Stikeman Elliott LLP
199 Bay Street
5300 Commerce Court West
Toronto, Ontario M5L 1B9

Attention: Dee Rajpal

Telephone: (416) 869-5576

Facsimile: (416) 947-0866

(b) if to the Tenant, addressed to the Tenant at:

101 Exchange Avenue
Vaughan, Ontario L4K 5R6

Attention: Peter Walkey

Telephone: (416) 739-2900

Facsimile: (416) 361-6018

with a copy to:

Priszm Brandz LP
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Legal Department
Telephone: (416) 739-2952
Facsimile: (416) 650-9751

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 26 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

26.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 26 and in good order, repair and condition.

26.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

26.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 27 - QUIET ENJOYMENT

27.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 28 - CONDITION OF PREMISES

28.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is" basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 29 - MISCELLANEOUS

29.01 The parties acknowledge and agree that this is a lease of fifty-three (53) separate properties each with their own municipal address, legal description, and rent. Where

applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

29.02 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

29.03 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

29.04 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all prior leases, agreements to lease, negotiations and discussions between the parties with respect to the Leased Premises.

29.05 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

29.06 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and its successors and assigns and to the Tenant and its successors and permitted assigns.

29.07 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

29.08 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

29.09 Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein, nor any acts of the parties hereunder shall be deemed to create any relationship other than the relationship of landlord and tenant.

29.10 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

29.11 In respect of each Leased Premises leased hereby, except as otherwise specifically provided herein, this Lease will be governed by and construed in accordance with the laws of the Province of Quebec.

29.12 The parties hereto agree that the terms and language of this Lease are the result of negotiations between the parties and, as a result, there will be no presumption that any ambiguity in this Lease will be resolved against any party.

29.13 The parties have specifically requested that this Lease be written in the English language. Les parties aux présentes ont expressément exigé que les présentes soient écrites en langue anglaise.

ARTICLE 30 - NET LEASE

30.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses or outlays of any nature arising from or relating to the Leased Premises or the ownership use or occupancy thereof, and the Tenant shall pay all such costs charges, expenses and outlays.

30.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes, capital taxes, business transfer taxes or other taxes personal to the Landlord.

30.03 The parties hereby confirm that the Lease remains in full force and effect and unamended, except as expressly provided herein.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

COLONEL'S REALTY INC.

By:


Authorized Signing Officer

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By:

Authorized Signing Officer

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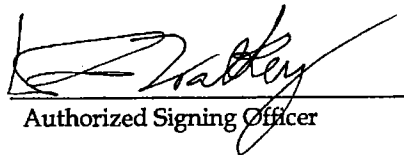
COLONEL'S REALTY INC.

By:

Authorized Signing Officer

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By:



Authorized Signing Officer

SCHEDULE "A"

	Store Number	Municipal Address	City	Province
1.	1101	351 Avenue Regina	Verdun	PQ
2.	1102	8710 Rue Sherbrooke E.	Montreal	PQ
3.	1103	1670 De la Concorde E.	Duvernay	PQ
4.	1104	3199 Boul. Taschereau	Greenfield Park	PQ
5.	1105	3000 BD St. Charles	Kirkland	PQ
6.	1108	1375 St. Jean Baptiste	Pointe Trembles	PQ
7.	1109	990 Rue Montarville	Boucherville	PQ
8.	1110	4310 Rue Papineau	Montreal	PQ
9.	1111	140 Boulevard Ste. Foy	Longueuil	PQ
10.	1112	6240 Rue Beaubien Est	Montreal	PQ
11.	1114	1689 BD Des Laurentides	Vimont	PQ
12.	1117	8575 Boulevard Pie IX	Montreal	PQ
13.	1119	5272 Rue Sherbrooke O.	Montreal	PQ
14.	1121	4980 BD Des Sources	Pierrefonds	PQ
15.	1127	6625 Av. Victoria	Montreal	PQ
16.	1130	6445 Taschereau Blvd.	Brossard	PQ
17.	1152	3309 Chemin Ste. Foy	Ste. Foy	PQ
18.	1154	11025 Boul. L'Ormiere	Neufchatel	PQ
19.	1157	140 Route Pres. Kennedy	Levis	PQ
20.	1174	680 BD Du Seminaire	St-Jean	PQ
21.	1175	650 BD Taschereau	La Prairie	PQ
22.	1176	291 BD Des Laurentides	St-Jerome	PQ
23.	1177	60 BD Cure Labelle	Ste. Therese	PQ
24.	1179	590 Rue Principale	Ste. Agathe	PQ
25.	1180	947 BD Des Seigneurs	Terrebonne	PQ
26.	1181	91 BD Harwood	Dorion	PQ
27.	1182	180 Rue Firset	Sorel-Tracy	PQ
28.	1184	1465 Rue King Ouest	Sherbrooke	PQ
29.	1185	703 Rue Principale	Granby	PQ
30.	1186	50 Rue Merry Nord	Magog	PQ
31.	1187	1533 Rue Sud	Cowansville	PQ
32.	1188	379 Rue Child	Coaticook	PQ
33.	1191	314 Ch. Larocque	Valleyfield	PQ
34.	1192	129 BD Danjou	Chateauguay	PQ
35.	1193	2975 BD Laframboise	St-Hyacinthe	PQ
36.	1196	969 Rue Du Phare O.	Matane	PQ
37.	1198	602 Av. Laure	Sept.-Iles	PQ
38.	1200	3814 BD Harvey	Jonquiere	PQ
39.	1201	466 Ste. Genevieve	Chicoutimi	PQ
40.	1202	50 Rue Collard O.	Alma	PQ
41.	1203	2020 Boulevard Mellon	Jonquiere	PQ
42.	1204	936 BD Ducharme	La Tuque	PQ
43.	1205	230 8E Avenue	Dolbeau	PQ
44.	1206	991 BD Marcotte	Roberval	PQ
45.	1210	164 BD Greber	Pointe Gatineau	PQ
46.	1211	125 Rue Bethany	Lachute	PQ
47.	1212	650 BD Paquette	Mont Laurier	PQ
48.	1213	620 Rue Notre-Dame O.	Victoriaville	PQ
49.	1214	1605 Boulevard St. Joseph	Drummondville	PQ
50.	1215	1080 Boulevard Des Recollets	Trois-Rivieres	PQ
51.	1217	1483 Rue St. Marc	Shawinigan	PQ
52.	1218	31 Boulevard Smith Sud	Theftford Mines	PQ
53.	1219	1550 1E Avenue O.	St. Geo. Beauce	PQ

SCHEDULE "B"

See Attached.

Schedule B to Master Lease Quebec Properties

Store No.	Municipal Address	City	Prov.	Annual Rent		Monthly Instalments		Annual Rent		Monthly Instalments		Annual Rent		Monthly Instalments	
				Minimum	Years 1-5	Years 1-5	Years 1-5	Minimum	Years 6-10	Years 6-10	Years 6-10	Minimum	Years 11-15	Years 11-15	Years 11-15
1	1101 351 AV. REGINA	VERDUN	PQ	42,323.37	3,526.95	44,439.54	3,703.30	46,661.52	3,888.46						
2	1102 8710 RUE SHERBROOKE E.	MONTREAL	PQ	47,872.78	3,989.40	50,266.42	4,186.87	52,779.74	4,398.31						
3	1103 1670 DE LA CONCORDE E.	DUVERNAY	PQ	45,390.18	3,782.52	47,659.69	3,971.64	50,042.68	4,170.22						
4	1104 3189 BOUL TASCHEREAU	GREENFIELD PARK	PQ	44,117.01	3,676.42	46,322.86	3,860.24	48,639.01	4,053.25						
5	1105 3000 BD ST-CHARLES	KIRKLAND	PQ	58,137.96	4,844.83	61,044.86	5,087.07	64,097.10	5,341.43						
6	1108 1375 ST-JEAN BAPTISTE	POINTE TREMBLES	PQ	42,286.56	3,523.88	44,400.89	3,700.07	46,620.94	3,885.08						
7	1109 990 RUE MONTARVILLE	BOUCHERVILLE	PQ	36,243.29	3,020.27	38,055.45	3,171.29	39,958.22	3,329.85						
8	1110 4310 RUE PAPINEAU	MONTREAL	PQ	41,979.33	3,498.28	44,078.29	3,673.19	46,282.21	3,856.85						
9	1111 140 BD STE-FOY	LONGUEUIL	PQ	41,753.09	3,479.42	43,840.74	3,653.39	46,032.78	3,836.06						
10	1112 1689 RUE BEAUBIEN EST	MONTREAL	PQ	47,496.11	3,958.01	49,870.92	4,155.91	52,364.46	4,363.71						
11	1114 6240 RUE DES LAURENTIDES	VIMONT	PQ	42,061.48	3,505.12	44,164.55	3,680.38	46,372.78	3,864.40						
12	1117 8575 BD PIE IX	MONTREAL	PQ	50,650.61	4,220.88	53,183.14	4,431.93	55,842.30	4,653.53						
13	1119 5272 RUE SHERBROOKE O.	MONTREAL	PQ	59,814.69	4,984.56	62,805.42	5,233.78	65,945.69	5,495.47						
14	1121 4980 BD DES SOURCES	PIERREFONDS	PQ	52,757.14	4,396.43	55,394.99	4,616.25	58,164.74	4,847.06						
15	1127 6625 AV. VICTORIA	MONTREAL	PQ	59,799.14	4,983.26	62,789.09	5,232.42	65,928.55	5,494.05						
16	1130 6445 TASCHEREAU BLVD.	BROSSARD	PQ	55,902.99	4,658.58	58,698.14	4,891.51	61,633.05	5,136.09						
17	1152 3309 CHEMIN STE FOY	STE FOY	PQ	47,419.33	3,951.61	49,790.30	4,149.19	52,279.81	4,356.65						
18	1154 11025 BOUL L'ORMIERE	NEUFCHATEL	PQ	46,886.56	3,907.21	49,230.89	4,102.57	51,692.43	4,307.70						
19	1157 140 ROUTE PRES.KENNEDY	LEVIS	PQ	59,986.09	4,998.84	62,985.39	5,248.78	66,134.66	5,511.22						
20	1174 680 BD DU SEMINAIRE	ST-JEAN	PQ	64,047.47	5,337.29	67,249.85	5,604.15	70,612.34	5,884.36						
21	1175 650 BD TASCHEREAU	LA PRAIRIE	PQ	43,499.10	3,624.92	45,674.05	3,806.17	47,957.75	4,996.48						
22	1176 291 BD DES LAURENTIDES	ST-JEROME	PQ	97,264.92	8,105.41	102,128.17	8,510.68	107,234.58	8,936.21						
23	1177 60 BD CURE LABELLE	STE THERESE	PQ	70,655.24	5,887.94	74,188.00	6,182.33	77,897.40	6,491.45						
24	1179 590 RUE PRINCIPALE	STE AGATHE	PQ	38,420.13	3,201.68	40,341.14	3,361.76	42,358.19	3,529.85						
25	1180 947 BD DES SEIGNEURS	TERREBONNE	PQ	71,809.58	5,984.13	75,400.06	6,283.34	79,170.08	6,597.51						
26	1181 91 BD HARWOOD	DORION	PQ	56,595.42	4,716.29	59,425.19	4,952.10	62,396.45	5,198.70						
27	1182 180 RUE FISET	SOREL-TRACY	PQ	47,500.93	3,958.41	49,875.97	4,156.33	52,369.77	4,364.15						
28	1184 1465 RUE KING OUEST	SHERBROOKE	PQ	66,074.99	5,506.25	69,378.74	5,781.56	72,847.68	6,070.64						
29	1185 703 RUE PRINCIPALE	GRANBY	PQ	67,673.87	5,639.49	71,057.57	5,921.46	74,610.44	6,217.54						
30	1186 50 RUE MERRY NORD	MAGOG	PQ	44,301.86	3,691.82	46,516.95	3,876.41	48,842.80	4,070.23						
31	1187 1533 RUE SUD	COWANSVILLE	PQ	53,513.92	4,459.49	56,189.61	4,682.47	58,999.09	4,916.59						
32	1188 379 RUE CHILD	COATICOOK	PQ	40,649.87	3,387.49	42,682.36	3,556.86	44,816.48	3,734.71						
33	1191 314 CH. LAROCQUE	VALLEYFIELD	PQ	38,755.79	3,229.65	40,693.58	3,391.13	42,728.26	3,560.69						
34	1192 129 BD DANJOU	CHATEAUGUAY	PQ	76,054.74	6,337.89	79,857.47	6,654.79	83,850.35	6,987.53						

35	1193	2975 BD LAFRAMBOISE	ST-HYACINTHE	PQ	67,062.71	5,588.56	70,415.84	5,867.99	73,936.63	6,161.39
36	1196	969 RUE DU PHARE O.	MATANE	PQ	38,348.12	3,195.68	40,265.53	3,355.46	42,278.80	3,523.23
37	1198	602 AV. LAURE	SEPT-ILES	PQ	54,872.72	4,572.73	57,616.36	4,801.36	60,497.17	5,041.43
38	1200	3814 BD HARVEY	JONQUIERE	PQ	49,061.01	4,088.42	51,514.06	4,292.84	54,089.76	4,507.48
39	1201	466 STE GENEVIEVE	CHICOUTIMI	PQ	42,947.44	3,578.95	45,094.81	3,757.90	47,349.56	3,945.80
40	1202	50 RUE COLLARD O.	ALMA	PQ	49,531.88	4,127.66	52,008.48	4,334.04	54,608.90	4,550.74
41	1203	2020 BD MELLON	JONQUIERE	PQ	34,290.06	2,857.50	36,004.56	3,000.38	37,804.79	3,150.40
42	1204	936 BD DUCHARME	LA TUQUE	PQ	29,966.72	2,496.39	31,454.56	2,621.21	33,027.28	2,752.27
43	1205	230 8E AVENUE	DOLBEAU	PQ	44,670.12	3,722.51	46,903.63	3,908.64	49,248.81	4,104.07
44	1206	991 BD MARCOTTE	ROBERVAL	PQ	40,167.12	3,347.26	42,175.47	3,514.62	44,284.25	3,690.35
45	1210	164 BD GREBER	POINTE GATINEAU	PQ	86,141.72	7,178.48	90,448.81	7,537.40	94,971.25	7,914.27
46	1211	125 RUE BETHANY	LACHUTE	PQ	44,706.72	3,725.56	46,942.05	3,911.84	49,289.15	4,107.43
47	1212	650 BD PAQUETTE	MONT LAURIER	PQ	48,714.65	4,059.55	51,150.38	4,262.53	53,707.90	4,475.66
48	1213	620 RUE NOTRE-DAME O.	VICTORIAVILLE	PQ	41,665.08	3,472.09	43,748.34	3,645.69	45,935.75	3,827.98
49	1214	1605 BD ST-JOSEPH	DRUMMONDVILLE	PQ	59,365.06	4,947.09	62,333.31	5,194.44	65,449.97	5,454.16
50	1215	1080 BD DES RECOLLETS	TROIS-RIVIERES	PQ	42,090.82	3,507.57	44,195.37	3,682.95	46,405.13	3,867.09
51	1217	1483 RUE ST-MARC	SHAWNIGAN	PQ	29,872.40	2,489.37	31,366.02	2,613.84	32,934.32	2,744.53
52	1218	31 BD SMITH SUD	THETFORD MINES	PQ	64,798.49	5,399.87	69,038.41	5,669.87	71,440.33	5,953.36
53	1219	1550 1E AVENUE O.	ST. GEO. BEAUCE	PQ	81,875.73	6,822.98	85,969.52	7,164.13	90,267.99	7,522.33

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

as Landlord

and

KIT LIMITED PARTNERSHIP

as Tenant

AMENDED AND RESTATED MASTER LEASE

As of October 6, 2005

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THIS AMENDED AND RESTATED LEASE made as of the 6th day of October, 2005,

BETWEEN:

Scott's Real Estate Limited Partnership

(the "Landlord")

AND

KIT Limited Partnership

(the "Tenant")

RECITALS:

WHEREAS Yum! Brands Canada Management LP (the "Original Landlord") and the Tenant entered into a lease agreement (the "Original Lease") dated as of November 10, 2003 in respect of certain premises described therein, including the Leased Premises (as defined below);

AND WHEREAS the Original Lease was assigned, to the extent only that the Original Lease relates to the Leased Premises, by the Original Landlord to the Landlord, by an assignment of lease (the "Assignment Agreement") dated as of October 6, 2005;

AND WHEREAS the Landlord and the Tenant wish to amend and restate, without novation, the Original Lease to reflect the fact that, as between the Landlord and the Tenant, the leasing arrangements contemplated thereby now apply, *mutatis mutandis*, in respect of the Leased Premises;

NOW THEREFORE in consideration of the mutual agreements and covenants contained herein and the sum of \$10.00 (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Lease the following words and terms shall have the following meanings respectively:

- (a) "Building" means the building and the other fixtures and improvements on each of the Lands.

- (b) "GST" means any business transfer tax, value added tax or goods and services tax presently or hereafter imposed from time to time upon the Landlord or the Tenant or in respect of this Lease and payable on account of the rental of each of the Leased Premises or the Landlord's receipt of the rents and other amounts and charges hereunder.
- (c) "Landlord's Insurance" shall have the meaning attributed thereto in section 11.01.
- (d) "Lands" means each of the fifty-eight (58) lands and premises as shown on Schedule "A" attached hereto.
- (e) "Lease" means this lease as executed by the Landlord and the Tenant.
- (f) "Leased Premises" means each of the Lands and Buildings.
- (g) "Property Taxes" means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against each of the Lands and Buildings, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether federal, provincial, municipal, school board, utility commission or other, and includes any taxes or levies which may be imposed on the Landlord or the Tenant or anyone else on account or in lieu thereof, whether or not forming a charge on each property itself, and any other taxes, rates, duties, assessments or levies which may hereafter be levied in lieu of, or of a nature similar to, the foregoing, and whether recurring annually, or at other intervals, or on a special or single instance only, but shall not include the Landlord's income taxes, capital tax, value added taxes, business transfer taxes or other taxes personal to the Landlord.
- (h) "Term" shall have the meaning attributed thereto in section 3.01.
- (i) "Transfer" shall have the meaning attributed thereto in Section 21.01.
- (j) "Transferee" shall have the meaning attributed thereto in Section 21.01.
- (k) "Utilities" means gas, fuel, electricity, light, heat, power, other forms of energy, sewage disposal service, garbage and trash removal, cable T.V. and telephone and other communication services used, rendered or supplied upon or in connection with each of the Leased Premises and "Utility" shall have a corresponding meaning.

ARTICLE 2 - DEMISE

2.01 In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease unto the Tenant for the Term, the Leased Premises.

ARTICLE 3 - TERM

3.01 The term of the Lease (the "Term") shall be for a period of fifteen years subject to any extension under Section 3.02 hereof, commencing at 9:00 a.m. on the 10th day of November, 2003 (the "Commencement Date"), to be fully completed at 11:59 p.m. on the 9th day of November, 2018.

3.02 Provided that the Tenant is not then in default under the terms of this Lease, the Tenant shall have the right, on prior written notice to the Landlord to be given at least six (6) months prior to the expiration of the Term or the first extension of the Term, to extend the Term for two further periods of five (5) years each, such extensions to be on the same terms and conditions of this Lease except that (i) Minimum

Rent shall be at then prevailing market rates for each of the premises leased hereunder and (ii) there shall be no further right of extension. In the event that the parties are unable to agree to the Minimum Rent for any extension of the Term within three (3) months after the Tenant providing notice of such extension, then such Minimum Rent shall be determined by arbitration in accordance with the Arbitration Act (Ontario), and such arbitration shall be conducted in Toronto, Ontario. In exercising its extension rights pursuant to this Section 3.02, the Tenant shall have the right to extend the Term in respect of any one or more of the Leased Premises leased hereunder but, in so doing, shall not be obligated to extend the Term in respect of all the Leased Premises leased hereunder. Notwithstanding the foregoing, in the event the Tenant elects not to extend the Term in respect of any one or more of the Leased Premises for the first five year extension term contemplated by this Section 3.02, it shall thereafter be prohibited from exercising an extension of the Term in respect of such particular Leased Premises pursuant to the second five year extension term contemplated by this Section 3.02.

ARTICLE 4 - RENT

4.01 Throughout the Term, the Tenant shall pay to the Landlord in each and every year, an annual minimum rent for each of the Leased Premises (the "Minimum Rent") yearly and every year during the within Term in monthly installments as set out in Schedule "B" attached hereto, with the first payment having been payable on November 10, 2003, and subsequent installments payable on the first day of each month. Rent payable in respect of any broken portion of a calendar month shall be prorated.

ARTICLE 5 - TAXES

5.01 The Tenant covenants with the Landlord to pay to the respective taxing authorities, subject to the provisions of Section 5.02, all Property Taxes as and when due. The Tenant covenants that it will upon the request of the Landlord forward to the Landlord copies of all receipted tax bills. All sums payable by the Tenant under this clause shall be apportioned for any calendar year during which the Tenant is not in possession of the Leased Premises for the full calendar year.

5.02 Notwithstanding anything contained in Section 5.01, the Tenant agrees that if at any time and from time to time the Landlord places a mortgage or other financial encumbrance on the Leased Premises and such mortgage or encumbrance requires monthly payments to be made with respect to the taxes and other charges required to be made pursuant to the provisions of Section 5.01, then, in such event, all such payments shall be paid by the Tenant to the mortgagee or encumbrancer rather than to the respective taxing authorities as additional rent on the date and in the amounts specified in such mortgage or encumbrance.

5.03 In any suit or proceeding affecting this Lease, a bill from the office, bureau, department or agency issuing bills for any of the Property Taxes shall be prima facie evidence of the amount thereof and that the same is or are due and payable.

5.04 In the event that the Tenant shall deem any of the Property Taxes illegal or excessive or otherwise subject to contest, it may, at its election, contest such imposition in the name of the Landlord or in its own name, but at the Tenant's expense; provided that nothing in this paragraph shall be construed to permit the Tenant to postpone its obligation to make the payments required under this Article.

5.05 The Tenant shall pay when due all taxes, rates, duties, assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment, facilities on or in the Leased Premises and every tax and license fee in respect of any business carried on thereon or therein or in respect of the use or occupancy of the Leased Premises.

5.06 The Tenant covenants with the Landlord to pay to the Landlord the GST at the same time as rent is payable under Section 4.01 hereof. The Landlord shall have the same rights and remedies with respect to non-payment of GST as it does with respect to non-payment of rent.

ARTICLE 6 - USE OF PREMISES

6.01 The Leased Premises shall be used by the Tenant for the purpose of conducting therein, to the extent permitted by all applicable requirements of law, a sit down family type restaurant, drive-thru, take out and delivery fast food facility, or any combination thereof, which may or may not be licensed to sell alcoholic beverages, and for no other purpose without the prior written consent of the Landlord, which will not be unreasonably withheld.

6.02 The Tenant shall not commit, cause or permit any nuisance or waste on the Leased Premises or permit the emission of any offensive substance, odor or noise from the Leased Premises.

6.03 The Tenant will not bring upon the Leased Premises or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size, or use might, in the opinion of the Landlord, damage the Leased Premises and will not at any time overload the floors of the Leased Premises, the roof deck, the perimeter walls, ceilings, structural steel elements, overhead doors or the parking lots.

6.04 The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the electrical wiring and service in the Building or in the Leased Premises and agrees that if any equipment installed by the Tenant shall require additional utility facilities, same shall be installed, if available, and subject to the Landlord's prior written approval thereto (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.01 The Tenant shall repair the Leased Premises and, in the event that there is a change of use of the Leased Premises after the Commencement Date, the standard to which the Tenant will be responsible to repair the Leased Premises will be the standard of good condition and repair and consistent with recognized industry standards for comparable operations. Without limiting the generality of the foregoing, the Tenant's obligation to repair extends to matters notwithstanding that such may be repair of a capital or structural nature.

7.02 The Tenant shall provide normal day-to-day maintenance of the Leased Premises and will repair according to notice in writing. The obligations of the Tenant to provide normal day-to-day maintenance shall include, without limitation, snow removal for the Leased Premises, outside maintenance and gardening of the Leased Premises, pest control for the Building, painting and decorating, and maintenance of the parking lot.

ARTICLE 8 - COMPLIANCE WITH LAWS

8.01 The Tenant, at its own expense, shall comply promptly with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, ordinances and order at any time in force during the Term which affect the condition, equipment, maintenance, use or occupation of the Leased Premises, and with every applicable reasonable regulation, order and requirement of the Canadian Fire Underwriters Association or any body having similar functions or of any liability or casualty insurance company by which the Building may be insured by the Landlord or the Tenant at any time during the Term.

8.02 If the Tenant defaults under the provisions of this Article, the Landlord may itself comply with the requirements of this Article and the Tenant shall forthwith pay all costs and expenses incurred by the Landlord in so doing and all such costs and expenses shall be recoverable by the Landlord as additional rent.

ARTICLE 9 - UTILITIES

9.01 The Tenant shall make arrangements, at its own cost and expense, directly with the public service companies and private utilities supplying Utilities during and throughout the Term, and shall indemnify the Landlord against any liability for any charges therefor.

9.02 The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the Utilities.

9.03 The Tenant, at its own cost and expense, shall procure each and every permit, license or other authorization required during the Term, for lawful and proper installation upon the Building of wire, pipes, conduits, tubes and other equipment and appliances for use in supplying Utilities.

9.04 In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any Utility to the Leased Premises.

ARTICLE 10 - TENANT'S INSURANCE

10.01 The Tenant shall throughout the Term hereof keep in full force and effect at its sole cost and expense in the names of the Tenant, the Landlord and the Landlord's mortgagees as their respective interests may appear,

- (a) all risks (including flood and earthquake) property insurance in an amount of at least one hundred percent (100%) of the full replacement cost, insuring (1) all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Building including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements, and (2) the Tenant's inventory, furniture and movable equipment;
- (b) the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis;
- (c) public liability and property damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises, coverage to include the activities and operations conducted by the Tenant and any other parties on the Leased Premises and by the Tenant and any other parties performing work on behalf of the Tenant and those for whom the Tenant is in law responsible. Such policies shall (1) be written on a comprehensive basis with inclusive limits of at least Two Million Dollars (\$2,000,000.00) for bodily injury for any one or more persons, or property damage, (but the Landlord, acting reasonably, or the Landlord's mortgagee, may require higher limits from time to time) and (2) contain a severability of interests clause and cross liability clauses;
- (d) Tenant's legal liability insurance for the replacement cost of the Leased Premises;

- (e) any other or additional insurance coverage as the Landlord, or the Landlord's mortgagee reasonably require from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

10.02 So long as the Tenant is KIT Limited Partnership and is not in default of any provisions of this Lease, the Tenant shall be entitled to insure the Leased Premises, and the Tenant's business operations therein, under the Tenant's blanket insurance policy which the Tenant maintains for the group of restaurants operated by the Tenant including the deductible amounts and amounts of coverages as therein contained, provided that this Section 10.02 shall not have any effect upon the obligations of the Tenant to maintain or repair the Leased Premises or to be responsible for any property owned by the Tenant under this lease.

10.03 All the foregoing policies shall be kept in good standing and in full force and effect at all times throughout the Term, shall be reviewed annually by the Tenant to ensure that they are up to date, and shall be in a form and with insurers acceptable to the Landlord. All the foregoing policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, and others for whom they may be responsible at law, whether or not any loss is caused by the act, omission or negligence of such persons. The Tenant shall obtain undertakings to the Landlord from its respective insurers that none of the foregoing policies shall be cancelled or allowed to lapse or materially changed, as against the Landlord or its mortgagees until at least thirty days written notice has been given to the Landlord and its mortgagees to that effect. The Tenant shall provide the Landlord with a certificate of such insurance coverages, issued by its insurer, in the insurer's form, as evidence of compliance with its obligations to insure under this Lease, and the Tenant shall, within a reasonable period of time after written request by the Landlord, provide either the original or certified copies of the Tenant's insurance policies to the Landlord.

10.04 If the Tenant fails to take out any of the foregoing insurance, or permits any such insurance to lapse, or fails to put such insurance in good standing promptly after the Landlord or its mortgagees have received notice of an intended cancellation or lapse and have notified the Tenant thereof, the Landlord or its mortgagees may (but shall have no obligation to) place such insurance on the Tenant's behalf and the premiums payable for such insurance shall be payable by the Tenant to the Landlord or its mortgagees forthwith.

ARTICLE 11 - LANDLORD'S INSURANCE

11.01 The Landlord shall throughout the Term hereof keep in full force and effect the following insurance (collectively the "Landlord's Insurance"):

- (a) "all risks" rent and rental value insurance in an amount sufficient to replace all Minimum Rent and additional rent payable under the provisions of this Lease for an indemnity period of one year or such other period as the Landlord may determine;
- (b) such insurance as may be available to it at reasonable cost under a standard extended form of fire insurance policy but excluding foundations and excavations and any property that the Tenant is obliged to insure and with such reasonable deductions and exclusions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Building.

11.02 The Tenant covenants with the Landlord to pay to the Landlord as additional rent the costs to the Landlord of the Landlord's Insurance within thirty (30) days following written demand therefor by the Landlord.

11.03 The amount of any bill or account for Landlord's Insurance shall be apportioned between the Landlord and the Tenant where the Tenant is not in

possession of the Leased Premises for the whole of the period covered by the amount of such bill or account.

11.04 The Tenant shall not be an insured under the policies with respect to the Landlord's Insurance, nor shall it be deemed to have any insurable interest in the property covered by such policies, or any other right or interest in such policies or their proceeds.

11.05 If the occupancy of the Leased Premises, the conduct of business in the Leased Premises, or any acts or omissions of the Tenant in the Building or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums, as additional rent, forthwith after invoices for such additional premiums are rendered by the Landlord. In determining whether increased premiums are caused by or result from the use and occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall comply promptly with all requirements and recommendations of the Insurer's Advisory Organization of Canada (or any successor thereof) or of any insurer now or hereafter in effect, pertaining to or affecting the Leased Premises.

11.06 If any insurance policy upon the Building or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the 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 Tenant fails to remedy the conditions giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may (but shall have no obligation to), at its option, either: (a) re-enter and take possession of the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention so to do and thereupon the Landlord shall have the same rights and remedies as contained in Article 22 hereof; or (b) enter upon the Leased Premises and remedy the conditions giving rise to such cancellation, threatened cancellation or reduction, and the Tenant shall forthwith pay the cost thereof to the Landlord, which cost may be collected by the Landlord as additional rent and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. The Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

ARTICLE 12 - DAMAGE AND DESTRUCTION

12.01 If the Leased Premises or any portion thereof are damaged or destroyed by fire or by other casualty against which the Landlord is insured, rent for such Leased Premises shall abate in proportion to the area of that portion of the Leased Premises which, in the reasonable opinion of the Landlord, is thereby rendered unfit for the purposes of the Tenant until the Leased Premises are repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. The Landlord's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Tenant is required to maintain insurance under Section 10.01 hereof (regardless of the application of Section 10.02 hereof) or any other property of the Tenant. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may occupy the Leased Premises.

12.02 Notwithstanding section 12.01, if the Leased Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the reasonable opinion of the Landlord, be rebuilt within 180 days of the damage or

destruction, the Landlord instead of rebuilding the Leased Premises may terminate this Lease in respect of such Leased Premises by giving to the Tenant within 30 days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

12.03 Notwithstanding sections 12.01 and 12.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building or the Leased Premises, or in the event that any mortgagee is entitled to, and does, require that any insurance proceeds be applied against mortgage debt, the Landlord may terminate this Lease in respect of such Leased Premises on written notice to the Tenant.

ARTICLE 13 - EXPROPRIATION

13.01 If during the Term the whole of any Leased Premises shall be expropriated or such portion of any Leased Premises as renders the remainder unsuitable or impracticable for the purposes intended in this Lease shall be expropriated, upon possession being required all rentals shall be paid up to that date and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other for the termination of the Lease or the shortening of the Term of the Lease.

13.02 In the event of any expropriation of part of any Leased Premises that does not render the remainder unsuitable or impracticable for the purposes intended in this Lease there shall be no abatement of rent or other charges under this Lease and both the Landlord and the Tenant will have their separate and distinct claims against the expropriating authority in such manner as may be provided in law, and neither shall have a claim against the other of any type or kind.

ARTICLE 14 - INSPECTION OF PREMISES BY LANDLORD

14.01 The Landlord shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant for the purpose of:

- (a) making any repairs to the Leased Premises and performing any work therein that may be necessary by reason of the Tenant's default under the terms of this Lease continuing beyond any applicable grace periods;
- (b) exhibiting the Leased Premises (within three (3) months prior to the expiration of the Term of this Lease or any extension thereof) to prospective tenants and (at any time during the Term) to prospective purchasers and mortgagees; and
- (c) viewing the state of repair of the Leased Premises.

14.02 The Landlord shall have the right to enter the Leased Premises at any time in the event of an emergency.

ARTICLE 15 - LOSS OR DAMAGE, INDEMNITY

15.01 The Landlord, its contractors, agents and employees shall not be liable for any death, injury, or damage to or loss of property, of the Tenant, its employees, agents, or invitees occurring in or about the Leased Premises, unless such death, injury, damage or loss resulted from the negligence of the Landlord, its contractors, agents or employees or other persons for whom it may be responsible. All property of the Tenant within the Leased Premises shall be at the risk of the Tenant only.

15.02 The Tenant shall, during the Term, indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions incurred by it as a result of or arising out of:

- (a) any breach, violation or non-performance of any covenants, condition or agreement in this Lease set forth and contained, on the part of the Tenant to be fulfilled, kept and observed and performed;
- (b) any damage to property occasioned by the Tenant's use and occupation of the Leased Premises; and
- (c) any injury to person or persons, including death, resulting at any time therefrom occurring in or about the Leased Premises and/or on the sidewalks and laneways or streets adjacent to same, unless the same is caused by the negligence of the Landlord, its servants or agents or others for whom it is in law responsible.

ARTICLE 16 - LANDLORD MAY CURE TENANT'S DEFAULTS

16.01 If the Tenant shall default in the performance of any of the terms, covenants and conditions of this Lease, the Landlord, after fifteen (15) days' notice to the Tenant specifying such default, or without notice if, in the reasonable exercise of the Landlord's judgment, an emergency exists, may but shall not be obligated to perform the same for the account and at the expense of the Tenant and the amount of any payments made or expenses incurred by the Landlord for such purpose, shall become due and payable by the Tenant as additional rent with the next or any subsequent installment of rent which shall become due after such expenditure by the Landlord; but any such expenditure by the Landlord shall not be deemed to waive or relieve the Tenant's default or the right of the Landlord to take such action as may be permissible under the terms of this Lease in the event of such default. When no emergency exists, the provisions of this Article shall be inapplicable if, within fifteen (15) days after such notice by the Landlord, the Tenant shall have cured such default or shall have commenced and is diligently proceeding to cure same.

ARTICLE 17 - CONSTRUCTION LIENS

17.01 If any construction or other liens or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant within thirty (30) days after notice to the Tenant of the filing thereof shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage as a result of such liens or orders.

17.02 Notwithstanding anything contained in this Lease, the Landlord and the Tenant agree that the Landlord has not, nor is it intended by any provisions of this Lease, waived the right to receive any notice required to be given the Landlord by any person doing work or supplying materials to the Tenant pursuant to the provisions of the *Construction Lien Act* (Ontario), or equivalent or similar legislation of any other province as may be applicable.

ARTICLE 18 - WAIVERS, CUMULATIVE REMEDIES, ETC.

18.01 The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by the Tenant of any of the terms, covenants and conditions of this Lease. The failure of the Landlord to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such

terms, covenants and conditions. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, in any court having jurisdiction of the matter, compelling performance of any such terms, covenants and conditions.

ARTICLE 19 - INVALIDITY OF PARTICULAR PROVISIONS

19.01 If any term or provision of this Lease or the application thereof to any person or circumstances or Leased Premises shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provision to persons or circumstances or Leased Premises other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20 - ALTERATIONS AND ADDITIONS

20.01 The Tenant shall not make any repairs, alterations, replacements or improvements to the structure, any perimeter or bearing wall or alterations, replacements or improvements to the sprinkler system, or the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment of the Leased Premises or Building without obtaining the Landlord's prior written approval, which approval may not be unreasonably or arbitrarily withheld, but may be given on such conditions as the Landlord reasonably imposes. With any such request, the Tenant shall submit to the Landlord details of the proposed work, including drawings and specifications prepared by qualified architects or engineers, if the Landlord shall so require, and conforming to good construction practice. The Tenant will pay the Landlord's reasonable out-of-pocket expenses for consulting services in connection with the Landlord's consideration of any request for approval under this section. Any such repairs, alterations, replacements or improvements shall comply with all applicable laws, by-laws, regulations, and orders enacted or made by any federal, provincial or municipal authority having jurisdiction, and the Landlord's fire insurance underwriters. The Tenant shall at its own expense obtain all requisite building and other permits.

20.02 The Tenant shall indemnify the Landlord and save it harmless from any costs, expenses, damages or increased insurance premiums which may result from the performance of any work (whether or not the Landlord's approval was required or obtained under section 20.01).

20.03 Provided the Tenant obtains all necessary permits and approvals from all authorities having jurisdiction, and provided the Tenant's signage does not conflict with the Landlord's signage criteria for the Building, the Tenant shall have the right to install and use at the Leased Premises such signage as is used and installed by the Tenant in its other retail locations in the Province in which such Leased Premises are situate, and to use those trademarks, names, logos and other registrable marks as may from time to time be used by the Tenant in its business operations. The Tenant shall also have the right to install and use its standard illuminated menu board within the Leased Premises.

ARTICLE 21 - ASSIGNMENT AND SUBLETTING

21.01 The Tenant shall not assign, sublet, transfer, set over, mortgage, charge, hypothecate, create any security interest in, or part with possession of, all or any part of the Leased Premises or of this Lease (a "Transfer"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld. With any request for consent, the Tenant shall submit information as to the financial background, financial status, and business history of the party who is to acquire an interest in this Lease or the Leased Premises (the "Transferee") and such other information as the Landlord may reasonably request in connection with such request for consent.

21.02 Any consent by the Landlord under this Article shall not constitute a waiver of the necessity for such consent on any subsequent occasion requiring consent, and shall not relieve the Tenant from any of its obligations to pay rent or perform the covenants contained in this Lease. Notwithstanding any Transfer, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee. If this Lease is disclaimed or terminated by any trustee in bankruptcy of any assignee of this Lease, the original tenant named in this Lease shall, if requested by the Landlord within thirty days of such disclaimer or termination, enter into a lease with the Landlord upon the same terms and conditions as contained herein except for the duration of term, which shall expire on the date this Lease would have expired save for such disclaimer or termination. Any assignment or other document effecting a transaction to which the Landlord's consent is required shall be in a form satisfactory to the Landlord. Any assignment or sublease shall at the Landlord's option be on the Landlord's form and shall in any event contain a covenant by the Transferee with the Landlord that it will observe and perform all of the Tenant's obligations contained in this Lease. Any such document shall be reviewed by the Landlord or its solicitors or prepared by them at the expense of the Tenant.

21.03 The Landlord's consent to any Transfer shall be subject to the condition that if the minimum rent, and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent and additional rent payable under this Lease, the amount of any excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent and additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any bona fide financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required to give effect to the foregoing term.

ARTICLE 22 - DEFAULT AND REMEDIES

22.01 If any of the following shall occur:

- (a) if the Tenant shall fail to pay any rent or other sums due hereunder when due, and if such rent or other sums are not paid within five days after notice is given by the Landlord of such non-payment;
- (b) if the Tenant does not observe, perform and keep each and every of the covenants, provisions, stipulations, conditions, rules and regulations and other terms herein contained to be observed, performed and kept by the Tenant, and, where the breach can be rectified, such non-observance or non-performance shall continue for fifteen days after notice is given by the Landlord requiring that the Tenant rectify the breach, except where rectifying the breach would reasonably require more than fifteen days and the Tenant has commenced rectification in good faith within the fifteen day period and thereafter promptly, diligently and continuously proceeds with rectification of the breach;
- (c) if the Tenant shall abandon the Leased Premises, or make a bulk sale of its goods or sell the business conducted at the Leased Premises, or move, or commence, attempt or threaten to move any of its goods, chattels and equipment out of the Leased Premises (other than in the ordinary course of its business);
- (d) if a writ of execution shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment or be seized by any creditor of the Tenant, whether secured or otherwise;

- (e) if the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or become involved in voluntary or involuntary winding up proceedings, or if a receiver shall be appointed by the Court or by any creditor for the business, property, affairs or revenues of the Tenant;

then, and in every such case, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or by law, at its option exercise all or any of the following remedies:

- (i) The Landlord may perform any obligation which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Leased Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (ii) The Landlord may enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant without any notice or form of legal process, any rule of law to the contrary notwithstanding, and the Landlord may seize and sell the goods and chattels and the equipment, whether they are within the Leased Premises or at any place to which the Tenant or any other person may have removed them in the same manner as if they had remained and been distrained upon in the Leased Premises, and the Landlord may follow the goods and chattels for the maximum period permitted by law, and any sale by the Landlord may, in its sole discretion, be effected by public auction or private contract and either in bulk or by individual items, or partly by one means and partly by the other.
- (iii) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Leased Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (iv) In order to relet, the Landlord may take possession of the Leased Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such reletting, and it may relet the Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such reletting, all rentals received by the Landlord from such reletting shall be applied, first to the payment of the Landlord's costs and expenses of such reletting and costs of such alterations and repairs; second to the payment of any indebtedness other than rent due from the Tenant to the Landlord; third to the payment of arrears of rent and other sums owing hereunder; fourth to the payment of rent and other sums owing hereunder as such fall due; and the residue, if any, shall be held by the Landlord without interest until the end of the Term and applied from time to time in payment of rent and other sums owing hereunder as the same may become due and payable, and any residue remaining at the end of the Term shall be held for the Tenant. No such reletting, nor the receipt of any such rentals from any new tenant, nor the creation of the relation of landlord and tenant between the Landlord and any party to whom the Leased Premises may have been relet, shall have the effect of exonerating the Tenant from its obligations to pay rent hereunder as it falls due or of in any way terminating this Lease.
- (v) The Landlord may terminate this Lease by commencing an action for possession or for termination of the Lease or by notice to the Tenant. Such

termination may be effected either at or after the time of the breach or at any later time and notwithstanding that the Landlord may have exercised any of its other remedies including that set out under subsection (iv) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Leased Premises is in possession under the provisions of subsection (iv) hereof, the Landlord may at any time terminate this Lease by notice to the Tenant and thereafter any then existing or later lease of the Leased Premises shall be for the account of the Landlord notwithstanding that such lease may originally have been entered into as agent for the Tenant. If the Landlord enters the Leased Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (v) or proceeding under subsection (i) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (i) and the Lease shall not be terminated, nor shall there be any surrender by operation of law, but the Lease shall remain in full force and effect until the Landlord notifies the Tenant that it has elected to terminate this Lease. No entry by the Landlord during the Term shall have the effect of terminating this Lease without notice to that effect to the Tenant.

- (vi) The Landlord shall be entitled to damages from the Tenant for breach of this Lease.
- (vii) At the option of the Landlord, in the case of the events stated in (d) or (e) above occurring, the full amount of the current month's rent and the next ensuing three months' rent shall accelerate and shall immediately become due and payable.
- (viii) On any termination for default, all fixtures, Tenant's improvements or other installations in the Leased Premises, which in law are fixtures or a part of the realty or are attached, affixed to or incorporated into or with the immovable properties situated in or upon the Building or the Leased Premises, and which are not the property of the Landlord, shall at the Landlord's option forthwith become the property of the Landlord, and whether or not such fixtures are in the nature of Tenant's trade fixtures, and whether or not they would be removable by the Tenant at the expiry of the Term if there had been no default.

22.02 Each of the Landlord and the Tenant acknowledge and agree that, in accordance with the intention contemplated by Section 29.01 hereof that the terms of this Lease be interpreted as if they apply to each of the Leased Premises individually, a default under this Lease in respect of any one of the Leased Premises leased hereunder shall not constitute a default in respect of any other of the Leased Premises leased hereunder, and the Landlord's remedies exercisable in the event of any such default shall be exercisable only in respect of the Leased Premises to which such default relates. So long as the Tenant is KIT Limited Partnership and the use of the Leased Premises remains unchanged from the Commencement Date, notwithstanding anything contained in this Lease, the Tenant shall not be obligated to conduct its business operations on the Leased Premises continuously or in a continuous and uninterrupted manner. In the event that the Tenant elects not to operate its business on the Leased Premises, it is acknowledged and agreed that the Tenant shall still be bound by all of the other applicable terms and covenants of this Lease, save and except that there shall be no default under this Lease as a result of the Tenant's cessation of business operations on the Leased Premises.

22.03 Whenever the Landlord takes any proceedings, sends any notices, does any work, or otherwise incurs any expense or trouble or takes any action with respect to any default by the Tenant, and whether or not legal proceedings are begun or

considered in consequence of such default, and whether or not this Lease is terminated, the Landlord shall be entitled to be paid by the Tenant forthwith on demand in addition to any other amounts which may be payable or owing hereunder, all of the following:

- (a) the cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (b) the Landlord's costs and expenses in preparing the Leased Premises for reletting in such manner as in its sole discretion it deems necessary or advisable, together with an allowance of fifteen per cent (15%) for the Landlord's overhead and supervision;
- (c) the Landlord's Court costs, collection costs, and legal fees on a substantial indemnity basis and all judicial and extra-judicial fees of advocates and notaries;
- (d) interest on rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Landlord in consequence of any default by the Tenant at the rate of eighteen per cent (18%) per annum;
- (e) a charge of fifty dollars (\$50.00) for each cheque of the Tenant which is returned to the Landlord because of insufficient funds in the Tenant's account;
- (f) any other costs, charges or expenses, which the Landlord incurs or to which it is put, and which would not have been necessary at the time at which they were incurred but for the default of the Tenant.

22.04 Notwithstanding anything contained in any statute at the present time or in the future in force, the Tenant hereby agrees with the Landlord that none of the Tenant's goods or chattels on the Leased Premises at any time during the Term shall be exempt from levy by distress for rent and other costs and charges payable hereunder in arrears, and that the Landlord may follow the Tenant's goods or chattels without limitation of time, and that on any termination of the Lease by the Landlord under the terms hereof, the Tenant shall have no right of redemption or relief from forfeiture, and that the Landlord may enter or take possession of the Leased Premises without judicial order, a writ of possession or any other legal process, and without notice to the Tenant except as provided under this Lease. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant, but for this section, by virtue of any present or future statute dealing with the matters set out in this section. The Tenant agrees that upon any claim being made for an exemption from levy by distress, or for a right of redemption or relief from forfeiture, or that the Landlord must proceed by judicial process to obtain possession, or with respect to any of the other rights dealt with herein, this section of this Lease may be pleaded as an estoppel against the Tenant in any action brought in which the rights of the Landlord to take the steps set out in this section are in question.

ARTICLE 23 - FINANCING AND ASSIGNMENT BY LANDLORD

23.01 Within ten days after written request therefor by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a certificate and acknowledgement to any proposed mortgagee or purchaser, or the Landlord, certifying (if such be the case) that this Lease is in full force and effect (or if there have been amendments, that the Lease is in full force and effect as amended and identifying the amending agreements), the commencement date and Term of the Lease, the dates to which rent and other charges have been paid and whether the Tenant has made any prepayments thereof, whether there is any existing default by the Landlord or the Tenant or any set-offs or claims by the one against the other, whether there is any work remaining to be done by

the Landlord within or to the Leased Premises, and such other matters as the Landlord may reasonably request, and shall provide, promptly upon availability and in any event within 120 days after the end of each fiscal year of the Tenant, a copy of its financial statements prepared by a chartered accountant in accordance with GAAP and, the financial statements shall be audited by an independent firm of chartered accountants. The Tenant shall, on the request of the Landlord, acknowledge in writing receipt of any notice of assignment of this Lease by the Landlord.

23.02 This Lease and all the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all mortgages, trust deeds, charges, liens or other security instruments or rights granted or placed on the Lands and Building or any part thereof by the Landlord. Upon request of the Landlord from time to time, the Tenant shall within ten days of such request execute such documents or assurances in such form as the Landlord or its lenders may require to subordinate this Lease to such security and all advances made or to be made upon the security thereof, and if requested, attorning to the holder thereof provided that the said lender first enters into a non-disturbance agreement with the Tenant in form and substance satisfactory to the Tenant acting reasonably.

23.03 In the event of a sale or lease by the Landlord of some or all of the Leased Premises, or the assignment by the Landlord of this Lease, as it relates to some or all of the Leased Premises, and to the extent that any purchaser, lessee or assignee of the Landlord has, by an instrument entered into with the Landlord, assumed the covenants and obligations of the Landlord hereunder, the Landlord shall without further written agreement or instrument and without notice to the Tenant be freed and released from liability upon such covenants and obligations.

ARTICLE 24 - LIMITATION OF LIABILITY

24.01 If the Landlord or any assignee of the beneficial rights of the Landlord is ever a real estate investment trust (a "REIT") or other type of trust or fund (a "Fund"), then the Tenant acknowledges and confirms that the obligations of the Landlord hereunder are not and will not be binding on a trustee of the REIT or Fund, any registered or beneficial holder of one or more units of the REIT or Fund ("Unitholder") or any annuitant under a plan of which such a Unitholder acts as trustee or carrier, or any officers, employees or agents of the REIT or Fund and that resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing or the private property of any of the foregoing and for clarity, the Tenant's recourse, if any, in respect of the obligations of the REIT or Fund shall be limited to the REIT's or Fund's interest in the Leased Premises.

ARTICLE 25 - NOTICE

25.01 Any notice to be given by the provisions of this Lease shall be sufficiently given if served personally or if mailed postage prepaid at any Post Office in Canada in a registered letter:

(a) if to the Landlord, addressed to the Landlord at:

Canada Trust Tower
BCE Place
161 Bay Street, Suite 2300
Toronto, Ontario, M5J 2S1
Attention: Lilly Di Massimo

Facsimile: (416) 361-6018

with a copy to:

Stikeman Elliott LLP
199 Bay Street

5300 Commerce Court West
Toronto, Ontario M5L 1B9
Attention: Dee Rajpal

Telephone: (416) 869-5576
Facsimile: (416) 947-0866

(b) if to the Tenant, addressed to the Tenant at:

101 Exchange Avenue
Vaughan, Ontario L4K 5R6
Attention: Peter Walkey

Telephone: (416) 739-2900
Facsimile: (416) 361-6018

with a copy to:

Priszm Brandz LP
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Attention: Legal Department

Telephone: (416) 739-2952
Facsimile: (416) 650-9751

or to such other address as the party concerned shall have notified the other in writing. Any notice so mailed shall be held conclusively to have been given 72 hours after such mailing provided however that if at the time of such mailing a mail strike is in progress which affects the delivery of such notice, such notice shall not be deemed to have been received until it is actually received. Either party may from time to time by notice to the other change the address to which notices are to be given.

ARTICLE 26 - SURRENDER OF PREMISES - OWNERSHIP OF IMPROVEMENTS

26.01 The Tenant, upon expiration of the Term or earlier termination of this Lease, shall peaceably and quietly surrender the Leased Premises and any improvements thereon in accordance with this Article 26 and in good order, repair and condition.

26.02 The Tenant shall on any surrender of possession of the Leased Premises have the right (but not the obligation) to remove such of its trade fixtures, other fixtures, leasehold improvements and equipment which are incorporated into, affixed or attached to and which have become a part of the Lands and Building, including such trade fixtures and leasehold improvements which identify the Leased Premises as any particular outlet, and in effecting such removal, shall do no damage to the Leased Premises or any parts of the Lands and Building. Any leasehold improvements, equipment and fixtures which are not removed by the Tenant shall on surrender of possession by the Tenant become the sole and exclusive property of the Landlord without payment to the Tenant. For greater certainty, the Landlord acknowledges that the Tenant shall not be required to remove the interior partitions, drywall, storefront and bulkhead from the Leased Premises.

26.03 When not in default at the expiration of the Term, or at any time during the term if not in default and in the ordinary course of business, the Tenant may remove the Tenant's trade fixtures, inventory and trade articles provided the Tenant makes good any damage in so doing.

ARTICLE 27 - QUIET ENJOYMENT

27.01 The Landlord covenants with the Tenant that if the Tenant pays the rents hereby reserved and performs its covenants and obligations herein contained, the Tenant may peaceably possess and enjoy the Leased Premises for the Term without interruption or disturbance from the Landlord or any other person lawfully claiming by from or under it.

ARTICLE 28 - CONDITION OF PREMISES

28.01 The Tenant acknowledges and agrees that it is leasing the Leased Premises on an "as is where is" basis and that there are no representations or warranties with respect to the Leased Premises.

ARTICLE 29 - MISCELLANEOUS

29.01 The parties acknowledge and agree that this is a lease of fifty-eight (58) separate properties each with their own municipal address, legal description, and rent. Where applicable, the terms of this Lease shall be interpreted as if they apply to each separate property individually.

29.02 If the Tenant shall remain in occupation of the Leased Premises after the expiry of the Term hereby granted and any renewal thereof hereby granted, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental herein reserved and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

29.03 All waivers made by the Landlord shall be in writing and no waiver by the Landlord of any default made by the Tenant under this Lease shall be construed as a waiver of any other default which has been made or which may thereafter be made by the Tenant unless so specified in writing. No surrender of this Lease by the Tenant shall be valid unless accepted in writing by the Landlord.

29.04 This Lease contains the entire agreement between the parties relating to the Leased Premises and shall not be modified in any manner except by an instrument in writing executed by the parties and this Lease shall supercede and replace any and all prior leases, agreements to lease, negotiations and discussions between the parties with respect to the Leased Premises.

29.05 The captions herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

29.06 This Lease is conditional upon (i) in respect of any Leased Premises situate within Ontario, compliance with the subdivision control provisions of the Planning Act (Ontario), and (ii) in respect of any Leased Premises situate in a province other than Ontario, compliance with legislation of such province equivalent to or similar in nature to the subdivision control provisions of the *Planning Act* (Ontario). The Landlord covenants and agrees to apply and proceed diligently at its expense to obtain any consent, necessary for such compliance, and to comply with any conditions to such consents.

29.07 The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and enure to the benefit of the Landlord and its successors and assigns and to the Tenant and its successors and permitted assigns.

29.08 The Tenant shall not register this Lease in full against the title to the Lands. The Tenant may register the minimum notice or memorial of lease required to give notice of its interest under the applicable registration statute with the written consent of the Landlord, such consent not to be unreasonably withheld.

29.09 Without limiting the generality of anything else herein contained, the parties agree that upon expiration of the Term, or any earlier termination of this Lease, the Tenant's right of possession shall cease and terminate, but the obligations of the parties with respect to any item of rent or covenants not performed at the date of such expiration, any indemnification, or any other obligations which, by their nature are not completely performed prior to such expiration, shall remain in full force and effect until satisfied. It is agreed, however, that in no event shall the Tenant have any interest in or right to possession of the Leased Premises or any part of the Lands or Building after the expiration of the Term or any renewal thereof, or any such earlier termination of this Lease.

29.10 Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein, nor any acts of the parties hereunder shall be deemed to create any relationship other than the relationship of landlord and tenant.

29.11 Each of the Landlord and Tenant has full authority to enter into this Lease and to perform its obligations hereunder.

29.12 In respect of each Leased Premises leased hereby, except as otherwise specifically provided herein, this Lease will be governed by and construed in accordance with the laws of the Province in which such Leased Premises are located.

29.13 The parties hereto agree that the terms and language of this Lease are the result of negotiations between the parties and, as a result, there will be no presumption that any ambiguity in this Lease will be resolved against any party.

ARTICLE 30 - NET LEASE

30.01 The parties acknowledge and agree that it is intended that this Lease be a completely net net net and carefree lease to the Landlord, and that except as otherwise specifically provided herein, the Landlord is not responsible during the Term for any costs, charges, expenses or outlays of any nature arising from or relating to the Leased Premises or the ownership use or occupancy thereof, and the Tenant shall pay all such costs charges, expenses and outlays.

30.02 The parties acknowledge that nothing in this Lease has the effect of making the Tenant responsible for the Landlord's debt service costs (principal and interest) or the Landlord's income taxes, capital taxes, business transfer taxes or other taxes personal to the Landlord.

30.03 The parties hereby confirm that the Original Lease remains in full force and effect and unamended except as expressly provided herein, without novation of the Original Lease.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

**SCOTT'S TRUSTEE CORP., in its
capacity as Trustee of SCOTT'S GP
TRUST, in its capacity as general
partner of SCOTT'S REAL ESTATE
LIMITED PARTNERSHIP**

By:


Authorized Signing Officer

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By:

Authorized Signing Officer

IN WITNESS WHEREOF each of the parties hereto have duly executed this Lease.

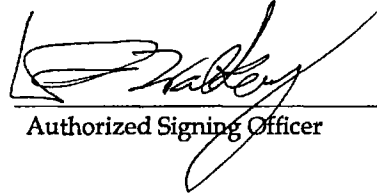
SCOTT'S TRUSTEE CORP., in its capacity as Trustee of SCOTT'S GP TRUST, in its capacity as general partner of SCOTT'S REAL ESTATE LIMITED PARTNERSHIP

By:

Authorized Signing Officer

**KIT LIMITED PARTNERSHIP,
by its general partner KIT INC.**

By:



Authorized Signing Officer

SCHEDULE "A"

	Store Number	Municipal Address	City	Province
1.	1000	6310 QUINPOOL RD	HALIFAX	NS
2.	1003	18 TITUS ST/MAIN AVENUE	HALIFAX	NS
3.	1004	247 HERRING COVE	HALIFAX	NS
4.	1006	960 COLE HARBOUR RD.	DARTMOUTH	NS
5.	1016	96 WARWICK ST.	DIGBY	NS
6.	1017	279 MAIN ST.	LIVERPOOL	NS
7.	1018	679 SACKVILLE DR.	LOWER SACKVILLE	NS
8.	1019	9097 COMMERCIAL ST.	NEW MINAS	NS
9.	1021	KING ST & O'BRIEN ST.	WINDSOR	NS
10.	1022	2897 HIGHWAY #1	COLDBROOK	NS
11.	1023	REEVES ST & KENNEDY ST	PORT HAWKESBURY	NS
12.	1024	731 CENTRAL AVE.	GREENWOOD	NS
13.	1029	109 KING ST.	NORTH SYDNEY	NS
14.	1049	221 WEST RIVER RD.	PICTOU	NS
15.	1051	9 JAMES ST.	ANTIGONISH	NS
16.	1355	5863 HIGHWAY #7	MARKHAM	ON
17.	1375	301 DUNDAS STREET WEST	WHITBY	ON
18.	1411	41 DUFFERIN STREET	PERTH	ON
19.	1414	145 MADAWASKA BLVD	ARNPRIOR	ON
20.	1415	45 MUNRO STREET	CARLETON PLACE	ON
21.	1425	307 CANNON STREET E.	HAMILTON	ON
22.	1426	716 MAIN STREET E.	HAMILTON	ON
23.	1427	45 PARKDALE AVE. N.	HAMILTON	ON
24.	1428	1222 BARTON STREET E.	HAMILTON	ON
25.	1429	631 KING STREET W.	HAMILTON	ON
26.	1447	1797 HURON CHURCH RD	WINDSOR	ON
27.	1448	1916 WYANDOTTE ST. W.	WINDSOR	ON
28.	1449	1485 ERIE STREET E.	WINDSOR	ON
29.	1506	786 CHEMONG ROAD	PETERBOROUGH	ON
30.	1515	90 MAIN STREET	PICTON	ON
31.	1528	346 ST. CLAIR STREET	CHATHAM	ON
32.	1531	325 TALBOT STREET NORTH	ESSEX	ON
33.	1533	1341 MARTINDALE ROAD	SUDBURY	ON

34.	1535	405 COTE AVENUE	CHELMSFORD	ON
35.	1541	161 TRUNK ROAD	SAULT STE MARIE	ON
36.	1548	60 HARTZELL ROAD	ST. CATHARINES	ON
37.	1552	3567 PORTAGE ROAD	NIAGARA FALLS	ON
38.	1553	311 MAIN STREET	DUNNVILLE	ON
39.	1559	28 DUMFRIES STREET	PARIS	ON
40.	1706	51 KASKA RD.	SHERWOOD PARK	AB
41.	1749	1240 17 AVENUE S.W.	CALGARY	AB
42.	1750	1320 EDMONTON TR. N.E.	CALGARY	AB
43.	1751	905 37 STREET S.W.	CALGARY	AB
44.	1752	5003 CENTRE STREET N.	CALGARY	AB
45.	1753	4315 17 AVENUE S.E.	CALGARY	AB
46.	1755	5335 FALSBRIDGE DR. N.E.	CALGARY	AB
47.	1756	15325 BANNISTER RD. S.E.	CALGARY	AB
48.	1783	244 EDMONTON TRAIL	AIRDRIE	AB
49.	1784	5106 46 STREET	OLDS	AB
50.	1786	435 2 STREET	BROOKS	AB
51.	1787	5716-50 AVENUE, BOX 6134	DRAYTON VALLEY	AB
52.	1806	4605 E. HASTINGS ST.	BURNABY	BC
53.	1814	2190 KINGSWAY	VANCOUVER	BC
54.	1824	795 E. BROADWAY	VANCOUVER	BC
55.	1861	3140 DOUGLAS ST.	VICTORIA	BC
56.	1889	3620 GELLANTLY RD.	WESTBANK	BC
57.	1893	1584 HIGHWAY. 99	SQUAMISH	BC
58.	4625	260 ROBLIN BLVD.	WINKLER	MB

SCHEDULE "B"

See Attached.

Schedule B to Master Lease Non-Quebec Properties

Store No.	Municipal Address	City	Prov.	Years 1 - 5		Years 6 - 10		Years 11-15		Monthly Instalments
				Annual Minimum Rent	Monthly Instalments	Annual Minimum Rent	Monthly Instalments	Annual Minimum Rent	Monthly Instalments	
1	1000 6310 QUINPOOL RD	HALIFAX	NS	41,926.17	3,493.85	44,022.48	3,668.54	46,223.60	3,851.97	
2	1003 18 TITUS ST/MAIN AVENUE	HALIFAX	NS	46,544.97	3,878.75	48,872.22	4,072.68	51,315.83	4,276.32	
3	1004 247 HERRING COVE	HALIFAX	NS	35,937.05	2,984.75	37,733.90	3,144.49	39,620.59	3,301.72	
4	1006 960 COLE HARBOUR RD.	DARTMOUTH	NS	61,061.92	5,088.49	64,115.01	5,342.92	67,320.76	5,610.06	
5	1016 96 WARWICK ST.	DIGBY	NS	30,186.42	2,515.54	31,695.74	2,641.31	33,280.53	2,773.38	
6	1017 279 MAIN ST.	LIVERPOOL	NS	20,519.14	1,709.93	21,545.10	1,795.42	22,622.35	1,885.20	
7	1018 679 SACKVILLE DR.	LOWER SACKVILLE	NS	79,269.33	6,606.78	83,232.80	6,936.07	87,394.44	7,282.87	
8	1019 9097 COMMERCIAL ST.	NEW MINAS	NS	61,037.89	5,086.49	64,089.78	5,340.81	67,294.27	5,607.86	
9	1021 KING ST & O'BRIEN ST.	WINDSOR	NS	34,698.29	2,891.52	36,433.21	3,036.10	38,254.87	3,187.91	
10	1022 2897 HIGHWAY #1	COLDBROOK	NS	37,661.81	3,138.48	39,544.90	3,295.41	41,522.14	3,460.18	
11	1023 REEVES ST & KENNEDY ST	PORT HAWKESBURY	NS	38,242.95	3,186.91	40,155.10	3,346.26	42,162.85	3,513.57	
12	1024 731 CENTRAL AVE.	GREENWOOD	NS	37,653.57	3,137.80	39,536.24	3,294.69	41,513.06	3,459.42	
13	1029 109 KING ST.	NORTH SYDNEY	NS	35,344.88	2,945.41	37,112.12	3,082.68	38,967.72	3,247.31	
14	1049 221 WEST RIVER RD.	PICTOU	NS	24,735.26	2,061.27	25,972.02	2,164.34	27,270.63	2,272.55	
15	1051 9 JAMES ST.	ANTIGONISH	NS	56,709.27	4,725.77	59,544.74	4,962.06	62,521.98	5,210.16	
16	1355 5863 HIGHWAY #7	MARKHAM	ON	48,024.06	4,002.01	50,425.27	4,202.11	52,946.53	4,412.21	
17	1375 301 DUNDAS STREET WEST	WHITBY	ON	40,442.71	3,370.23	42,464.85	3,538.74	44,588.09	3,715.67	
18	1411 41 DUFFERIN STREET	PERTH	ON	38,079.96	3,173.33	39,983.96	3,332.00	41,983.16	3,498.60	
19	1414 145 MADAWASKA BLVD	ARNPRIOR	ON	30,067.72	2,505.64	31,571.11	2,630.93	33,149.66	2,762.47	
20	1415 45 MUNRO STREET	CARLETON PLACE	ON	32,752.58	2,729.38	34,390.21	2,865.85	36,109.72	3,009.14	
21	1425 307 CANNON STREET E.	HAMILTON	ON	43,586.00	3,632.17	45,765.30	3,813.77	48,053.56	4,004.46	
22	1426 716 MAIN STREET E.	HAMILTON	ON	45,149.50	3,762.46	47,406.98	3,950.58	49,777.32	4,148.11	
23	1427 45 PARKDALE AVE. N.	HAMILTON	ON	39,208.65	3,267.39	41,169.08	3,430.76	43,227.54	3,602.29	
24	1428 1222 BARTON STREET E.	HAMILTON	ON	46,162.30	3,846.86	48,470.41	4,039.20	50,893.93	4,241.16	
25	1429 631 KING STREET W.	HAMILTON	ON	59,619.42	4,968.28	62,600.39	5,216.70	65,730.41	5,477.53	
26	1447 1797 HURON CHURCH RD	WINDSOR	ON	46,394.63	3,866.22	48,714.36	4,059.53	51,150.08	4,262.51	
27	1448 1916 WYANDOTTE ST. W.	WINDSOR	ON	41,369.43	3,447.45	43,437.91	3,619.83	45,609.80	3,800.82	
28	1449 1485 ERIE STREET E.	WINDSOR	ON	49,302.12	4,108.51	51,757.23	4,313.94	54,355.59	4,529.63	
29	1506 786 CHEMONG ROAD	PETERBOROUGH	ON	74,375.55	6,187.96	78,094.33	6,507.86	81,999.04	6,833.25	
30	1515 90 MAIN STREET	PICTON	ON	40,226.69	3,352.22	42,238.02	3,519.84	44,349.92	3,695.83	
31	1528 346 ST. CLAIR STREET	CHATHAM	ON	45,021.43	3,751.79	47,272.50	3,939.37	49,636.12	4,136.34	

32	1531	325 TALBOT STREET NORTH	ESSEX	ON	46,003.88	3,833.66	48,304.07	4,025.34	50,719.28	4,226.61
33	1533	1341 MARTINDALE ROAD	SUDBURY	ON	46,095.28	3,841.27	48,400.05	4,033.34	50,820.05	4,235.00
34	1535	405 COTE AVENUE	CHELMSFORD	ON	31,687.24	2,640.60	33,271.60	2,772.63	34,935.18	2,911.27
35	1541	161 TRUNK ROAD	SAULT STE MARIE	ON	41,664.46	3,472.04	43,747.68	3,645.64	45,935.07	3,827.92
36	1548	80 HARTZELL ROAD	ST. CATHARINES	ON	41,106.23	3,425.52	43,161.54	3,566.79	45,319.62	3,776.63
37	1552	3567 PORTAGE ROAD	NIAGARA FALLS	ON	34,647.38	2,887.28	36,379.75	3,031.65	38,198.74	3,183.23
38	1553	311 MAIN STREET	DUNNVILLE	ON	34,656.87	2,888.07	36,389.71	3,032.48	38,209.19	3,184.10
39	1559	28 DUMFRIES STREET	PARIS	ON	31,075.94	2,589.66	32,629.73	2,719.14	34,261.22	2,855.10
40	1706	51 KASKA RD.	SHERWOOD PARK	AB	34,348.34	2,862.36	36,065.76	3,005.48	37,869.04	3,155.75
41	1749	1240 17 AVENUE S.W.	CALGARY	AB	68,110.52	5,675.88	71,516.05	5,969.67	75,091.85	6,257.65
42	1750	1320 EDMONTON TR. N.E.	CALGARY	AB	52,699.70	4,391.64	55,334.68	4,611.22	58,101.42	4,841.78
43	1751	905 37 STREET S.W.	CALGARY	AB	47,688.77	3,974.06	50,073.20	4,172.77	52,576.86	4,381.41
44	1752	5003 CENTRE STREET N.	CALGARY	AB	34,927.72	2,910.64	36,674.10	3,056.18	38,507.81	3,208.98
45	1753	4315 17 AVENUE S.E.	CALGARY	AB	101,073.82	8,422.82	#####	8,843.96	111,433.88	9,286.16
46	1755	5335 FALSBRIDGE DR. N.E.	CALGARY	AB	111,197.50	9,266.46	#####	9,729.78	122,595.24	10,216.27
47	1756	15325 BANNISTER RD. S.E.	CALGARY	AB	76,404.49	6,367.04	80,224.72	6,685.39	84,235.95	7,019.66
48	1783	244 EDMONTON TRAIL	AIRDRIE	AB	49,978.12	4,164.84	52,477.03	4,373.09	55,100.88	4,591.74
49	1784	5106 46 STREET	OLDS	AB	29,804.31	2,483.69	31,294.53	2,607.88	32,859.26	2,738.27
50	1786	435 2 STREET	BROOKS	AB	50,501.04	4,208.42	53,026.10	4,418.84	55,677.40	4,639.78
51	1787	5716-50 AVENUE, BOX 6134	DRAYTON VALLEY	AB	40,916.82	3,409.74	42,962.67	3,580.22	45,110.80	3,759.23
52	1806	4605 E. HASTINGS ST.	BURNABY	BC	51,963.46	4,330.29	54,561.64	4,546.80	57,289.72	4,774.14
53	1814	2190 KINGSWAY	VANCOUVER	BC	56,040.19	4,670.02	58,842.20	4,903.52	61,764.31	5,148.69
54	1824	795 E. BROADWAY	VANCOUVER	BC	49,881.28	4,156.77	52,375.35	4,364.81	54,994.11	4,582.84
55	1861	3140 DOUGLAS ST.	VICTORIA	BC	60,740.81	5,061.73	63,777.85	5,314.82	66,966.74	5,580.56
56	1889	3620 GELLANTLY RD.	WESTBANK	BC	46,108.79	3,842.40	48,414.23	4,034.52	50,834.94	4,238.25
57	1893	1584 HIGHWAY. 99	SQUAMISH	BC	44,964.53	3,747.04	47,212.75	3,934.40	49,573.39	4,131.12
58	4625	260 ROBLIN BLVD.	WINKLER	MB	50,000.00	4,166.67	52,500.00	4,375.00	55,125.00	4,593.75

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRISZM INCOME FUND,
PRISZM CANADIAN OPERATING TRUST, PRISZM INC. AND KIT FINANCE INC.

Court File No. CV-11-9159-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

RESPONDING MOTION RECORD
(Part 1 of 2)
(Returnable May 30, 2011)

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.**

**APPLICATION UNDER RULE 45.02 OF THE
RULES OF CIVIL PROCEDURE, R.R.O. 1990, REG. 194, AS AMENDED**

**RESPONDING MOTION RECORD OF SCOTT'S REAL ESTATE
INVESTMENT TRUST, SR OPERATING TRUST, SCOTT'S REAL ESTATE
LIMITED PARTNERSHIP, SCOTT'S TRUSTEE CORP. AND SCOTT'S GP
TRUST TO THE MOTION OF PRISM UNDER 11.3 OF THE CCAA**

**(Returnable May 30th, 2011)
(Part 2 of 2)**

May 27, 2011

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SR Operating Trust, Scott's Real Estate Limited
Partnership, Scott's Trustee Corp. and Scott's GP
Trust*

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.**

**APPLICATION UNDER RULE 45.02 OF THE
RULES OF CIVIL PROCEDURE, R.R.O. 1990, REG. 194, AS AMENDED**

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TAB	DOCUMENT
1.	Affidavit of Evelyn Sutherland, sworn May 30 th , 2011 <i>Exhibits to the Affidavit of Evelyn Sutherland</i>
	A. Organizational Chart of Moving Party
	B. Asset Purchase Agreement
	C. Corporate Profile Report of Soul Restaurants Canada Inc.
	D. Standard Notice Leases
	E. Additional Notice Lease
	F. Consent Leases
	G. Leasehold Mortgagee Agreements
	H. Letter from Scott's to Prizm dated February 14, 2011
	I. Letter from Scott's to Prizm dated February 14, 2011

- J. Letter from Scott's to Nazir Hussein dated February 14, 2011
- K. Letters from Prizm and Nazir Hussein to Scott's, both dated February 17, 2011.
- L. Letter from Scott's to Prizm dated February 18, 2011
- M. Letter from Prizm to Scott's dated February 21, 2011
- N. Letter from Scott's to Prizm dated February 22, 2011
- O. Letter from Scott's to Prizm dated April 19, 2011
- P. Letter from Prizm to Scott's dated April 21, 2011
- Q. Letter from Scott's to Prizm dated April 28, 2011
- R. Amended and Restated Asset Purchase Agreement dated May 17, 2011
- S. Letter from Scott's to Prizm dated March 30, 2011
- T. Precedent Assignment Agreement
- U. Email dated May 23, 2011 enclosing Assignment Agreement
- V. Email from M. Laugesen to S. Graff dated May 24, 2011
- W. Email from S. Graff to M. Laugesen dated May 26, 2011
- X. Second Report of the Monitor dated May 26, 2011

Attached is Exhibit "G"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

LEASEHOLD MORTGAGEE AGREEMENT

BETWEEN

KIT INC.

**in its capacity as general partner for and on behalf of
KIT LIMITED PARTNERSHIP LIMITED**

- AND -

OBELYSK INC.

- AND -

**COMPUTERSHARE TRUST COMPANY OF CANADA
as collateral agent**

**MADE AS OF
January 31, 2006**

LEASEHOLD MORTGAGEE AGREEMENT

THIS AGREEMENT made as of January 31, 2006.

BETWEEN

KIT Inc. in its capacity as general partner for and on behalf of KIT Limited Partnership, a limited partnership, organized and existing under the laws of Manitoba (hereinafter referred to as the "**Tenant**")

OF THE FIRST PART,

- and -

Obelysk Inc., a corporation amalgamated under the laws of Province of Ontario (hereinafter referred to as the "**Landlord**")

OF THE SECOND PART,

- and -

Computershare Trust Company of Canada, acting as Collateral Agent under the Collateral Agency Agreement, together with its successors, assigns and replacements (hereinafter referred to as the "**Leasehold Mortgagee**")

OF THE THIRD PART.

WHEREAS the Tenant leases certain lands and premises described in Schedule "A" hereto (collectively the "**Premises**") from the Landlord pursuant to various land and building master leases (the "**Master Leases**") that govern multiple properties;

AND WHEREAS the Master Leases are collectively referred to herein as the "**Leases**", and individually, as a "**Lease**";

AND WHEREAS the Tenant intends to mortgage and charge the Leases by way of security to and in favour of the Leasehold Mortgagee pursuant to collateral charges and deeds of hypothecs, as the case may be, granted in favour of the Leasehold Mortgagee (the "**Charges**"), copies of which shall be contemporaneously delivered to the Landlord;

performing such acts as may be reasonably required in connection with the preservation of the Charges and any other security granted to the Leasehold Mortgagee by the Tenant; and/or (ii) assigning Leases to a prospective assignee in accordance with the terms of this Agreement, provided in each case that the Leasehold Mortgagee may operate or cause to be operated any business in such Leased Premises permitted by the applicable Leases (such period, the "**Occupation Period**"), in which case the Enforcement Notice shall contain a statement by the Leasehold Mortgagee that it is entering into possession of such Leased Premises only for the Occupation Period. The Landlord hereby consents to the occupation of the Leased Premises by the Leasehold Mortgagee during the Occupation Period upon the terms and conditions provided in this Section 7. During the Occupation Period, the Leasehold Mortgagee shall perform and observe all of the covenants and obligations of the Tenant under the Leases relating to the Leased Premises being occupied, provided that in no event shall the Leasehold Mortgagee be required to cure any defaults of the Tenant in existence prior to the Occupation Period, whether monetary or otherwise. The Occupation Period shall expire within six (6) months of the Leasehold Mortgagee entering into possession of the Leased Premises. Upon the expiry of the Occupation Period the Leasehold Mortgagee shall have no right to occupy, possess or otherwise access the Leased Premises, or be otherwise entitled to any of the Tenant's rights and benefits in the Leases unless and until the Leasehold Mortgagee enters into an Assignment and Assumption Agreement in accordance with the provisions of Section 6 of this Agreement, including, without limitation, the Leasehold Mortgagee accepting to cure or cause to be cured, or undertaking to cure or causing to be cured, any monetary default of the Tenant specified in a Mortgagee Notice delivered to the Leasehold Mortgagee prior to the execution of such Assignment and Assumption Agreement.

8. The Leasehold Mortgagee shall deliver to the Landlord written notice of its intent to vacate Leased Premises, in the case where the Leasehold Mortgagee and/or its receiver has been in possession of Leased Premises (i) for less than three (3) months, ten (10) business days prior to vacating such Leased Premises; and (ii) for three (3) months or longer, thirty (30) days prior to vacating such Leased Premises and shall pay all rent (as defined in the Leases) and observe all other obligations of the Tenant under the Leases accruing from and after the date the Leasehold Mortgagee or its receiver first took possession of such Leased Premises or entered into an Assignment and Assumption Agreement, whichever is earlier, up to and including the date upon which the Leasehold Mortgagee or its receiver vacates such Leased Premises. The Leasehold Mortgagee shall indemnify the Landlord for any damage caused to any Leased Premises by the Leasehold Mortgagee, its receiver or receiver and manager, as the case may be. Upon vacating any of the Leased Premises, the Leasehold Mortgagee shall, and by doing so thereby does, release all of its rights title and interest in the Leases governing such Leased Premises and the Leased Premises and all of the contents thereon and therein, and subject to the Leasehold Mortgagee's indemnity contained in this Section 8 and so long as the Leasehold Mortgagee and its receiver have otherwise fully performed the obligations of the Leasehold Mortgagee pursuant to this Agreement, upon the Leasehold Mortgagee or its receiver vacating any of the Leased Premises the Landlord does hereby fully and finally release the Leasehold Mortgagee and its receiver from all obligations under the Leases governing such Leased Premises.

9. Except as specifically set forth in this Agreement, nothing contained in this Agreement will render the Leasehold Mortgagee liable to the Landlord under the Leases.

10. Nothing contained in this Agreement shall release, or be deemed to release, the Tenant from any one or more of its covenants or obligations under any of the Leases, unless the Landlord specifically consents in writing to such release.

11. Nothing contained in this Agreement or in any Assignment and Assumption Agreement shall: (i) restrict the ability of the Landlord to transfer, assign or convey the Leased Premises or the Leases or any interest of the Landlord therein; (ii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord against any personal and/or other property on or in the Leased Premises including without limitation any right of distraint that the Landlord has in respect of any such property; or (iii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord under the Leases or at law, including, without limitation, under section 38 of the *Commercial Tenancies Act*, R.S.O. 1990, c. L.7. For greater certainty, the Landlord shall have no obligation on any transfer, assignment or conveyance contemplated in (i) above, to obtain any covenant by any purchaser, transferee or assignee of the Landlord's interest to be bound by the terms of this Agreement.

12. The Leasehold Mortgagee further agrees that in the event of a default under the Charges resulting in the Leasehold Mortgagee realizing on its security by way of any further assignment of the Leases or subletting of the Leased Premises, and in any case prior to its assigning the Leases or subletting the Leased Premises, the consent of the Landlord shall be required in accordance with the provisions of the Leases being assigned or sublet, which consent in accordance with the Leases shall not be unreasonably withheld.

13. In exercising any of the rights of the Leasehold Mortgagee hereunder, the Leasehold Mortgagee may appoint a receiver to do so and in such event the receiver shall be entitled to all of the rights and be subject to all of the obligations of the Leasehold Mortgagee hereunder.

14. The rights of the Leasehold Mortgagee under this Agreement shall cease and this Agreement shall terminate upon the amount secured by the Charges being paid in full and the registration of discharges of the Charges.

15. Any notice herein provided for or permitted shall be given by any of the parties hereto to the other shall be sufficiently given if delivered to the addresses set out below or if mailed in Canada registered and postage prepaid addressed to:

**KIT Inc. in its capacity as general partner
for and on behalf of KIT Limited Partnership**

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Peter Walkey
Facsimile No.: (416) 361- 6018

Obelysk Inc.

BCE Place
Canada Trust Tower
161 Bay Street, Suite 2300
Toronto, Ontario
M5J 2S1

Attention: John I. Bitove
Facsimile No.: (416) 361-6018

Computershare Trust Company of Canada

100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Attention: Manager, Corporate Trust
Facsimile No.: (416) 981-9777

Any such notice given as aforesaid shall be conclusively deemed to have been given, if delivered, on the day on which such notice is delivered, or, if mailed, on the fifth day that there is postal delivery following the mailing of such notice. Any party may at any time give notice in writing to the others of any change of address of that party.

16. If there is any conflict or inconsistency between the provisions of the Charges or this Agreement, the provisions of this Agreement shall apply.

17. This Agreement benefits and binds the parties hereto and their respective successors and permitted assigns, as the case may be.

18. No amendment, modification or other alteration of this Agreement shall be effective unless and until each such amendment, modification or alteration shall have been agreed to in writing by the parties hereto.

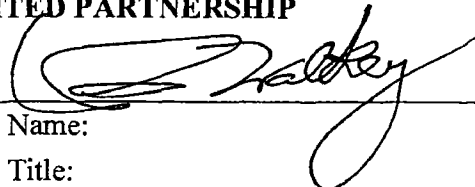
19. The provisions of this Agreement shall be governed by and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

20. Time is of the essence of this Agreement.

[Remainder of page left intentionally blank.]

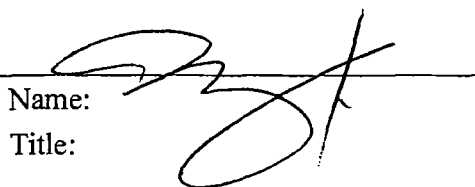
IN WITNESS WHEREOF the parties have executed this Agreement.

**KIT INC., in its capacity as general partner for
and on behalf of
KIT LIMITED PARTNERSHIP**

Per: 
Name:
Title:

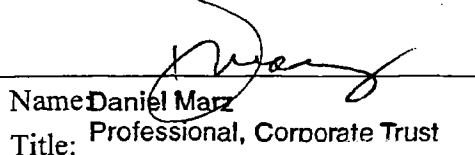
Per: _____
Name:
Title:

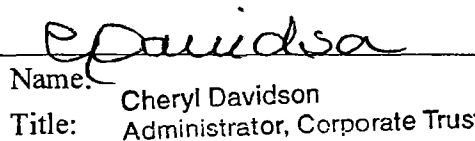
OBELYSK INC.

Per: 
Name:
Title:

Per: _____
Name:
Title:

**COMPUTERSHARE TRUST COMPANY OF
CANADA, as Collateral Agent**

Per: 
Name: Daniel Marz
Title: Professional, Corporate Trust

Per: 
Name: Cheryl Davidson
Title: Administrator, Corporate Trust

SCHEDULE "A"

Store No.		Address	City	Prov
1	1300	2000 Jane Street	Toronto	ON
2	1345	655 Davis Drive	Newmarket	ON
3	1404	690 Bank Street	Ottawa	ON
4	1508	55 Mill Street	Port Hope	ON
5	1512	178 Front Street	Trenton	ON

LEASEHOLD MORTGAGEE AGREEMENT

BETWEEN

KIT INC.

**in its capacity as general partner for and on behalf of
KIT LIMITED PARTNERSHIP LIMITED**

- AND -

SCOTT'S TRUSTEE CORP.

**in its capacity as trustee of
SCOTT'S GP TRUST,
in its capacity as general partner for and on behalf of
SCOTT'S REAL ESTATE LIMITED PARTNERSHIP**

- AND -

CRI REALTY (NO. 3) INC.

- AND -

COLONEL'S REALTY INC.

- AND -

**COMPUTERSHARE TRUST COMPANY OF CANADA
as collateral agent**

MADE AS OF

January 31, 2006

LEASEHOLD MORTGAGEE AGREEMENT

THIS AGREEMENT made as of January 31, 2006.

BETWEEN

KIT Inc. in its capacity as general partner for and on behalf of KIT Limited Partnership, a limited partnership, organized and existing under the laws of Manitoba (hereinafter referred to as the "Tenant")

OF THE FIRST PART,

- and -

Scott's Trustee Corp., in its capacity as trustee of Scott's GP Trust, in its capacity as general partner for and on behalf of Scott's Real Estate Limited Partnership, a limited partnership, organized and existing under the laws of Manitoba (hereinafter referred to as "Scott's")

OF THE SECOND PART,

- and -

CRI Realty (No. 3) Inc., a corporation existing under the laws of Province of Ontario (hereinafter referred to as "CRI No. 3")

OF THE THIRD PART,

- and -

Colonel's Realty Inc., a corporation existing under the laws of the Province of Ontario (hereinafter referred to as "CRI")

OF THE FOURTH PART,

- and -

Computershare Trust Company of Canada, acting as Collateral Agent under the Collateral Agency Agreement, together with its successors, assigns and replacements (hereinafter referred to as the "**Leasehold Mortgagee**")

OF THE FIFTH PART.

WHEREAS the Tenant leases certain lands and premises described in Schedule "A" hereto (collectively the "**Non-Quebec Leased Premises**") from Scott's pursuant to various land and building master leases (collectively, the "**Non-Quebec Master Leases**") that govern multiple properties;

AND WHEREAS CRI No. 3 and CRI are the respective legal owners of certain lands and premises located in the province of Quebec as described in Schedule "A" hereto (the "**Quebec Leased Premises**") which they hold as mandatary for and on behalf of Scott's, which is the beneficial owner of the Quebec Leased Premises;

AND WHEREAS with the authority and direction of Scott's, CRI No. 3 and CRI lease to the Tenant the Quebec Leased Premises pursuant to certain land and building master leases (the "**Quebec Master Leases**");

AND WHEREAS Scott's, CRI No. 3 and CRI are collectively referred to herein as the "**Landlord**" and the Non-Quebec Leased Premises and the Quebec Leased Premises are collectively referred to herein as the "**Leased Premises**" and the Non-Quebec Master Leases and the Quebec Master Leases are collectively referred to herein as the "**Leases**", and individually, as a "**Lease**";

AND WHEREAS the Tenant intends to mortgage and charge the Leases by way of security to and in favour of the Leasehold Mortgagee pursuant to collateral charges and deeds of hypothecs, as the case may be, granted in favour of the Leasehold Mortgagee (the "**Charges**"), copies of which shall be contemporaneously delivered to the Landlord;

AND WHEREAS the parties have agreed to enter into this Agreement in order to provide for certain direct rights and obligations between the parties hereto;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the foregoing premises, the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

1. The Landlord hereby consents to the Charges and agrees that the Charges may be extended, amended, renewed or replaced without the consent of the Landlord and the Tenant covenants and agrees to provide the Landlord with written notice in respect thereof.

2. The Landlord in granting its consent to the Charges does not hereby acknowledge or approve of any of the terms of the Charges as between the Tenant and the Leasehold Mortgagee except for the granting itself of the Charges and except as aforesaid, the Landlord shall not be bound by nor be deemed to have knowledge of any of the terms of the Charges. The Leasehold Mortgagee acknowledges that, subject to the terms hereof, the Charges are subject to and subordinate to all conditions and covenants of the Leases and to the rights of the Landlord thereunder.

3. As long as the Charges or any of them remain outstanding, the Landlord will, in respect of any Leased Premises subject to the Charges, provide notice to the Leasehold Mortgagee promptly upon the sale of any of the Leased Premises.

4. As long as the Charges or any of them remain outstanding, the Landlord agrees that if a default of the Tenant occurs under any of the Leases in respect of any Leased Premises which is subject to the Charges, which default has not been waived by the Landlord, prior to commencing the exercise of any remedy to which the Landlord is otherwise entitled against the Tenant, the Landlord shall give written notice of such default (the "Mortgagee Notice") to the Leasehold Mortgagee (with a copy to the Tenant) and the Leasehold Mortgagee shall be entitled to cure or cause to be cured such default as provided in Section 5 hereof.

5. The Landlord covenants and agrees that unless the Landlord has received an Enforcement Notice (as hereinafter defined) that has not been revoked:

- (a) with respect to any monetary default specified in a Mortgagee Notice, the Leasehold Mortgagee shall, at its sole discretion, have the right (but not the obligation), during the ten (10) business day period immediately following the date the Leasehold Mortgagee receives the Mortgagee Notice, to cure or cause to be cured, to the satisfaction of the Landlord, acting reasonably, such monetary default; and
- (b) with respect to any non-monetary default specified in a Mortgagee Notice, the Leasehold Mortgagee shall, at its sole discretion, have the right (but not the obligation) to cure or cause to be cured to the satisfaction of the Landlord, acting reasonably, such non-monetary default within the same number of days after receipt of the Mortgagee Notice as is allowed to the Tenant in respect of such non-monetary default under the terms of the applicable Lease or, in the event such default is capable of being cured by the Leasehold Mortgagee, but which cannot reasonably be cured within such period, then within such longer period as would reasonably be required to remedy such default proceeding diligently, provided and for so long as the Leasehold Mortgagee is proceeding diligently in respect thereof.

6. The Leasehold Mortgagee covenants that, prior to commencing to enforce the Charges against the Tenant in connection with any of the Leases, the Leasehold Mortgagee shall:

- (a) deliver to the Landlord written notice that the Leasehold Mortgagee intends to commence the enforcement of the Charges in connection with any or all of the Leases (the "**Enforcement Notice**"); and
- (b) enter into an assignment and assumption agreement in respect of such Leases (the "**Assignment and Assumption Agreement**") with the Landlord, to be executed no later than ten (10) business days after receipt of the Enforcement Notice;

subject to the Leasehold Mortgagee accepting to cure or cause to be cured, or undertaking to cure or causing to be cured, in respect of such Leases, any monetary default of the Tenant specified in a Mortgagee Notice delivered to the Leasehold Mortgagee prior to the execution of such Assignment and Assumption Agreement, provided that in no event shall the Leasehold Mortgagee be obliged to cure or cause to be cured any non-monetary default of the Tenant which is not capable of being cured by the Leasehold Mortgagee. The Assignment and Assumption Agreement shall provide that the Leasehold Mortgagee shall be liable to perform all of the Tenant's covenants and obligations (monetary and non-monetary) as set out in such Leases and be entitled to the Tenant's rights and benefits in the Leases throughout the term of the Assignment and Assumption Agreement. The assumption of any Lease by the Leasehold Mortgagee pursuant to any such Assignment and Assumption Agreement shall only apply for so long as the Leasehold Mortgagee or its receiver is in possession of the Leased Premises under such Lease and, in this regard, subject to the Leasehold Mortgagee's indemnity contained in Section 8 hereof and so long as the Leasehold Mortgagee and its receiver, if any, have otherwise fully performed the obligations of the Leasehold Mortgagee pursuant to this Agreement, the Leasehold Mortgagee and its receiver shall be fully and finally released from all obligations in respect of such Lease from and after the date the Leasehold Mortgagee and/or its receiver is no longer in possession of the Leased Premises under such Lease. The Landlord acknowledges that the Leasehold Mortgagee is mortgaging the Leases by way of sublease, and the Leasehold Mortgagee shall not be liable for any of the Tenant's covenants and obligations in the Leases nor be entitled to any of the Tenant's rights and benefits in the Leases unless and until the Landlord has received an Enforcement Notice that has not been revoked and until the Leasehold Mortgagee shall have entered into an Assignment and Assumption Agreement with the Landlord, provided that in no event shall the Leasehold Mortgagee be required to cure in respect of the Leases any non-monetary defaults of the Tenant arising or existing prior to the execution of the Assignment and Assumption Agreement.

7. Notwithstanding the provisions of Section 6 hereof, the Leasehold Mortgagee shall not be required to execute an Assignment and Assumption Agreement when it enters into possession of Leased Premises for the purpose only of (i) securing such Leased Premises and performing such acts as may be reasonably required in connection with the preservation of the Charges and any other security granted to the Leasehold Mortgagee by the Tenant; and/or (ii) assigning Leases to a prospective assignee in accordance with the terms of this Agreement, provided in each case that the Leasehold Mortgagee may operate or cause to be operated any business in such Leased Premises permitted by the applicable Leases (such period, the "**Occupation Period**"), in which case the Enforcement Notice shall contain a statement by the

Leasehold Mortgagee that it is entering into possession of such Leased Premises only for the Occupation Period. The Landlord hereby consents to the occupation of the Leased Premises by the Leasehold Mortgagee during the Occupation Period upon the terms and conditions provided in this Section 7. During the Occupation Period, the Leasehold Mortgagee shall perform and observe all of the covenants and obligations of the Tenant under the Leases relating to the Leased Premises being occupied, provided that in no event shall the Leasehold Mortgagee be required to cure any defaults of the Tenant in existence prior to the Occupation Period, whether monetary or otherwise. The Occupation Period shall expire within six (6) months of the Leasehold Mortgagee entering into possession of the Leased Premises. Upon the expiry of the Occupation Period the Leasehold Mortgagee shall have no right to occupy, possess or otherwise access the Leased Premises, or be otherwise entitled to any of the Tenant's rights and benefits in the Leases unless and until the Leasehold Mortgagee enters into an Assignment and Assumption Agreement in accordance with the provisions of Section 6 of this Agreement, including, without limitation, the Leasehold Mortgagee accepting to cure or cause to be cured, or undertaking to cure or causing to be cured, any monetary default of the Tenant specified in a Mortgagee Notice delivered to the Leasehold Mortgagee prior to the execution of such Assignment and Assumption Agreement.

8. The Leasehold Mortgagee shall deliver to the Landlord written notice of its intent to vacate Leased Premises, in the case where the Leasehold Mortgagee and/or its receiver has been in possession of Leased Premises (i) for less than three (3) months, ten (10) business days prior to vacating such Leased Premises; and (ii) for three (3) months or longer, thirty (30) days prior to vacating such Leased Premises and shall pay all rent (as defined in the Leases) and observe all other obligations of the Tenant under the Leases accruing from and after the date the Leasehold Mortgagee or its receiver first took possession of such Leased Premises or entered into an Assignment and Assumption Agreement, whichever is earlier, up to and including the date upon which the Leasehold Mortgagee or its receiver vacates such Leased Premises. The Leasehold Mortgagee shall indemnify the Landlord for any damage caused to any Leased Premises by the Leasehold Mortgagee, its receiver or receiver and manager, as the case may be. Upon vacating any of the Leased Premises, the Leasehold Mortgagee shall, and by doing so thereby does, release all of its rights title and interest in the Leases governing such Leased Premises and the Leased Premises and all of the contents thereon and therein, and subject to the Leasehold Mortgagee's indemnity contained in this Section 8 and so long as the Leasehold Mortgagee and its receiver have otherwise fully performed the obligations of the Leasehold Mortgagee pursuant to this Agreement, upon the Leasehold Mortgagee or its receiver vacating any of the Leased Premises the Landlord does hereby fully and finally release the Leasehold Mortgagee and its receiver from all obligations under the Leases governing such Leased Premises.

9. Except as specifically set forth in this Agreement, nothing contained in this Agreement will render the Leasehold Mortgagee liable to the Landlord under the Leases.

10. Nothing contained in this Agreement shall release, or be deemed to release, the Tenant from any one or more of its covenants or obligations under any of the Leases, unless the Landlord specifically consents in writing to such release.

11. Nothing contained in this Agreement or in any Assignment and Assumption Agreement shall: (i) restrict the ability of the Landlord to transfer, assign or convey the Leased Premises or the Leases or any interest of the Landlord therein; (ii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord against any personal and/or other property on or in the Leased Premises including without limitation any right of distraint that the Landlord has in respect of any such property; or (iii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord under the Leases or at law, including, without limitation, under section 38 of the *Commercial Tenancies Act*, R.S.O. 1990, c. L.7. For greater certainty, the Landlord shall have no obligation on any transfer, assignment or conveyance contemplated in (i) above, to obtain any covenant by any purchaser, transferee or assignee of the Landlord's interest to be bound by the terms of this Agreement.

12. The Leasehold Mortgagee further agrees that in the event of a default under the Charges resulting in the Leasehold Mortgagee realizing on its security by way of any further assignment of the Leases or subletting of the Leased Premises, and in any case prior to its assigning the Leases or subletting the Leased Premises, the consent of the Landlord shall be required in accordance with the provisions of the Leases being assigned or sublet, which consent in accordance with the Leases shall not be unreasonably withheld.

13. In exercising any of the rights of the Leasehold Mortgagee hereunder, the Leasehold Mortgagee may appoint a receiver to do so and in such event the receiver shall be entitled to all of the rights and be subject to all of the obligations of the Leasehold Mortgagee hereunder.

14. The rights of the Leasehold Mortgagee under this Agreement shall cease and this Agreement shall terminate upon the amount secured by the Charges being paid in full and the registration of discharges of the Charges.

15. Any notice herein provided for or permitted shall be given by any of the parties hereto to the other shall be sufficiently given if delivered to the addresses set out below or if mailed in Canada registered and postage prepaid addressed to:

**KIT Inc. in its capacity as general partner
for and on behalf of KIT Limited Partnership**

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Peter Walkey
Facsimile No.: (416) 361- 6018

**Scott's Trustee Corp., in its capacity as trustee of
Scott's GP Trust, in its capacity as general partner
for and on behalf of Scott's Real Estate Limited Partnership**

AND

CRI Realty (No. 3) Inc.

AND

Colonel's Realty Inc.

BCE Place
Canada Trust Tower
161 Bay Street
Suite 2300
Toronto, Ontario M5J 2S1

Attention: John I. Bitove
Telephone: (416) 361-3006
Facsimile No.: (416) 361-6018

Computershare Trust Company of Canada

100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Attention: Manager, Corporate Trust
Facsimile No.: (416) 981-9777

Any such notice given as aforesaid shall be conclusively deemed to have been given, if delivered, on the day on which such notice is delivered, or, if mailed, on the fifth day that there is postal delivery following the mailing of such notice. Any party may at any time give notice in writing to the others of any change of address of that party.

16. If there is any conflict or inconsistency between the provisions of the Charges or this Agreement, the provisions of this Agreement shall apply.

17. This Agreement benefits and binds the parties hereto and their respective successors and permitted assigns, as the case may be.

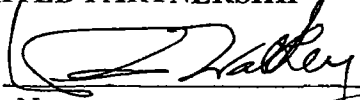
18. No amendment, modification or other alteration of this Agreement shall be effective unless and until each such amendment, modification or alteration shall have been agreed to in writing by the parties hereto.

19. The provisions of this Agreement shall be governed by and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

20. Time is of the essence of this Agreement.

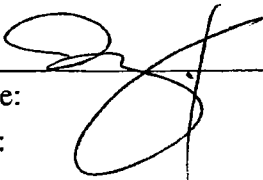
IN WITNESS WHEREOF the parties have executed this Agreement.

**KIT INC., in its capacity as general partner for
and on behalf of
KIT LIMITED PARTNERSHIP**

Per: 
Name: _____
Title: _____

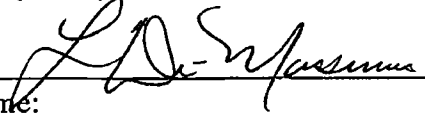
Per: _____
Name: _____
Title: _____

**SCOTT'S TRUSTEE CORP., in its capacity as
trustee of SCOTT'S GP TRUST, in its capacity as
general partner for and on behalf of SCOTT'S
REAL ESTATE LIMITED PARTNERSHIP**

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

CRI REALTY (NO. 3) INC.

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

COLONEL'S REALTY INC.

Per:


Name:

Title:

Per:

Name:

Title:

**COMPUTERSHARE TRUST COMPANY OF
CANADA, as Collateral Agent**

Per:


Name:

Title:

Daniel Marz
Professional, Corporate Trust

Per:


Name:

Title:

Cheryl Davidson
Administrator, Corporate Trust

SCHEDULE "A"

Store No.	Address	City	Prov	
1	1706	51 Kaska Road	Sherwood Park	AB
2	1749	1240 17 Avenue South West	Calgary	AB
3	1750	1320 Edmonton Trail North East	Calgary	AB
4	1751	905 37 Street South West	Calgary	AB
5	1752	5003 Centre Street North	Calgary	AB
6	1753	4315 17 Avenue South East	Calgary	AB
7	1755	5335 Falsbridge Drive North East	Calgary	AB
8	1756	15325 Bannister Road South East	Calgary	AB
9	1783	244 Edmonton Trail	Airdrie	AB
10	1784	5106 46 Street	Olds	AB
11	1786	435 2 Street	Brooks	AB
12	1787	5716-50 Avenue, Box 6134	Drayton Valley	AB
13	1806	4605 East Hastings Street	Burnaby	BC
14	1814	2190 Kingsway	Vancouver	BC
15	1824	795 East Broadway	Vancouver	BC
16	1861	3140 Douglas Street	Victoria	BC
17	1889	3620 Gellantly Road	Westbank	BC
18	1893	1584 Highway 99	Squamish	BC
19	1600	679 Henderson Highway	Winnipeg	MB
20	1604	1873 Portage Avenue	Winnipeg	MB
21	1606	1651 Regent Avenue	Winnipeg	MB
22	1607	750 Sherbrook Street	Winnipeg	MB
23	1608	1100 St. Mary's Road	Winnipeg	MB
24	1621	438 Princess Avenue	Brandon	MB

	Store No.	Address	City	Prov
25	4625	Roblin Blvd	Winkler	MB
26	1036	210 Bliss Street	Oromocto	NB
27	1037	283 Main Street	Nashwaaksis	NB
28	1038	439 East Prospect Street	Fredericton	NB
29	1040	138 Water Street	Campbellton	NB
30	1041	145 Pleasant Street	New Castle	NB
31	1042	435 St. Peter Avenue	Bathurst	NB
32	1044	180 Boulevard Hebert	Edmundston	NB
33	1054	413 Cloverdale Road	Riverview	NB
34	1055	945 Mountain Road	Moncton	NB
35	1000	6310 Quinpool Road	Halifax	NS
36	1003	3 Titus Street/Main Avenue	Halifax	NS
37	1004	247 Herring Cove	Halifax	NS
38	1006	960 Cole Harbour Road	Dartmouth	NS
39	1016	96 Warwick Street	Digby	NS
40	1017	279 Main Street	Liverpool	NS
41	1018	679 Sackville Drive	Lower Sackville	NS
42	1019	9034 Commercial Street	New Minas	NS
43	1021	467 King Street & O'Brien Street	Windsor	NS
44	1022	2897 Highway 1	Coldbrook	NS
45	1023	Reeves Street & Kennedy Street	Port Hawkesbury	NS
46	1024	731 Central Avenue	Greenwood	NS
47	1029	109 King Street	North Sydney	NS
48	1049	221 West River Road	Pictou	NS
49	1051	9 James Street	Antigonish	NS
50	1303	965 Dundas Street East	Mississauga	ON

	Store No.	Address	City	Prov
51	1305	3351 Lawrence Avenue East	Scarborough	ON
52	1307	190 Queen Street East	Brampton	ON
53	1309	563 Gerrard Street East	Toronto	ON
54	1310	3496 Sheppard Avenue East	Scarborough	ON
55	1311	2567 Eglinton Avenue East	Scarborough	ON
56	1312	3719 Lakeshore Blvd.	Toronto	ON
57	1315	829 St. Clair Avenue West	Toronto	ON
58	1318	2032 Kipling Avenue North	Etobicoke	ON
59	1323	3517 Dundas Street West	Toronto	ON
60	1324	15492 Yonge Street	Aurora	ON
61	1327	1221 Dundas Street West	Toronto	ON
62	1329	415 Mount Pleasant Road	Toronto	ON
63	1331	1338 Kennedy Road	Scarborough	ON
64	1333	464 Queen Street West	Toronto	ON
65	1334	636 Bloor Street West	Toronto	ON
66	1336	2500 Danforth Avenue	Toronto	ON
67	1337	1300 Weston Road	Toronto	ON
68	1338	2296 Eglinton Avenue West	Toronto	ON
69	1349	239 Scarlett Road	Toronto	ON
70	1351	1630 Queen Street East	Toronto	ON
71	1355	5863 Highway 7	Markham	ON
72	1372	973 Simcoe Street North	Oshawa	ON
73	1373	474 Simcoe Street South	Oshawa	ON
74	1374	574 King Street East	Oshawa	ON
75	1375	301 Dundas Street West	Whitby	ON
76	1400	2795 St. Joseph Blvd.	Orleans	ON

	Store No.	Address	City	Prov
77	1402	932 St. Laurent Blvd.	Ottawa	ON
78	1403	1096 Wellington Street	Ottawa	ON
79	1405	1677 Bank Street	Ottawa	ON
80	1406	2919 Bank Street, Highway 31	Ottawa	ON
81	1411	41 Dufferin Street	Perth	ON
82	1412	415 Pembroke Street East	Pembroke	ON
83	1414	145 Madawaska Blvd.	Arnprior	ON
84	1415	45 Munro Street	Carleton Place	ON
85	1418	1943 Baseline Road	Ottawa	ON
86	1419	917 Richmond Road	Ottawa	ON
87	1425	307 Cannon Street East	Hamilton	ON
88	1426	716 Main Street East	Hamilton	ON
89	1427	45 Parkdale Avenue North	Hamilton	ON
90	1428	1222 Barton Street East	Hamilton	ON
91	1429	631 King Street West	Hamilton	ON
92	1436	450 Wharncliffe Road	London	ON
93	1438	1683 Dundas Street	London	ON
94	1440	1291 Commissioners Road West	London	ON
95	1442	850 Wellington Road	London	ON
96	1446	3006 Dougall Road	Windsor	ON
97	1447	1797 Huron Church Road	Windsor	ON
98	1448	1916 Wyandotte Street East	Windsor	ON
99	1449	1485 Erie Street East	Windsor	ON
100	1451	7435 Tecumseh Road East	Windsor	ON
101	1506	786 Chemong Road	Peterborough	ON
102	1509	507 Division Street	Cobourg	ON

	Store No.	Address	City	Prov
103	1510	63 Lindsay Street	Lindsay	ON
104	1513	274 North Front Street	Belleville	ON
105	1514	464 Dundas Street	Belleville	ON
106	1515	90 Main Street	Picton	ON
107	1516	499 Dundas Street	Cambridge	ON
108	1519	16 King Street	Brantford	ON
109	1528	346 St. Clair Street	Chatham	ON
110	1529	1314 Dufferin Street	Wallaceburg	ON
111	1531	325 Talbot Street North	Essex	ON
112	1532	1300 Lasalle Boulevard	Sudbury	ON
113	1533	1341 Martindale Road	Sudbury	ON
114	1534	582 Kathleen St. W.	Sudbury	ON
115	1535	405 Cote Avenue	Chelmsford	ON
116	1541	161 Trunk Road	Sault Ste Marie	ON
117	1548	60 Hartzel Road	St. Catharines	ON
118	1552	3567 Portage Road	Niagara Falls	ON
119	1553	311 Main Street	Dunnville	ON
120	1554	322 Argyle Street South	Caledonia	ON
121	1557	827 McGill Street	Hawkesbury	ON
122	1559	28 Dumfries Street	Paris	ON
123	1100	5601 Boulevard Leger	Montreal	PQ
124	1101	351 Avenue Regina	Verdun	PQ
125	1102	8710 Rue Sherbrooke E.	Montreal	PQ
126	1103	1670 De la Concorde E.	Duvernay	PQ
127	1104	3199 Boul. Taschereau	Greenfield Park	PQ
128	1105	3000 BD St. Charles	Kirkland	PQ

	Store No.	Address	City	Prov
129	1106	2997 Chemin de Chambly	Longueuil	PQ
130	1108	1375 St. Jean Baptiste	Pointe Trembles	PQ
131	1109	990 Rue Montarville	Boucherville	PQ
132	1110	4310 Rue Papineau	Montreal	PQ
133	1111	140 Boulevard Ste. Foy	Longueuil	PQ
134	1112	6240 Rue Beaubien Est	Montreal	PQ
135	1114	1689 BD Des Laurentides	Vimont	PQ
136	1115	1110 Rue Provost	Lachine	PQ
137	1116	9205 Boulevard Lacordaire	Saint Leonard	PQ
138	1117	8575 Boulevard Pie IX	Montreal	PQ
139	1119	5272 Rue Sherbrooke O.	Montreal	PQ
140	1121	4980 BD Des Sources	Pierrefonds	PQ
141	1124	1595 Cote-Vertu	Saint Laurent	PQ
142	1127	6625 Av. Victoria	Montreal	PQ
143	1129	1551 Boulevard Shevchenko	Lasalle	PQ
144	1130	6445 Taschereau Blvd.	Brossard	PQ
145	1150	9460 Boulevard Henri-Bourassa	Charlesbourg	PQ
146	1152	3309 Chemin Ste. Foy	Ste. Foy	PQ
147	1153	3101 Boulevard Pere Lelievre	Duburger	PQ
148	1154	11025 Boul. L'Ormiere	Neufchatel	PQ
149	1156	615 4ieme Avenue	Saint-Romuald	PQ
150	1157	140 Route Pres. Kennedy	Levis	PQ
151	1158	315 Boulevard Saint-Ann	Beauport	PQ
152	1171	104 Boulevard Arthur-Sauve	St. Eustache	PQ
153	1174	680 BD Du Seminaire	St-Jean	PQ
154	1175	650 BD Taschereau	La Prairie	PQ

	Store No.	Address	City	Prov
155	1176	291 BD Des Laurentides	St-Jerome	PQ
156	1177	60 BD Cure Labelle	Ste. Therese	PQ
157	1178	335 Sir Wilfrid Laurier	Beloeil	PQ
158	1179	590 Rue Principale	Ste. Agathe	PQ
159	1180	947 BD Des Seigneurs	Terrebonne	PQ
160	1181	91 BD Harwood	Dorion	PQ
161	1182	180 Rue Firset	Sorel-Tracy	PQ
162	1184	1465 Rue King Ouest	Sherbrooke	PQ
163	1185	703 Rue Principale	Granby	PQ
164	1186	50 Rue Merry Nord	Magog	PQ
165	1187	1533 Rue Sud	Cowansville	PQ
166	1188	379 Rue Child	Coaticook	PQ
167	1191	314 Ch. Larocque	Valleyfield	PQ
168	1192	129 BD Danjou	Chateauguay	PQ
169	1193	2975 BD Laframboise	St-Hyacinthe	PQ
170	1196	969 Rue Du Phare O.	Matane	PQ
171	1198	602 Av. Laure	Sept.-Illes	PQ
172	1200	3814 BD Harvey	Jonquiere	PQ
173	1201	466 Ste. Genevieve	Chicoutimi	PQ
174	1202	50 Rue Collard O.	Alma	PQ
175	1203	2020 Boulevard Mellon	Jonquiere	PQ
176	1204	936 BD Ducharme	La Tuque	PQ
177	1205	230 8E Avenue	Dolbeau	PQ
178	1206	991 BD Marcotte	Roberval	PQ
179	1208	347 Boulevard Saint-Joseph	Hull	PQ
180	1209	258 Rue Notre-Dame	Gatineau Mills	PQ

	Store No.	Address	City	Prov
181	1210	164 BD Greber	Pointe Gatineau	PQ
182	1211	125 Rue Bethany	Lachute	PQ
183	1212	650 BD Paquette	Mont Laurier	PQ
184	1213	620 Rue Notre-Dame O.	Victoriaville	PQ
185	1214	1605 Boulevard St. Joseph	Drummondville	PQ
186	1215	1080 Boulevard Des Recollets	Trois-Rivieres	PQ
187	1217	1483 Rue St. Marc	Shawinigan	PQ
188	1218	31 Boulevard Smith Sud	Thetford Mines	PQ
189	1219	1550 1E Avenue O.	St. Geo. Beauce	PQ

LEASEHOLD MORTGAGEE AGREEMENT

BETWEEN

KIT INC.

**in its capacity as general partner for and on behalf of
KIT LIMITED PARTNERSHIP LIMITED**

- AND -

**YUM! BRANDS CANADA MANAGEMENT HOLDING, INC.
in its capacity as general partner for and on behalf of
YUM! BRANDS CANADA MANAGEMENT LP**

- AND -

YUM! REALTY HOLDINGS INC.

- AND -

**COMPUTERSHARE TRUST COMPANY OF CANADA
as collateral agent**

MADE AS OF

January 31, 2006

LEASEHOLD MORTGAGEE AGREEMENT

THIS AGREEMENT made as of January 31, 2006.

BETWEEN

KIT Inc. in its capacity as general partner for and on behalf of KIT Limited Partnership, a limited partnership, organized and existing under the laws of Manitoba (hereinafter referred to as the "Tenant")

OF THE FIRST PART,

- and -

Yum! Brands Canada Management Holding, Inc., in its capacity as general partner for and on behalf of Yum! Brands Canada Management LP, a limited partnership, organized and existing under the laws of Ontario (hereinafter referred to as "Yum!")

OF THE SECOND PART,

- and -

Yum! Realty Holdings Inc., a corporation existing under the laws of Province of Ontario (hereinafter referred to as "Yum! Realty")

OF THE THIRD PART,

- and -

Computershare Trust Company of Canada, acting as Collateral Agent under the Collateral Agency Agreement, together with its successors, assigns and replacements (hereinafter referred to as the "Leasehold Mortgagee")

OF THE FOURTH PART.

WHEREAS the Tenant leases certain lands and premises described in Schedule "A" hereto (collectively the "**Non-Quebec Leased Premises**") from Yum! pursuant to a land and building master lease (the "**Non-Quebec Master Lease**") that governs multiple properties;

AND WHEREAS Yum! Realty is the legal owner of certain lands and premises located in the province of Quebec as described in Schedule "A" hereto (the "**Quebec Leased Premises**") which it holds as mandatary for and on behalf of Yum!, which is the beneficial owner of the Quebec Leased Premises;

AND WHEREAS with the authority and direction of Yum!, Yum! Realty leases to the Tenant the Quebec Leased Premises pursuant to a land and building master lease (the "**Quebec Master Lease**");

AND WHEREAS Yum! and Yum! Realty are together referred to herein as the "**Landlord**" and the Non-Quebec Leased Premises and the Quebec Leased Premises are collectively referred to herein as the "**Leased Premises**" and the Non-Quebec Master Lease and the Quebec Master Lease are together referred to herein as the "**Leases**", and individually, as a "**Lease**";

AND WHEREAS the Tenant intends to mortgage and charge the Leases by way of security to and in favour of the Leasehold Mortgagee pursuant to collateral charges and deeds of hypothecs, as the case may be, granted in favour of the Leasehold Mortgagee (the "**Charges**"), copies of which shall be contemporaneously delivered to the Landlord;

AND WHEREAS the parties have agreed to enter into this Agreement in order to provide for certain direct rights and obligations between the parties hereto;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the foregoing premises, the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

1. The Landlord hereby consents to the Charges and agrees that the Charges may be extended, amended, renewed or replaced without the consent of the Landlord and the Tenant covenants and agrees to provide the Landlord with written notice in respect thereof.
2. The Landlord in granting its consent to the Charges does not hereby acknowledge or approve of any of the terms of the Charges as between the Tenant and the Leasehold Mortgagee except for the granting itself of the Charges and except as aforesaid, the Landlord shall not be bound by nor be deemed to have knowledge of any of the terms of the Charges. The Leasehold Mortgagee acknowledges that, subject to the terms hereof, the Charges are subject to and subordinate to all conditions and covenants of the Leases and to the rights of the Landlord thereunder.
3. As long as the Charges or any of them remain outstanding, the Landlord will, in respect of any Leased Premises subject to the Charges, provide notice to the Leasehold Mortgagee promptly upon the sale of any of the Leased Premises.

4. As long as the Charges or any of them remain outstanding, the Landlord agrees that if a default of the Tenant occurs under any of the Leases in respect of any Leased Premises which is subject to the Charges, which default has not been waived by the Landlord, prior to commencing the exercise of any remedy to which the Landlord is otherwise entitled against the Tenant, the Landlord shall give written notice of such default (the "**Mortgagee Notice**") to the Leasehold Mortgagee (with a copy to the Tenant) and the Leasehold Mortgagee shall be entitled to cure or cause to be cured such default as provided in Section 5 hereof.

5. The Landlord covenants and agrees that unless the Landlord has received an Enforcement Notice (as hereinafter defined) that has not been revoked:

- (a) with respect to any monetary default specified in a Mortgagee Notice, the Leasehold Mortgagee shall, at its sole discretion, have the right (but not the obligation), during the ten (10) business day period immediately following the date the Leasehold Mortgagee receives the Mortgagee Notice, to cure or cause to be cured, to the satisfaction of the Landlord, acting reasonably, such monetary default; and
- (b) with respect to any non-monetary default specified in a Mortgagee Notice, the Leasehold Mortgagee shall, at its sole discretion, have the right (but not the obligation) to cure or cause to be cured to the satisfaction of the Landlord, acting reasonably, such non-monetary default within the same number of days after receipt of the Mortgagee Notice as is allowed to the Tenant in respect of such non-monetary default under the terms of the applicable Lease or, in the event such default is capable of being cured by the Leasehold Mortgagee, but which cannot reasonably be cured within such period, then within such longer period as would reasonably be required to remedy such default proceeding diligently, provided and for so long as the Leasehold Mortgagee is proceeding diligently in respect thereof.

6. The Leasehold Mortgagee covenants that, prior to commencing to enforce the Charges against the Tenant in connection with any of the Leases, the Leasehold Mortgagee shall:

- (a) deliver to the Landlord written notice that the Leasehold Mortgagee intends to commence the enforcement of the Charges in connection with any or all of the Leases (the "**Enforcement Notice**"); and
- (b) enter into an assignment and assumption agreement in respect of such Leases (the "**Assignment and Assumption Agreement**") with the Landlord, to be executed no later than ten (10) business days after receipt of the Enforcement Notice;

subject to the Leasehold Mortgagee accepting to cure or cause to be cured, or undertaking to cure or causing to be cured, in respect of such Leases, any monetary default of the Tenant specified in a Mortgagee Notice delivered to the Leasehold Mortgagee prior to the execution of such Assignment and Assumption Agreement, provided that in no event shall the Leasehold Mortgagee be obliged to cure or cause to be cured any non-monetary default of the Tenant which is not capable of being cured by the Leasehold Mortgagee. The Assignment and Assumption

Agreement shall provide that the Leasehold Mortgagee shall be liable to perform all of the Tenant's covenants and obligations (monetary and non-monetary) as set out in such Leases and be entitled to the Tenant's rights and benefits in the Leases throughout the term of the Assignment and Assumption Agreement. The assumption of any Lease by the Leasehold Mortgagee pursuant to any such Assignment and Assumption Agreement shall only apply for so long as the Leasehold Mortgagee or its receiver is in possession of the Leased Premises under such Lease and, in this regard, subject to the Leasehold Mortgagee's indemnity contained in Section 8 hereof and so long as the Leasehold Mortgagee and its receiver, if any, have otherwise fully performed the obligations of the Leasehold Mortgagee pursuant to this Agreement, the Leasehold Mortgagee and its receiver shall be fully and finally released from all obligations in respect of such Lease from and after the date the Leasehold Mortgagee and/or its receiver is no longer in possession of the Leased Premises under such Lease. The Landlord acknowledges that the Leasehold Mortgagee is mortgaging the Leases by way of sublease, and the Leasehold Mortgagee shall not be liable for any of the Tenant's covenants and obligations in the Leases nor be entitled to any of the Tenant's rights and benefits in the Leases unless and until the Landlord has received an Enforcement Notice that has not been revoked and until the Leasehold Mortgagee shall have entered into an Assignment and Assumption Agreement with the Landlord, provided that in no event shall the Leasehold Mortgagee be required to cure in respect of the Leases any non-monetary defaults of the Tenant arising or existing prior to the execution of the Assignment and Assumption Agreement.

7. Notwithstanding the provisions of Section 6 hereof, the Leasehold Mortgagee shall not be required to execute an Assignment and Assumption Agreement when it enters into possession of Leased Premises for the purpose only of (i) securing such Leased Premises and performing such acts as may be reasonably required in connection with the preservation of the Charges and any other security granted to the Leasehold Mortgagee by the Tenant; and/or (ii) assigning Leases to a prospective assignee in accordance with the terms of this Agreement, provided in each case that the Leasehold Mortgagee may operate or cause to be operated any business in such Leased Premises permitted by the applicable Leases (such period, the "**Occupation Period**"), in which case the Enforcement Notice shall contain a statement by the Leasehold Mortgagee that it is entering into possession of such Leased Premises only for the Occupation Period. The Landlord hereby consents to the occupation of the Leased Premises by the Leasehold Mortgagee during the Occupation Period upon the terms and conditions provided in this Section 7. During the Occupation Period, the Leasehold Mortgagee shall perform and observe all of the covenants and obligations of the Tenant under the Leases relating to the Leased Premises being occupied, provided that in no event shall the Leasehold Mortgagee be required to cure any defaults of the Tenant in existence prior to the Occupation Period, whether monetary or otherwise. The Occupation Period shall expire within six (6) months of the Leasehold Mortgagee entering into possession of the Leased Premises. Upon the expiry of the Occupation Period the Leasehold Mortgagee shall have no right to occupy, possess or otherwise access the Leased Premises, or be otherwise entitled to any of the Tenant's rights and benefits in the Leases unless and until the Leasehold Mortgagee enters into an Assignment and Assumption Agreement in accordance with the provisions of Section 6 of this Agreement, including, without limitation, the Leasehold Mortgagee accepting to cure or cause to be cured, or undertaking to cure or causing to be cured, any monetary default of the Tenant specified in a Mortgagee Notice delivered to the Leasehold Mortgagee prior to the execution of such Assignment and Assumption Agreement.

8. The Leasehold Mortgagee shall deliver to the Landlord written notice of its intent to vacate Leased Premises, in the case where the Leasehold Mortgagee and/or its receiver has been in possession of Leased Premises (i) for less than three (3) months, ten (10) business days prior to vacating such Leased Premises; and (ii) for three (3) months or longer, thirty (30) days prior to vacating such Leased Premises and shall pay all rent (as defined in the Leases) and observe all other obligations of the Tenant under the Leases accruing from and after the date the Leasehold Mortgagee or its receiver first took possession of such Leased Premises or entered into an Assignment and Assumption Agreement, whichever is earlier, up to and including the date upon which the Leasehold Mortgagee or its receiver vacates such Leased Premises. The Leasehold Mortgagee shall indemnify the Landlord for any damage caused to any Leased Premises by the Leasehold Mortgagee, its receiver or receiver and manager, as the case may be. Upon vacating any of the Leased Premises, the Leasehold Mortgagee shall, and by doing so thereby does, release all of its rights title and interest in the Leases governing such Leased Premises and the Leased Premises and all of the contents thereon and therein, and subject to the Leasehold Mortgagee's indemnity contained in this Section 8 and so long as the Leasehold Mortgagee and its receiver have otherwise fully performed the obligations of the Leasehold Mortgagee pursuant to this Agreement, upon the Leasehold Mortgagee or its receiver vacating any of the Leased Premises the Landlord does hereby fully and finally release the Leasehold Mortgagee and its receiver from all obligations under the Leases governing such Leased Premises.

9. Except as specifically set forth in this Agreement, nothing contained in this Agreement will render the Leasehold Mortgagee liable to the Landlord under the Leases.

10. Nothing contained in this Agreement shall release, or be deemed to release, the Tenant from any one or more of its covenants or obligations under any of the Leases, unless the Landlord specifically consents in writing to such release.

11. Nothing contained in this Agreement or in any Assignment and Assumption Agreement shall: (i) restrict the ability of the Landlord to transfer, assign or convey the Leased Premises or the Leases or any interest of the Landlord therein; (ii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord against any personal and/or other property on or in the Leased Premises including without limitation any right of distraint that the Landlord has in respect of any such property; or (iii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord under the Leases or at law, including, without limitation, under section 38 of the *Commercial Tenancies Act*, R.S.O. 1990, c. L.7. For greater certainty, the Landlord shall have no obligation on any transfer, assignment or conveyance contemplated in (i) above, to obtain any covenant by any purchaser, transferee or assignee of the Landlord's interest to be bound by the terms of this Agreement.

12. The Leasehold Mortgagee further agrees that in the event of a default under the Charges resulting in the Leasehold Mortgagee realizing on its security by way of any further assignment of the Leases or subletting of the Leased Premises, and in any case prior to its assigning the Leases or subletting the Leased Premises, the consent of the Landlord shall be required in accordance with the provisions of the Leases being assigned or sublet, which consent in accordance with the Leases shall not be unreasonably withheld.

13. In exercising any of the rights of the Leasehold Mortgagee hereunder, the Leasehold Mortgagee may appoint a receiver to do so and in such event the receiver shall be entitled to all of the rights and be subject to all of the obligations of the Leasehold Mortgagee hereunder.

14. The rights of the Leasehold Mortgagee under this Agreement shall cease and this Agreement shall terminate upon the amount secured by the Charges being paid in full and the registration of discharges of the Charges.

15. Any notice herein provided for or permitted shall be given by any of the parties hereto to the other shall be sufficiently given if delivered to the addresses set out below or if mailed in Canada registered and postage prepaid addressed to:

**KIT Inc. in its capacity as general partner
for and on behalf of KIT Limited Partnership**

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Peter Walkey
Facsimile No.: (416) 361- 6018

**Yum! Brands Canada Management Holding, Inc., in its capacity as general
partner for and on behalf of Yum! Brands Canada Management LP**

AND

Yum! Realty Holdings Inc.

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: President
Facsimile No.: (416) 674-5755

Computershare Trust Company of Canada

100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Attention: Manager, Corporate Trust
Facsimile No.: (416) 981-9777

Any such notice given as aforesaid shall be conclusively deemed to have been given, if delivered, on the day on which such notice is delivered, or, if mailed, on the fifth day that there is postal delivery following the mailing of such notice. Any party may at any time give notice in writing to the others of any change of address of that party.

16. If there is any conflict or inconsistency between the provisions of the Charges or this Agreement, the provisions of this Agreement shall apply.

17. This Agreement benefits and binds the parties hereto and their respective successors and permitted assigns, as the case may be.

18. No amendment, modification or other alteration of this Agreement shall be effective unless and until each such amendment, modification or alteration shall have been agreed to in writing by the parties hereto.

19. The provisions of this Agreement shall be governed by and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

20. Time is of the essence of this Agreement.

[Remainder of page left intentionally blank.]


IN WITNESS WHEREOF the parties have executed this Agreement.

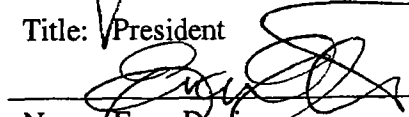
**KIT INC., in its capacity as general partner for
and on behalf of
KIT LIMITED PARTNERSHIP**

Per: 
Name:
Title:

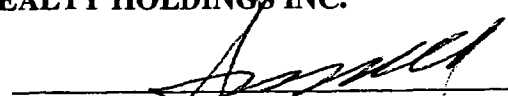
Per: _____
Name:
Title:


**YUM! BRANDS CANADA MANAGEMENT
HOLDING, INC., in its capacity as general
partner for and on behalf of YUM! BRANDS
CANADA MANAGEMENT LP**

Per: 
Name: Jonathan Prinsell
Title: President

Per: 
Name: Evan Davis
Title: Chief Financial Officer

YUM! REALTY HOLDINGS INC.

Per: 
Name: Jonathan Prinsell
Title: Director

Per: 
Name: Blain Shortreed
Title: Director

**COMPUTERSHARE TRUST COMPANY OF
CANADA, Collateral Agent**

Per:


Name:

Daniel Marz

Title: Professional, Corporate Trust

Per:


Name:

Cheryl Davidson

Title: Administrator, Corporate Trust

SCHEDULE "A"

	Store No.	Address	City	Prov
1	1001	75 Tacoma Drive	Dartmouth	NS
2	1002	179 Wyse Rd./Jamieson	Dartmouth	NS
3	1015	536 Main Street	Yarmouth	NS
4	1030	3260 Plummer Ave.	New Waterford	NS
5	1048	131 South Albion St.	Amherst	NS
6	1401	1687 Montreal Road	Ottawa	ON
7	1410	21 Main Street East	Smiths Falls	ON
8	1413	70 Raglan Street North	Renfrew	ON
9	1450	4320 Tecumseh Road East	Windsor	ON
10	1522	80 Talbot Street West	Aylmer	ON
11	1525	134 Talbot Street West	Leamington	ON
12	1526	196 Talbot Street	Blenheim	ON
13	1536	1656 Main Street West	Val Caron	ON
14	1782	4702-58 Street, Box 933	Stettler	AB
15	1785	220 Ridge Road	Strathmore	AB
16	1118	1700 Rue Jarry East	Montreal	PQ
17	1120	3090 Rue Hochelaga	Montreal	PQ
18	1123	3486 Blvd. Dagenais O.	Fabreville	PQ
19	1172	1117 Blvd. Manseau	Joliette	PQ
20	1183	665 Rue Conseil	Sherbrooke	PQ
21	1195	88 Rue Rouleau	Rimouski	PQ
22	1197	685 Blvd. LaFleche	Baie Comeau	PQ
23	1199	774 Blvd. Talbot	Chicoutimi	PQ
24	1216	14 Rue Fusey	Cap Madeleine	PQ

Attached is Exhibit "H"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

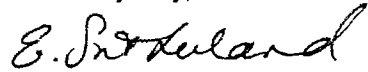
Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

We understand the urgency of this matter and we commit to working with you as quickly as possible to achieve an acceptable resolution. Please note that we may require additional information after review of the requested information set out above.

Yours very truly,

A handwritten signature in cursive script, appearing to read "E. Sutherland".

Evelyn Sutherland,

CFO

Attach.

cc. Mr. S. Michael Brooks, Aird & Berlis

7808013.2

List of Properties

464 DUNDAS STREET	BELLEVILLE	ON
190 QUEEN STREET E.	BRAMPTON	ON
27 DALHOUSIE STREET	BRANTFORD	ON
322 ARGYLE STREET SOUTH	CALEDONIA	ON
499 DUNDAS STREET (GALT)	CAMBRIDGE	ON
507 DIVISION STREET	COBOURG	ON
3719 LAKESHORE BLVD.	ETOBICOKE	ON
827 MC GILL STREET	HAWKESBURY	ON
63 LINDSAY STREET	LINDSAY	ON
1291 COMMISSIONERS ROAD W.	LONDON	ON
450 WHARNCLIFFE ROAD	LONDON	ON
850 WELLINGTON ROAD SOUTH	LONDON	ON
965 DUNDAS STREET E.	MISSISSAUGA	ON
2795 ST. JOSEPHS BLVD	ORLEANS	ON
474 SIMCOE STREET SOUTH	OSHAWA	ON
574 KING STREET EAST	OSHAWA	ON
973 SIMCOE STREET NORTH	OSHAWA	ON
1096 WELLINGTON STREET	OTTAWA	ON
1677 BANK STREET	OTTAWA	ON
1943 BASELINE ROAD	OTTAWA	ON
917 RICHMOND ROAD	OTTAWA	ON
932 ST. LAURENT BLVD.	OTTAWA	ON
HWY 31, 2919 BANK STREET	OTTAWA	ON
1338 KENNEDY ROAD	SCARBOROUGH	ON
2567 EGLINTON AVE. E.	SCARBOROUGH	ON
3351 LAWRENCE AVE. E.	SCARBOROUGH	ON
3495 SHEPPARD AVE. E.	SCARBOROUGH	ON
1221 DUNDAS STREET W.	TORONTO	ON
2296 EGLINTON AVE. W.	TORONTO	ON
239 SCARLETT ROAD	TORONTO	ON
2500 DANFORTH AVENUE	TORONTO	ON
415 MT. PLEASANT RD	TORONTO	ON
466 QUEEN STREET W.	TORONTO	ON
563 GERRARD STREET E.	TORONTO	ON
636 BLOOR STREET W.	TORONTO	ON
829 ST. CLAIR AVE. W.	TORONTO	ON
3006 DOUGALL ROAD	WINDSOR	ON
7435 TECUMSEH RD E.	WINDSOR	ON
9025 TORBRAM RD	BRAMPTON	ON

Attached is Exhibit "I"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

VIA EMAIL AND COURIER

February 14, 2011

Prizm Limited Partnership, by its general partner Prizm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Deborah Papernick, CFO

Dear Deborah:

Re: Proposed Assignment by Prizm of certain Leases – Request for Prior Written Consent of the Landlord, Scott's Real Estate Limited Partnership

Thank you for your letter to us dated January 31, 2011 requesting consent to the assignment of certain Prizm Limited Partnership ("Prizm") leases (the "Leases"), a list of properties which are subject to such request are attached hereto. Our prior written consent to any assignment is required under Article 21 and equivalent sections in the subject leases.

Pursuant to the subject leases, it is necessary for us, as Landlord, to satisfy ourselves with the financial background, financial status and business history of the proposed transferee. To do so, we need to receive the information requested below. We also need to consider as a result of such review whether any other financial information, including further security or additional covenants, should be required by us in order to grant the requested consent to assign.

Accordingly, we request the following information from you:

- (a) a copy of the offer to purchase the Ontario and British Columbia assets (with all supporting documents) between Prizm and the proposed transferee;
- (b) a breakdown of the purchase price allocation attributable to each of the restaurant operations being acquired by proposed transferee pursuant to the offer to purchase describe in (a) above;
- (c) the articles of incorporation of the proposed transferee;
- (d) three years of historical financial statements for 7716443 Canada Inc.;
- (e) the proposed transferee's capital structure and current financial statement certified by an officer of the transferee;
- (f) confirmation that 7716443 Canada Inc. is a wholly owned subsidiary of Soul Foods Group, and, either way, information on the financial background and capacity of the primary shareholder(s) of the transferee (including financial statements certified by an officer of such entity);

- (g) the business history of the transferee and primary shareholder(s);
- (h) references and business plan that speak to the capability of the proposed transferee and the management staff of the transferee to manage 200 + stores in the tenant's line of business in Canada. We also request information concerning the business practices of the proposed transferee, including references from other landlords of the transferee (past and present landlords);
- (i) details of the International Franchisee Agreements signed and approved by YUM! Brands for 7716443 Canada Inc. including required capital improvements by store and timing of each project;
- (j) the names of the associates that capitalized the franchisee, as referred to in your letter to us dated January 31, 2011, to provide details and evidence of their ability to finance this transaction;
- (k) the relationship of Mr. Hussein to the proposed transferee; and further financial information with respect to Mr. Aly Janmohamed and Mr. Shiraz Bhoghani in order to allow us to assess the financial covenant of Mr. Janmohamed and Mr. Bhoghani.

We have also written to Mr. Hussein requesting the information above, as directed in your letter to us. Please note that we may require additional information after review of the requested information set out above.

As a courtesy, we'd like to inform you that we met with Mr. Hussein, consultant to Soul Foods, on Saturday February 12th at 10:00am. At this meeting Mr. Hussein requested that Scott's REIT consider two requests: (1) a blanket rent reduction (2) and that Scott's REIT work with his lender's form of non-disturbance.

In addition to the requests above, we request the following from Prizm Limited Partnership to ensure that you can meet your continuing obligations on the remaining 108 locations owned by Scott's REIT:

- a) Prizm's continuing operation plan for the remaining stores extending out 3 years; and
- b) Any information or agreements between Prizm and its senior lender and Franchisor governing Prizm going forward, along with information and agreement surrounding the current defaults.

Pursuant to Section 21.03 and equivalent sections of the subject leases, we hereby reserve our rights to require any consideration received by you from any transfer to be paid to us, and any consent we may agree to give regarding the proposed transfer will be conditional upon Scotts REIT receiving satisfactory proof of such consideration and Scotts REIT having actually received such consideration.

Pursuant to the Leases, we will be looking to you to pay for all of our costs incurred by us with regard to the assignment documents. Due to Prizm's current financial insolvency, we request that you pay \$50,000.00 to our legal counsel, Aird & Berlis, in trust, to be used for the payment of our due diligence and legal costs pending the receipt of an invoice from us for our actual/final

costs incurred. We require Prizm to complete this as soon as possible to ensure that we are able to expedite this process.

We understand the urgency of this matter and we commit to working with you as quickly as possible to achieve an acceptable resolution.

Yours very truly,

A handwritten signature in cursive script that reads "E. Sutherland".

Evelyn Sutherland,
CFO

Attach.
cc. Mr. S. Michael Brooks, Aird & Berlis
7808002.4

List of Properties

4605 E. HASTINGS ST.	BURNABY	BC
1584 HIGHWAY. 99	SQUAMISH	BC
2190 KINGSWAY	VANCOUVER	BC
795 E. BROADWAY	VANCOUVER	BC
3140 DOUGLAS ST.	VICTORIA	BC
3620 GELLATLY RD.	WESTBANK	BC
145 MADAWASKA BLVD	ARNPRIOR	ON
45 MUNRO STREET	CARLETON PLACE	ON
346 ST. CLAIR STREET	CHATHAM	ON
405 COTE AVENUE	CHELMSFORD	ON
311 MAIN STREET	DUNNVILLE	ON
325 TALBOT STREET NORTH	ESSEX	ON
1222 BARTON STREET E.	HAMILTON	ON
307 CANNON STREET E.	HAMILTON	ON
45 PARKDALE AVE. N.	HAMILTON	ON
631 KING STREET W.	HAMILTON	ON
716 MAIN STREET E.	HAMILTON	ON
1683 DUNDAS STREET	LONDON	ON
5863 HIGHWAY #7	MARKHAM	ON
3567 PORTAGE ROAD	NIAGARA FALLS	ON
28 DUMFRIES STREET	PARIS	ON
415 PEMBROKE STREET EAST	PEMBROKE	ON
41 DUFFERIN STREET	PERTH	ON
786 CHEMONG ROAD	PETERBOROUGH	ON
90 MAIN STREET	PICTON	ON
161 TRUNK ROAD	SAULT STE MARIE	ON
60 HARTZELL ROAD	ST. CATHARINES	ON
1300 LASALLE BLVD	SUDBURY	ON
1341 MARTINDALE ROAD	SUDBURY	ON
582 KATHLEEN STREET WEST	SUDBURY	ON
1630 QUEEN ST. E.	TORONTO	ON
3517 DUNDAS STREET W.	TORONTO	ON
1314 DUFFERIN ST.	WALLACEBURG	ON
301 DUNDAS STREET WEST	WHITBY	ON
1485 ERIE STREET E.	WINDSOR	ON
1797 HURON CHURCH RD	WINDSOR	ON
1916 WYANDOTTE ST. W.	WINDSOR	ON
258 RUE NOTRE-DAME	GATINEAU MILLS	QC
347 BD ST-JOSEPH	HULL	QC
164 BD GREBER	POINTE GATINEAU	QC

Attached is Exhibit "J"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Scott's Real Estate Investment Trust
Suite 2300, P.O. Box 222 t 416 361 9665
TD Canada Trust Tower, BCFE Place f 416 361 6018
161 Bay Street Toronto ON M5J 2S1 www.scottsreit.com

VIA EMAIL

February 14, 2011

Soul Foods Group
456-458 Leyland Road
Lostock Hall, Preston
PR5 5RY
England

Attention of Mr. Nazir Hussein

Dear Mr. Hussein:

Re: Proposed Assignment by Prizm of certain Leases – Request for Prior Written Consent of the Landlord, Scott's Real Estate Limited Partnership

In reference to Prizm's letters to us dated January 31, 2011 regarding the assignment of certain Prizm Limited Partnership ("Prizm") leases (the "Leases"), Prizm has directed us to request certain information from you directly with regards to the proposed assignments.

Under Article 21 and equivalent sections of certain of the subject leases, our prior written consent to any assignment is required. Pursuant to the subject leases, it is necessary for us, as Landlord, to satisfy ourselves with the financial background, financial status and business history of the proposed transferee. To do so, we need to receive the information requested below. We also need to consider as a result of such review whether any other financial information, including further security or additional covenants, should be required by us in order to grant the requested consent to assign.

Accordingly, we require the following information from you:

- (a) a copy of the offer to purchase the Ontario and British Columbia assets (with all supporting documents) between Prizm and the proposed transferee;
- (b) a breakdown of the purchase price allocation attributable to each of the restaurant operations being acquired by proposed transferee pursuant to the offer to purchase describe in (a) above;
- (c) the articles of incorporation of the proposed transferee;
- (d) three years of historical financial statements for 7716443 Canada Inc.;
- (e) the proposed transferee's capital structure and current financial statement certified by an officer of the transferee;
- (f) confirmation that 7716443 Canada Inc. is a wholly owned subsidiary of Soul Foods Group and either way, information on the financial background and

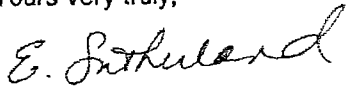
capacity of the primary shareholder(s) of the transferee (including financial statements certified by an officer of such entity);

- (g) the business history of the transferee and primary shareholder(s);
- (h) references and business plan that speak to the capability of the proposed transferee and the management staff of the transferee to manage 200 + stores in the tenant's line of business in Canada. We also request information concerning the business practices of the proposed transferee, including references from other landlords of the transferee (past and present landlords);
- (i) details of the International Franchisee Agreements signed and approved by YUM! Brands for 7716443 Canada Inc. including required capital improvements by store and timing of each project;
- (j) the names of the associates that capitalized the franchisee, as referred to in your letter to us dated January 31, 2011, to provide details and evidence of their ability to finance this transaction; and
- (k) the relationship of Mr. Hussein to the proposed transferee; and further financial information with respect to Mr. Aly Janmohamed and Mr. Shiraz Bhoghani in order to allow us to assess the financial covenant of Mr. Janmohamed and Mr. Bhoghani.

We understand the urgency of this matter and we commit to working with you as quickly as possible to achieve an acceptable resolution. Please note that we may require additional information after review of the requested information set out above.

Please contact me at (416) 361-9953 should you have any questions with regard to the requests set out in this letter.

Yours very truly,



Evelyn Sutherland,
CFO

cc. Mr. S. Michael Brooks, Aird & Berlis
Ms. Deborah Papernick, Prizm Limited Partnership

7808007.2

Attached is Exhibit "K"

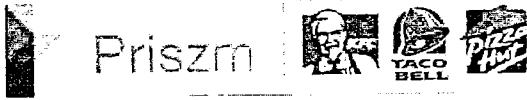
Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Priszm Income Fund
101 Exchange Avenue
Vaughan, ON L4K 5R6
T (416) 739-2900 | priszm.com

VIA EMAIL AND COURIER

February 17, 2011

Scott's Real Estate Investment Trust
Suite 2300, P.O. Box 222
TD Canada Trust Tower, BCE Place
161 Bay Street
Toronto, Ontario
M5J 2S1

Attention: Evelyn Sutherland, CFO

Dear Evelyn:

Re: Proposed Assignment by Priszm of certain Leases – Request for Prior Written Consent of the Landlord, Scott's Real Estate Limited Partnership

We acknowledge receipt of your letter dated February 14, 2011 regarding the above-mentioned matter.

We have reviewed your list of requests and our responses are set out below:

- a) The asset purchase agreement dated December 11, 2010 between Priszm Limited Partnership and 7716443 Canada Inc. is publicly available on SEDAR.
- b) The purchase price allocation is a non-public document and as such we are unable to share that information selectively with you. We understand that you have made the same request of the purchaser and we have asked the purchaser to respect the non-disclosure agreement we have with them and refrain from disclosing this non-public document to you.
- c) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.
- d) 7716443 Canada Inc. is a new entity and as such it would not have three years of historical financial statements. We understand that you have requested this same information directly from the purchaser and trust that alternate information will be provided directly to you by the purchaser to satisfy this request.
- e) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.



Prizm



- f) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.
- g) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.
- h) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.
- i) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you to the extent that it is available or applicable. YUM! Restaurants International has provided their conditional approval to the transaction and we expect that they will complete their approval process, including the formal franchise agreements with the purchaser, on or before the closing of the transaction. Notwithstanding this, the exact nature of the capital improvements required for each store and the timing thereon are typically a confidential matter between the franchisor and the franchisee and we do not believe the request for such to be reasonable in order for you to provide your consent.
- j) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you. Irrespective of this, we have attached for your reference the evidence of financing that was provided to Prizm which was accepted by both YUM! Restaurants International and Prizm's senior debt lender.
- k) We understand that you have requested this same information directly from the purchaser and trust that this is being provided directly to you.

With respect to your requests of Prizm Limited Partnership with regard to the ability to meet its continuing obligations on the remaining 108 locations owned by Scott's REIT, our responses are set out below:

- a) Prizm does not publicly provide forward looking information regarding its business. As such, Prizm cannot selectively provide you with information regarding its business plans.
- b) Material contracts and agreements related to Prizm are disclosed on SEDAR and these include material agreements with our franchisor and senior debt lender.

We have made note of the reference in your letter to Section 21.03, however, we reserve our rights in that regard.

With regard to your request for Prizm to pay \$50,000.00 to your legal counsel, we find this amount to be unreasonable considering that the assignments will most likely be dealt with in a single assignment document. We would be pleased to undertake preparation of the Assignment on your behalf (at our expense) and provide same to you for review.



Furthermore, we dispute your unsubstantiated statement that Prizm is currently financially insolvent.

We appreciate your commitment to work with us to expedite these lease assignments in time for our scheduled closing of February 28, 2011 and we will work with the purchaser to ensure that the items you have requested of them are provided in a timely manner. Should you wish to discuss any of the items further, please don't hesitate to call me directly at (416) 739-2942.

Yours very truly,

A handwritten signature in black ink, appearing to read 'DP', is written over the typed name.

Deborah Papernick
CFO
Prizm Income Fund

Nazir Hussein
144 Valley Road
Rickmansworth
Hertfordshire
WD3 4BP
February 17, 2011

Ms. Evelyn Sutherland
Chief Financial Officer
Scott's REIT
Suite 2300
TDC Canada Trust Tower
Brookfield Place
161 Bay Street
Toronto ON M5J 2S1

Dear Ms Sutherland,

RE: Proposed Assignment by Prizm of certain leases-- Request for Prior Written Consent of the Landlord, Scott's Real Estate Limited Partnership

Thank you for your letter of 14th February 2011. It is my opinion that some of the information you have requested is not relevant for your consideration, however I will reply with information about the Purchaser that I believe is necessary for your purposes. With respect to the balance of your inquiries, we would ask that you request those of Prizm directly as they are your tenant and we are bound by confidentiality obligations for information respecting the purchase transaction.

- a) Please direct your request to Prizm
- b) Please direct your request to Prizm
- c) We understand this information has been supplied to you by Prizm.
- d) As a newly created company, we do not have three years historical financial statements.
- e) The total project cost is about CAD\$50mm. Bank of Montreal has agreed to finance by \$28mm. The balance of \$22mm is being injected by the shareholders/ promoters. I am sure you will agree that this is a substantial contribution.
- f) Soul Restaurants Canada Inc. is not a subsidiary of Soul Foods Group. It will be a totally independent company.
- g) The two primary shareholders are Mr. Aly Janmohamed and Mr. Shiraz Boghani. Both are British and residents of the United Kingdom.

Mr. Aly Janmohamed has been a KFC (Yum Restaurants) franchisee for over 25 years. Currently he operates in England 41 stores producing sales of about £40mm and EBITDA of about £5.8mm. He was one of the very few franchisees handpicked by Yum International to make a bid for the Prizm stores. This clearly indicates his respect and credit worthiness held at international level.

Mr. Shiraz Boghani has been a hotelier in the UK and other countries for a long time. He mainly operates under the umbrella of Holiday Inns. Currently he is also involved in the development of an InterContinental Hotel in the centre of London. A very prestigious franchise in the hotel industry. I am sure if you care to search under Google, you will be pleasantly surprised.

- h) Both Mr. Janmohamed and Mr. Boghani are seasoned businessmen and I can assure you that they would not enter into any transaction without considering all aspects including management at all levels. During their due diligence process, the Bank of Montreal had to be satisfied of their capabilities to run 231 stores. The Senior Lender of Prizm also had to be satisfied with the financial strength of the shareholders before they consented to the transaction. Both the Bank of Montreal and the Senior Lender are satisfied with the business and franchise operation experience of Mr. Janmohamed and Mr. Boghani.
- i) Franchise Agreement is being drawn now and will be available shortly. Prior to the signing of the Purchase Agreement, consent from Yum was obtained. On CAPEX and their timing, YUM have accepted the plan of action spread over a few years.
- j) Covered above.
- k) I am surprised at this question and see no relevance. I have already explained my role in the transaction during our meeting at your offices on 12th February.

I believe you have started the process late but I will endeavor to cooperate with you in providing the requested information about the Purchaser.

Yours sincerely,



Nazir Hussein

cc: Arlene O'Neill, Gardiner Roberts

Attached is Exhibit "L"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Scott's Real Estate Investment Trust
Suite 2300, P.O. Box 222 t 416 361 9685
TD Canada Trust Tower, BSE Place f 416 361 6018
161 Bay Street Toronto ON M5J 2S1 www.scottsreit.com

February 18, 2011

SENT BY EMAIL AND COURIER

Priszm Limited Partnership, by its general partner Priszm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Deborah Papernick, CFO

Dear Deborah:

Re: Proposed Assignment by Priszm Limited Partnership, by its general partner Priszm Inc. ("Priszm") of certain Leases with Scott's Real Estate Limited Partnership ("Scott's")

In our prior letters to you of February 14, 2001, relating to the assignment of Leases by Priszm in respect of which Scott's is the landlord, we made reference to the rights in favour of Scott's arising under Section 21.02 and 21.03 of the applicable Leases excluding the lease with respect to Gates of Glen Shopping Centre at 9025 Torbram Road, Brampton (the "Torbram Lease").

Specifically, pursuant to those Sections 21.02 and 21.03, if the tenant receives from any transferee, either directly or indirectly, any consideration other than rent and additional rent for such transfer, either in the form of cash, good or services..., the tenant shall forthwith pay to the landlord an amount equivalent to such consideration.

Our review of the Agreement of Purchase and Sale reached between Priszm and the numbered company affiliate of Soul Foods, suggests that a portion of the purchase price paid thereunder is attributable to the Leases with Scott's and, accordingly, represents consideration which ought to flow to Scott's pursuant to the above reference provision of the Lease. We have not engaged in the necessary analysis nor retained the appropriate professional financial advisor nor are we possessed of sufficient information with which to guide any such advisor to identify the specific amount that is attributable to the Lease with Scott's.

This issue, however, need be addressed in advance of the closing of the transaction between Priszm and Soul Foods so that the appropriate portion of the purchase price flows to Scott's in accordance with its entitled under Section 21.03.

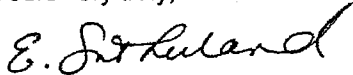
We believe it is appropriate to discuss a means by which the proper calculation should be determined and we invite your further contact with us to address this on a consensual basis.

The analysis may take some time, so we believe that this issue should be addressed promptly in that the closing, if on schedule, is to happen in approximately 10 days, or February 28, 2011.

We look forward to hearing from you further to this letter and hope that this matter can be dealt with on a mutually satisfactory and negotiated basis without the need for legal proceedings.

We require your confirmation by the close of business on Monday February 21, 2011 that the issue raised in this letter has been made known to Prudential and this letter itself has been brought to Prudential's attention. We would appreciate hearing from Prudential in this regard. If we have not received the confirmation requested, we intend to communicate directly with Prudential concerning this matter.

Yours very truly,

A handwritten signature in cursive script that reads "E. Sutherland".

Evelyn Sutherland,
CFO

cc. Mr. S. Michael Brooks, Aird & Berlis
Mr. Steven Graff, Aird & Berlis

7850742.2

Attached is Exhibit "M"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Priszm



Priszm Income Fund
101 Exchange Avenue
Warrington, ON L4R 5R6
T 416 239-2900 | priszm.com

VIA EMAIL AND COURIER

February 21, 2011

Scott's Real Estate Investment Trust
Suite 2300, P.O. Box 222
TD Canada Trust Tower, BCE Place
161 Bay Street
Toronto, Ontario
M5J 2S1

Attention: Evelyn Sutherland, CFO

Dear Evelyn:

Re: Proposed Assignment by Priszm of certain Leases with Scott's Real Estate Limited Partnership

We acknowledge receipt of your letter dated February 18, 2011 regarding the above-mentioned matter.

We are reviewing your assertions in respect of Sections 21.02 and 21.03 of the applicable leases; however, we do not believe that it is reasonable for you to withhold your consent to assign the leases, for those requiring consent, on that basis. The allocation of sale proceeds, assuming the transaction is in fact closed, can be dealt with in our view post closing. Although we are acknowledging that you have communicated your belief that Sections 21.02 and 21.03 provide you rights to a certain portion of the proceeds of this transaction, we disagree and accordingly, we continue to reserve all our rights in that regard.

Further to your request, we confirm to you that a copy of your letter has been delivered to Prudential.

Please note that, under the terms of the leases, you are obliged to be reasonable in the granting of your consent. Accordingly, we do appreciate your commitment to work with us to expedite the lease assignments in time for our scheduled closing of February 28, 2011 and look forward to hearing positively from you on this matter.

Yours very truly,

Deborah Papernick
CFO
Priszm Income Fund

Attached is Exhibit "N"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

April 19, 2011

BY FACSIMILE

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Dee Rajpal and Ashley Taylor

- and to -

Gardiner Roberts LLP
Barristers & Solicitors
Suite 1300, Scotia Plaza
40 King Street West
Toronto, ON M5H 3Y2

Attention: Arlene O'Neil

- and to -

Bennett Jones LLP
Barristers & Solicitors
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Mark S. Laugesen

Dear Sirs/Madams:

Re: Asset Purchase Agreement dated December 11, 2010 between Prizm Limited Partnership ("Prizm") and 7716443 Canada Inc. (the "Transferee")

As you are aware, we act for Scott's Real Estate Limited Partnership and related entities (collectively, "**Scott's**").

We are writing to you in respect of the Asset Purchase Agreement dated December 11, 2010 (the "**APA**"), whereby Prizm proposes to sell, assign and transfer to the Transferee, and the Transferee proposes to purchase from Prizm, all properties, assets, interests and rights of Prizm which are related to the operation of the Outlets (as defined therein). We understand that pursuant to the transaction, Prizm proposes to transfer to the Transferee its rights as a tenant with respect to 231 Outlets, 79 of which are outlets in which Scott's is the landlord under the relevant leases (the "**Scott's Leases**").

This is to confirm that Scott's has, at all times, retained ownership of all rights and value associated with the Scott's Leases under which Scott's is landlord, and accordingly, any and all consideration (other than any rent or additional rent at or below the Minimum Rent, Percentage Rent and additional rent payable under each Scott's Lease) payable by the Transferee in respect of the Scott's Leases is property of Scott's and is properly payable to Scott's. Scott's ownership interest in such consideration is expressly recognized in the Scott's Leases, under Article 21, wherein each of the Leases stipulates:

- (i) that, if the rent to be paid under the Lease by the transferee exceeds the amount of the Minimum Rent, Percentage Rent and additional rent payable to Scott's under the Lease, the amount of any such excess rent shall be paid by the Tenant to Scott's;
- (ii) that, if the Tenant receives from any transferee, either directly or indirectly, any other consideration (other than rent and additional rent) in respect of any transfer of the Leases, the Tenant shall forthwith pay to Scott's the amount of any such additional consideration; and
- (iii) that the Tenant and the transferee shall execute any agreement required to give effect to Scott's entitlement to such consideration.

This is also to confirm that the Scott's Leases have been acknowledged as valid and enforceable in accordance with their terms by Computershare, as Leasehold Mortgagee, and, more specifically, that Computershare has acknowledged that its Charges are all subject and subordinate to the terms of the Scott's Leases and Scott's rights and interests thereunder. Sections 2, 10 and 11 of the Leasehold Mortgagee Agreements between, *inter alia*, Prizm, Scott's and Computershare stipulate, for example, that:

2. The Landlord in granting its consent to the Charges does not hereby acknowledge or approve of any of the terms of the Charges as between the Tenant and the Leasehold Mortgagee except for the granting itself of the Charges and except as aforesaid, the Landlord shall not be bound by nor be deemed to have knowledge of any of the terms of the Charges. The Leasehold Mortgagee acknowledges that, subject to the terms hereof, the Charges are subject to and subordinate to all conditions and covenants of the Leases and the rights of the Landlord thereunder.
10. Nothing contained in this Agreement shall release, or be deemed to release, the Tenant from any or more of its covenants or obligations under any of the Leases, unless the Landlord specifically consents in writing to such release.
11. Nothing contained in this Agreement or in any Assignment and Assumption Agreement shall: (i) restrict the ability of the Landlord to transfer, assign or convey the Leased Premises or the Leases or any interest of the Landlord therein; (ii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord against any personal and/or other property on or in the Leased Premises including without limitation any right of distraint that the Landlord has in respect of any such property; or (iii) be deemed or otherwise construed to be a waiver of, or subordination of, any rights of the Landlord under the Leases or at law, including, without limitation, under section 38 of the Commercial Tenancies Act, R.S.O. 1990,

c. L.7. For greater certainty, the Landlord shall have no obligation on any transfer, assignment or conveyance contemplated in (i) above, to obtain any covenant by any purchaser, transferee or assignee of the Landlord's interest to be bound by the terms of this Agreement.

Pursuant to section 11.3 of the *Companies' Creditors Arrangement Act* (the "CCAA"), Prizm cannot complete the proposed assignment of the Scott's Leases until any and all amounts due to Scott's under the Scott's Leases have been paid to Scott's, among other requirements of the CCAA applicable to any assignment of a contract or lease through the CCAA.

In light of the foregoing, but recognizing that there may be certain purchase price allocation issues that need to be determined in connection with the transaction and Scott's entitlement to certain elements of the purchase price consideration, as set forth above, Scott's hereby proposes (and requires) that Prizm and the Transferee execute a trust agreement, substantially in the form of the enclosed Trust Agreement, so that Scott's share of the consideration will be held in trust, by a mutually agreeable party, for Scott's benefit, pending final determination of the purchase price allocation issues referenced above.

We believe that the foregoing and the enclosed constitute a very reasonable means of addressing the rights of Scott's under the Leases and the CCAA in a timely and reasonable manner and, more particularly, in a manner that will allow the CCAA debtors to complete their transaction in a timely fashion and without having to resolve all of the allocation issues in advance of so doing (which Scott's would otherwise be entitled to insist on). As such, we ask that you kindly confirm whether your respective clients will execute the enclosed form of Trust Agreement, at which time, we can mutually determine the identity of the Trustee and finalize the Agreement for execution. We are of course willing to consider any reasonable comments you may have concerning the terms of the proposed Trust Agreement, so long as they are delivered within three (3) business days of receipt hereof. Following execution, we propose that the Trust Agreement would be approved by the Court in connection with, and as part of, the CCAA debtor's sale motion.

This letter and the attached Trust Agreement are submitted to you on a without prejudice basis and nothing in this letter does or is intended to derogate, waive or limit in any way the rights of Scott's under the Scott's Leases or the CCAA, including, without limitation, section 11.3(4) of the CCAA in particular.

We look forward to hearing from you.

Yours very truly,


AIRD & BERLIS LLP

Steven L. Graff
SLG/tjh

cc: Client
Nigel Meakin (FTI Consulting Canada, Inc. – the Monitor)
Marc Wasserman (Osler, Hoskin & Harcourt LLP – counsel to the Monitor)
8939225.1

TRUST AGREEMENT

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THIS TRUST AGREEMENT is made as of the [REDACTED] day of April, 2011.

AMONG:

R

PRISZM LIMITED PARTNERSHIP, by its general partner, **PRISZM INC.**

(hereinafter together referred to as the “**Tenant**”),

OF THE FIRST PART,

A

- and -

SOUL RESTAURANTS CANADA INC.

(hereinafter called the “**Transferee**”),

OF THE SECOND PART,

F

- and -

SCOTT’S REAL ESTATE LIMITED PARTNERSHIP, by its general partner, **SCOTT’S GP TRUST**, by its sole trustee **SCOTT’S TRUSTEE CORP.**

OF THE THIRD PART

T

- and -

COLONEL’S REALTY INC.

OF THE FOURTH PART

- and -

CRI REALTY (NO. 3) INC.

OF THE FIFTH PART

- and -

[REDACTED]

(hereinafter called the “**Trustee**”, and together with the Tenant and the Transferee, the “**Parties**”),

OF THE SIXTH PART,

WHEREAS the Tenant (formerly KIT Limited Partnership) leased certain lands and premises described in **Schedule “A”** hereto (collectively, the “**Non-Québec Leased Premises**”) from Scott's Real Estate Limited Partnership, represented by its general partner Scott's GP Trust, (collectively, “**Scott's RELP**”) pursuant to six land and building master leases (collectively, the “**Non-Québec Leases**”);

AND WHEREAS CRI Realty (No. 3) Inc. (“**CRI No. 3**”) and Colonel's Realty Inc. (“**CRI**”) are the respective legal owners of certain land and premises located in the Province of Québec as described in **Schedule “B”** hereto (the “**Québec Leased Premises**”) which they hold for and on behalf of Scott's RELP, who is the beneficial owner of the Québec Leased Premises;

AND WHEREAS CRI No. 3 and CRI are wholly owned subsidiaries of Scott's RELP;

AND WHEREAS with the authority and direction of Scott's RELP, CRI No. 3 and CRI leased to the Tenant the Québec Leased Premises pursuant to two land and building master leases (the “**Québec Master Leases**”);

AND WHEREAS Scott's RELP, CRI No. 3 and CRI are collectively referred to herein as “**Scott's**”; the Non-Québec Leased Premises and the Québec Leased Premises are collectively referred to herein as the “**Leased Premises**”; and the Non-Québec Master Leases and the Québec Master Leases are collectively referred to herein as the “**Leases**”;

AND WHEREAS the Tenant leased certain land and premises located in the Province of Ontario as described in **Schedule “C”** hereto (the “**Torbram Premises**”, hereinafter together with the Leased Premises, the “**Leased Premises**”) from Scott's RELP pursuant to an additional master lease (the “**Torbram Lease**”), but which, for greater certainty, is not included in the term Lease Premises for the purpose of this Agreement;

AND WHEREAS pursuant to an Asset Purchase Agreement dated December 11, 2010 between the Tenant and the Transferee (the “**APA**”), the Tenant agreed to sell, assign and transfer to the Transferee, and the Transferee agreed to purchase from the Tenant all properties, assets, interests and rights of the Tenant which are related to the operation of Outlets (as defined in Schedule “A” to the APA) (the “**Transfer**”);

AND WHEREAS the assets to be acquired by the Transferee pursuant to the Transfer include certain assets and rights which are the property of Scott's, namely, all rights, value and consideration associated with, derived from or attributable to the Leases and the Torbram Lease (collectively, the “**Lease Consideration**”);

AND WHEREAS the Leases and the Torbram Lease each recognize and explicitly provide for the protection of Scott's' interest and entitlement to the Lease Consideration by stating that, if the Tenant receives from any transferee, either directly or indirectly, any rent in

D excess of the minimum or additional rent or any consideration other than rent and additional rent in respect of any transfer of the Leases and the Torbram Lease, the Tenant shall forthwith pay to Scott's such consideration (the "**Lease Consideration Clause**");

R **AND WHEREAS** the Leases (with the exception of the Torbram Lease) each recognize and explicitly provide for the protection of Scott's interest and entitlement to the Lease Consideration by stating that the Tenant and Transferee shall execute any agreement required to give effect to Scott's entitlement to the Lease Consideration (together, with the Lease Consideration Clause, the "**Lease Consideration Clauses**");

AND WHEREAS the Parties acknowledge that Scott's is entitled to the consideration payable by the Transferee pursuant to the Transfer which properly relates to the Leases and the Torbram Lease (the "**Lease Entitlement**");

A **AND WHEREAS** with the exception of the Torbram Lease (and the proceeds related thereto) the Parties have agreed to enter into this Trust Agreement (this "**Agreement**") to ensure that each of them complies with the provisions of the Leases and the Torbram Lease, including, without limitation, the Lease Consideration Clauses and the requirement to pay the Lease Consideration to Scott's;

F **AND WHEREAS** 78 Outlets out of the 231 total Outlets transferred to the Transferee pursuant to the APA are Leased Premises;

T **AND WHEREAS** the Parties have agreed that [REDACTED] [78/231] of the proceeds to be paid by the Transferee under the APA (collectively, the "**Scott's Related Proceeds**") shall be paid directly to the Trustee to be held in an interest bearing trust account (the "**Trust Account**") in accordance with the terms hereof pending judicial disposition or a settlement relating to the quantum of the Lease Consideration;

AND WHEREAS the Parties agree that until the quantum of the Lease Consideration under the Lease Consideration Clauses has been agreed to by Scott's and the Tenant, or has been otherwise determined by the Ontario Superior Court of Justice (the "**Court**") and the Lease Entitlement has been indefeasibly paid to Scott's in full out of the Scott's Related Proceeds, the Scott's Related Proceeds shall be held in and not released from the Trust Account by the Trustee;

AND WHEREAS the foregoing recitals are true representations and statements of fact made by the Parties (and not by the Trustee);

NOW THEREFORE IN CONSIDERATION, of the foregoing recitals, the covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto agree as follows:

1. **Appointment of Trustee.** The Tenant and the Transferee hereby appoint the Trustee, and the Trustee hereby accepts such appointment on the terms and conditions contained in this Agreement.

2. **Delivery of the Scott's Related Proceeds.**

(a) The Transferee shall pay the Scott's Related Proceeds directly to the Trustee, by way of

Trust Agreement

certified cheque, bank draft or wire transfer in accordance with the Trustee's instructions, to be held in trust in the Trust Account:

- D**
- (i) for the benefit of Scott's to the extent of the Lease Consideration; and
 - (ii) for the benefit of the Tenant to the extent of the difference between the Scott's Related Proceeds and the Lease Consideration.

R (b) The Trustee shall, upon receipt of the Scott's Related Proceeds from the Transferee, acknowledge receipt of the Scott's Related Proceeds in writing. The Scott's Related Proceeds shall be held by the Trustee in trust in accordance with the terms and conditions of this Agreement.

3. Release of Scott's Related Proceeds.

A (a) The Trustee shall release and pay the Scott's Related Proceeds upon (and only upon) either:

(i) receipt of a written direction, executed by both the Tenant and Scott's substantially in the form attached hereto as **Schedule "D"** specifying:

- F**
- a) the portion of the Scott's Related Proceeds which shall be released directly to Scott's in accordance with Scott's instructions, in satisfaction of the Lease Consideration; and
 - b) the portion of the Scott's Related Proceeds, if any, which shall be released directly to the Tenant, in accordance with the Tenant's instructions.

T (ii) a final order of the Court, which is not subject to appeal, directing release of the Scott's Related Proceeds (the "**Order**").

(b) The Trustee's delivery of funds in the amounts required by Section 3(a) of this Agreement by wire transfer or certified cheque will be sufficient to satisfy and discharge the Trustee's liability for any amounts due, unless the Tenant or Scott's, as applicable, does not receive such funds. If the Tenant or Scott's, as applicable, does not receive the funds, the Trustee, upon being furnished with reasonable evidence of such non-receipt shall immediately send to such payee another wire transfer or cheque for such amount. For greater certainty, under no circumstances shall the Trustee be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder, except as a result of the Trustee's own gross negligence, wilful misconduct or fraud.

4. **Termination.** Other than the rights, obligations and duties of the Parties under Sections 8 and 9 hereof, which shall survive the termination of this Agreement, and the resignation or removal of the Trustee for any reason indefinitely, this Agreement shall terminate when all of the Scott's Related Proceeds have been released in accordance with Section 3 of this Agreement.

5. **Access to Books, Records and Personnel.** Each of the Tenant and the Transferee hereby covenants and agrees to fully co-operate with Scott's and its agents in order to determine the quantum of the Lease Consideration, including, without limitation, granting Scott's and its

agents access to such books, records, documents, agreements, instruments, financial information, personnel or other information Scott's or its agents may require in order to determine the quantum of the Lease Consideration.

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6. **Notices; Reliance on Documents.** Any notice, direction, consent, designation or other communication required or permitted to be given by any of the Parties under this Agreement shall be given in writing. The Trustee shall have no responsibility to inquire into the genuineness or validity of any documents delivered to it or of any signature and shall be entitled to rely thereon as if duly authorized and properly made. In discharging its duties herein, the Trustee shall only be obligated to comply with the provisions of this Agreement and any other agreement, document or instrument to which the Trustee is a party, but to no other agreement, document or instrument, including, without limitation, any agreement referred to in this Agreement to which the Trustee is not a party.

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7. **Decision to Act or Not to Act.** The Trustee will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

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8. **Indemnification of Trustee.** The Trustee shall have no obligations or duties in connection with this Agreement, except as expressly provided in this Agreement. The Tenant and the Transferee jointly and severally agree to indemnify the Trustee and its directors, officers, partners, agents and employees from, and to hold it harmless against, any loss, liability or expense (including reasonable legal fees) incurred or suffered by it arising out of or in connection with the administration of this Agreement, including the costs and expenses of defending itself against any claim or liability pursuant to this Agreement, except to the extent that such loss, liability or expense is the result of the gross negligence, wilful misconduct or fraud of the Trustee. In no event shall the Trustee be liable to the Tenant or the Transferee for any act that it may do or that it may omit to do with respect to this Agreement, except in the case of gross negligence, wilful misconduct or fraud of the Trustee.


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9. **Interpleader.** If any of the Parties are in disagreement about the interpretation of this Agreement or about the rights and obligations of any party hereto or relating to any action taken or contemplated by the Trustee under this Agreement, the Trustee may, but shall not be required to, deposit the Scott's Related Proceeds, together with all accrued interest thereon, with the Court. The Parties and the Trustee hereby submit to the jurisdiction of the Court and waive all rights to contest said jurisdiction. By so depositing the Scott's Related Proceeds with the Court, the Trustee shall be discharged of its duties and obligations hereunder.
10. **Notices.** All payments and communications that may be or are required to be given by any party to this Agreement to any other party to this Agreement shall be in writing and (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax or other means of electronic communication to the Parties as follows:


If to the Trustee:

D



Attention: 

Fax: 

Email: 

R

If to the Tenant:

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Priszm Limited Partnership
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Canada

Attention: Deborah Papernick
Fax: 416.977.4860
Email: deborah.papernick@priszm.com

F

With a copy to:

T

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Dee Rajpal
Fax: 416.947.0866
Email: drajpal@stikeman.com

And a copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Mark Laugesen
Fax: 416-863-1716
Email: laugesenm@bennettjones.com

If to the Transferee:

Soul Restaurants Canada Inc.

Attention: Aly Janmohamed

Fax: 416.865.6636

With a copy to:

Gardiner Roberts LLP

Suite 1300 Scotia Plaza

40 King Street West

Toronto, ON M5H 3Y2

Attention: Arlene O'Neil

Fax: 416.865.6636

Email: aoneill@gardiner-roberts.com

If to CRI No. 3:

CRI Realty (No. 3) Inc.

161 Bay Street

Suite 2300

Toronto, Ontario

M5J 2S1

Attention: Evelyn Sutherland

Fax: [REDACTED]

Email: Evelyn.Sutherland@scottsreit.com

If to CRI:

Colonel's Realty Inc.

Canada Trust Tower

Brookfield Place

161 Bay Street, Suite 2300

Toronto, Ontario, M5J 2S1

Attention: Evelyn Sutherland

Fax: [REDACTED]

Email: Evelyn.Sutherland@scottsreit.com

If to Scott's RELP:

D

Scott's Real Estate Limited Partnership
c/o Scott's Real Estate Investment Trust
161 Bay Street, Suite 2300
Toronto, Ontario, M5J 2S1

R

Attention: Evelyn Sutherland
Fax: [REDACTED]
Email: Evelyn.Sutherland@scottstreit.com

With a copy to:

A

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, ON M5J 2T9
Canada

F

Attention: Steven L. Graff
Attention: Timothy J. Hill
Fax: 416.865.1515
Email: sgraff@airdberlis.com
Email: thill@airdberlis.com

T

Any such notice so given shall be deemed conclusively to have been given and received when so personally delivered or delivered by courier or on the following day on which transmission is confirmed if sent by fax or other electronic communication or on the fifth day following the sending thereof by mail. Any party to this Agreement may from time to time change its address by giving notice to the Parties in accordance with this Section 10.

11. **Assignment and Enurement.** Neither this Agreement nor any benefits or duties accruing under this Agreement shall be assignable by any party without the prior written consent of each of the Parties. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors and permitted assigns.
12. **Governing Law; Jurisdiction for Disputes.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract. Each of the Parties irrevocably submit to the non-exclusive jurisdiction of the Court.
13. **Waiver.** Except as otherwise expressly provided in this Agreement, no waiver of any provision of this Agreement shall be binding unless it is in writing. No indulgence or forbearance by a party to this Agreement shall constitute a waiver of such party's right to insist on performance in full and in a timely manner of all covenants in this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement at any time.

14. **Invalidity of Provisions.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired, but shall be enforced in accordance with their terms.
15. **Captions.** The descriptive headings preceding Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Sections. The division of this Agreement into Sections shall not affect the interpretation of this Agreement.
16. **Miscellaneous.** Unless the context shall otherwise require, the singular shall include the plural and *vice versa*, and each pronoun in any gender shall include all other genders.
17. **Electronic Signatures.** The signature of any of the Parties hereto may be evidenced by a facsimile or PDF copy of this Agreement bearing such signature.
18. **Counterparts.** This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date set forth above.
19. **Entire Agreement.** With respect to the subject matter of this Agreement, this Agreement supersedes all prior oral or written understandings and communications between or among the parties. This Agreement constitutes the entire agreement among the Parties with respect to its subject matters and supersedes all prior agreements, understandings, negotiations and discussions relating to the subject matter of this Agreement. The execution of this Agreement has not been induced by, nor do any of the parties to this Agreement rely upon or regard as material, any representations, promises, agreements or statements that are not included in this document. This Agreement may not be amended or modified except by written agreement signed by each of the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first above written.

D

**PRISZM LIMITED PARTNERSHIP,
by its general partner, PRISZM INC.**

R

By: _____
Name: Deborah Papernick c/s
Title: Chief Restructuring Officer

A

SOUL RESTAURANTS CANADA INC.

By: _____
Name: Aly Janmohamed c/s
Title: President

F

**SCOTT'S REAL ESTATE LIMITED
PARTNERSHIP, by its general partner,
SCOTT'S GP TRUST, by its sole trustee
SCOTT'S TRUSTEE CORP.**

T

By: _____
Name: Evelyn Sutherland c/s
Title:

COLONEL'S REALTY INC.

By: _____
Name: Evelyn Sutherland c/s
Title:

CRI REALTY (NO. 3) INC.

By: _____
Name: Evelyn Sutherland c/s
Title:

[TRUSTEE]

By: _____
Name: [REDACTED] c/s
Title: [REDACTED]

SCHEDULE "A"
Non-Québec Leased Premises

D	Store #	Address	City	Province	Current Landlord
	1307	190 QUEEN STREET E.	BRAMPTON	ON	Scott's RELP
	1303	965 DUNDAS STREET E.	MISSISSAUGA	ON	Scott's RELP
	1331	1338 KENNEDY ROAD	SCARBOROUGH	ON	Scott's RELP
	1311	2567 EGLINTON AVE. E.	SCARBOROUGH	ON	Scott's RELP
	1327	1221 DUNDAS STREET W.	TORONTO	ON	Scott's RELP
R	1338	2296 EGLINTON AVE. W.	TORONTO	ON	Scott's RELP
	1336	2500 DANFORTH AVENUE	TORONTO	ON	Scott's RELP
	1333	466 QUEEN STREET W.	TORONTO	ON	Scott's RELP
	1309	563 GERRARD STREET E.	TORONTO	ON	Scott's RELP
	1334	636 BLOOR STREET W.	TORONTO	ON	Scott's RELP
	1305	3351 LAWRENCE AVE. E.	SCARBOROUGH	ON	Scott's RELP
A	1323	3517 DUNDAS STREET W.	TORONTO	ON	Scott's RELP
	1514	464 DUNDAS STREET	BELLEVILLE	ON	Scott's RELP
	1519	27 DALHOUSIE STREET	BRANTFORD	ON	Scott's RELP
	1554	322 ARGYLE STREET SOUTH	CALEDONIA	ON	Scott's RELP
	1516	499 DUNDAS STREET (GALT)	CAMBRIDGE	ON	Scott's RELP
	1509	507 DIVISION STREET	COBOURG	ON	Scott's RELP
	1312	3719 LAKESHORE BLVD.	ETOBICOKE	ON	Scott's RELP
F	1557	827 MC GILL STREET	HAWKESBURY	ON	Scott's RELP
	1510	63 LINDSAY STREET	LINDSAY	ON	Scott's RELP
	1440	1291 COMMISSIONERS ROAD W.	LONDON	ON	Scott's RELP
	1436	450 WHARNCLIFFE ROAD	LONDON	ON	Scott's RELP
	1400	2795 ST. JOSEPHS BLVD	ORLEANS	ON	Scott's RELP
	1373	474 SIMCOE STREET SOUTH	OSHAWA	ON	Scott's RELP
	1374	574 KING STREET EAST	OSHAWA	ON	Scott's RELP
	1372	973 SIMCOE STREET NORTH	OSHAWA	ON	Scott's RELP
T	1403	1096 WELLINGTON STREET	OTTAWA	ON	Scott's RELP
	1405	1677 BANK STREET	OTTAWA	ON	Scott's RELP
	1418	1943 BASELINE ROAD	OTTAWA	ON	Scott's RELP
	1419	917 RICHMOND ROAD	OTTAWA	ON	Scott's RELP
	1402	932 ST. LAURENT BLVD.	OTTAWA	ON	Scott's RELP
	1406	HWY 31, 2919 BANK STREET	OTTAWA	ON	Scott's RELP
	1310	3495 SHEPPARD AVE. E.	SCARBOROUGH	ON	Scott's RELP
	1349	239 SCARLETT ROAD	TORONTO	ON	Scott's RELP
	1446	3006 DOUGALL ROAD	WINDSOR	ON	Scott's RELP
	1451	7435 TECUMSEH RD E.	WINDSOR	ON	Scott's RELP
	1442	850 WELLINGTON ROAD SOUTH	LONDON	ON	Scott's RELP
	1329	415 MT. PLEASANT RD	TORONTO	ON	Scott's RELP
	1315	829 ST. CLAIR AVE. W.	TORONTO	ON	Scott's RELP
	1806	4605 E. HASTINGS ST.	BURNABY	BC	Scott's RELP
	1893	1584 HIGHWAY. 99	SQUAMISH	BC	Scott's RELP
	1814	2190 KINGSWAY	VANCOUVER	BC	Scott's RELP
	1824	795 E. BROADWAY	VANCOUVER	BC	Scott's RELP
	1861	3140 DOUGLAS ST.	VICTORIA	BC	Scott's RELP
	1889	3620 GELLATLY RD.	WESTBANK	BC	Scott's RELP
	1414	145 MADAWASKA BLVD	ARNPRIOR	ON	Scott's RELP
	1415	45 MUNRO STREET	CARLETON PLACE	ON	Scott's RELP

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Store #	Address	City	Province	Current Landlord
1528	346 ST. CLAIR STREET	CHATHAM	ON	Scott's RELP
1535	405 COTE AVENUE	CHELMSFORD	ON	Scott's RELP
1553	311 MAIN STREET	DUNNVILLE	ON	Scott's RELP
1531	325 TALBOT STREET NORTH	ESSEX	ON	Scott's RELP
1428	1222 BARTON STREET E.	HAMILTON	ON	Scott's RELP
1425	307 CANNON STREET E.	HAMILTON	ON	Scott's RELP
1427	45 PARKDALE AVE. N.	HAMILTON	ON	Scott's RELP
1429	631 KING STREET W.	HAMILTON	ON	Scott's RELP
1426	716 MAIN STREET E.	HAMILTON	ON	Scott's RELP
1355	5863 HIGHWAY #7	MARKHAM	ON	Scott's RELP
1552	3567 PORTAGE ROAD	NIAGARA FALLS	ON	Scott's RELP
1559	28 DUMFRIES STREET	PARIS	ON	Scott's RELP
1411	41 DUFFERIN STREET	PERTH	ON	Scott's RELP
1506	786 CHEMONG ROAD	PETERBOROUGH	ON	Scott's RELP
1515	90 MAIN STREET	PICTON	ON	Scott's RELP
1541	161 TRUNK ROAD	SAULT STE MARIE	ON	Scott's RELP
1548	60 HARTZELL ROAD	ST. CATHARINES	ON	Scott's RELP
1533	1341 MARTINDALE ROAD	SUDBURY	ON	Scott's RELP
1375	301 DUNDAS STREET WEST	WHITBY	ON	Scott's RELP
1449	1485 ERIE STREET E.	WINDSOR	ON	Scott's RELP
1447	1797 HURON CHURCH RD	WINDSOR	ON	Scott's RELP
1448	1916 WYANDOTTE ST. W.	WINDSOR	ON	Scott's RELP
1438	1683 DUNDAS STREET	LONDON	ON	Scott's RELP
1412	415 PEMBROKE STREET EAST	PEMBROKE	ON	Scott's RELP
1532	1300 LASALLE BLVD	SUDBURY	ON	Scott's RELP
1534	582 KATHLEEN STREET WEST	SUDBURY	ON	Scott's RELP
1351	1630 QUEEN ST. E.	TORONTO	ON	Scott's RELP
1529	1314 DUFFERIN ST.	WALLACEBURG	ON	Scott's RELP

SCHEDULE "B"
Québec Leased Premises

D

Store #	Address	City	Province	Current Landlord
1210	164 BD GREBER	POINTE GATINEAU	QC	CRI
1209	258 RUE NOTRE-DAME	GATINEAU MILLS	QC	CRI No. 3
1208	347 BD ST-JOSEPH	HULL	QC	CRI No. 3

R

A

F

T

SCHEDULE "C"
Torbram Leased Premises

D

Store #	Address	City	Province	Current Landlord
	9025 Torbram Rd	Brampton	ON	Scott's RELP

R

A

F

T

SCHEDULE "D"
Scott's Related Proceeds Release Notice

D

TO: [REDACTED] (the "Trustee")

RE: Trust Agreement dated April [REDACTED], 2011 among Prizm Limited Partnership, by its general partner, Prizm Inc., Soul Restaurants Canada Inc. and the Trustee (the "Trust Agreement")

R

1. Pursuant to Section 3 of the Trust Agreement, each of the undersigned hereby irrevocably directs and authorizes the Trustee to release \$ _____ of the Scott's Related Proceeds to _____ as follows:

[insert wire instructions]

A

2. Pursuant to Section 3 of the Trust Agreement, each of the undersigned hereby irrevocably directs and authorizes the Trustee to release \$ _____ of the Scott's Related Proceeds to _____ as follows:

[insert wire instructions]

F

This Notice shall be Trustee's good and sufficient authority for releasing the Scott's Related Proceeds as per the above instructions. This Notice may be executed in one or more counterparts and delivered by facsimile or emailed PDF, and each such counterpart shall be deemed to be an original, and such counterparts together shall constitute one and the same Notice.

T

DATED this [REDACTED] day of [REDACTED], 2011.

PRISZM LIMITED PARTNERSHIP, by its general partner, PRISZM INC.

SCOTT'S REAL ESTATE LIMITED PARTNERSHIP, by its general partner SCOTT'S GP TRUST, by its sole trustee SCOTT'S TRUSTEE CORP.

By: _____
Name: Deborah Papernick
Title: Chief Restructuring Officer

By: _____
Name: Evelyn Sutherland
Title:

CRI REALTY (NO. 3) INC.

COLONEL'S REALTY INC.

By: _____
Name: Evelyn Sutherland
Title:

By: _____
Name: Evelyn Sutherland
Title:

8521254.8

Attached is Exhibit "O"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada M5X 1A4
Tel: 416.863.1200 Fax: 416.863.1716
www.bennettjones.com

Mark S. Laugesen
Partner
Direct Line: 416.777.4802
e-mail: laugesenm@bennettjones.com

Annie Kwok
Assistant
Direct Line: 416.777.4839
e-mail: kwoka@bennettjones.com

Our File No.: 67372-1

21 April 2011

Via E-mail

AIRD & BERLIS LLP
Brookfield Place, Box 754
Suite 1800 - 181 Bay Street
Toronto ON M5J 2T9

Attention: Mr. Steve Graff

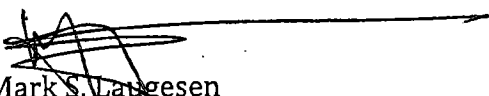
Dear Steve:

Re: Prizm and Scott's REIT

Thank you for your letter dated 19 April 2011. As you know, we are counsel to Prizm in respect of matters relating to Scott's REIT and are responding to your letter on behalf of the company.

The trust mechanism that you propose to hold proceeds of the sale to Soul Foods is unnecessary. The sale approval order and/or distribution order will deal with the conditions pursuant to which such proceeds will be held and distributed.

Yours truly,
BENNETT JONES LLP



Mark S. Laugesen
MSL/ak

C: Prizm (D. Papernick)
Stikeman Elliot LLP (D. Rajpal and A. Taylor)
Gardiner Roberts LLP (A. O'Neil)
FTI Consulting Canada Inc. (N. Meakin)
Osler LLP (M. Wasserman)

Attached is Exhibit "P"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff

Partner

Direct: 416.865.7726

E-mail: sgraff@airdberlis.com

April 28, 2011

BY EMAIL

Mr. Mark Laugesen
Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Dear Sir:

Re: Scott's REIT ("Scott's") and Prizm Income Fund ("Prizm")

Thank you for your letter of April 21, 2011.

The objective of the proposed trust agreement mechanism was, as is evident, to obtain assurance that the sale proceeds arising from the Soul Foods transaction will be paid into a mutually agreeable form of escrow or trust to be held pending an adjudication over entitlement (pursuant to an acceptable schedule) so as to ensure that Scott's entitlement is properly respected. If the form of sale order to be used includes that type of assurance, from both Prizm and from FTI Consulting Canada, Inc. (in its capacity as Monitor of Prizm), then Scott's could refrain from insisting on the trust agreement mechanism. To that end, please forward the proposed form of draft sale order at your earliest convenience.

Pending agreement on an acceptable form of sale order, Scott's continues to reserve all of its rights pursuant to the lease terms, including (without limitation) the right to insist on the trust agreement mechanism proposed in our letter dated April 19, 2011. Once again, as previously communicated, and agreed to by your counterpart at Stikemans, we expect to be provided with plenty of notice of any sale approval motion.

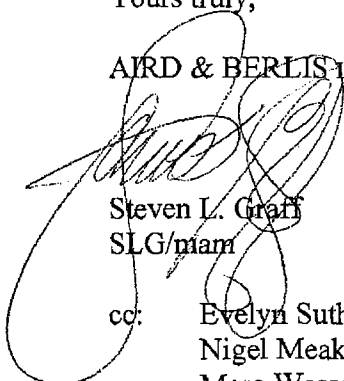
April 28, 2011

Page 2

We look forward to hearing from you in this regard.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graft
SLG/mam

cc: Evelyn Sutherland
Nigel Meakin (FTI Consulting Canada, Inc. – the Monitor)
Marc Wasserman (Osler, Hoskin & Harcourt LLP – counsel to the Monitor)
Dee Rajpal and Ashley Taylor (Stikeman Elliott LLP)
Arlene O’Neil (Gardiner Roberts LLP)

9101032.2

Priszm



Priszm Canadian Income Fund

BY COURIER AND EMAIL

May 10, 2011

Scott's Real Estate Limited Partnership
Canada Trust Tower
Brookfield Place
161 Bay Street, Suite 2300
Toronto, ON M5J 2S1

Dear Sirs/Mesdames:

Re: In the matter of the proceedings of Priszm Fund et al. pursuant to the *Companies' Creditors Arrangement Act* (Canada)

And Re: Lease with respect to the property located at 260 Roblin Boulevard, Winkler, Manitoba (the "Lease")

On March 31, 2011, Priszm Income Fund, Priszm Canadian Operating Trust, Priszm LP, Priszm Inc. and Kit Finance Inc. (the "Priszm Entities") sought and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA") pursuant to the Initial Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "Initial Order"). FTI Consulting Canada Inc. was appointed as monitor of the Priszm Entities (the "Monitor").

A copy of the Initial Order is enclosed hereto for your convenience. You can find all court materials filed in relation to this matter on the Monitor's website at <http://cfcanada.fticonsulting.com/priszm/>.

Pursuant to Section 32 of the CCAA, the Priszm Entities are empowered to disclaim or resiliate any agreement to which they were parties on the day on which proceedings under the CCAA were commenced.

Along with the enclosed Form 4: *Notice by Debtor Company to Disclaim or Resiliate an Agreement*, this letter constitutes notice of the Priszm Entities' intention to disclaim the above-noted Lease pursuant to subsection 32(1) of the CCAA. In accordance with paragraph 32(5)(a) of the CCAA, if no application for an order is made in accordance with subsection 32(2) of the CCAA, the Lease shall be disclaimed or resiliated effective June 9, 2011, being 30 days after the day on which this notice has been given.

The Monitor has approved the disclaimer of this Lease.

Yours truly,

Priszm Inc.

Per:



Deborah Papernick
Chief Restructuring Officer

PRISZM LIMITED PARTNERSHIP by its
general partner PRISZM INC. by 2279549
ONTARIO INC., solely in its Capacity as Chief
Restructuring Officer, and without personal or
corporate liability.

/

encl.

cc: Nigel Meakin, *FTI Consulting Canada Inc.*
Ashley John Taylor, *Stikeman Elliott LLP*
Mark Laugesen, *Bennett Jones LLP*

FORM 4

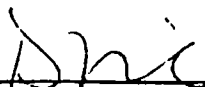
NOTICE BY DEBTOR COMPANY TO DISCLAIM OR RESILIEATE AN AGREEMENT

To Scott's Real Estate Limited Partnership ("Scott's") and FTI Consulting Canada Inc. in its capacity as Court-appointed monitor (the "Monitor")

Take notice that:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") in respect of Priszm Income Fund, Priszm Canadian Operating Trust, Priszm Inc., Priszm LP and Kit Finance Inc. were commenced on the 31st day of March, 2011.
2. In accordance with subsection 32(1) of the CCAA, Priszm LP gives you notice of its intention to disclaim or resiliate the following agreement: the lease between Kit Limited Partnership (now Priszm LP) and Yum! Brands Canada Management LP (as assigned to Scott's) with respect to the property located at 260 Roblin Blvd., Winkler, Manitoba dated November 10, 2003.
3. In accordance with subsection 32(2) of the CCAA, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to the Monitor, apply to court for an order that the agreement is not to be disclaimed or resiliated.
4. In accordance with paragraph 32(5)(a) of the CCAA, if no application for an order is made in accordance with subsection 32(2) of the CCAA, the agreement is disclaimed or resiliated on the 9th day of June, 2011, being 30 days after the day in which this notice has been given.

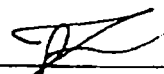
Dated at Toronto, Ontario, on May 10, 2011.



Priszm LP by its general partner Priszm Inc.
Debtor Company

The Monitor approves the proposed disclaimer or resiliation.

Dated at Toronto, Ontario on May 10, 2011.



Monitor's representative responsible for the proceedings
FTI Consulting Canada Inc.

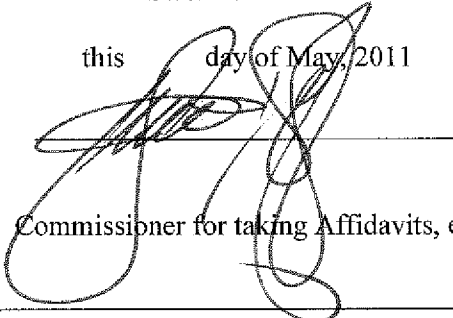
Attached is Exhibit "Q"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011



Commissioner for taking Affidavits, etc

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
E-mail: sgraiff@airdberlis.com

May 10, 2011

Ashley Taylor
Stikeman Elliott LLP Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

- and -

Mr. Mark Laugesen
Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

- and -

Marc Wasserman
Osler Hoskin & Harcourt LLP
1 First Canadian Place
P.O. Box 50
Toronto, ON M5X 1B8

Dear Sirs/Madam:

Re: Asset Purchase Agreement dated December 11, 2010 between Prizm Limited Partnership ("Prizm") and 7716443 Canada Inc. (the "Transferee")

Further to the court attendance on Friday, April 29, 2011, my email of that morning and our conversations outside the court room that day, I have generally communicated to you our position on behalf of Scott's REIT that certain of the proceeds arising from the sale to Soul Foods are the property of Scott's REIT. Specifically, any of the proceeds that might be determined to be allocable to the leases as part and parcel of that transaction or any other transaction, are claimed as the property of Scott's REIT.

In the course of our communications, we have advised you of our position that, to the extent that Scott's is successful in asserting its position in respect of the said proceeds, those proceeds will not be available to Prizm or any party who has been awarded a priority charge pursuant to court order, including the Admin Charge, the DIP Charge, the Critical Suppliers Charge, the Yum! Charge or the Directors' and Officers' Charge.

You have expressed your comfort with Prizm's cash position considering the quantum of Scott's claim, and the proceeds otherwise available. In other words, you have expressed confidence that the claims that we are making could in no way derogate from or limit the claims of the various priority chargees. On that basis, we have not insisted that our position be expressly made known to or canvassed with each of the priority chargees or the Court. However, once again, we wanted to confirm that in view of the communications we have had, we do not consider it our responsibility to reach out to the priority chargees and in that it is incumbent upon you to do so.

We trust this is satisfactory. We would be happy to speak with you further.

Yours very truly,


AIRD & BERLIS LLP

Steven L. Graff
SLG/mam

Cc: Evelyn Sutherland
Nigel Meakin (FTI Consulting Canada, Inc. – the Monitor)

9183837.3

Attached is Exhibit "R"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

Amended and Restated Asset Purchase Agreement dated May 17, 2011 between PRISZM LP (the "Vendor"), PRISZM INC. (the "General Partner") and SOUL RESTAURANTS CANADA INC. (formerly 7716443 Canada Inc.) (the "Purchaser").

RECITALS

- (a) The Vendor is the legal and beneficial owner of the Purchased Assets.
- (b) The Vendor entered into an asset purchase agreement, dated December 11, 2010, (the "Original Agreement") with the Purchaser to sell the Purchased Assets on the terms and conditions set out in the Original Agreement.
- (c) The Vendor and the Purchaser have entered into an extension agreement, dated March 22, 2011, (the "Extension Agreement") extending the Closing Date, as defined in the Original Agreement.
- (d) The Vendor has voluntarily commenced proceedings under the CCAA.
- (e) The Vendor and Purchaser wish to amend the terms and conditions of the Original Agreement, as amended by the Extension Agreement, as set forth herein.

In consideration of the mutual agreements contained in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the parties agree as follows.

Section 1 Defined Terms.

All capitalized words not defined herein shall have the meaning ascribed thereto in Schedule "A".

Section 2 Purchase and Sale.

- (1) Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date all properties, assets, interests and rights of the Vendor which are related to the operation of Outlets and are necessary to conduct the business as now conducted at the Outlets, other than the Excluded Assets (as herein defined) (collectively, the "Purchased Assets"), and for greater certainty, the Purchased Assets will include the assets in Schedule "B" hereto, for each Outlet.
- (2) The Purchased Assets will not include any of the assets (in each case, as of the Closing Date) (collectively, the "Excluded Assets") described in Schedule "C" hereto.

Section 3 Contracts.

Nothing in this Agreement shall be construed as an attempt to assign to the Purchaser any Contract or agreement which, as a matter of law or by its terms, is not assignable in whole or in part without the consent of the other party or parties to such Contract, unless such consent has been given or the assignment has been ordered by the Court. In order that the Purchaser may receive and realize the full benefit of the non-assigned Contracts, after Closing, subject to the CCAA process, and until all such Contracts are transferred to the Purchaser or six (6) months after the Closing Date, the Vendor shall: (a) maintain its existence; (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Contracts to the Purchaser, including holding any such Contracts in trust for the Purchaser and all benefits derived from such Contracts shall be for the account of the Purchaser provided that the requirement of the Vendor to do so does not void the Contract and (c) upon the written direction of the Purchaser, enforce, at the direction, request and expense of the Purchaser and for the account of the Purchaser, any rights of the Vendor under or arising from such Contract against any third person, including the right to elect to terminate any such rights in accordance with the terms of such Contract. The Vendor shall take such action and do or cause to be done such things as are necessary or proper or requested by the Purchaser to ensure that the obligations of the Vendor under the non-assigned Contracts are performed and that the value of all of such Contracts are preserved and enure to the benefit of the Purchaser and that the collection of moneys due and payable to the Purchaser are received by the Purchaser and the Vendor shall promptly pay over to the Purchaser all moneys collected by or paid to the Vendor in respect hereof.

Section 4 Landlord Consents.

- (1) The Vendor shall use its commercially reasonable efforts to obtain, prior to the Closing Date, all of the Landlord Consents. Notwithstanding the foregoing, in no event shall the Vendor be required to bear any expense or pay any fee or grant any concession in connection with obtaining any Landlord Consents other than: (a) a Landlord's reasonable consent administration fee and reasonable legal fees incurred by the Landlord in connection with the issuance of its Landlord Consent, and (b) to bring any Lease into good standing.
- (2) The Landlord Consents must be on terms which are acceptable to each of the Vendor and the Purchaser, acting reasonably, provided however there shall not be any material change to the terms of any Leases to which such Landlord Consent relates without the prior written consent of the Purchaser. The Purchaser, acting reasonably, shall be entitled to approve the form of Landlord consent prior to its distribution to any Landlord.
- (3) As to any Lease for which a Landlord Consent is required and is not obtained prior to Closing (in each case an "Outstanding Lease"), the Vendor and the Purchaser shall each, for a period expiring six (6) months following the Closing, continue to use commercially reasonable efforts to obtain such Landlord Consent, in each case in accordance with the provisions of Section 4(1) hereof, or an order of the Court assigning the Outstanding Leases. The Purchaser hereby acknowledges that an application to the Court and its due prosecution (for greater certainty there is no

obligation on the Vendor to pursue or respond to any appeal resulting from the application) for an order for the assignment of such leases shall constitute commercially reasonable efforts on the part of the Vendor and satisfy any obligations under this subsection. The Vendor will consent to the Purchaser having standing on any such motion, if it so desires.

- (4) The Purchaser acknowledges that: (a) it is not entitled to request any amendments to the terms of any Lease in connection with any Landlord Consent; (b) nothing herein shall prohibit the Vendor from seeking a reasonable release from the Landlords in respect of its obligations under the Leases following the Closing provided however that the Vendor's efforts to obtain any such release shall not impede, interfere with or delay obtaining a Landlord Consent; (c) it shall cooperate with and assist the Vendor in pursuing the Landlord Consents (including providing directly to the other party any reasonable information requested by a Landlord, including reasonable financial information, financing structure and proposed management team for the business, which, for greater certainty, shall not be provided to the Vendor without the Purchaser's prior consent, provided however that the Vendor shall not be liable to the Purchaser hereunder for any breach of the Landlord to disclose such information to the Vendor and the Purchaser's sole recourse for any breach relating to this subsection shall be towards such Landlord); and (d) it shall provide certificates of insurance and execute and deliver any necessary acknowledgements and assumption agreements required by any Landlord as a condition to the issuance of its Landlord Consent that are commercially reasonable or otherwise contemplated by the Leases.
- (5) Nothing in this Agreement shall be construed as an attempt to assign to the Purchaser any Lease which, as a matter of law or by its terms, is not assignable in whole or in part without the consent of the Landlord, if required, unless such consent has been given or the assignment has been ordered by the Court. From and after Closing and until the earlier of: (a) the date that the Landlord Consent relating to an applicable Outstanding Lease has been obtained or the assignment has been ordered by the Court and such Outstanding Lease has been assigned to the Purchaser; (b) the expiration or earlier termination of such Outstanding Lease; or (c) if a Landlord Consent or assignment order referred to in Section 4(5)(a) has not been obtained within the six (6) months after the Closing Date, the day which is six (6) months after the Closing Date, the Purchaser hereby covenants to:
 - (a) pay the corresponding obligations for the periods from and after the Closing Date associated with the applicable Outstanding Lease to the Vendor or as it directs under the Occupation Agreement, and indemnify and hold the Vendor harmless of and from any claims that may be made pursuant to the applicable Outstanding Lease for any period from and after the Closing as a result of the Purchaser failing to comply with its obligations under this Agreement and the Occupation Agreement; provided that the indemnity provided in this Section shall not be limited to six (6) months or apply to any claims by the Landlord for any pre-Closing liabilities of the Vendor or from any payment of proceeds from the transaction contemplated by this Agreement;

- (b) to the extent within its control, comply with the terms and provisions of the applicable Outstanding Lease; and
 - (c) cooperate in (i) the transfer of the applicable Outstanding Lease, and (ii) the obtaining of such necessary approvals, consents, waivers, and orders, and (iii) such commercially reasonable actions taken by the Vendor, and provide such information and assurances as may be reasonably requested or required pursuant to the applicable Outstanding Lease.
- (6) From and after Closing and until the earlier of: (a) six (6) months after the Closing Date; (b) the date that the Landlord Consent relating to an applicable Outstanding Lease has been obtained or the assignment has been ordered by the Court and such Outstanding Lease has been assigned to the Purchaser; or (c) the expiration or earlier termination of such Outstanding Lease, the Vendor hereby covenants to:
- (i) hold the Outstanding Leases in trust for the Purchaser;
 - (ii) to the extent within its control, comply with the terms and provisions of the applicable Outstanding Lease; and
 - (iii) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of the rights under the Outstanding Leases to the Purchaser.
- (7) The Purchaser hereby acknowledges that, subject to the limited right to a refund set forth in Section 8(8), the obligation to purchase an Outlet with an Outstanding Lease is unconditional. For greater certainty, subject to Section 8(8), the Purchaser shall not be entitled to a refund, in whole or in part, in the Purchase Price for an Outlet, including an Outlet with an Outstanding Lease, as a result of any damage incurred by or in relation to such Outlet.

Section 5 Material Contract Consents.

- (1) The Vendor shall use its commercially reasonable efforts to obtain, prior to the Closing Date, all of the Material Contract Consents. Notwithstanding the foregoing, in no event shall the Vendor be required to bear any expense or pay any fee or grant any concession in connection with obtaining any Material Contract Consents other than: (a) such contracting counterparty's reasonable consent administration fee and reasonable legal fees incurred by such contracting counterparty, to the extent applicable, in connection with the issuance of its Material Contract Consent, and (b) to bring any contract into good standing, provided however that the Vendor shall under no circumstances be obliged to pay any amount which individually exceeds \$2,500, or in the aggregate exceeds \$25,000, so long as such Material Contract is not necessary to the Purchaser receiving the full benefit of the Purchased Assets and the Vendor is not in breach of this Agreement.
- (2) The Material Contract Consents obtained pursuant to this Section must be on terms which are acceptable to each of the Vendor and the Purchaser, acting reasonably,

provided however there shall not be any material change to the terms of any Material Contract to which such Material Contract Consent relates without the prior written consent of the Purchaser.

- (3) As to any Material Contract for which a Material Contract Consent is not obtained prior to Closing (each case an "Outstanding Contract"), the Vendor and the Purchaser shall each, for a period expiring six (6) months following the Closing continue to use commercially reasonable efforts to obtain same, in each case in accordance with the provisions of Section 5(1) hereof unless the assignment of such Outstanding Contract is ordered by the Court or the Purchaser has provided the Vendor with notice that assignment of such Outstanding Contract is no longer required.
- (4) The Purchaser acknowledges that: (a) it is not entitled to request any amendments to the terms of any Material Contract in connection with any Material Contract Consent; (b) nothing herein shall prohibit the Vendor, in connection with a Material Contract from seeking a reasonable release from the contracting counterparty in respect of its obligations under the Material Contract following the Closing provided however that the Vendor's efforts to obtain any such release shall not impede, interfere with or delay obtaining a Material Contract Consent; (c) it shall cooperate with and assist the Vendor in pursuing the Material Contract Consents (including providing directly to the other party any reasonable information requested by a contract counterparty, including reasonable financial information, financing structure and proposed management team for the business, which, for greater certainty, shall not be provided to the Vendor without the Purchaser's prior consent, provided however that the Vendor shall not be liable to the Purchaser hereunder for any breach of the Material Contract counterparty to disclose such information to the Vendor and the Purchaser's sole recourse for any breach relating to this subsection shall be towards such Material Contract counterparty); and (d) it shall provide certificates of insurance and execute and deliver any necessary acknowledgements and assumption agreements required by any Material Contract counterparty as a condition to the issuance of its Material Contract Consent that are commercially reasonable or otherwise contemplated by the Material Contracts.

Section 6 Representations and Warranties.

The Purchaser acknowledges that there are no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the Purchased Assets or in respect of any other matter or thing whatsoever except as otherwise expressly stated in this Agreement or any schedule hereto. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor or its affiliates, or any such entity's directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete save and except such information is disclosed pursuant to a representation, warranty, covenant or condition contained herein.

Section 7 Liabilities, Costs and Expenses.

- (1) The Purchaser covenants with the Vendor that it shall, as and from the Closing Date, discharge, perform and fulfill all the obligations and liabilities on the part of the Vendor with respect to the Purchased Assets arising on or after the Closing Date and not related to any default existing prior to or as a consequence of the closing of the transaction contemplated by this Agreement (the "Assumed Liabilities"). The Purchaser shall not assume any liabilities or other obligations other than the Assumed Liabilities and shall have no obligation to discharge any liability or obligation under any contract or agreement which is not assignable in whole or in part without the consent of the other party or parties to such contract or agreement, unless such consent has been given, or unless such assignment has been ordered by the Court, or unless the Vendor has performed its obligations under Section 3 and the value of such contracts and agreements under Section 3 have enured to the benefit of the Purchaser. For greater certainty, the Assumed Liabilities will not include (a) any fees, costs or expenses relating to obtaining the Landlord Consents, any Material Contracts, or court orders relating to the assignment of Outstanding Leases incurred in accordance to Section 4(3) hereof, or (b) Current Liabilities, as defined below.
- (2) All current liabilities relating to the Purchased Assets arising before the Closing Date, including such liabilities described in Section 21(5), (the "Current Liabilities") shall not form part of the Purchased Assets or Assumed Liabilities but shall be on the account of the Vendor.
- (3) From and after the Closing, all costs and expenses related to the Purchased Assets shall be borne by the Purchaser at its sole cost and expense, including without limitation, title insurance, surveys, Phase I environmental reports and Phase II environmental reports, escrow and recording or registration fees, the transfer fees, ongoing license fees, and any other costs associated with the Purchased Assets.
- (4) For the period from and after the Closing, all costs and expenses related to the Outlet Software Licenses shall be borne by the Purchaser at its sole cost and expense, including, without limitation, escrow and recording or registration fees, transfer fees, ongoing license fees, and any other costs associated with the Outlet Software Licenses or the transfer thereof (including costs in connection with using the Outlet Software Licenses independently of the Vendor or costs to be paid in connection with the transfer of the Outlet Software Licenses to the Purchaser). The Purchaser hereby covenants to comply with all provisions or obligations and perform all such actions as are reasonably necessary or desirable in order to transfer the Outlet Software Licenses.

Section 8 Purchase Price and Deposit.

- (1) The aggregate purchase price (the "Purchase Price") payable by the Purchaser to the Vendor for the Purchased Assets is: (a) CDN\$39,500,000, plus (c) the amount of CDN\$408,000, equal to the franchise renewal fees, plus (d) the amount of CDN\$116,000 equal to the price of the UPGC Shares, plus (e) the amount of

CDN\$2,800,000 equal to the Closing Date Current Assets Amount, subject to Section 10.

- (2) The Purchaser delivered a deposit in the amount of CDN\$2,000,000 on or before January 15, 2011 to the Vendor's counsel pursuant to the Escrow Agreement. The Parties agree to take such steps and execute all required documents in order to transfer this initial deposit plus all accrued interest less any bank transfer fees to the Monitor by the Condition Date. The Purchaser agrees to deliver a further deposit in the amount of CDN\$1,000,000 to the Monitor by the Condition Date (together with the prior deposit, the "Deposit"). The Deposit will be applied on Closing in satisfaction of an equivalent amount of the Purchase Price.
- (3) If the Closing does not occur:
 - (a) because the condition precedent set forth in Section 15(1)(c) or any of the conditions precedent set forth in Section 15(3) of this Agreement are not satisfied or waived by May 31, 2011, the full amount of the Deposit together with all accrued interest received by the Vendor's counsel or the Monitor, if any, shall be immediately returned to the Purchaser.
 - (b) for any reason other than the condition precedent set forth in Section 15(1)(c) or one or more of the conditions precedent set forth in Section 15(3) of this Agreement are not satisfied or waived by May 31, 2011, including that the Purchaser does not have adequate financing to close the transaction contemplated by this Agreement for any reason including that the Purchaser's lender refuses to advance adequate monies to the Purchaser, the full amount of the Deposit together with all accrued interest received by the Vendor, if any, shall become the property of, and may be retained by, the Vendor as liquidated damages (and not as a penalty) to compensate it for the expenses incurred and opportunities foregone as a result of the failure of the transaction to close. In such event, the Vendor may exercise any other rights or remedies that it may have against the Purchaser in respect of any default by the Purchaser.
- (4) The Purchase Price shall be satisfied by the Purchaser paying to the Vendor as follows: (a) as to the amount of the Deposit, by application of such amounts in the manner specified in Section 8(2); and (b) as to the balance, by the Purchaser paying to or to the order of the Vendor such amount by wire transfer to a Canadian schedule of Banks (or such other method as mutually agreed to by the Vendor and Purchaser) of immediately available funds payable to or to the order of the Vendor or as it may otherwise direct in writing or as may be directed by the Court.
- (5) Any adjustment required to be made to the Purchase Price in accordance with subsection 8(8) or Section 10 shall be satisfied by the payment of the appropriate amount by the party owing such payment to the other party in the manner and at the time contemplated in subsection 8(8) or Section 10, as applicable.

- (6) The Purchaser shall be liable for and shall pay all applicable federal and provincial sales taxes, property transfer taxes, and all other taxes, duties, registration charges or other like charges payable in connection with the sale of the Purchased Assets by the Vendor to the Purchaser.
- (7) The Vendor and the Purchaser will mutually agree on or before the Closing Date a reasonable allocation of the Purchase Price, provided however that the Purchase Price allocated to each Outlet shall be the amount specified in Schedule "F", which Schedule "F" has been agreed to.
- (8) In the event that at the end of the six (6) month period commencing on the Closing Date (the "Extension Period"), (a) Landlord Consents, and (b) notices, with respect to Leases that only require notice for assignment per the terms of the applicable Lease, and (c) Lease assignments ordered by the Court, together representing at least ninety-five (95%) of the Outlets specified on Schedule "F" have not been obtained or delivered, as applicable, then the Vendor shall within five (5) Business Days pay to the Purchaser that portion of the Purchase Price allocated in Schedule "F" for those Outlets (i) for which a Landlord Consent, notice or final assignment order have not been obtained or delivered, or (ii) where the Lease is terminated or the Purchaser is evicted from the Premises prior to the delivery of notice, the obtaining of the Landlord Consent, or the obtaining of a final assignment order, and the end of the Extension Period (provided that at the time the Lease was terminated or the Purchaser was evicted, the Purchaser was not acting in material breach of the Lease (this proviso being limited to breaches which were not existing as at Closing and not applying to breaches based upon the Vendor holding the Outstanding Lease in trust for the Purchaser as contemplated by this Agreement) and was not in material breach of the Occupation Agreement entered into between the parties of even date herewith). This payment by the Vendor shall be the sole remedy of the Purchaser for the failure to obtain the Landlord Consent, give the notice or obtain a final order assigning the Lease, in respect of such Outstanding Lease and for any Damages suffered by the Purchaser in connection therewith.

Section 9 Preparation of Financial Statements.

During the Interim Period, the Vendor shall provide to the Purchaser and shall have the right, in its sole discretion, to provide to any lender that is providing financing to the Purchaser in connection with the transaction contemplated in this Agreement updated financial statements.

- (1) After the Closing, the Vendor will prepare, at the Vendor's expense, a draft statement of the Current Assets ("Current Assets Statement") as at Closing, which shall be delivered to the Purchaser no later than the 30th day following the Closing Date. The Purchaser will: (i) provide access to the Vendor upon every reasonable request to its accounts and books and records relating to the Purchased Assets; and (ii) cooperate with the Vendor for purposes of preparing the Current Assets Statement. The 30 day period for the Vendor to prepare and deliver the Current Assets Statement will be extended for a reasonable period of time in the event that

the preparation or delivery of the draft Current Assets Statement is delayed as a result of circumstances beyond the reasonable control of the Vendor.

- (2) If the Purchaser does not give a notice of objection in accordance with this Section 9, the Purchaser shall be deemed to have accepted the draft Current Assets Statement prepared by the Vendor which shall be final and binding on the parties and such draft Current Assets Statement shall constitute the Current Assets Statement for purposes of this Agreement.
- (3) If the Purchaser objects to any matter in the draft Current Assets Statement prepared pursuant to Section 9(1), then the Purchaser shall give notice to the Vendor and to the Monitor no later than 15 days after delivery of the draft Current Assets Statement. Any notice given by the Purchaser shall set forth in detail the particulars of such objection. The parties shall then use reasonable efforts to resolve such objection for a period of 30 days following the giving of such notice. If the matter is not resolved by the end of such 30 day period, then the dispute with respect to such objection shall be submitted by the parties to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is independent of the parties, and, failing such agreement between the Purchaser and the Vendor within a further period of five Business Days, such independent firm of chartered accountants shall be KPMG LLP, or if such firm is unable to act, Deloitte LLP (the "Independent Accountant"). The Independent Accountant shall, as promptly as practicable (but in any event, within 45 days following its appointment), make a determination of the Current Assets Statement, based solely on written submissions of the parties given by them to the Independent Accountant. The submissions of each party shall be disclosed to the other party and each other party shall be afforded a reasonable opportunity to respond thereto. The Current Assets Statement as determined by the Independent Accountant shall be final and binding upon the parties and shall constitute the Current Assets Statement for purposes of this Agreement.
- (4) The Purchaser and the Vendor will each bear their own fees and expenses, including the fees and expenses of their respective auditors, in preparing or reviewing, as the case may be, the draft Current Assets Statement. In the case of a dispute and the retention of the Independent Accountant to determine such dispute, the costs and expenses of such firm of chartered accountants shall be borne equally by the Purchaser and the Vendor. However, the Purchaser and the Vendor will each bear their own costs in presenting their respective cases to such firm of chartered accountants.
- (5) The parties agree that the procedure set forth in this Section 9 for resolving disputes with respect to the draft Current Assets Statement is the sole and exclusive method of resolving such disputes.
- (6) After the Closing, the Vendor will prepare, at the Vendor's expense, a draft Profit and Loss Statement as at Closing, which shall be delivered to the Purchaser no later than the 30th day following the Closing Date.

Section 10 Current Assets Purchase Price Adjustment

- (1) The Purchase Price will be increased or decreased, as the case may be, dollar-for-dollar, to the extent that the Current Assets as determined from the final Current Assets Statement is more or less than CDN\$2,800,000 (the "Closing Date Current Assets Amount").
- (2) If the Current Assets, as determined from the Current Assets Statement, is more than CDN\$2,800,000, the Purchaser will pay to the Vendor the amount of such difference as an increase to the Purchase Price. If the Current Assets as determined from the Current Assets Statement is less than CDN\$2,800,000, the Vendor will pay to the Purchaser the amount of such difference as a decrease to the Purchase Price. Any amounts to be paid under this Section 10 (the "Current Assets Purchase Price Adjustment") will be paid by bank draft or wire transfer of immediately available funds within two Business Days after the draft Current Assets Statement becomes the Current Assets Statement for purposes of this Agreement in accordance with Section 9(2) or Section 9(3), as the case may be.

Section 11 Vendor Representations and Warranties.

The Vendor, to the best of its knowledge, information and belief, represents and warrants as to those matters set forth in Schedule "D" to this Agreement and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement by the Purchaser.

Section 12 Purchaser's Representations and Warranties.

The Purchaser represents and warrants as to those matters set forth in Schedule "E" and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the entering into of this Agreement by the Vendor.

Section 13 Financing.

The consummation of the transaction contemplated by this Agreement is not contingent on the Purchaser's ability to obtain financing.

Section 14 Due Diligence.

- (1) The consummation of the transaction contemplated by this Agreement is not contingent on the Purchaser's due diligence.
- (2) The Vendor will (i) permit the Purchaser and its employees, counsel, agents, accountants or other representatives, during the Interim Period, to have reasonable access during normal business hours and upon reasonable notice to (A) the premises of the Outlets, (B) the Purchased Assets and, in particular to any information, including all Books and Records, copies of Employee Plans, and all insurance policies held by the Vendor with respect to the Purchased Assets, (C) all Contracts and Leases, and (D) the senior personnel of the Vendor, and (ii) furnish to the Purchaser or its employees, counsel, agents, accountants or other representatives such financial and operating data and other information with respect to the Purchased Assets as the Purchaser may from time to time request.

Section 15 Conditions of Closing.

- (1) **Conditions for the Benefit of the Purchaser.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:
- (a) the Vendor shall deliver or cause to be delivered to the Purchaser all keys, entry devices and pass codes with respect to the Purchased Assets including combinations to any locks or vaults; provided that all keys, entry devices and pass codes in the possession of Transferred Employees shall be deemed to have been delivered to the Purchaser;
 - (b) the representations and warranties of the Vendor in Schedule "D" shall be, to the best of the Vendor's knowledge, information and belief, true and correct in all material respects, subject to the CCAA process, as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date; and
 - (c) the Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated or required to be so executed and delivered in this Agreement.
- (2) **Conditions for the Benefit of the Vendor.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before the Closing Date (other than item (a) which shall be fulfilled or performed on or before January 15, 2011 and item (b) which shall be fulfilled or performed on or before the Condition Date), which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion:
- (a) the payment of the Deposit in accordance with Section 8(2) to the Vendor's counsel by the Purchaser;
 - (b) the Vendor shall have received evidence satisfactory to the Vendor that the Purchaser has and will have at Closing all funds on hand necessary to pay the Purchase Price referred to in Section 8;
 - (c) the representations and warranties of the Purchaser in Schedule "E" shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by

materiality or Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date;

- (d) the Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents contemplated required to be so executed and delivered in this Agreement;
- (3) **Conditions Precedent.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed, on or before Closing Date (other than item (b) and (c) which shall be fulfilled or performed on or before the Condition Date), which conditions are for the mutual benefit of each of the parties and may only be waived, in whole or in part, by agreement of the parties to this Agreement:
- (a) the Sale Approval Order shall have been issued and entered by the Court either (i) in the form attached hereto as Schedule "H", which the Parties acknowledge is satisfactory, or (ii) in a form which is not more adverse to the Purchaser, acting reasonably, and shall not be subject to a stay. For greater certainty, in the case of a form of order which is more adverse to the Purchaser than the form of order attached hereto as Schedule "H", the Parties agree that they will confirm their satisfaction or dissatisfaction with the form of the order at the hearing of the motion prior to the judge signing the order;
 - (b) the Parties shall have received evidence, satisfactory to the Vendor and the Purchaser, acting reasonably, of the consent of Prudential to the transaction contemplated hereby; and
 - (c) the Purchaser and the Franchisor shall have entered into a new franchise agreement or the Purchaser and the Vendor shall have executed an agreement assigning the Master Franchise Agreement as it relates to the Outlets and the Franchise Agreements for each of the Outlets to the Purchaser each in form and substance satisfactory to the Parties acting reasonably and the Franchisor shall have provided its consent to such assignment conditional upon completion of the transaction contemplated hereby and any payments to the Franchisor contemplated by the Sale Approval Order in form and substance satisfactory to the Parties acting reasonably.

- (4) The Vendor and the Purchaser agree to take all such actions as are within their respective powers to control, and to use their commercially reasonable efforts to cause other actions to be taken which are not within their respective powers to control, so as to ensure compliance with all of the conditions set forth in this Section 15.

Section 16 Purchaser Covenants.

- (1) The Purchaser shall, on or prior to the Condition Date, either enter into a new franchise agreement with the Franchisor in respect of the Outlets or execute an assignment of the Master Franchise Agreement as it relates to the Outlets and the Franchise Agreement in respect of the Outlets with the Vendor.
- (2) For each Outlet located in an area where Bell Canada provides high speed internet coverage, the Purchaser shall, on or prior to the Closing Date, enter into a contract with Bell Canada for the provision of high speed internet service at such Outlet.
- (3) The Purchaser shall use its best efforts to obtain the Competition Act Approval as promptly as is reasonably practicable upon the execution of the this Agreement and in doing so the Vendor will cooperate with the Purchaser, and without limiting the generality of the foregoing, the Purchaser shall, within 10 days of the execution of this Agreement prepare and provide to the Commissioner of Competition such submissions as are necessary or desirable in order to receive Competition Act Approval as promptly as is reasonably practicable, including without limitation, an application for an Advance Ruling Certificate and a request in the alternative for a no-action letter and a waiver from notification under paragraph 113(c) of the Competition Act, and in connection with the foregoing, the Purchaser shall promptly furnish all information requested under the Competition Act, provided however, that any filing fees or similar amounts specifically required to be submitted to the Commissioner of Competition in connection with the foregoing shall be borne equally by each party.

Section 17 Vendor Covenants.

- (1) During the Interim Period, the Vendor will conduct the business carried on with the Purchased Assets only in the Ordinary Course, subject to the CCAA process.
- (2) During the Interim Period, the Vendor shall provide access to the managers, the Regional Directors of Operations, Area Managers, and Field Training Leaders employed by the General Partner who are responsible for the geographic area in which the Outlets are situated for the purpose of offering employment effective as of the Closing Date to such persons.
- (3) On or before the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser all keys, entry devices and pass codes with respect to the Purchased Assets including combinations to any locks or vaults; provided that all keys, entry devices and pass codes in the possession of Transferred Employees shall be deemed to have been delivered to the Purchaser.

- (4) After Closing, the Purchaser will have the right to access any customer on-line software system that is currently used at the Outlets and administered by the Vendor for the entire KFC system in Canada on such terms and conditions that are generally provided to other KFC franchisees that also access such software system. This right shall terminate on the date the Vendor no longer administers such software system.

Section 18 Closing.

- (1) Subject to satisfaction or waiver by the relevant party or parties, as applicable, of the conditions of closing contained in Section 15, at the Closing, the Vendor will deliver actual possession of the Purchased Assets and all necessary deeds, conveyances, assurances, transfers and assignments and any other instruments necessary or reasonably required to transfer the Purchased Assets to the Purchaser and upon such delivery the Purchaser will pay or satisfy the Purchase Price in accordance with Section 8. The transfer of the Purchased Assets will take effect on the Closing Date.
- (2) The completion of the transaction of purchase and sale contemplated by this Agreement (the "Closing") shall take place at 8:00 a.m. (Toronto time) at the offices of Gardner Roberts LLP, Suite 3100, Scotia Plaza, Toronto, Ontario, on the first Monday after the Sale Approval Order is issued, provided however that the Vendor and the Purchaser may mutually agree to extend such date to such other date not later than May 31, 2011, as may be agreed upon in writing by the parties (the "Closing Date").

Section 19 Access to Books and Records

During the Interim Period and for a period of 6 years from the Closing Date, or for such longer period as may be required by Law, the Vendor will retain all original accounting Books and Records relating to the Purchased Assets for the period prior to the Closing Date, but the Vendor shall not be responsible or liable to the Purchaser for any accidental loss or destruction of or damage to any such Books and Records. So long as such Books and Records are retained by the Vendor pursuant to this Agreement, the Purchaser will have the reasonable right to inspect and make copies (at its own expense) of them upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Vendor for purposes of tax returns. The Vendor will have the right to have its representatives present during any such inspection.

Section 20 Action During Interim Period.

- (1) During the Interim Period and except as otherwise provided in this Agreement, or as required or permitted under the CCAA process, or the Disclosure Letter delivered contemporaneously with the execution of this Agreement, or as otherwise agreed in writing by the Purchaser, the Vendor shall from the date of this Agreement up to the Closing deal with the Purchased Assets in the Ordinary Course including:

- (a) Carry on and conduct its business in the Ordinary Course consistent with past practice (including, without limitation, but subject to the provisions of this Section 20 entering into contracts, agreements and commitments for the purchase and sale of inventory items) and in particular:
 - (i) use all commercially reasonable efforts to keep available the services of the present employees of the Vendor for the Purchaser and to maintain relations and goodwill with customers having business relations with the Vendor;
 - (ii) make all necessary tax, governmental and other filings in a timely fashion;
 - (iii) pay to all its employees all wages (including overtime claims), salaries, bonuses and commissions, and all earned but unpaid vacation pay and sick leave pay and other entitlements under Employee Plans up to and including the Closing Date; and
 - (iv) comply in all material respects with and not violate any of its contractual, common law or statutory duties and obligations to the Vendor's employees relating to the Purchase Assets, a Trade Union and relevant government authorities.
 - (b) Disclose to the Purchaser all notices relating to environmental matters, regulatory matters, employment matters, leasing matters, collective bargaining proposals and the status of ongoing negotiations, in each case, relating to the operation of the Purchased Assets.
 - (c) Advise and disclose to the Purchaser any agreement to amend or vary any Leases or of any Material Contracts, and to disclose to the Purchaser the terms of any such agreement.
- (2) During the Interim Period, except as required or permitted under the CCAA process, the Vendor shall not:
- (a) mortgage, pledge, grant a security interest in or otherwise create a Lien on any of the Purchased Assets, except in the Ordinary Course and in amounts which, individually and in the aggregate, are not material to the financial condition or the operation of the Purchased Assets;
 - (b) enter into any lease or other contract or any other transaction relating to the Purchased Assets that is not in the Ordinary Course;
 - (c) dispose of or revalue any of the Purchased Assets, except for sales of Inventory in the Ordinary Course;
 - (d) terminate, cancel, modify or amend in any material respect or take or fail to take any action which would entitle any party to any Material Contract to terminate, cancel, modify or amend any Material Contract;

- (e) unless required by Applicable Laws, make any change in its accounting principles, policies, practices or methods; or
- (f) agree, commit or enter into any understanding to take any actions enumerated in paragraphs of this Section 20(2).

Section 21 Employees

- (1) On or before May 24, 2011, the Purchaser shall offer, or cause any of its affiliates to offer, employment effective as of the Closing Date to the Designated Employees on terms substantially similar in the aggregate to those existing as of the Closing Date. In such offer, and subject to Section 21(3), the Purchaser will recognize, to the extent previously recognized by the Vendor, the service of the Designated Employees for all purposes. The Vendor agrees to assist the Purchaser in delivering the offers of employment to the Designated Employees on condition that (a) the Purchaser has prepared, packaged and organized the offers of employment in a manner that is acceptable to the Vendor in its sole discretion, (b) has delivered the packages to the Vendor's head office by no later than 12:00pm on May 20, 2011, and (c) the Vendor shall not be required to expend any funds or incur any costs in respect of such assistance. The Purchaser shall have no liability or obligation in respect of any Designated Employees who reject Purchaser's offer of employment that has been made in accordance with this Section 21(1).
- (2) The Vendor shall not attempt in any way to discourage Designated Employees from accepting the offer of employment made by the Purchaser. Provided that the Purchaser has complied with its obligations set forth under Section 21(1), then the Vendor will use commercially reasonable efforts to deliver its notice of termination concurrent with the Purchaser's delivery of offers of employment to Designated Employees.

The Purchaser shall not assume any of the Employee Plans or liability for accrued benefits or any other liability under or in respect of any of the Employee Plans. The Transferred Employees will, as of the Closing Date in respect of their employment by the Vendor, cease to accrue further benefits under the Employee Plans. The Purchaser agrees that it will permit the Transferred Employees to participate in benefit plans sponsored by the Purchaser (such plans to be called the "Replacement Plans"). The Purchaser shall cause each Replacement Plan to recognize the prior service of the Transferred Employee rendered to the Vendor for purposes of eligibility to participate, vesting and entitlement to benefits under such Replacement Plans but not for the purpose of benefit accrual. The Purchaser shall waive all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Transferred Employees under any Replacement Plans except and only to the extent that any Transferred Employees were subject to such pre-existing conditions, exclusions and waiting periods under the Employee Plans, and will provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the Closing Date (in the calendar year of such start date) in satisfying any applicable deductible or out of pocket requirements under any Replacement Plans.

- (3) The Purchaser shall be responsible for:
- (i) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to the employment of all Transferred Employees on and after the Closing Date and all liabilities under or in respect of the Replacement Plans;
 - (ii) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Purchaser of the employment of any Transferred Employee;
 - (iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Transferred Employees at the Outlets on and after the Closing Date; and
 - (iv) all employment-related claims, penalties and assessments in respect of the Purchased Assets arising out of matters which occur on or subsequent to the Closing Date.
- (4) The Purchaser shall not be responsible for:
- (i) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to the employment of all Designated Employees arising prior to the Closing Date and all liabilities accrued under or in respect of Employee Plans prior to the Closing Date;
 - (ii) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination of any Designated Employees who reject Purchaser's offer of employment that has been made in accordance with Section 21(1);
 - (iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Designated Employees in the Purchased Assets prior to the Closing Date; and
 - (iv) all employment-related claims, penalties and assessments in respect of the Purchased Assets arising out of matters which occur prior to the Closing Date.

Section 22 Filings and Authorizations

Each of the Vendor and the Purchaser, as promptly as practicable after the execution of this Agreement, will (i) make, or cause to be made, all such filings and submissions under all Applicable Laws, including as may be required for it to consummate the purchase and sale of the Purchased Assets in accordance with the terms of this Agreement. The Vendor and the Purchaser shall coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, providing each other with all notices and information supplied to or filed with any Governmental Entity (except for

notices and information which the Vendor or the Purchaser, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Entity.

Section 23 Tax Matters

The parties covenant to use their commercially reasonable efforts to minimize the taxes payable by each of the parties to this Agreement in connection with the completion of the transaction contemplated hereby, including the filing of such elections as would be necessary in order to do so, provided however that such structuring or elections do not adversely effect any party.

The Vendor and the Purchaser agree to use commercially reasonable efforts to execute and deliver or cause to have executed and delivered at Closing a joint election under Section 167(1) of the *Excise Tax Act* (Canada) (and any provincial and/or territorial equivalents) and an election under Section 22 of the *Income Tax Act* (Canada). The parties covenant to cooperate in the filing of such tax elections.

Notwithstanding the above, in the event it is determined by the Canada Revenue Agency or any other competent provincial or territorial Governmental Entity, that there is a liability of the Purchaser to pay, or of the Vendor to collect and remit, any amounts on account of taxes on all or part of the Purchase Price paid for the Purchased Assets, such taxes shall be forthwith paid by the Purchaser to the Canada Revenue Agency, the competent provincial tax authority, or to the Vendor, as the case may be, and the Purchaser shall indemnify and save the Vendor harmless with respect to any such taxes as well as any interest and penalties relating thereto or imposed thereon and any costs or expenses of the Vendor.

Section 24 Survival of Covenants, Representations and Warranties.

The covenants (except as expressly provided in this Agreement or except to the extent necessary to give effect to such covenant) and the representations and warranties set forth in this Agreement will merge on Closing and not survive.

Section 25 Termination.

This Agreement may, by notice in writing given at or prior to the completion of the transaction, be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by the Purchaser if any of the conditions in Section 15(1) have not been satisfied as at the time specified for the satisfaction of such condition and the Purchaser has not waived such condition;
- (c) by the Vendor if any of the conditions in Section 15(2) have not been satisfied as at the date referred to in Section 15(2) and the Vendor has not waived such condition; or
- (d) by either party if:

- (i) any of the conditions precedent in Section 15(3) have not been satisfied as at the time specified for the satisfaction of such condition and the parties have not waived such condition; or
- (ii) if the Closing has not occurred on or prior to May 31, 2011, or on or before such later date as the parties agree to in writing, provided that a party may not terminate this Agreement under this Section if it has failed to perform any one or more of its obligations or covenants under this Agreement and the Closing has not occurred because of such failure.

Section 26 Time of the Essence.

Time shall be of the essence of this Agreement.

Section 27 Enurement.

This Agreement shall become effective when executed by the Vendor and the Purchaser together with complete schedules thereto and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by either party without the consent of the other party; provided the Purchaser may assign this Agreement to the Bank of Montreal without the consent of the Vendor effective on or after Closing.

Section 28 Public Announcements.

Other than any disclosure in the CCAA proceedings deemed necessary by the Vendor or the Monitor, no Party shall make any public statement or issue any press release concerning the transactions contemplated by this Agreement except as agreed by the Parties acting reasonably or as may be necessary, in the opinion of counsel to the Party making that disclosure, to comply with the requirements of all Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with the other Party before making that statement or release.

Section 29 Entire Agreement.

This Agreement together with all schedules attached hereto constitutes the entire agreement between the parties with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, including the Original Agreement and the Extension Agreement, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 30 Waiver.

- (1) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of the Vendor or the Purchaser to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

Section 31 Further Assurances.

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

Section 32 Severability.

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

Section 33 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 34 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 35 French Language.

The parties hereto have requested that this Agreement be drafted in English only.
Les parties aux présentes ont demandé à ce que la présente convention soit rédigée en anglais seulement.

Section 36 Statute References.

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

Section 37 Headings.

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

Section 38 References.

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto.

Section 39 Number and Gender.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 40 Use of the word "including" and "or" etc.

The word "includes" or "including" shall mean "includes without limitation" or "including without limitation", respectively. The word "or" is not exclusive.

Section 41 Business Days.

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

Section 42 Currency and Payment Obligations.

Except as otherwise expressly provided in this Agreement all dollar amounts referred to in this Agreement are stated in Canadian Dollars.

Section 43 Accounting Principles.

All calculations made or referred to herein shall be made in accordance with Canadian GAAP.

Section 44 Notice.

Any notice, direction or other communication given pursuant to this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

(a) To the Vendor:

- (i) Prizm LP
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Canada

Attention: Deborah Papernick
Facsimile: (416) 977-4860

Email: deborah.papernick@priszm.com

(ii) with a copy to the Vendor's solicitors:

Stikeman Elliott LLP
5300 commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Dee Rajpal
Facsimile: (416) 947-0866
Email: drajpal@stikeman.com

(iii) with a copy to the Monitor:

FTI Consulting Canada, Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P. O. Box 104
Toronto, ON M5K 1G8

Attention: Nigel Meakin
Facsimile: 416-649-8101
Email: nigel.meakin@fticonsulting.com

and its counsel:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
Toronto, Ontario M5X 1B8

Attention: Marc Wasserman
Facsimile: 416-862-6666
Email: mwasserman@osler.com

(b) To Priszm Inc.:

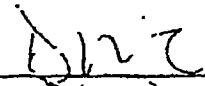
(i) Priszm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6
Canada

Attention:
Facsimile:
Email:

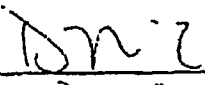
acknowledging receipt, provided that an automatic "read receipt" does not constitute acknowledgment of an email for purposes of this Section. Any party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a party.

IN WITNESS WHEREOF the parties have executed this Asset Purchase Agreement,

PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC., solely in its
capacity as Chief Restructuring Officer,
and without personal or corporate
liability

By: 
Name: Doreen P. Piro
Title: CRO

PRISZM INC.
by 2279549 ONTARIO INC., solely in its
capacity as Chief Restructuring Officer,
and without personal or corporate
liability.

By: 
Name: Doreen P. Piro
Title: CRO

SOUL RESTAURANTS CANADA INC.

By: Aly Janmohamed
Name: ALY JANMOHAMED
Title: PRESIDENT

SCHEDULE "A"

DEFINED TERMS

"Accounts Receivable" has the meaning specified in Schedule "B"

"Advance Ruling Certificate" means an advance ruling certificate issued by the Commissioner of Competition pursuant to section 102 of the Competition Act with respect to the transaction contemplated hereby.

"Agreement" means this asset purchase agreement and all schedules and instruments in amendment or confirmation of it and the expression "Section" followed by a number means and refers to the specified Section of this Agreement.

"Applicable Law" " means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations, by-laws (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity and (iii) policies, guidelines, notices and protocols, to the extent that they have the force of law.

"Assumed Liabilities" has the meaning specified in Section 7.

"Authorization" means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"Books and Records" means all books of account, financial statements, tax records, audit working papers, general ledgers, personnel records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence, minute books and corporate records and other information (whether in written, printed, electronic or computer printout form) relating to the Purchased Assets.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"Closing" has the meaning specified in Section 18.

"Closing Date" has the meaning specified in Section 18.

"Closing Date Current Assets Amount" has the meaning specified in Section 10.

"Commissioner of Competition" means the Commissioner of Competition appointed pursuant to the Competition Act.

"Competition Act" means the *Competition Act* (Canada);

"Competition Act Approval" means:

(i) the issuance of an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to Closing; or

(ii) the parties have given the notice required under section 114 of the Competition Act with respect to the transaction contemplated hereby and the applicable waiting period under section 123 of the Competition Act has expired or been terminated in accordance with the Competition Act; or

(iii) the obligation to give the requisite notice has been waived pursuant to paragraph 1 13 (c) of the Competition Act,

and, in the case of (ii) or (iii), the parties has been advised in writing by the Commissioner of Competition or a person authorized by the Commissioner of Competition that, in effect, such person does not, at that time, have sufficient grounds on which to apply to the Competition Tribunal under section 92 of the Competition Act and, therefore, does not, at that time, intend to make such an application in respect of the Transaction ("no-action letter").

"Competition Tribunal" means the Competition Tribunal established under the Competition Tribunal Act (Canada).

"Condition Date" means May 18, 2011 at 12:00 p.m. (Toronto time).

"Contracts" means any contracts (except for the Master Franchise Agreement), licences, software licenses, undertakings, engagements or commitments of any nature, written or oral, to which the Vendor is a party.

"Court" means the Ontario Superior Court of Justice.

"Current Assets" means the dollar amount of current assets relating to the Purchased Assets as determined in accordance with this Agreement which shall comprise Inventories, Accounts Receivable, Restaurant Cash Float and any Prepaid Expenses.

"Current Assets Purchase Price Adjustment" has the meaning specified in Section 10.

"Current Assets Statement" has the meaning specified in Section 9.

"Current Liabilities" has the meaning specified in Section 7.

"Damages" means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, or a cause, matter, thing, act, omission or state of facts not involving a third party.

"Deposit" has the meaning specified in Section 8.

"Designated Employees" means the employees currently employed by the Vendor at the Outlets, the managers employed by the General Partner with respect to the Outlets, and the Regional Directors of Operations, Area Managers, and Field Training Leaders employed by the General Partner with respect to the geographic area in which the Outlets are situated.

"Disclosure Letter" means the letter delivered to the Purchaser by the Vendor on or before January 10, 2011, as may be updated or amended from time to time.

"Employee Plans" means all employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, severance, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former employees, officers or directors of the Vendor maintained, sponsored or funded by the Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.

"Environmental Law" means Applicable Law in respect of the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Substances.

"Escrow Agreement" means the Escrow Agreement dated January 17, 2011, among the Vendor, the General Partner, the Purchaser, and Stikeman Elliott LLP, as escrow agent.

"Excluded Assets" has the meaning specified in Section 2(2).

"Franchise Agreement" means the separate and individual franchise agreement for each restaurant in the form of the International Franchise Agreement attached to the Master Franchise Agreement.

"Franchisor" means Yum! Restaurants International (Canada) LP, a limited partnership formed under the laws of the Province of Ontario.

"Governmental Entity" means (i) any multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"Hazardous Substance" means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes any contaminant, waste, substance or material defined by Environmental Law as hazardous, toxic or dangerous or any other substance or material prohibited, regulated or reportable pursuant to any Environmental Law.

"Intellectual Property" means all right, title and interest of the Vendor in and to the "prizm" name, mark, logo and domain name and the right, title and interest of the Vendor

in all intellectual property related to the operation of the Vendor's call centre or online ordering system.

"Interim Period" means the period between the close of business on the date of this Agreement and the Closing.

"Inventories" has the meaning specified in Schedule "B"

"Landlords" means the landlords under the Leases.

"Landlord Consents" means the consents, to the extent required by the terms of the applicable Leases, of the applicable Landlords under said Leases for the assignment thereof by the Vendor to the Purchaser as contemplated by the terms of this Agreement.

"Leased Premises" means the lands and premises which are the subject of the Leases relating to the Outlets by reference to their municipal address.

"Leases" means the leases relating to the Outlets.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

"Master Franchise Agreement" means the master franchise agreement between the Vendor and the Franchisor dated as of November 9, 2003, as amended.

"Material Adverse Effect" means any effect that is, or could reasonably be expected to be, material and adverse to the operations, affairs, or condition (financial or otherwise) of the Purchased Assets during the Interim period, taken as a whole which alone or in the aggregate has an adverse effect on the Purchased Assets in excess of CDN\$2,500,000.

"Material Contracts" means those contracts specified in Schedule "T".

"Material Contract Consents" means the consent of the contracting parties to the assignment of any Material Contracts if (a) required by the terms of such Material Contract, and (b) the failure to obtain which would individually have a Material Adverse Effect on the Purchased Assets.

"Monitor" means FTI Canada Consulting Inc., as Court-appointed monitor of the Vendor.

"no-action letter" has the meaning specified in the definition of "Competition Act Approval."

"Occupation Agreement" means the Occupation Agreement between the Vendor and the Purchaser dated as of the date hereof.

insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Entity in respect thereof and whether disputed or not.

"Trade Fixtures" means the fixtures, shelves, counters, display units, refrigeration equipment, deep fryers, cooking equipment, video cameras and other fixtures used in connection with the operation of the Purchased Assets and which are owned or leased by the Vendor.

"Trade Union" means a national, international, provincial or local organization or association of employees, or a local or provincial branch of a national or international organization or association of employees in British Columbia, that has as one of its purposes a regulation of relations between employers and employees through collective bargaining, and any member or representative of the same, and includes a council of trade unions or a member or representative of a council of trade unions;

"Transferred Employees" means those Designated Employees who accept the Purchaser's offer of employment.

"UPGC Shares" has the meaning specified in Schedule "B".

SCHEDULE "B"

PURCHASED ASSETS

1. The Vendor's right, title and interest in and to the Leases and the Leased Premises;
2. The Master Franchise Agreement as it relates to the Outlets and the Franchise Agreement for each Outlet;
3. All machinery, equipment, tools, handling equipment, computer equipment, information systems, furniture, furnishings and all other accessories and supplies of all kinds owned by the Vendor and used exclusively or primarily in connection with the Purchased Assets or by the Transferred Employees;
4. All inventories of the Purchased Assets (the "Inventories"), including all food, food ingredients, packaging materials, paper products and miscellaneous consumable and non-consumable inventories of the Purchased Assets;
5. All accounts receivable, notes receivable and other debts due or accruing due to the Vendor in connection with the Purchased Assets (the "Accounts Receivable") and the full benefit of all security for the Accounts Receivable;
6. All Prepaid Expenses;
7. Subject to Section 3 of the Agreement, the full benefit of all Material Contracts;
8. All Authorizations, owned, held or used by the Vendor in connection with the Purchased Assets to the extent that they are transferable;
9. The Restaurant Cash Float;
10. The shares in the capital of UPGC, Inc. ("UPGC Shares") owned by the Vendor and directly related to the Outlets;
11. The Vendor's right, title and interest in and to the Outlet Software Licenses; and
12. Any and all right, title and interest of the Vendor in and to the Trade Fixtures.

SCHEDULE "C"

EXCLUDED ASSETS

1. Any cash, cash equivalents, securities or other short-term investments of the Vendor (other than, for greater certainty, the Restaurant Cash Float);
2. The original Books and Records;
3. The Intellectual Property;
4. The Master Franchise Agreement other than as the Master Franchise Agreement relates to the Outlets;
5. The Vendor's right, title and interest in and to all software and related software licenses and computer hardware not used directly and exclusively at the Outlets (which for greater certainty does not include the Outlet Software Licenses);
6. The Vendor's right, title and interest in and to the information and technology support and maintenance agreement between the Vendor and IBM;
7. The Vendor's right, title and interest in and to its proportionate share of the sales rebate to which it is entitled to from UPGC, Inc. for the period up to and prior to Closing;
8. The Vendor's right, title and interest in and to the agreement between the Vendor and Global Payments in respect of debit and credit card services;
9. Any real property related to the Purchased Assets;
10. All insurance policies of the Vendor;
11. All Employee Plans; and
12. Any and all assets not located at an Outlet or comprising a Purchased Asset.

SCHEDULE "D"

VENDOR'S REPRESENTATIONS AND WARRANTIES

1. Subject to the Sale Approval Order and authorization as is required by the Court, the execution, delivery and performance by the Vendor of this Agreement:
 - (a) has been duly authorized by all necessary corporate and other action on the part of the Vendor;
 - (b) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws; and
 - (c) will not result in the violation of any Law.
2. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligations of the Vendor, enforceable against it in accordance with its terms subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
3. The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
4. Since April 21, 2011, the business carried on at the Outlets has been carried on in the Ordinary Course.
5. The Vendor is conducting and has always conducted the business carried on with the Purchased Assets in compliance with all Applicable Laws of each jurisdiction in which the Outlets are located in all material respects.
6. Except for the Excluded Assets, the property and assets included in the Purchased Assets constitute all of the assets used by the Vendor in carrying on the business conducted with the Purchased Assets.
7. The Vendor has legal and beneficial ownership of the Purchased Assets.
8. The Profit / Loss Statements fairly present the financial position of the Outlets as at the date it is given.
9. The inventory included in the Purchased Assets, subject to a reasonable allowance for obsolete inventory, is good and usable and is capable of being processed and sold in the Ordinary Course at normal profit margins. The inventory levels of the Purchased Assets have been maintained at levels sufficient for the continuation of the business conducted with the Purchased Assets in the Ordinary Course.

10. Except as disclosed in the Disclosure Letter, the Vendor does not own or purport to own any real property related to the Outlets.
11. The Vendor is not a party to, or under any agreement to become a party to, any leases with respect to real property that is used or to be used in connection with the Purchased Assets other than the Leases.
12. The Vendor has provided to the Purchaser a summary of the Leases.
13. Except for such actions as are required or permitted by the terms of the Initial Order, with respect to each Lease (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, and (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease, other than any default resulting from the Vendor's insolvency, the filing for protection pursuant to the CCAA, or any Outlet upgrade that was not made.
14. The Vendor has made available to the Purchaser the Books and Records related to the Outlets.
15. The Material Contracts represent all of the contracts used in connection with the Purchased Assets, and each Material Contract is in full-force and effect and is unamended and there are no outstanding material defaults or breaches under any of the Material Contracts other than any default resulting from the Vendor's insolvency, the filing for protection pursuant to the CCAA, or as permitted or required by the terms of the Initial Order.
16. No material regulatory approval or filing with, notice to, or waiver from any Governmental Entity (other than the Sale Approval Order) is required to be obtained or made by the Vendor: (a) in connection with the execution and delivery of, and performance by the Vendor of its obligations under, this Agreement or the consummation of the transactions contemplated hereby; (b) to transfer any and all rights and benefits thereunder to the Purchaser; or (c) to permit the Purchaser to carry on the business carried on by the Vendor using the Purchased Assets after the Closing as such business is currently carried on by the Vendor.
17. Except as disclosed in the Disclosure Letter, (a) the Vendor is in compliance with all applicable Environmental Laws related to the Outlets in all material respects and (b) to the actual knowledge of the Vendor there are no material breaches of Environmental Laws with respect to any of the properties on which an Outlet is situated. Except as disclosed in the Disclosure Letter, there are no contaminants located in the ground or in groundwater under any of the Outlets except for contaminants in concentrations which would not exceed applicable cleanup or response thresholds.

18. Except as disclosed in the Disclosure Letter, there is no unfair labour practice complaint, grievance or arbitration proceeding, Employment Standards complaints under applicable legislation, court actions or human rights complaints whatsoever, by or involving any of the Designated Employees or former employee (where the former employee wishes to be reinstated) in progress or, to the knowledge of the Vendor, threatened against it.
19. The Vendor has provided to the Purchaser a complete and accurate list of the Designated Employees relating to the Purchased Assets as at the date it is given, which list contains the material terms related to such employment and agrees to update such list as at the Closing Date.
20. The Vendor has provided to the Purchaser a complete and accurate list and description of all Designated Employees as at the date it is given who are on long term disability, on an extended leave of absence or in receipt of workers' compensation benefits and agrees to update such list as at the Closing Date.
21. The Vendor has provided to the Purchaser a complete and accurate list and description of all collective agreements or other agreements with any Trade Union or employee association currently in force with Vendor or any associated or related company (within the meaning thereof under the Labour Relations Code (British Columbia) (whether or not the expiry date of any such agreement has passed) with respect to the Designated Employees.
22. The Vendor has provided to the Purchaser a complete list and description of the Employee Plans applicable to the Designated Employees, together with all amendments, which have been made to such plans since their inception and all of the employee benefit booklets relating thereto.
23. Except as disclosed in the Disclosure Letter, the Vendor is in compliance with all Applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labour relations, pay equity and workers' compensation, in each case, in all material respects except as is permitted or required under the terms of the Initial Order.
24. None of the Employees is in material violation of any noncompetition, non-solicitation, non-disclosure or any similar agreement with any third party.
25. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any brokers' or finder's fee or any other commission or similar fee in connection with this Agreement or any of the transactions contemplated hereby except for such fees and commissions as will be paid by the Vendor at Closing without liability whatsoever to the Purchaser.

SCHEDULE "E"

PURCHASER'S REPRESENTATIONS AND WARRANTIES

1. The Purchaser has been duly incorporated and is validly subsisting under the laws of the jurisdiction of its incorporation, and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets and is qualified to carry on business under the laws of the jurisdictions where it carries on a material portion of its business.
2. The execution, delivery and performance by the Purchaser of this Agreement
 - (d) has been duly authorized by all necessary corporate action on the part of the Purchaser;
 - (e) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected; and
 - (f) will not result in the violation of any Law.
3. This Agreement has been duly executed and delivered by the Purchaser and constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. The Purchaser has provided evidence to the Vendor that the Purchaser has, and will have at Closing all funds on hand necessary to pay the Purchase Price referred to in Section 8.
5. The Purchaser is a WTO Investor for the purposes of the *Investment Canada Act*.
6. The Purchaser is a registrant within the meaning of Part IX of the *Excise Tax Act* (Canada) and its GST number is 840671515RT0001.

SCHEDULE "F"
PURCHASE PRICE ALLOCATION PER OUTLET
(Attached)

Schedule 1

Prov	Store	Address	City	LH	Equip	Franchise Rights	Goodwill	Total
QC	1207	195, rue Principale	Aylmer	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
QC	1208	347, bd. St-Joseph	Hull	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
QC	1209	258, rue Notre-Dame	Gatineau	\$ 197,511	\$ 169,295	\$ 112,863	\$ 84,647	\$ 564,316
QC	1210	164, bd. Creber (PFK/TB)	Gatineau	\$ 138,635	\$ 118,830	\$ 79,220	\$ 59,414	\$ 396,099
ON	1300	2000 Jane Street	North York	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1303	965 Dundas St. E.	Mississauga	\$ 133,930	\$ 114,797	\$ 76,531	\$ 57,399	\$ 382,657
ON	1304	1638 Avenue Road	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1305	3351 Lawrence Ave. E.	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1307	190 Queen St. E.	Brampton	\$ 57,782	\$ 49,528	\$ 33,018	\$ 24,764	\$ 165,092
ON	1309	563 Gerrard Street E.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1310	3495 Sheppard Ave. E.	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1311	2567 Eglinton Ave. E.	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1313	1265 Lawrence Ave. W.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1315	829 St. Clair Ave. W. (KFC/PH)	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1317	1760 Lawrence Ave. E.	Scarborough	\$ 110,984	\$ 95,129	\$ 63,419	\$ 47,564	\$ 317,096
ON	1322	1 Steeles Ave. E.	Brampton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1323	3517 Dundas St. W.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1325	2799 Kingston Road	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1326	9025 Torbram Rd	Brampton	\$ 98,793	\$ 84,680	\$ 56,453	\$ 42,339	\$ 282,265
ON	1327	1221 Dundas Street W.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1329	415 Mt. Pleasant Road	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1330	7161 Goreway Dr. (KFC/TB)	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1331	1338 Kennedy Road (KFC/TB)	Scarborough	\$ 39,522	\$ 33,876	\$ 22,584	\$ 16,937	\$ 112,919
ON	1333	466 Queen Street W. (KFC/TB)	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1334	636 Bloor Street W. (KFC/TB)	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1335	2774 Victoria Park	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1336	2500 Danforth Avenue	Toronto	\$ 81,288	\$ 69,675	\$ 46,450	\$ 34,838	\$ 232,251
ON	1338	2296 Eglinton Ave. W.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1339	2377 Finch Ave. W.	North York	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1340	1743 Albion Road (KFC/TB)	Etobicoke	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1344	891 Pape Avenue	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1345	655 Davis Drive	Newmarket	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1346	3015 Winston Churchill	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1347	5500 Lawrence Ave. E.	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1351	1630 Queen St. E.	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1355	5863 Highway #7	Markham	\$ 100,685	\$ 86,302	\$ 57,534	\$ 43,151	\$ 287,672
ON	1356	5109 Sheppard Ave. E.	Scarborough	\$ 45,188	\$ 38,732	\$ 25,822	\$ 19,366	\$ 129,108
ON	1357	2848 Ellesmere Road	Scarborough	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1360	1340 Kingston Rd. #1	Pickering	\$ 130,271	\$ 111,661	\$ 74,441	\$ 55,830	\$ 372,203
ON	1364	896 Burnhamthorpe Rd	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1365	1971 Finch Ave. W.	Downsview	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1367	60 Dundas St. E.	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1369	27 Ruth Ave., Heartlake	Brampton	\$ 34,006	\$ 29,148	\$ 19,432	\$ 14,573	\$ 97,159
ON	1371	4559 Hurontario St. Unit A7	Mississauga	\$ 41,186	\$ 35,302	\$ 23,535	\$ 17,650	\$ 117,673
ON	1372	973 Simcoe St. N.	Oshawa	\$ 107,485	\$ 92,130	\$ 61,420	\$ 46,064	\$ 307,099
ON	1373	474 Simcoe St. S.	Oshawa	\$ 118,808	\$ 101,835	\$ 67,890	\$ 50,918	\$ 339,451
ON	1374	574 King St. E.	Oshawa	\$ 116,400	\$ 99,771	\$ 66,514	\$ 49,886	\$ 332,571
ON	1377	15 Westney Rd.,	Ajax	\$ 389,845	\$ 334,153	\$ 222,769	\$ 167,077	\$ 1,113,844
ON	1378	25 Thickson Rd.	Whitby	\$ 47,923	\$ 41,077	\$ 27,385	\$ 20,539	\$ 136,924
ON	1380	9940 Airport Rd., Bldg. K (KFC/TB)	Brampton	\$ 382,290	\$ 327,677	\$ 218,451	\$ 163,838	\$ 1,092,256
ON	1385	10068 McLaughlin Road (KFC/TB)	Brampton	\$ 420,748	\$ 360,641	\$ 240,428	\$ 180,321	\$ 1,202,138
ON	1388	5322 Dundas Street West (KFC/TB)	Etobicoke	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1389	10594 Yonge Street (KFC/TB)	Richmond Hill	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1391	6277 Mississauga Road	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1392	6740 Meadowvale Town Centre	Mississauga	\$ 174,440	\$ 149,520	\$ 99,680	\$ 74,759	\$ 498,399
ON	1393	1070 Major Mackenzie Dr. E (KFC/TB)	Richmond Hill	\$ 184,045	\$ 157,753	\$ 105,168	\$ 78,876	\$ 525,842
ON	1394	3777 Keele Street (KFC/TB)	North York	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1396	2225 Erin Mills Pky (KFC/TB)	Mississauga	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1402	932 St. Laurent Blvd	Ottawa	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1405	1677 Bank St.	Ottawa	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1406	Hwy #31, 2919 Bank St.	Ottawa	\$ 75,207	\$ 64,463	\$ 42,976	\$ 32,232	\$ 214,878
ON	1407	1556 Merivale Road	Nepean	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1408	3780 Fallowfield Road, Unit 724	Nepean	\$ 160,965	\$ 137,970	\$ 91,980	\$ 68,986	\$ 459,901
ON	1409	4027 Innes Rd. (KFC/TB)	Gloucester	\$ 133,292	\$ 114,251	\$ 76,167	\$ 57,125	\$ 380,835
ON	1410	21 Main St. E.	Smith Falls	\$ 70,529	\$ 60,453	\$ 40,302	\$ 30,226	\$ 201,510
ON	1411	41 Dufferin St.	Perth	\$ 36,642	\$ 31,407	\$ 20,938	\$ 15,703	\$ 104,690
ON	1412	415 Pembroke St. E.	Pembroke	\$ 141,756	\$ 121,505	\$ 81,003	\$ 60,753	\$ 405,017
ON	1413	70 Raglan St. S.	Renfrew	\$ 85,219	\$ 73,045	\$ 48,697	\$ 36,523	\$ 243,484
ON	1414	145 Madawaska Blvd	Arnprior	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1416	475 Hazeldean Rd. (KFC/TB)	Kanata	\$ 189,449	\$ 162,385	\$ 108,257	\$ 81,193	\$ 541,284
ON	1418	1943 Baseline Road	Ottawa	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1425	307 Cannon St. E.	Hamilton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1426	716 Main St. E.	Hamilton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1427	45 Parkdale Ave. N.	Hamilton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1428	1222 Barton St. E.	Hamilton	\$ 53,861	\$ 46,166	\$ 30,778	\$ 23,083	\$ 153,888
ON	1429	631 King St. W.	Hamilton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1430	133 Hwy 8	Stoney Creek	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1431	706 Queenston Road	Hamilton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1437	1072 Adelaide St. N.	London	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1438	1683 Dundas St.	London	\$ 100,456	\$ 86,105	\$ 57,403	\$ 43,053	\$ 287,017

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Prov	Store	Address	City	LH	Equip	Franchise Rights	Goodwill	Total
ON	1439	689 Hamilton Rd	London	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1442	850 Wellington Rd S.	London	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1444	1915 Hyde Park Road (KFC/TB)	London	\$ 115,562	\$ 99,053	\$ 66,035	\$ 49,527	\$ 330,177
ON	1445	1026 Wonderland Rd., S. (KFC/TB)	London	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1446	3006 Dougall Rd	Windsor	\$ 56,757	\$ 48,649	\$ 32,432	\$ 24,324	\$ 162,162
ON	1448	1916 Wyandotte St. W.	Windsor	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1449	1485 Erie St. E.	Windsor	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1450	4320 Tecumseh Rd E.	Windsor	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1452	27 Amy Croft Road	Windsor	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1500	315 Bayfield St. N. (KFC/TB)	Barrie	\$ 132,880	\$ 113,897	\$ 75,932	\$ 56,949	\$ 379,658
ON	1502	353 Duckworth St.	Barrie	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1504	70 First Street	Collingwood	\$ 33,889	\$ 29,048	\$ 19,365	\$ 14,523	\$ 96,825
ON	1505	375 King Street	Midland	\$ 115,956	\$ 99,391	\$ 66,260	\$ 49,695	\$ 331,302
ON	1506	786 Chemong Rd.	Peterborough	\$ 247,618	\$ 212,244	\$ 141,496	\$ 106,122	\$ 707,480
ON	1509	507 Division St.	Cobourg	\$ 39,594	\$ 33,938	\$ 22,625	\$ 16,969	\$ 113,126
ON	1510	63 Lindsay St. (KFC/TB)	Lindsay	\$ 141,724	\$ 121,478	\$ 80,985	\$ 60,738	\$ 404,925
ON	1511	209 King St.,	Bowmanville	\$ 103,986	\$ 89,131	\$ 59,420	\$ 44,565	\$ 297,102
ON	1512	178 Front St.,	Trenton	\$ 114,953	\$ 98,531	\$ 65,687	\$ 49,265	\$ 328,436
ON	1514	464 Dundas St.	Belleville	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1515	90 Main St.	Picton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1516	499 Dundas St. (Galt) (KFC/TB)	Cambridge	\$ 140,028	\$ 120,024	\$ 80,016	\$ 60,012	\$ 400,080
ON	1518	79 Charing Cross Street	Branford	\$ 118,900	\$ 101,914	\$ 67,943	\$ 50,956	\$ 339,713
ON	1519	27 Dalhousie Street	Branford	\$ 102,957	\$ 88,249	\$ 58,833	\$ 44,124	\$ 294,163
ON	1520	474 Norfolk St. S.	Simcoe	\$ 137,020	\$ 117,446	\$ 78,297	\$ 58,722	\$ 391,485
ON	1521	7 King St.	Delhi	\$ 91,353	\$ 78,302	\$ 52,202	\$ 39,151	\$ 261,008
ON	1522	80 Talbot St. W.	Alymer	\$ 71,255	\$ 61,076	\$ 40,717	\$ 30,539	\$ 203,587
ON	1523	979 Talbot St.	St. Thomas	\$ 197,726	\$ 169,480	\$ 112,986	\$ 84,740	\$ 564,932
ON	1525	134 Talbot St. W.	Leamington	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1527	541 Queen St.	Chatham	\$ 71,533	\$ 61,314	\$ 40,876	\$ 30,657	\$ 204,380
ON	1528	346 St. Clair St.	Chatham	\$ 59,323	\$ 50,848	\$ 33,899	\$ 25,424	\$ 169,494
ON	1529	1314 Dufferin St.	Wallaceburg	\$ 45,816	\$ 39,271	\$ 26,181	\$ 19,635	\$ 130,903
ON	1530	5 Mill St. W.	Tilbury	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1532	1300 LaSalle Blvd	Sudbury	\$ 132,665	\$ 113,713	\$ 75,809	\$ 56,856	\$ 379,043
ON	1533	1341 Martindale Rd	Sudbury	\$ 135,272	\$ 115,947	\$ 77,298	\$ 57,973	\$ 386,490
ON	1535	405 Cote' Blvd., Box 10.	Chelmsford	\$ 70,189	\$ 60,162	\$ 40,108	\$ 30,082	\$ 200,541
ON	1536	1657 Main St. West.	Val Caron	\$ 55,765	\$ 47,798	\$ 31,866	\$ 23,899	\$ 159,328
ON	1537	2013 Arthur St. E.	Thunder Bay	\$ 394,345	\$ 338,010	\$ 225,340	\$ 169,005	\$ 1,126,700
ON	1538	825 Red River Rd	Thunder Bay	\$ 157,829	\$ 135,282	\$ 90,188	\$ 67,642	\$ 450,941
ON	1539	319 N. Cumberland St.	Thunder Bay	\$ 191,098	\$ 163,798	\$ 109,199	\$ 81,898	\$ 545,993
ON	1540	136 Grand Trunk Ave.	Dryden	\$ 183,404	\$ 157,203	\$ 104,802	\$ 78,601	\$ 524,010
ON	1541	161 Trunk Road	Sault St. Marie	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1542	389 Great Northern Rd (KFC/TB)	Sault St. Marie	\$ 132,559	\$ 113,622	\$ 75,748	\$ 56,811	\$ 378,740
ON	1543	50 Wellington St.	Guelph	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1544	620 Scottsdale Dr.	Guelph	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1545	1001 3rd Avenue East	Owen Sound	\$ 106,849	\$ 91,585	\$ 61,056	\$ 45,792	\$ 305,282
ON	1546	675 St. David Street	Fergus	\$ 47,448	\$ 40,670	\$ 27,113	\$ 20,336	\$ 135,567
ON	1547	379 Ontario Street (KFC/TB)	St. Catharines	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1548	60 Hartzell Road	St. Catharines	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1549	Linwell Plaza 486-500 Grantham Ave.	St. Catharines	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1552	3567 Portage Road	Niagara Falls	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1553	311 Main Street	Dunnville	\$ 40,624	\$ 34,820	\$ 23,214	\$ 17,410	\$ 116,068
ON	1554	322 Argyle Street South	Caledonia	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1555	1245 Brookdale Ave.	Cornwall	\$ 176,871	\$ 151,604	\$ 101,069	\$ 75,802	\$ 505,346
ON	1556	1326 Second St.	Cornwall	\$ 48,113	\$ 41,240	\$ 27,493	\$ 20,621	\$ 137,467
ON	1557	827 McGill St.	Hawkesbury	\$ 170,047	\$ 145,754	\$ 97,170	\$ 72,877	\$ 485,848
ON	1559	28 Dumfries St.	Paris	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1561	644 Yonge Street (KFC/TB)	Barrie	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1564	38 Broadway Avenue (KFC/TB)	Orangeville	\$ 160,078	\$ 137,210	\$ 91,473	\$ 68,606	\$ 457,367
BC	1800	5094 Kingsway	Burnaby	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1802	1147 Davie Street	Vancouver	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1803	726 - 6th Street	New Westminster	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1807	10565 King George Hwy	Surrey	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1808	6487 Knight Street	Vancouver	\$ 145,322	\$ 124,562	\$ 83,041	\$ 62,281	\$ 415,206
BC	1811	2255 Lonsdale Avenue	North Vancouver	\$ 100,248	\$ 85,927	\$ 57,285	\$ 42,964	\$ 286,424
BC	1813	22219 Lougheed Hwy (KFC/TB)	Maple Ridge	\$ 136,786	\$ 117,245	\$ 78,163	\$ 58,622	\$ 390,816
BC	1814	2190 Kingsway	Vancouver	\$ 82,975	\$ 71,121	\$ 47,414	\$ 35,561	\$ 237,071
BC	1815	1531 Johnston Rd	White Rock	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1818	9056 - 152nd Street (KFC/TB)	Surrey	\$ 180,048	\$ 154,327	\$ 102,885	\$ 77,164	\$ 514,424
BC	1819	602 Clarke Rd	Coquitlam	\$ 40,284	\$ 34,529	\$ 23,020	\$ 17,265	\$ 115,098
BC	1820	13577 - 73rd Avenue (KFC/TB)	Surrey	\$ 34,748	\$ 29,784	\$ 19,856	\$ 14,893	\$ 99,281
BC	1823	32843 South Fraser Way	Abbotsford	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1824	795 East Broadway	Vancouver	\$ 64,160	\$ 54,994	\$ 36,663	\$ 27,496	\$ 183,313
BC	1826	45843 Yale Road W.	Chilliwack	\$ 55,947	\$ 47,955	\$ 31,970	\$ 23,977	\$ 159,849
BC	1827	6 - 8751 No. 1 Road	Richmond	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1828	19971 - 64th Avenue (KFC/TB)	Langley	\$ 127,659	\$ 109,422	\$ 72,948	\$ 54,710	\$ 364,739
BC	1832	45367 Luckakuck Way (KFC/TB)	Sardis	\$ 108,568	\$ 93,058	\$ 62,039	\$ 46,529	\$ 310,194
BC	1835	20177 88th Avenue, R.R.# 15	Langley	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1836	#208 - 10111 No. 3 Road	Richmond	\$ 74,835	\$ 64,144	\$ 42,763	\$ 32,071	\$ 213,813
BC	1837	2677 Clearbrook Rd.	Clearbrook	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1838	12121 - 72nd Avenue	Surrey	\$ 125,082	\$ 107,213	\$ 71,475	\$ 53,606	\$ 357,376

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Prov	Store Address	City	LH	Equip	Franchise Rights	Goodwill	Total
BC	1839 Pinetree Village 1-2991 Loughead Hwy. (KFC/TB)	Coquitlam	\$ 108,688	\$ 93,161	\$ 62,108	\$ 46,581	\$ 310,538
BC	1840 #101-8737 120 St (KFC/TB)	Delta	\$ 75,132	\$ 64,399	\$ 42,932	\$ 32,199	\$ 214,662
BC	1860 1555 Hillside Avenue	Victoria	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1861 3140 Douglas Street	Victoria	\$ 40,419	\$ 34,645	\$ 23,097	\$ 17,322	\$ 115,483
BC	1862 731 Goldstream Avenue	Victoria	\$ 133,032	\$ 114,027	\$ 76,018	\$ 57,013	\$ 380,090
BC	1870 1897 Main Street (KFC/TB)	Penticton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1872 4102 Redford Street	Port Alberni	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1874 3110 - 32nd Street	Vernon	\$ 51,008	\$ 43,721	\$ 29,147	\$ 21,860	\$ 145,736
BC	1875 855 - 8th Street	North Kamloops	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1876 902 Island Hwy.	Campbell River	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1877 4750 Lakelse Avenue (KFC/TB)	Terrace	\$ 56,810	\$ 48,695	\$ 32,463	\$ 24,347	\$ 162,315
BC	1882 230 N.E. Ross Street	Salmon Arm	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1883 310 Oliver Street	Williams Lake	\$ 52,480	\$ 44,983	\$ 29,989	\$ 22,491	\$ 149,943
BC	1886 520 Cranbrook Street	Cranbrook	\$ 116,753	\$ 100,074	\$ 66,716	\$ 50,038	\$ 333,581
BC	1887 555 Notre Dame Dr (KFC/TB)	Kamloops	\$ 115,201	\$ 98,744	\$ 65,829	\$ 49,373	\$ 329,147
BC	1888 520 Hwy. 33 West (KFC/TB)	Kelowna	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
BC	1890 6896 Island Hwy. N. (KFC/TB)	North Nanaimo	\$ 118,756	\$ 101,791	\$ 67,861	\$ 50,895	\$ 339,303
BC	1891 #3 - 3151 Lakeshore Rd	Kelowna	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1909 SCARBOROUGH TOWN CENTRE #286 - 300 Borough Drive	Scarborough	\$ 219,536	\$ 188,174	\$ 125,449	\$ 94,087	\$ 627,246
ON	1910 BRAMALEA CITY CENTRE 25 Peel Centre Dr.	Brampton	\$ 72,818	\$ 62,415	\$ 41,610	\$ 31,208	\$ 208,051
ON	1918 SQUARE ONE 100 City Center Dr.	Mississauga	\$ 155,187	\$ 133,017	\$ 88,678	\$ 66,509	\$ 443,391
ON	1919 DEVONSHIRE 3100 Howard Ave.	Windsor	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1920 RIDEAU CENTER 50 Rideau St	Ottawa	\$ 140,959	\$ 120,822	\$ 80,548	\$ 60,410	\$ 402,739
ON	1921 TORONTO EATON CENTRE 220 Yonge Street	Toronto	\$ 114,321	\$ 97,990	\$ 65,326	\$ 48,995	\$ 326,632
ON	1926 DUFFERIN MALL 900 Dufferin Street	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1927 FAIRVIEW MALL 1800 Sheppard Ave. E.	North York	\$ 108,577	\$ 93,066	\$ 62,044	\$ 46,533	\$ 310,220
ON	1931 SCOTIA PLAZA 40 King Street W., Box 526	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	1932 YORKDALE PLAZA 3401 Dufferin St.	North York	\$ 162,220	\$ 139,046	\$ 92,697	\$ 69,524	\$ 463,487
ON	1933 MARKVILLE UNIT 5000 Hwy 7 E. #261	Markham	\$ 48,970	\$ 41,974	\$ 27,983	\$ 20,987	\$ 139,914
ON	1940 COLLEGE PARK 444 Yonge Street (KFC/TB)	Toronto	\$ 177,050	\$ 151,757	\$ 101,171	\$ 75,878	\$ 505,856
ON	1943 YORK UNIVERSITY 4700 Keele St. (KFC/TB)	North York	\$ 50,384	\$ 43,186	\$ 28,791	\$ 21,592	\$ 143,953
ON	1950 Shoppers World 499 Main St. Unit #56 (KFC/TB)	Brampton	\$ 66,540	\$ 57,035	\$ 38,023	\$ 28,517	\$ 190,115
ON	1951 Promenade Mall, 1 Promenade Circle Units F113 & SCL13 (KFC/TB)	Thornhill	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	4409 919 Industrial Avenue (3n1 - PH/TB/KFC) <6400>	Ottawa	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	4518 1 Richmond Street (PH/KFC)	Napanee	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	6307 730 Yonge Street (TB/KFC) (MALL)	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	6311 1610 The Queensway (TB/KFC)	Etobicoke	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	6314 7028 Yonge Street (TB/KFC)	Thornhill	\$ 131,271	\$ 112,518	\$ 75,012	\$ 56,258	\$ 375,059
ON	6315 230 Queen Street East (TB)	Brampton	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	6316 16599 Yonge Street (TB/KFC)	Newmarket	\$ 137,145	\$ 117,553	\$ 78,368	\$ 58,776	\$ 391,842
ON	6317 900 Dufferin Rd. Building B (3n1 - TB/PH/KFC)	Toronto	\$ 10,171	\$ 8,718	\$ 5,812	\$ 4,360	\$ 29,061
ON	6502 336 Front Street North (TB/KFC 1513)	Belleville	\$ 319,867	\$ 274,172	\$ 182,781	\$ 137,087	\$ 913,907
ON	6504 595 Lansdowne Avenue (TB/KFC)	Peterborough	\$ 193,782	\$ 166,099	\$ 110,732	\$ 83,049	\$ 553,662
ON	6901 DEVONSHIRE MALL 3100 Howard Ave. (TB) (MALL)	Windsor	\$ 53,690	\$ 46,020	\$ 30,680	\$ 23,010	\$ 153,400
	204 TOTAL		\$ 13,824,972	\$ 11,849,975	\$ 7,899,960	\$ 5,925,073	\$ 39,500,000

SCHEDULE "G"

OUTLETS

(Attached)

SCHEDULE "G"

OUTLETS

	Prov	Store	Address	City
1.	QC	1207	195, rue Principale	Aylmer
2.	QC	1208	347, bd. St-Joseph	Hull
3.	QC	1209	258, rue Notre-Dame	Gatineau
4.	QC	1210	164, bd. Greber (PFK/TB)	Gatineau
5.	ON	1300	2000 Jane Street	North York
6.	ON	1303	965 Dundas St. E.	Mississauga
7.	ON	1304	1638 Avenue Road	Toronto
8.	ON	1305	3351 Lawrence Ave. E.	Scarborough
9.	ON	1307	190 Queen St. E.	Brampton
10.	ON	1309	563 Gerrard Street E.	Toronto
11.	ON	1310	3495 Sheppard Ave. E.	Scarborough
12.	ON	1311	2567 Eglinton Ave. E.	Scarborough
13.	ON	1313	1265 Lawrence Ave. W.	Toronto
14.	ON	1315	829 St. Clair Ave. W. (KFC/PH)	Toronto
15.	ON	1317	1760 Lawrence Ave. E.	Scarborough
16.	ON	1322	1 Steeles Ave. E.	Brampton
17.	ON	1323	3517 Dundas St. W.	Toronto
18.	ON	1325	2799 Kingston Road	Scarborough
19.	ON	1326	9025 Torbram Rd	Brampton
20.	ON	1327	1221 Dundas Street W.	Toronto
21.	ON	1329	415 Mt. Pleasant Road	Toronto
22.	ON	1330	7161 Goreway Dr. (KFC/TB)	Mississauga
23.	ON	1331	1338 Kennedy Road (KFC/TB)	Scarborough

24.	ON	1333	466 Queen Street W. (KFC/TB)	Toronto
25.	ON	1334	636 Bloor Street W. (KFC/TB)	Toronto
26.	ON	1335	2774 Victoria Park	Toronto
27.	ON	1336	2500 Danforth Avenue	Toronto
28.	ON	1338	2296 Eglinton Ave. W.	Toronto
29.	ON	1339	2377 Finch Ave. W.	North York
30.	ON	1340	1743 Albion Road (KFC/TB)	Etobicoke
31.	ON	1344	891 Pape Avenue	Toronto
32.	ON	1345	655 Davis Drive	Newmarket
33.	ON	1346	3015 Winston Churchill	Mississauga
34.	ON	1347	5500 Lawrence Ave. E.	Scarborough
35.	ON	1351	1630 Queen St. E.	Toronto
36.	ON	1355	5863 Highway #7	Markham
37.	ON	1356	5109 Sheppard Ave. E.	Scarborough
38.	ON	1357	2848 Ellesmere Road	Scarborough
39.	ON	1360	1340 Kingston Rd. #1	Pickering
40.	ON	1364	896 Burnhamthorpe Rd	Mississauga
41.	ON	1365	1971 Finch Ave. W.	Downsview
42.	ON	1367	60 Dundas St. E.	Mississauga
43.	ON	1369	27 Ruth Ave., Heartlake	Brampton
44.	ON	1371	4559 Hurontario St. Unit A7	Mississauga
45.	ON	1372	973 Simcoe St. N.	Oshawa
46.	ON	1373	474 Simcoe St. S.	Oshawa
47.	ON	1374	574 King St. E.	Oshawa
48.	ON	1377	15 Westney Rd.,	Ajax

49.	ON	1378	25 Thickson Rd.	Whitby
50.	ON	1380	9940 Airport Rd., Bldg. K (KFC/TB)	Brampton
51.	ON	1385	10068 McLaughlin Road (KFC/TB)	Brampton
52.	ON	1388	5322 Dundas Street West (KFC/TB)	Etobicoke
53.	ON	1389	10594 Yonge Street (KFC/TB)	Richmond Hill
54.	ON	1391	6277 Mississauga Road	Mississauga
55.	ON	1392	6740 Meadowvale Town Centre	Mississauga
56.	ON	1393	1070 Major Mackenzie Dr. E (KFC/TB)	Richmond Hill
57.	ON	1394	3777 Keele Street (KFC/TB)	North York
58.	ON	1396	2225 Erin Mills Pky (KFC/TB)	Mississauga
59.	ON	1402	932 St. Laurent Blvd	Ottawa
60.	ON	1405	1677 Bank St.	Ottawa
61.	ON	1406	Hwy #31, 2919 Bank St.	Ottawa
62.	ON	1407	1556 Merivale Road	Nepean
63.	ON	1408	3780 Fallowfield Road, Unit 724	Nepean
64.	ON	1409	4027 Innes Rd (KFC/TB)	Gloucester
65.	ON	1410	21 Main St. E.	Smith Falls
66.	ON	1411	41 Dufferin St.	Perth
67.	ON	1412	415 Pembroke St. E.	Pembroke
68.	ON	1413	70 Raglan St. S.	Renfrew
69.	ON	1414	145 Madawaska Blvd	Arnprior
70.	ON	1416	475 Hazeldean Rd. (KFC/TB)	Kanata
71.	ON	1418	1943 Baseline Road	Ottawa
72.	ON	1425	307 Cannon St. E.	Hamilton
73.	ON	1426	716 Main St. E.	Hamilton

74.	ON	1427	45 Parkdale Ave. N.	Hamilton
75.	ON	1428	1222 Barton St. E.	Hamilton
76.	ON	1429	631 King St. W.	Hamilton
77.	ON	1430	133 Hwy 8	Stoney Creek
78.	ON	1431	706 Queenston Road	Hamilton
79.	ON	1437	1072 Adelaide St. N.	London
80.	ON	1438	1683 Dundas St.	London
81.	ON	1439	689 Hamilton Rd	London
82.	ON	1442	850 Wellington Rd S.	London
83.	ON	1444	1915 Hyde Park Road (KFC/TB)	London
84.	ON	1445	1026 Wonderland Rd., S. (KFC/TB)	London
85.	ON	1446	3006 Dougall Rd	Windsor
86.	ON	1448	1916 Wyandotte St. W.	Windsor
87.	ON	1449	1485 Erie St. E.	Windsor
88.	ON	1450	4320 Tecumseh Rd E.	Windsor
89.	ON	1452	27 Amy Croft Road	Windsor
90.	ON	1500	315 Bayfield St. N. (KFC/TB)	Barrie
91.	ON	1502	353 Duckworth St.	Barrie
92.	ON	1504	70 First Street	Collingwood
93.	ON	1505	375 King Street	Midland
94.	ON	1506	786 Chemong Rd.	Peterborough
95.	ON	1509	507 Division St.,	Cobourg
96.	ON	1510	63 Lindsay St. (KFC/TB)	Lindsay
97.	ON	1511	209 King St.,	Bowmanville
98.	ON	1512	178 Front St.,	Trenton

99.	ON	1514	464 Dundas St.	Belleville
100.	ON	1515	90 Main St.	Picton
101.	ON	1516	499 Dundas St. (Galt) (KFC/TB)	Cambridge
102.	ON	1518	79 Charing Cross Street	Brantford
103.	ON	1519	27 Dalhousie Street	Brantford
104.	ON	1520	474 Norfolk St. S.	Simcoe
105.	ON	1521	7 King St.	Delhi
106.	ON	1522	80 Talbot St. W.	Alymer
107.	ON	1523	979 Talbot St.	St. Thomas
108.	ON	1525	134 Talbot St. W.	Leamington
109.	ON	1527	541 Queen St.	Chatham
110.	ON	1528	346 St. Clair St.	Chatham
111.	ON	1529	1314 Dufferin St.	Wallaceburg
112.	ON	1530	5 Mill St. W.	Tilbury
113.	ON	1532	1300 LaSalle Blvd	Sudbury
114.	ON	1533	1341 Martindale Rd	Sudbury
115.	ON	1535	405 Cote' Blvd., Box 10.	Chelmsford
116.	ON	1536	1657 Main St. West.	Val Caron
117.	ON	1537	2013 Arthur St. E.	Thunder Bay
118.	ON	1538	825 Red River Rd	Thunder Bay
119.	ON	1539	319 N. Cumberland St.	Thunder Bay
120.	ON	1540	136 Grand Trunk Ave.	Dryden
121.	ON	1541	161 Trunk Road	Sault St. Marie
122.	ON	1542	389 Great Northern Rd (KFC/TB)	Sault St. Marie
123.	ON	1543	50 Wellington St.	Guelph

124.	ON	1544	620 Scottsdale Dr.	Guelph
125.	ON	1545	1001 3rd Avenue East	Owen Sound
126.	ON	1546	675 St. David Street	Fergus
127.	ON	1547	379 Ontario Street (KFC/TB)	St. Catharines
128.	ON	1548	60 Hartzell Road	St. Catharines
129.	ON	1549	Linwell Plaza 486-500 Grantham Ave.	St. Catharines
130.	ON	1552	3567 Portage Road	Niagara Falls
131.	ON	1553	311 Main Street	Dunnville
132.	ON	1554	322 Argyle Street South	Caledonia
133.	ON	1555	1245 Brookdale Ave.	Cornwall
134.	ON	1556	1326 Second St.	Cornwall
135.	ON	1557	827 McGill St.	Hawkesbury
136.	ON	1559	28 Dumfries St.	Paris
137.	ON	1561	644 Yonge Street (KFC/TB)	Barrie
138.	ON	1564	38 Broadway Avenue (KFC/TB)	Orangeville
139.	BC	1800	5094 Kingsway	Burnaby
140.	BC	1802	1147 Davie Street	Vancouver
141.	BC	1803	726 - 6th Street	New Westminster
142.	BC	1807	10565 King George Hwy	Surrey
143.	BC	1808	6487 Knight Street	Vancouver
144.	BC	1811	2255 Lonsdale Avenue	North Vancouver
145.	BC	1813	22219 Lougheed Hwy (KFC/TB)	Maple Ridge
146.	BC	1814	2190 Kingsway	Vancouver
147.	BC	1815	1531 Johnston Rd	White Rock
148.	BC	1818	9056 - 152nd Street (KFC/TB)	Surrey

149.	BC	1819	602 Clarke Rd	Coquitlam
150.	BC	1820	13577 - 73rd Avenue (KFC/TB)	Surrey
151.	BC	1823	32843 South Fraser Way	Abbotsford
152.	BC	1824	795 East Broadway	Vancouver
153.	BC	1826	45843 Yale Road W.	Chilliwack
154.	BC	1827	6 - 8751 No. 1 Road	Richmond
155.	BC	1828	19971 - 64th Avenue (KFC/TB)	Langley
156.	BC	1832	45367 Luckakuck Way (KFC/TB)	Sardis
157.	BC	1835	20177 88th Avenue, R.R.# 15	Langley
158.	BC	1836	#208 - 10111 No. 3 Road	Richmond
159.	BC	1837	2677 Clearbrook Rd.	Clearbrook
160.	BC	1838	12121 - 72nd Avenue	Surrey
161.	BC	1839	Pinetree Village 1-2991 Loughead Hwy. (KFC/TB)	Coquitlam
162.	BC	1840	#101-8737 120 St. (KFC/TB)	Delta
163.	BC	1860	1555 Hillside Avenue	Victoria
164.	BC	1861	3140 Douglas Street	Victoria
165.	BC	1862	731 Goldstream Avenue	Victoria
166.	BC	1870	1897 Main Street (KFC/TB)	Penticton
167.	BC	1872	4102 Redford Street	Port Alberni
168.	BC	1874	3110 - 32nd Street	Vernon
169.	BC	1875	855 - 8th Street	North Kamloops
170.	BC	1876	902 Island Hwy.	Campbell River
171.	BC	1877	4750 Lakelse Avenue (KFC/TB)	Terrace
172.	BC	1882	230 N.E. Ross Street	Salmon Arm
173.	BC	1883	310 Oliver Street	Williams Lake

174.	BC	1886	520 Cranbrook Street	Cranbrook
175.	BC	1887	555 Notre Dame Dr (KFC/TB)	Kamloops
176.	BC	1888	520 Hwy. 33 West (KFC/TB)	Kelowna
177.	BC	1890	6896 Island Hwy. N. (KFC/TB)	North Nanaimo
178.	BC	1891	#3 - 3151 Lakeshore Rd	Kelowna
179.	ON	1909	SCARBOROUGH TOWN CENTRE #286 - 300 Borough Drive	Scarborough
180.	ON	1910	BRAMALEA CITY CENTRE 25 Peel Centre Dr.	Brampton
181.	ON	1918	SQUARE ONE 100 City Center Dr.	Mississauga
182.	ON	1919	DEVONSHIRE 3100 Howard Ave.	Windsor
183.	ON	1920	RIDEAU CENTER 50 Rideau St	Ottawa
184.	ON	1921	TORONTO EATON CENTRE 220 Yonge Street	Toronto
185.	ON	1926	DUFFERIN MALL 900 Dufferin Street	Toronto
186.	ON	1927	FAIRVIEW MALL 1800 Sheppard Ave. E.	North York
187.	ON	1931	SCOTIA PLAZA 40 King Street W., Box 526	Toronto
188.	ON	1932	YORKDALE PLAZA 3401 Dufferin St.	North York
189.	ON	1933	MARKVILLE UNIT 5000 Hwy 7 E. #261	Markham
190.	ON	1940	COLLEGE PARK 444 Yonge Street (KFC/TB)	Toronto
191.	ON	1943	YORK UNIVERSITY 4700 Keele St. (KFC/TB)	North York
192.	ON	1950	Shoppers World 499 Main St. Unit #56 (KFC/TB)	Brampton
193.	ON	1951	Promenade Mall, 1 Promenade Circle Units F113 & SC13 (KFC/TB)	Thornhill
194.	ON	4409	919 Industrial Avenue (3n1 - PH/TB/KFC) <6400>	Ottawa
195.	ON	4518	1 Richmond Street (PH/KFC)	Napanee
196.	ON	6307	730 Yonge Street (TB/KFC) (MALL)	Toronto
197.	ON	6311	1610 The Queensway (TB/KFC)	Etobicoke
198.	ON	6314	7028 Yonge Street (TB/KFC)	Thornhill

199.	ON	6315	230 Queen Street East (TB)	Brampton
200.	ON	6316	16599 Yonge Street (TB/KFC)	Newmarket
201.	ON	6317	900 Dufferin Rd. Building B (3n1 - TB/PH/KFC)	Toronto
202.	ON	6502	336 Front Street North (TB/KFC 1513)	Belleville
203.	ON	6504	595 Lansdowne Avenue (TB/KFC)	Peterborough
204.	ON	6901	DEVONSHIRE MALL 3100 Howard Ave. (TB) (MALL)	Windsor

SCHEDULE "H"
SALE APPROVAL ORDER
(Attached)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ●) ●DAY, THE ●
JUSTICE ●) DAY OF MAY, 2011

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.

(the "Applicants")

APPROVAL AND VESTING ORDER
(Re Sale to Soul Restaurants Canada Inc.)

THIS MOTION, made by Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc., Prizm LP and Kit Finance Inc. (collectively, the "Prizm Entities") for an order approving the sale transaction (the "Soul Transaction") contemplated by the Amended and Restated Asset Purchase Agreement (the "Soul Agreement") between Prizm LP (the "Vendor"), Prizm Inc. and Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) (the "Purchaser") dated May 6, 2011, appended to the Affidavit of Deborah Papernick sworn May ●, 2011 (the "May ● Affidavit") as Exhibit "●", approving certain related agreements, and vesting in the Purchaser the Vendor's right,

title and interest in and to the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the May ● Affidavit, the Second Report of FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor of the Prizm Entities (the "Monitor") and the Confidential Supplement thereto (the "Confidential Supplement"), and on hearing the submissions of counsel for the Prizm Entities, the Monitor, the Purchaser, Yum! Restaurants International (Canada) Company, Prudential Investment Management, Inc. [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the Service List, although properly served as appears from the affidavit of service, filed:

1. THIS COURT ORDERS that any defined term used but not defined herein shall have the meaning ascribed to such term in the Soul Agreement.

2. THIS COURT ORDERS AND DECLARES that the Soul Transaction, the Soul Agreement, the Transition Services Agreement and the Occupation Agreement (as defined in and in the forms attached to the May ● Affidavit as Exhibits "●" and "●", respectively) are hereby approved. The Prizm Entities and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Soul Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "Monitor's Certificate"), all of the Vendor's right, title and interest in and to the Purchased Assets shall vest, without further instrument of transfer or assignment, absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by the Amended and Restated Initial Order of the Honourable Madam Justice Mesbur dated April 29, 2011, or any subsequent charges that may be granted by the Court; (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Civil Code of Québec*, and the *Personal Property Security Act* (British Columbia) or any other personal property registry system; and, for greater certainty, this Court orders that all of the encumbrances or charges affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that on Closing the Purchaser shall pay the Purchase Price to the Monitor (less the Deposit which has previously been paid to the Monitor). After receipt of the Purchase Price, the Monitor shall:

- (a) pay from the Purchase Price to Yum! Restaurants International (Canada) Company [\$7.3 million], in respect of pre-filing monetary obligations owed under the Franchise Agreement (as defined below) in connection with the assignment of the outlets to the Purchaser;
- (b) pay from the Purchase Price to Yum! Restaurants International (Canada) Company [\$2.2 million], in respect of unpaid post-filing continuing fees (exclusive of interest) accrued with respect to the Purchased Assets;
- (c) pay from the Purchase Price to the Purchaser or, at its direction, Bank of Montreal when due any refunds and other amounts referred to in paragraph 5; and
- (d) hold the remainder of the Purchase Price subject to this Order and further Order of this Court.

5. **THIS COURT ORDERS** that any refund of a portion of the Purchase Price to the Purchaser, or at its direction Bank of Montreal, pursuant to Section 8(8) of the Soul Agreement, any Current Assets Purchase Price Adjustment in favour of the Purchaser, and any reimbursement of Occupation Costs pursuant to Section 2 of the Occupation Agreement, shall be paid by the Monitor to the Purchaser or, at its direction, the Bank of Montreal from the Purchase Price being held by the Monitor pursuant to Section 4 hereof in priority to any other payment from such funds or any Claim (including any

Claim by a Chargee (as defined in the Amended and Restated Initial Order of the Honourable Mr. Justice Mesbur dated Friday, April 29, 2011)).

6. **THIS COURT ORDERS** that for purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets held by the Monitor, after payment in full of any refunds and other payments to the Purchaser (or, at its direction, Bank of Montreal) from the Purchase Price described in paragraph 5 hereof, shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate, all Claims, charges and encumbrances shall attach to the net proceeds from the sale of the Purchased Assets, subject to paragraph 5 hereof, with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding fulfillment of conditions to closing under the Soul Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

9. THIS COURT ORDERS that the Prizm Entities and the Guarantors (as such term is defined and utilized in the Master Franchise Agreement effective November 10, 2003, including each of the separate and individual franchise agreements for each of the outlets being transferred to the Purchaser, in the form of the International Franchise Agreement attached to the Master Franchise Agreement, that the Franchisor and Prizm LP are deemed to have executed, as amended by the Master Franchise Agreement Amendment Agreement dated November 25, 2009 between Prizm LP and the Franchisor (the "Franchise Agreement")), including, without limitation, Prizm Fund, Prizm Canadian Operating Trust, Kit Inc., Prizm Brandz LP, any person holding 20% or more of the issued and outstanding units of Prizm Fund, John I. Bitove, and Scott's Restaurants Inc., and each of their respective present and former shareholders, unitholders, directors, and/or officers (collectively, the "Released Parties") are hereby released effective the date of the Closing from any and all demands, claims and liabilities with respect to the Purchased Assets under the Franchise Agreement whether existing or taking place on, prior to or after the date of the Closing, save and except for the obligation to pay any unpaid post-filing continuing fees (exclusive of interest) accrued with respect to the Purchased Assets.

10. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Vendor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's past and current

employees in Ontario, British Columbia and Quebec. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

11. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order and the obligations of the Vendor under the Soul Agreement, the Occupation Agreement and the Transition Services Agreement (including the potential obligation to refund any portion of the Purchase Price to the Purchaser pursuant to Section 8(8) of the Soul Agreement, the potential obligation to make the Current Asset Purchase Price Adjustment pursuant to Section 10(2) of the Soul Agreement, and the potential obligation to reimburse excess Occupation Costs pursuant to Section 2 of the Occupation Agreement), shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall any of them constitute nor be deemed to be a settlement, fraudulent

preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall any of them constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

12. **THIS COURT ORDERS AND DECLARES** that the Soul Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

13. **THIS COURT ORDERS AND DECLARES** that the Soul Transaction is exempt from any requirement under any applicable federal or provincial law to obtain unitholder or shareholder approval.

14. **THIS COURT ORDERS** that the Confidential Supplement be kept sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further order of the Court.

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to

provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

Schedule "A"
Form of Monitor's Certificate

Court File No. CV-11-9159-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.

(the "Applicants")

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated March 31, 2011, FTI Consulting Canada Inc. was appointed as the monitor (the "Monitor") of, *inter alia*, Prizm Limited Partnership (the "Vendor").

B. Pursuant to an Order of the Court dated May ●, 2011, the Court approved the Amended and Restated Agreement of Purchase and Sale made as of May 13, 2011 (the "Soul Agreement") between the Vendor, Prizm Inc. and Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) (the "Purchaser") and provided for the vesting in the Purchaser of the Vendor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate certifying (a) receipt of the Deposit and the

balance of the Purchase Price by the Monitor; and (b) receipt of confirmation from the Vendor and the Purchaser that the conditions to Closing as set out in section [15] of the Soul Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable.

C. Unless otherwise indicated herein, defined terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Soul Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Deposit and the balance of the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Soul Agreement;
2. The Monitor has received confirmation from the Vendor and the Purchaser that the conditions to Closing as set out in section 15 of the Soul Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and
3. This Certificate was delivered by the Monitor to the Purchaser at _____ [TIME] on _____ [DATE].

**FTI Consulting Canada Inc., in its capacity
as the Court-appointed Monitor of the
Prizm Entities and not in its personal
capacity**

Per: _____
Name:
Title:

SCHEDULE "I"

MATERIAL CONTRACTS

1. The Franchise Agreement for each Outlet.
2. The Master Franchise Agreement as it relates to the Outlets.
3. The supply agreement dated December 23, 2009 between the Vendor and Keybrand Foods Inc.

Attached is Exhibit "S"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc



Scott's Real Estate Investment Trust
Suite 2300, P.O. Box 222 e 416 361 9665
110 Canada Trust Tower, BKE Place f 416 361 6018
161 Bay Street Toronto ON M5J 2S1 www.scottsreit.com

March 30, 2011

SENT BY EMAIL AND COURIER

Priszm Limited Partnership, by its general partner Priszm Inc.
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention: Deborah Papernick, CFO

Dear Deborah:

Re: Proposed Assignment by Priszm Limited Partnership, by its general partner Priszm Inc. ("Priszm") of certain Leases with Scott's Real Estate Limited Partnership ("Scott's")

In the spirit of moving this matter forward as expeditiously as possible, Scott's is prepared to provide its consent for the assignment of those leases as requested on your January 31, 2011 letter. The aforementioned consent is subject to Scott's obtaining those representations from Soul Restaurants Canada Inc. as outlined in section 13 of the assignment agreement, as enclosed.

We have used a precedent agreement previously entered into between our companies as the basis for drafting the assignment agreement. As such we have executed the agreement assuming that this will be acceptable to you and Soul Restaurants Canada Inc. and have enclosed a signed copy for the parties to execute.

If you have any questions or comments, please do not hesitate to contact me directly at your earliest opportunity.

Yours very truly,

Evelyn Sutherland,
CFO

cc. Mr S. Michael Brooks, Aird & Berlis
cc. Ms. Arlene O'Neill, Gardiner Roberts

ASSIGNMENT AGREEMENT

THIS AGREEMENT made as of March 30, 2011 among **Scott's Real Estate Limited Partnership**, acting by its general partner **Scott's GP Trust**, acting through its sole trustee **Scott's Trustee Corp.** (hereinafter referred to as the "Landlord" or "Scott's"), **Priszm LP**, by its general partner **Priszm Inc.** (hereinafter called the "Assignor") and **Soul Restaurants Canada Inc.** (hereinafter called the "Assignee")

WHEREAS:

- A. By a lease (the "**Scott's Restaurant #1 Lease**") dated May 7, 2001, as amended, **Scott's Restaurant Inc.** leased to **Priszm Brandz LP**, by its general partner **Priszm Brandz Inc.** ("Brandz") (the predecessor in interest to the Assignor), as tenant, certain premises outlined in Exhibit 1 attached hereto (the "**Scott's Restaurant #1 Premises**"), as more particularly described in Schedule "A" of the **Scott's Restaurant #1 Lease** for a term of fifteen (15) years commencing May 7, 2001 and expiring on May 6, 2016.
- B. By a lease (the "**Lawrence & Bellamy Lease**") dated May 7, 2001, as amended, **Scott's Restaurant Inc.** leased to **Priszm Brandz LP**, by its general partner **Priszm Brandz Inc.** ("Brandz") (the predecessor in interest to the Assignor), as tenant, certain premises outlined in Exhibit 2 attached hereto (the "**Lawrence & Bellamy Premises**"), as more particularly described in Schedule "A" of the **Scott's Restaurant #1 Lease** for a term of fifteen (15) years commencing May 7, 2001 and expiring on May 6, 2016.
- C. By a lease (the "**SR2 Lease**") dated October 1, 2002, as amended, **SRI Realty (No. 2) Inc.** (the predecessor in interest to the Landlord) leased to **Priszm Brandz LP**, by its general partner **Priszm Brandz Inc.** ("Brandz") (the predecessor in interest to the Assignor), as tenant, certain premises outlined in Exhibit 3 attached hereto (the "**SR2 Premises**"), as more particularly described in Schedule "A" of the **SR2 Lease** for a term of fifteen (15) years commencing on October 1, 2002 and expiring on September 30, 2017.
- D. By a lease (the "**Scott's Restaurant #2 Lease**") dated October 1, 2002, as amended, **Scott's Restaurant Inc.** leased to **Priszm Brandz LP**, by its general partner **Priszm Brandz Inc.** ("Brandz") (the predecessor in interest to the Assignor), as tenant, certain premises outlined in Exhibit 4 attached hereto (the "**Scott's Restaurant #2 Premises**"), as more particularly described in Schedule "A" of the **Scott's Restaurant #1 Lease** for a term of fifteen (15) years commencing October 1, 2002 and expiring on September 30, 2017.
- E. By a lease (the "**Torbram Lease**") dated March 19, 2008, **Scott's** leased to the **Assignor**, as tenant, certain premises outlined in Exhibit 5 attached hereto (the "**Torbram Premises**"), as more particularly described in the **Torbram Lease** for a term of fifteen (15) years commencing on August 1, 2007 and expiring on July 31, 2022.
- F. The **Scott's Restaurant #1 Lease**, **Lawrence & Bellamy Lease**, **SR2 Lease**, **Scott's Restaurant #2 Lease** and **Torbram Lease** are hereinafter collectively referred to as the "Lease" or the "Leases" as the context may require.
- G. The **Scott's Restaurant #1 Premises**, **Lawrence & Bellamy Premises**, **SR2 Premises**, **Scott's Restaurant #2 Premises** and **Torbram Premises** are hereinafter collectively referred to as the "Premises".
- H. Each Lease allows the Tenant to assign the Lease or the Premises upon prior written notice to the Landlord.
- I. The Assignor has delivered such written notices to the Landlord pursuant to the Leases for the Premises.
- J. The Assignor has agreed to assign the Leases and its leasehold interest in the Premises to the Assignee.
- K. The Assignor will assign its leasehold interest in the Premises to the Assignee as of the Effective Date (as defined herein), subject to the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual covenants and agreements between the parties and the sum of Ten Dollars (\$10.00) that has been paid by each of the parties to the others, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

The foregoing recitals are true in substance and in fact and for the purposes of this Agreement, "rent" includes all minimum rent, percentage rental, additional rent and any other amounts payable under the Lease and this Agreement.

Section 1 - Assignment

The Assignor hereby transfers, sets over and assigns unto the Assignee, as of and from the date of completion of the transaction contemplated in the Asset Purchase Agreement dated December 11, 2010 (the "Effective Date"), the Premises and all privileges and appurtenances thereto belonging, together with the unexpired residue of the Term, the Leases and all benefits and advantages to be derived under the Leases pertaining to the Premises.

TO HAVE AND TO HOLD the same, subject to the payment of rent and the observance and performance of the tenant's covenants and the conditions and agreements contained in each Lease.

Section 2 – Assignor's Covenants:

The Assignor covenants and agrees with the Assignee that:

- (a) each Lease is a good, valid and subsisting lease and the rent thereby reserved has been duly paid up to the Effective Date and the covenants and conditions therein contained have been duly observed and performed by the Assignor up to the Effective Date;
- (b) the Assignor has good right, full power and absolute authority to assign its interest in the Premises and the Leases in the manner aforesaid, according to the true intent and meaning of this Agreement;
- (c) subject to the payment of rent and to the observance and performance of the tenant's covenants and the conditions and agreements contained in each Lease, the Assignee may enter into and upon and hold and enjoy the Premises for the residue of the Term granted by each Lease for its own use and benefit without any interruption by the Assignor or by any person whomsoever claiming through or under the Assignor; and
- (d) the Assignor will from time to time hereafter, at the request and cost of the Assignee, promptly execute such further assurances of the Premises as the Assignee reasonably requires.

Section 3 – Assignee's Covenants

The Assignee covenants and agrees with the Assignor and the Landlord that:

- (a) from and after the Effective Date and for the remainder of the Term of the Leases, the Assignee will pay the rent and observe and perform the tenant's covenants and the conditions and agreements contained in the Leases pertaining to the Premises and indemnify and save harmless the Assignor and the Landlord from all actions, suits, costs, losses, charges, demands and expenses for and in respect thereof;
- (b) it will at all times from the Effective Date and for the remainder of the Term of the Leases, pay directly to the Landlord annual minimum rent. The Assignee shall be responsible for payment of Property Taxes and all other payments covenanted to be paid by the tenant therein at the times and in the manner provided for in the Leases, and will observe and perform all of the terms, covenants,

conditions and agreements contained in the Leases on the part of the tenant to be observed and performed;

- (c) the Assignee acknowledges that it has received a copy of the executed Leases and is familiar with the terms, covenants and conditions contained therein; and
- (d) the Assignee accepts the Premises in the condition in which they exist as of the Effective Date. The Landlord has no responsibility or liability for making any renovations, alterations or improvements in or to the Premises.

Section 4 – Acknowledgments to Landlord

The Assignor and the Assignee acknowledge and agree with the Landlord, that:

- (a) this Agreement does not in any way derogate from the rights of the Landlord under the Lease nor operate to release the Assignor from the observance and performance of all of the terms, covenants and conditions contained in the Leases on the part of the Tenant therein to be observed and performed, and notwithstanding the within assignment (or any disaffirmance or disclaimer of the within assignment), the Assignor shall continue to remain liable for all of such covenants during the balance of the Term of each Lease;
- (b) this Agreement does not constitute a waiver of the necessity for consent to any further Transfer (as defined in the Leases) of the Premises and/or the Leases in respect of the Premises, which must be completed in accordance with the terms of the Leases. If the Assignee proposes to effect a further Transfer, the terms of each Lease with respect to a Transfer shall be applicable;
- (c) the Assignor and the Assignee shall hereinafter be jointly and severally responsible for and shall save the Landlord harmless and indemnify it from and against all costs, including all legal costs, incurred by the Landlord in connection with the preparation of this Agreement and any additional documentation related thereto and the Landlord's consent to this assignment;
- (d) the Landlord does not hereby acknowledge or approve of any of the terms of this Agreement (or any other related agreements) as between the Assignor and Assignee except for the assignment (described in Section 1 hereof) itself and except for any amendments to the Leases agreed to by all of the parties hereunder;
- (e) the Assignor and the Assignee shall, at their expense, promptly execute such further assurances with respect to the Premises as the Landlord reasonably requires from time to time; and
- (f) the Assignee shall not be entitled to enter into and take possession of the Premises or any part thereof, until (i) it shall deliver to the Landlord certificates of insurance, or, if required by the Landlord's mortgagee, certified copies of each such insurance policy which the Tenant is required to take out pursuant to the Leases, and (ii) all required permits, licenses and approvals from all governmental authorities having jurisdiction for the carrying on by the Assignee of its permitted business on the Premises;

Section 5 – Landlord Confirmation

The Landlord hereby acknowledges, confirms and agrees that, as of the date hereof:

- (a) to the best of the Landlord's knowledge and belief, all payments on account of rent due under the Leases relating to the Premises, including without limitation, Minimum Rent and additional rent (if any) up to and including the date hereof have been paid in full;

- (b) to the best of the Landlord's knowledge and belief (but without inspection), all of the work required to be performed to the Premises by the Assignor under each Lease was completed in accordance with the provisions of the Lease and to the satisfaction of the Landlord. The Assignee hereby acknowledges and agrees that the Landlord has not inspected the Premises and the Landlord makes no representations whatsoever regarding the current state of repairs or condition of the Premises; and
- (c) to the best of the Landlord's knowledge and belief, in respect of the Premises, each Lease is without breach, default or dispute on the part of the Assignor or the Landlord.

Section 6 - Notice

All notices required to be given under this Agreement or under the Leases shall be in writing and may be served either personally or by registered mail at the following address:

To the Assignor at: Prizm LP by its general partner Prizm Inc.
101 Exchange Avenue
Vaughan, Ontario, L4K 5R6
Attention: Senior Director of Development

To the Assignee at: Soul Restaurants Canada Inc
•

To the Landlord at: c/o Scott's Real Estate Investment Trust
161 Bay Street, Suite 2300
TD Canada Trust Tower, BCE Place
Toronto, Ontario M5J 2S1

Section 7 – Confirmation

The parties in all other respects hereby confirm that each Lease constitutes the entire agreement between the Assignor and the Landlord and is in full force and effect, unchanged and unmodified except in accordance with this Agreement. It is understood and agreed that all capitalized terms and expressions used in this Agreement have the same meaning as they have in the Leases, unless otherwise defined herein.

Section 8 – Facsimile / Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

Section 9 – Binding Effect

This Agreement shall be binding upon and, to the extent expressly permitted pursuant to the provisions of the Leases, will enure to the benefit of the parties and their respective successors and permitted assigns.

Section 10 – Assignor’s Covenants with the Landlord

The Assignor covenants and agrees with the Landlord that:

- (a) the Landlord and the Assignee may from time to time agree as between themselves to amend the terms of the Leases, it being agreed that no such amendments shall have the effect of releasing either the Assignor from any of its obligations under the Leases, for which the Assignor shall remain liable to the same extent as if such amendments had not been made;
- (b) if the Landlord terminates a Lease as a result of any default by the Assignee in the performance of its obligations pursuant to the Lease or this Agreement, such termination shall, as against the Assignor and the Assignee, be without prejudice to all the rights of the Landlord under the Lease and at law, included in which shall be the right to obtain from either of them all arrears of rent and other charges owing under the Lease up to the date of termination and damages in respect of losses and deficiencies sustained by the Landlord;
- (c) if the Assignee is released or discharged in any receivership, bankruptcy, winding up or other creditors’ proceeding or a Lease is disclaimed in any such proceeding or otherwise by a trustee, receiver or other person, or where the Assignee is a partnership, in the event of a change in the constitution of the partnership, the obligations of the Assignor shall not thereby be or be deemed to be released, waived, impaired or affected but shall continue with respect to the entire Term as if the Lease had not been disclaimed, and, at the option of the Landlord, the Assignor shall forthwith execute a new lease with the Landlord for a term commencing on the date of such disclaimer and expiring at what would have been the end of the Term but for such disclaimer, and such lease shall contain the same terms and conditions as contained in the Lease insofar as they are applicable to what would have been the unexpired Term but for such disclaimer; and
- (d) its liability hereunder and under the Leases shall not be released, discharged, mitigated, impaired or affected by any loss of or in respect of any security received or intended to be received by the Landlord from the Assignee or from any other person, firm or corporation, whether or not occasioned or contributed to by or through any act, omission, default or neglect of the Landlord.

Section 11 – Non-Liability

The Assignee and the Assignor acknowledges, covenants and agrees:

- (a) that the Landlord is the nominee on behalf of Scott’s Real Estate Investment Trust (the "Trust"); and
- (b) the obligations under the Leases and this Agreement and any liabilities arising in any manner whatsoever out of or in connection with the Leases and this Agreement are not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of:
 - (I) the unit holders of the Trust;
 - (II) annuitants under a plan of which a unit holder of the Trust acts as trustee or carrier; and
 - (III) the officers, trustees, employees or agents of the Trust.

Section 12 – Irrevocability

This Agreement shall be irrevocable by Assignor and Landlord until 5 o’clock p.m. on the day which is five (5) days following execution by them, after which time, if the Assignee has not delivered a signed

copy to both parties, the Assignor and/or the Landlord may declare this Agreement to be null and void and of no further effect.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written under the hands of their proper signing officers duly authorized in that behalf.

Scott's Real Estate Limited Partnership, acting by its general partner Scott's GP Trust, acting through its sole trustee Scott's Trustee Corp.

Per: E. Schulerd
Authorized Signing Officer

I have authority to bind the corporation.

Prizm LP by its general partner Prizm Inc.

Per: _____
Authorized Signing Officer

I have authority to bind the corporation.

Soul Restaurants Canada Inc.

Per: _____
Authorized Signing Officer

I have authority to bind the corporation.

SCHEDULE "A"

Exhibit 1 – Scott's Restaurant #1 Premises

Store #	Address	City	Province	Current Landlord
1307	190 QUEEN STREET E.	BRAMPTON	ON	Scott's
1303	965 DUNDAS STREET E.	MISSISSAUGA	ON	Scott's
1331	1338 KENNEDY ROAD	SCARBOROUGH	ON	Scott's
1311	2567 EGLINTON AVE. E.	SCARBOROUGH	ON	Scott's
1327	1221 DUNDAS STREET W.	TORONTO	ON	Scott's
1338	2296 EGLINTON AVE. W.	TORONTO	ON	Scott's
1336	2500 DANFORTH AVENUE	TORONTO	ON	Scott's
1333	466 QUEEN STREET W.	TORONTO	ON	Scott's
1309	563 GERRARD STREET E.	TORONTO	ON	Scott's
1334	636 BLOOR STREET W.	TORONTO	ON	Scott's

Exhibit 2 – Lawrence & Bellamy Premises

Store #	Address	City	Province	Current Landlord
1305	3351 LAWRENCE AVE. E.	SCARBOROUGH	ON	Scott's

Exhibit 3 – SR2 Premises

Store #	Address	City	Province	Current Landlord
1323	3517 DUNDAS STREET W.	TORONTO	ON	Scott's
1514	464 DUNDAS STREET	BELLEVILLE	ON	Scott's
1519	27 DALHOUSIE STREET	BRANTFORD	ON	Scott's
1554	322 ARGYLE STREET SOUTH	CALEDONIA	ON	Scott's
1516	499 DUNDAS STREET (GALT)	CAMBRIDGE	ON	Scott's
1509	507 DIVISION STREET	COBOURG	ON	Scott's
1312	3719 LAKESHORE BLVD.	ETOBICOKE	ON	Scott's
1557	827 MC GILL STREET	HAWKESBURY	ON	Scott's
1510	63 LINDSAY STREET	LINDSAY	ON	Scott's
1440	1291 COMMISSIONERS ROAD W.	LONDON	ON	Scott's
1436	450 WHARNCLIFFE ROAD	LONDON	ON	Scott's
1400	2795 ST. JOSEPHS BLVD	ORLEANS	ON	Scott's
1373	474 SIMCOE STREET SOUTH	OSHAWA	ON	Scott's
1374	574 KING STREET EAST	OSHAWA	ON	Scott's
1372	973 SIMCOE STREET NORTH	OSHAWA	ON	Scott's
1403	1096 WELLINGTON STREET	OTTAWA	ON	Scott's
1405	1677 BANK STREET	OTTAWA	ON	Scott's
1418	1943 BASELINE ROAD	OTTAWA	ON	Scott's
1419	917 RICHMOND ROAD	OTTAWA	ON	Scott's
1402	932 ST. LAURENT BLVD.	OTTAWA	ON	Scott's
1406	HWY 31, 2919 BANK STREET	OTTAWA	ON	Scott's
1310	3495 SHEPPARD AVE. E.	SCARBOROUGH	ON	Scott's
1349	239 SCARLETT ROAD	TORONTO	ON	Scott's
1446	3006 DOUGALL ROAD	WINDSOR	ON	Scott's
1451	7435 TECUMSEH RD E.	WINDSOR	ON	Scott's

Exhibit 4 – Scott's Restaurant #2 Premises

Store #	Address	City	Province	Current Landlord
1442	850 WELLINGTON ROAD SOUTH	LONDON	ON	Scott's
1329	415 MT. PLEASANT RD	TORONTO	ON	Scott's
1315	829 ST. CLAIR AVE. W.	TORONTO	ON	Scott's

Exhibit 5 – Torbram Premises

Store #	Address	City	Province	Current Landlord
	9025 TORBRAM RD	BRAMPTON	ON	Scott's

8481125.3

Attached is Exhibit "T"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this 30 day of May, 2011

Commissioner for taking Affidavits, etc

ASSIGNMENT AGREEMENT

THIS AGREEMENT made as of November 17, 2008 among **Scott's Real Estate Limited Partnership, acting by its general partner Scott's GP Trust, acting through its sole trustee Scott's Trustee Corp.** (hereinafter referred to as the "Landlord"), **Prizm LP, by its general partner Prizm Inc.** (hereinafter called the "Assignor") and **~~Pirani Foods Inc.~~** (hereinafter called the "Assignee")

Kaska Chicken Foods Inc.

[Handwritten initials]

WHEREAS:

- A. By a lease (the "Lease") dated November 10, 2003, **YUM! Brands Canada Management LP** (the predecessor in interest to the Landlord) leased to **KIT Limited Partnership, by its general partner, KIT Inc.** (the predecessor in interest to the Assignor), as tenant, certain premises located at **51 Kaska Road, Sherwood Park, Alberta** (the "Premises"), as more particularly described in Schedule "A" of the Lease as Store No. 1706, for a term of fifteen (15) years commencing November 10, 2003 to and including November 9, 2018.
- B. The Lease contains a covenant on the part of the Tenant not to assign the Lease or sublet the Premises or any part thereof without the Landlord's consent.
- C. The Assignor has agreed to assign its leasehold interest in the Premises to the Assignee, subject to obtaining the Landlord's consent to such assignment.
- D. The Assignor has applied to the Landlord for the Landlord's consent to assign its leasehold interest in the Premises to the Assignee, subject to and upon the terms and conditions herein set out.
- E. The Landlord has agreed to grant its consent to the within assignment as of the **21st day of December, 2008** (the "Effective Date"), subject to the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual covenants and agreements between the parties and the sum of Ten Dollars (\$10.00) that has been paid by each of the parties to the others, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

The foregoing recitals are true in substance and in fact and for the purposes of this Agreement, "rent" includes all minimum rent, percentage rental, additional rent and any other amounts payable under the Lease and this Agreement.

Section 1 - Assignment

The Assignor hereby transfers sets over and assigns unto the Assignee, as of and from the Effective Date, the Premises and all privileges and appurtenances thereto belonging, together with the unexpired residue of the Term, and all benefits and advantages to be derived under the Lease pertaining to the Premises.

TO HAVE AND TO HOLD the same, subject to the payment of rent and the observance and performance of the tenant's covenants and the conditions and agreements contained in the Lease.

Section 2 - Assignor's Covenants:

The Assignor covenants and agrees with the Assignee that:

- (a) the Lease is a good, valid and subsisting lease and the rent thereby reserved has been duly paid up to the Effective Date and the covenants and conditions herein contained have been duly observed and performed by the Assignor up to the Effective Date;

- (b) the Assignor has good right, full power and absolute authority to assign its interest in the Premises and the Lease in the manner aforesaid, according to the true intent and meaning of this Agreement;
- (c) subject to the payment of rent and to the observance and performance of the tenant's covenants and the conditions and agreements contained in the Lease, the Assignee may enter into and upon and hold and enjoy the Premises for the residue of the Term granted by the Lease for its own use and benefit without any interruption by the Assignor or by any person whomsoever claiming through or under the Assignor; and
- (d) the Assignor will from time to time hereafter, at the request and cost of the Assignee, promptly execute such further assurances of the Premises as the Assignee reasonably requires.

Section 3 – Assignee's Covenants

The Assignee covenants and agrees with the Assignor and the Landlord that:

- (a) from and after the Effective Date to November 9, 2018, the Assignee will pay the rent and observe and perform the tenant's covenants and the conditions and agreements contained in the Lease pertaining to the Premises and indemnify and save harmless the Assignor and the Landlord from all actions, suits, costs, losses, charges, demands and expenses for and in respect thereof;
- (b) it will at all times from the Effective Date to and including November 9, 2018 pay directly to the Landlord annual minimum rent. The Assignee shall be responsible for payment of Property Taxes and all other payments covenanted to be paid by the tenant therein at the times and in the manner provided for in the Lease, and will observe and perform all of the terms, covenants, conditions and agreements contained in the Lease on the part of the tenant to be observed and performed;
- (c) the Assignee acknowledges that it has received a copy of the executed Lease and is familiar with the terms, covenants and conditions contained therein; and
- (d) the Assignee accepts the Premises in the condition in which they exist as of the Effective Date. The Landlord has no responsibility or liability for making any renovations, alterations or improvements in or to the Premises.

Section 4 – Landlord's Consent

The Landlord consents to the within assignment from the Assignor to the Assignee as of and from the Effective Date upon and subject to the following terms and conditions, that:

- (a) this consent does not in any way derogate from the rights of the Landlord under the Lease nor operate to release the Assignor from the observance and performance of all of the terms, covenants and conditions contained in the Lease on the part of the Tenant therein to be observed and performed, and notwithstanding the within assignment (or any disaffirmance or disclaimer of the within assignment), the Assignor shall continue to remain liable for all of such covenants during the balance of the Term of the Lease;
- (b) this consent does not constitute a waiver of the necessity for consent to any further Transfer (as defined in the Lease) of the Premises and/or the Lease in respect of the Premises, which must be completed in accordance with the terms of the Lease. If the

Assignee proposes to effect a further Transfer, the terms of the Lease with respect to a Transfer shall be applicable;

- (c) this consent is given upon the express understanding that the Assignor and the Assignee shall hereinafter be jointly and severally responsible for and shall save the Landlord harmless and indemnify it from and against all costs, including all legal costs, incurred by the Landlord in connection with the preparation of this Agreement and any additional documentation related thereto and the Landlord's consent to this assignment;
- (d) by giving its consent pursuant to this Agreement, the Landlord does not hereby acknowledge or approve of any of the terms of this Agreement (or any other related agreements) as between the Assignor and Assignee except for the assignment (described in Section 1 hereof) itself and except for any amendments to the Lease agreed to by all of the parties hereunder;
- (e) the assignment is deemed not to have been delivered to the Assignee by the Assignor until the consent of the Landlord has been evidenced by the execution and delivery of this Agreement by the Landlord to both the Assignor and the Assignee;
- (f) the Assignor and the Assignee shall, at their expense, promptly execute such further assurances with respect to the Premises as the Landlord reasonably requires from time to time;
- (g) the Assignee shall not be entitled to enter into and take possession of the Premises or any part thereof, until (i) it shall deliver to the Landlord certificates of insurance, or, if required by the Landlord's mortgagee, certified copies of each such insurance policy which the Tenant is required to take out pursuant to the Lease, and (ii) all required permits, licenses and approvals from all governmental authorities having jurisdiction for the carrying on by the Assignee of its permitted business on the Premises; and
- (h) the Assignor and the Assignee expressly covenant and agree to comply with the condition set forth in the first sentence of Section 21.03 of the Lease, and without limiting the obligations set out therein, shall provide the Landlord with written notice, by not later than five (5) days after the Effective Date, that stipulates, in reasonable detail and includes substantiating evidence, any annual minimum rent paid by the Assignee to the Assignor in connection with the assignment described in Section 1 of this Agreement which is in excess of the annual minimum rent payable by the Assignor pursuant to Section 4.01 of the Lease (hereinafter referred to as the "Excess Annual Minimum Rent"). Notwithstanding anything to the contrary set forth in the last sentence of Section 21.03 of the Lease, the parties acknowledge and agree that the Landlord shall not be entitled to receive the equivalent of any consideration (other than Excess Annual Minimum Rent) that is paid by the Assignee to the Assignor, either in the form of cash, goods or services, in connection with the assignment described in Section 1 of this Agreement (which, for clarity, shall in no event be deemed to waive the Landlord's rights to demand the equivalent of such consideration pursuant to Section 21.03 in connection with subsequent transfers of the Lease).

Section 5 – Landlord Confirmation

The Landlord hereby acknowledges, confirms and agrees that, as of the date hereof:

- (a) the Term of the Lease expires on **November 9, 2018**, unless earlier terminated pursuant to the Lease or common law;

- (b) to the best of the Landlord's knowledge and belief, all payments on account of rent due under the Lease relating to the Premises, including without limitation, Minimum Rent and additional rent (if any) up to and including the date hereof have been paid in full;
- (c) to the best of the Landlord's knowledge and belief (but without inspection), all of the work required to be performed to the Premises by the Assignor under the Lease was completed in accordance with the provisions of the Lease and to the satisfaction of the Landlord. The Assignee hereby acknowledges and agrees that the Landlord has not inspected the Premises and the Landlord makes no representations whatsoever regarding the current state of repairs or condition of the Premises; and
- (d) to the best of the Landlord's knowledge and belief, in respect of the Premises, the Lease is without breach, default or dispute on the part of the Assignor or the Landlord.

Section 6 - Notice

All notices required to be given under this Agreement or under the Lease shall be in writing and may be served either personally or by registered mail at the following address:

To the Assignor at: Prizm LP by its general partner Prizm Inc.
101 Exchange Avenue
Vaughan, Ontario, L4K 5R6
Attention: Senior Director of Development

To the Assignee at: Pirani Foods Inc.
10462 - 174 Street NW
Edmonton, Alberta, T5S 2G9
Attn: Mr. Siraz Pirani

To the Landlord at: c/o Scott's Real Estate Investment Trust
161 Bay Street, Suite 2300
TD Canada Trust Tower, BCE Place
Toronto, Ontario M5J 2S1

Section 7 - Confirmation

The parties in all other respects hereby confirm that the Lease constitutes the entire agreement between the Assignor and the Landlord and is in full force and effect, unchanged and unmodified except in accordance with this Agreement. It is understood and agreed that all terms and expressions used in this Agreement have the same meaning as they have in the Lease.

Section 8 - Facsimile / Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

Section 9 – Binding Effect

This Agreement shall be binding upon and, to the extent expressly permitted pursuant to the provisions of the Lease, will enure to the benefit of the parties and their respective successors and permitted assigns.

Section 10 – Assignor's Covenants with the Landlord

The Assignor covenants and agrees with the Landlord that:

- (a) the Landlord and the Assignee may from time to time agree as between themselves to amend the terms of the Lease, it being agreed that no such amendments shall have the effect of releasing either the Assignor from any of its obligations under the Lease, for which the Assignor shall remain liable to the same extent as if such amendments had not been made;
- (b) if the Landlord terminates the Lease as a result of any default by the Assignee in the performance of its obligations pursuant to the Lease or this Agreement, such termination shall, as against the Assignor and the Assignee, be without prejudice to all the rights of the Landlord under the Lease and at law, included in which shall be the right to obtain from either of them all arrears of rent and other charges owing under the Lease up to the date of termination and damages in respect of losses and deficiencies sustained by the Landlord;
- (c) if the Assignee is released or discharged in any receivership, bankruptcy, winding up or other creditors' proceeding or the Lease is disclaimed in any such proceeding or otherwise by a trustee, receiver or other person, or where the Assignee is a partnership, in the event of a change in the constitution of the partnership, the obligations of the Assignor shall not thereby be or be deemed to be released, waived, impaired or affected but shall continue with respect to the entire Term as if the Lease had not been disclaimed, and, at the option of the Landlord, the Assignor shall forthwith execute a new lease with the Landlord for a term commencing on the date of such disclaimer and expiring at what would have been the end of the Term but for such disclaimer, and such lease shall contain the same terms and conditions as contained in the Lease insofar as they are applicable to what would have been the unexpired Term but for such disclaimer; and
- (d) Its liability hereunder and under the Lease shall not be released, discharged, mitigated, impaired or affected by any loss of or in respect of any security received or intended to be received by the Landlord from the Assignee or from any other person, firm or corporation, whether or not occasioned or contributed to by or through any act, omission, default or neglect of the Landlord.

Section 11 – Non-Liability

The Assignee and the Assignor acknowledges, covenants and agrees:

- (a) that the Landlord is the nominee on behalf of Scott's Real Estate Investment Trust (the "Trust"); and
- (b) the obligations under the Lease and this Agreement and any liabilities arising in any manner whatsoever out of or in connection with the Lease and this Agreement are not personally binding upon, and that resort shall not be had to, nor shall recourse or

satisfaction be sought from, the private property of any of:

- (I) the unit holders of the Trust;
- (II) annuitants under a plan of which a unit holder of the Trust acts as trustee or carrier; and
- (III) the officers, trustees, employees or agents of the Trust.

Section 12 – Irrevocability

This Agreement shall be irrevocable by Assignor and Landlord until 5 o'clock p.m. on the day which is five (5) days following execution by them, after which time, if the Assignee has not delivered a signed copy to both parties, the Assignor and/or the Landlord may declare this Agreement to be null and void and of no further effect.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written under the hands of their proper signing officers duly authorized in that behalf.

Scott's Real Estate Limited Partnership, acting by its general partner Scott's GP Trust, acting through its sole trustee Scott's Trustee Corp.

Per: E. Smithland
Authorized Signing Officer

I have authority to bind the corporation.

Priszm LP by its general partner Priszm Inc.

Per: Boyd
Authorized Signing Officer

I have authority to bind the corporation.

Kiska Chicken Foods Inc. ^{ES}
Pirani-Foods Inc. ^{AB}

Per: [Signature]
Authorized Signing Officer

I have authority to bind the corporation.

Attached is Exhibit "U"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

Attached is Exhibit "V"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

connection with the prior Soul transaction) is signed by Soul in Scott's favour. It is our position that there is no need for an order under 11.3 of the CCAA; certainly we are not aware of the basis for any such order. Thank you.

Steven L. Graff

T 416.865.7726
M 416.894.5090
F 416.863.1515
E sgraff@airdberlis.com

Brookfield Place • 181 Bay Street
Suite 1800 • Box 754
Toronto ON • M5J 2T9 • Canada
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AIRD & BERLIS LLP

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Attached is Exhibit "W"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

Cc: Gavin Finlayson; Wasserman, Marc; Nigel.Meakin@fticonsulting.com; Deborah.Papernick@prizm.com
Subject: RE: Consent - Assignment Agreement

Steve:

The consent to assignment (i.e. that which Scott's REIT ("SREIT") delivered to Prizm the night before Prizm's CCAA filing, and which you re-sent to us yesterday in the context of the revised transaction) for the leases between Prizm and SREIT which require landlord consent is not acceptable to Prizm nor, we believe, was it or will it be acceptable to Soul Restaurants, the purchaser in the pending sale transaction.

Prizm does not need the consent of SREIT to the assignment (i.e. that which SREIT delivered to Prizm the night before Prizm's CCAA filing, and which you re-sent to us yesterday in the context of the revised transaction) of any of the leases between Prizm and SREIT which are "notice only", including the "notice only" leases that form part of the sale to Soul Restaurants.

Prizm intends to move forward with a motion under section 11.3 of the CCAA for an order assigning of all leases which require consent where consent has not yet been obtained (including those between SREIT and Prizm) that form part of the sale to Soul Restaurants. The motion will be returnable on the same day as Prizm's motion to seek approval of the sale to Soul Restaurants. You will be served with our materials shortly.


Given that SREIT has repeatedly offered to consent to the assignment of the lease between SREIT and Prizm to Soul Restaurants, we take it that SREIT has no issue with Soul Restaurants as a tenant, and we would therefore reiterate our request that your client consent to the order assigning the leases between SREIT and Prizm which we will be seeking in the s. 11.3 motion.

Thank you.

Regards.

Mark

Mark S. Laugesen

 **Bennett Jones** T 416 777 4802 / F 416 863 1716 / E laugesenm@bennettjones.com
Suite 3400, 1 First Canadian Place / P.O. Box 130 / Toronto, Ontario M5X 1A4

From: Steve Graff [mailto:sgraff@airdberlis.com]
Sent: 23 May 2011 4:36 PM
To: Wasserman, Marc; Mark Laugesen; Nigel.Meakin@fticonsulting.com
Cc: Gavin Finlayson
Subject: Consent - Assignment Agreement

As I advised both of you over the weekend, and for the record, our client is agreeable to the assignment of the leases which require its consent, to Soul Restaurants, pursuant to the terms of the new transaction involving Soul, as purchaser (assuming it proceeds largely on the same terms as previously disclosed to us), on the limited condition that an agreement in the same or similar form to the one attached hereto (delivered in connection with the prior Soul transaction) is signed by Soul in Scott's favour. It is our position that there is no need for an order under 11.3 of the CCAA; certainly we are not aware of the basis for any such order. Thank you.

Steven L. Graff

T 416.865.7726

M 416.894.5090
F 416.863.1515
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Attached is Exhibit "X"

Referred to in the

AFFIDAVIT OF EVELYN SUTHERLAND

Sworn before me

this day of May, 2011

Commissioner for taking Affidavits, etc

Court File No. CV-11-9159-00CL

**PRISZM INCOME FUND,
PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.**

SECOND REPORT OF THE MONITOR
May 26, 2011

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.

**SECOND REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On March 31, 2011, Priszm Income Fund, Priszm Canadian Operating Trust, Priszm Inc. and Kit Finance Inc. (collectively, the "**Applicants**") made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and an initial order (the "**Initial Order**") was made by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granting, *inter alia*, a stay of proceedings against the Applicants until April 29, 2011, (the "**Stay Period**") and appointing FTI Consulting Canada Inc. as monitor (the "**Monitor**"). The Initial Order also extended the benefits of the protections and authorizations provided by the Initial Order to Priszm LP (together with the Applicants, the "**Priszm Entities**"). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. On April 29, 2011, the Honourable Madam Justice Mesbur granted an amended and restated initial order (the “**Amended Initial Order**”) and granted an order extending the Stay Period to June 30, 2011.
3. The purpose of this, the Monitor’s Second Report, is to inform the Court on the following:
 - (a) The notice of motion filed by Olymel Société en Commandite (“**Olymel**”), a Critical Supplier, returnable on a date to be fixed (the “**Olymel Motion**”);
 - (b) The expiry of the DIP Amendment;
 - (c) The receipts and disbursements of the Prizm Entities for the period April 18 to May 22, 2011;
 - (d) The Prizm Entities’ revised cash flow forecast for the period May 23 to July 3, 2011 (the “**May 24 Forecast**”);
 - (e) The Prizm Entities’ request for approval of the sale of 204 store locations to Soul Restaurants Canada Inc. (“**Soul**”), an affiliate of Soul Foods Group, a U.K. based franchisee of YUM! Restaurants International pursuant to the Amended and Restated Asset Purchase Agreement dated May 17, 2011 between Soul, Prizm LP and Prizm Inc. (the “**Soul APA**”) and for authorization to make certain payments from the proceeds of the transaction contemplated by the Soul APA (the “**Soul Transaction**”) and the Monitor’s recommendation on the foregoing;
 - (f) The Prizm Entities request for approval of the Occupation Agreement and the Transition Services Agreement, each as hereinafter defined, and the Monitor’s recommendation thereon;

- (g) The Prizm Entities request for an Order assigning certain leases to Soul in connection with the Soul Transaction pursuant to section 11.3 of the CCAA (the “**11.3 Motion**”) and the Monitor’s recommendation thereon;
- (h) The Prizm Entities’ request for approval of a marketing process for the business and assets of the Prizm Entities in respect of those locations that are not located in Ontario or British Columbia and are not subject to the Soul Transaction (the “**Marketing Process**”) and the Monitor’s recommendation thereon;
- (i) The Prizm Entities’ request for approval, *nunc pro tunc*, of the engagement of Canaccord Genuity Corporation (“**Canaccord Genuity**”), pursuant to an engagement letter signed February 10, 2011 (the “**Canaccord Genuity Engagement Letter**”) and the Monitor’s recommendation on the foregoing; and
- (j) The Prizm Entities’ request for authority to reallocate certain amounts forfeited on the resignation of participants of the key employee retention plans (the “**KERPs**”) to other KERP participants and for discretionary authority, subject to the prior consent of the Monitor, to utilize amounts forfeited by any future resignations of participants of the KERPs for additional KERP payments and the Monitor’s recommendation on the foregoing.

4. In preparing this report, the Monitor has relied upon unaudited financial information of the Prizm Entities, the Prizm Entities' books and records, certain financial information prepared by the Prizm Entities and discussions with the Prizm Entities' management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the affidavit of Deborah Papernick, Chief Financial Officer of the Prizm Entities, sworn March 30, 2011, and filed in support of the CCAA application (the "**Papernick Affidavit**"), previous reports of the Monitor, the Amended Initial Order or in the affidavit of Ms. Deborah Papernick sworn May 24, 2011 and filed in support of the Prizm Entities' motion (the "**May 24 Affidavit**"). Copies of Court orders and other materials in respect of the CCAA Proceedings are available on the Monitor's Website at <http://cfcanada.fticonsulting.com/prizm>.

THE OLYMEL MOTION

6. The Initial Order created the Critical Supplier Charge which ranks in priority to the DIP Lender's Charge, the Director's Charge and the pre-filing secured indebtedness of Prudential. On April 25, 2011, a motion was served on behalf of Olymel seeking *inter alia* to amend the terms of the Initial Order relating to Critical Suppliers or, in the alternative, requiring the imposition of terms similar to those typically found in DIP lending agreements and the appointment of a "Critical Supplier Committee" at the cost of the estate.

7. Subsequently, at the request of the Monitor, the Monitor and its counsel, counsel to the Prizm Entities, counsel for Olymel and counsel for one additional critical supplier that had indicated support for certain aspects of the Olymel Motion met to discuss the matters raised in the Olymel Motion and to determine whether a basis existed to address the concerns of the two Critical Suppliers without the need for the Olymel Motion to be argued. A further meeting has been scheduled among the same parties for June 3, 2011, and no return date in respect of the Olymel Motion has been set.

EXPIRY OF THE DIP AMENDMENT

8. The DIP Amendment expired on its terms on May 20, 2011. While there have been discussions with Prudential in respect of an extension of the DIP Amendment, to date no extension has been agreed. However, the Prizm Entities' cash flow forecasts, as described later in this report, show that the Prizm Entities' do not anticipate a need for any advances under a DIP facility in the period of the forecasts.

RECEIPTS & DISBURSEMENTS FOR APRIL 18 TO MAY 22, 2011

9. The Prizm Entities' actual cash flow on a consolidated basis for the period from April 18 to May 22, 2011, was approximately \$2.7 million better than the April 20 Forecast filed as Appendix A to the Monitor's First Report, as summarized below:

	Forecast	Actual	Variance
	\$M	\$M	\$M
Receipts:			
Sales	42,016	41,811	(205)
Other	438	282	(156)
Total Receipts	42,454	42,093	(361)
Disbursements:			
Store costs	27,372	26,279	1,093
Occupancy costs	4,108	3,707	401
IT	345	95	250
Fixed asset vendors	229	162	67
Repairs & maintenance	661	317	344
Marketing	518	317	201
Other vendors	1,970	1,589	380
Royalties	0	0	0
Co-op marketing	1,186	892	294
Legal fees	21	22	(1)
Bank fees	215	132	84
Interest	0	0	0
Sales taxes	2,213	2,554	(341)
Legal & professional fees	1,658	1,398	259
Other	5	3	3
Total Disbursements	40,499	37,467	3,032
Excess of Receipts over Disbursements	1,955	4,626	2,672
Opening Cash	13,990	13,990	0
Closing Cash	15,945	18,617	2,672
Reversal of prior "funds not available"	897	897	0
Funds not available	(889)	(986)	(97)
	15,953	18,528	2,575

10. Explanations for the key variances in actual receipts and disbursements as compared to the April 20 Forecast are as follows:

- (a) The positive variance in Store costs arises from lower than forecast payroll costs and distributor costs and is believed to be a permanent saving;
- (b) The positive variance in Occupancy costs is a timing difference in respect of utility payments where invoices have not yet been received;

- (c) The positive variance in IT costs is a combination of a permanent variance of \$103,000 related to the non-payment of pre-filing portions of an invoice and a timing difference of \$147,000 which will reverse in future periods;
- (d) The positive variance in Repairs and Maintenance is a combination of a permanent variance of approximately \$100,000 and timing differences arising from terms being provided by certain vendors;
- (e) The positive variance in Marketing is a permanent variance arising from expenses included in the cash flow related to direct mail promotional programs that were not incurred;
- (f) The positive variance in Other Vendors is attributed to lower than forecast costs during the period and a timing difference of approximately \$280,000 with respect to the payment of property taxes;
- (g) The positive variance in Co-op marketing costs is a permanent variance arising as a result of the inadvertent inclusion in the forecast of part of an invoice that related to pre-filing amounts which were not paid as provided for in the Initial Order;
- (h) The negative variance in Sales Taxes arises due to a lower input tax credit in the current period; and
- (i) The positive variance in Legal and Professional Fees is a timing difference that will reverse in future periods.

REVISED CASH FLOW FORECAST TO JULY 3, 2011

11. The May 24 Forecast is attached hereto as Appendix A and shows a minimum cash balance of approximately \$10.5 million in the period May 22 to July 3, 2011. The May 24 Forecast is summarized below:

	\$M
Receipts:	
Sales	86,785
Other	500
Total Receipts	87,285
Disbursements:	
Store costs	54,307
Occupancy costs	11,507
IT	828
Fixed asset vendors	1,026
Repairs & maintenance	1,271
Marketing	1,740
Other vendors	4,296
Royalties	4,310
Co-op marketing	4,047
Legal fees	541
Bank fees	406
Interest	0
Sales taxes	7,924
Legal & professional fees	2,699
Other	495
Total Disbursements	95,395
Excess of Receipts over Disbursements	(8,110)
Opening Cash	18,527
Closing Cash	10,417
Reversal of prior "funds not available"	985
Funds not available	(914)
	10,489

12. The major changes in the underlying assumptions in the May 24 Forecast as compared to the April 20 Forecast are as follows:
- (a) Payroll costs have been reduced to reflect recent cost levels;
 - (b) Chicken costs have been reduced by 2% to reflect recent cost levels;
 - (c) Royalty payments have been included for amounts arising in the period commencing May 21, 2011, as the deferral of royalties expires on May 20, 2011.

13. In addition to the May 24 Forecast, which assumes status quo for operations and no closing of the Soul Transaction, the Prizm Entities have prepared a cash flow forecast for the period May 22 to July 3, 2011 assuming that the Soul Transaction closes in the week ended June 5, 2011 (the “**May 24 Soul Closing Forecast**”). A copy of the May 24 Soul Closing Forecast is attached hereto as Appendix B.

THE SOUL TRANSACTION

14. Capitalized terms not otherwise defined in this section of the Report have the meaning ascribed to such terms in the Soul APA.
15. As described in the Papernick Affidavit, on December 11, 2010, Prizm LP and Prizm Inc. entered into an asset purchase agreement with Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) for the sale of 232 restaurants (subsequently reduced to 231) in Ontario and British Columbia¹ for an aggregate purchase price of approximately \$46.4 million before purchase price adjustments as provided for in the agreement (the “**December Soul APA**”). The December Soul APA was subject to several conditions, including due diligence, financing, obtaining a minimum number of lease assignments, the consent of the Franchisor and Prudential and, if necessary, Unitholder approval.
16. The sales process which ultimately resulted in the execution of the December Soul APA is described in the May 24 Affidavit.

¹ The 231 stores in fact included 4 stores located in Hull and Gatineau, Quebec

17. Since the execution of the December Soul APA the parties had been working to clear conditions in order that the transaction could be closed. However, immediately before the commencement of the CCAA Proceedings, Soul requested a significant reduction to the purchase price. Since all of the conditions precedent to closing in the December Soul APA had not been satisfied at that time, the Prizm Entities and Soul engaged in extensive negotiations which resulted in a purchase price reduction of approximately \$2.4 million and a reduction of \$1.1 million in the Closing Date Current Assets Amount, with 27 fewer Outlets being included in the transaction, the deposit being increased by \$1 million and a number of conditions being removed or amended to reduce closing risk. On May 17, 2011, the Soul APA was executed.
18. The key provisions of the Soul APA, certain matters relating to the proceeds of sale and the Monitor's comments with relation to the foregoing are provided below.

THE SOUL APA

19. The key terms of the Soul APA, a copy of which is attached as Exhibit A to the May 24 Affidavit, are summarized as follows:
 - (a) The transaction includes 38 stores in British Columbia, 162 stores in Ontario and 4 stores in Quebec, including the Vendor's interest in the Leases and Leased Premises, the related Franchise Agreements, equipment, Trade Fixtures, Inventories, Accounts Receivable, Prepaid Expenses and Restaurant Cash Float;

- (b) The Leases shall be assigned to the Purchaser on consent of the Landlord where such consent is required. For any Lease where Landlord Consent is not obtained prior to Closing, commercially reasonable efforts shall be used to obtain either such Consent or an Order of the Court assigning such Lease within six months of Closing. In the period from Closing to the date of assignment, the Vendor shall hold the Lease in trust for the Purchaser and the Purchaser shall occupy the location pursuant to the Occupation Agreement (as defined later in this report);
- (c) To the extent that less than 95% (194) of the Leases are not assigned within six months of Closing, the Lease is terminated or the Purchaser is evicted prior to an assignment of the Lease becoming effective, the Purchase Price will be reduced by the amount of the Purchase Price allocated to the non-assigned Outlets and refunded to the Purchaser;
- (d) The Purchase Price is \$42,824,000, subject to adjustments in respect of Leases not assigned as described above and post-closing adjustment in respect of Current Assets. The Purchase Price is comprised of \$39.5 million plus \$408,000 related to franchise renewal fees previously paid by the Prizm Entities, \$116,000 equal to the price of the UPGC Shares plus \$2.8 million being the Closing Date Currents Assets Amount;
- (e) A deposit of \$3 million has been paid by the Purchaser and is held by the Monitor. The Deposit is refundable only in the event that the Vendor does not perform and comply with certain of the terms and conditions of the Soul APA, including the execution and delivery of documents contemplated or required under the Soul APA or if the conditions precedent for the mutual benefit of the Vendor and the Purchaser are not satisfied or waived;

- (f) The Closing Date shall be the first Monday after the Sale Approval Order is issued or such other date not later than May 31, 2011 as may be agreed by the parties; and
- (g) The Purchaser shall offer employment effective as of the Closing Date to the Designated Employees, being the employees currently employed by the Vendor at the Outlets, the managers employed by the General Partner with respect to the Outlets, and the Regional Directors of Operations, Area Managers, and Field Training Leaders employed by the General Partner with respect to the geographic area in which the Outlets are situated, and the Purchaser shall recognize the service to the Vendor of the Designated Employees for all purposes.

20. The Soul APA is subject to a number of conditions, as follows:

- (a) For the exclusive benefit of the Purchaser, to be fulfilled or performed on or before the Closing Date:
 - (i) the Vendor shall deliver or cause to be delivered to the Purchaser all keys, entry devices and pass codes with respect to the Purchased Assets including combinations to any locks or vaults; provided that all keys, entry devices and pass codes in the possession of Transferred Employees shall be deemed to have been delivered to the Purchaser;
 - (ii) the representations and warranties of the Vendor shall be, to the best of the Vendor's knowledge, information and belief, true and correct in all material respects, subject to the CCAA process, as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or

Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date; and

(iii) the Vendor shall have performed and complied with all of the terms and conditions in the Agreement on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated or required to be so executed and delivered in the Soul APA.

(b) For the exclusive benefit of the Vendor, to be fulfilled or performed on or before the Closing Date (other than item (i) which shall be fulfilled or performed on or before the Condition Date):

- (i) the Vendor shall have received evidence satisfactory to the Vendor that the Purchaser has and will have at Closing all funds on hand necessary to pay the Purchase Price;
- (ii) the representations and warranties of the Purchaser shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or Material Adverse Effect, it must be true and correct in all respects after giving effect to such qualification and (ii) if a representation and warranty speaks only as of a specific date it only needs to be true and correct as of that date; and

- (iii) the Purchaser shall have performed and complied with all of the terms and conditions in the Agreement on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents contemplated required to be so executed and delivered in this Agreement.

- (c) For the mutual benefit of the Vendor and the Purchaser, to be fulfilled or performed, on or before the Closing Date (other than items (ii) and (iii) which shall be fulfilled or performed on or before the Condition Date):
 - (i) the Sale Approval Order shall have been issued and entered by the Court either (i) in the form attached as Schedule "H" to the Soul APA, which the Parties acknowledge is satisfactory, or (ii) in a form which is not more adverse to the Purchaser, acting reasonably, and shall not be subject to a stay;
 - (ii) the Parties shall have received evidence, satisfactory to the Vendor and the Purchaser, acting reasonably, of the consent of Prudential to the transaction contemplated in the Soul APA; and
 - (iii) the Purchaser and the Franchisor shall have (i) entered into a new franchise agreement or (ii) have executed an agreement assigning the Master Franchise Agreement as it relates to the Outlets and the Franchise Agreements for each of the Outlets to the Purchaser, each in form and substance satisfactory to the Parties acting reasonably, and the Franchisor shall have provided its consent to such

assignment conditional upon completion of the transaction and any payments to the Franchisor contemplated by the Sale Approval Order in form and substance satisfactory to the Parties acting reasonably.

21. As evidence of financing, Soul has provided a copy of a commitment letter from Bank of Montreal and Soul's counsel has confirmed that it holds in its trust account adequate funds to fund the balance of the Purchase Price, after taking into account the advances to be received from Bank of Montreal under its funding commitment, under the Soul APA. Soul's counsel has further confirmed that its instructions are that such funds are to be held in the trust account and that such portion of such funds as are required to satisfy the Purchase Price, after taking into account the advances to be received from Bank of Montreal under its funding commitment, shall be paid to the Monitor upon the successful completion of the purchase transaction contemplated in the Soul APA. Soul's counsel has also confirmed that such instructions are not subject to any other conditions being met and that their clients have agreed such instructions will not change if the transaction contemplated by the Soul APA is completed in accordance with its terms. The Prizm Entities have informed the Monitor that relying on the foregoing, the condition in respect of evidence of financing described earlier in this report has been satisfied.
22. The Franchisor, the Prizm Entities and Soul have entered into a consent agreement, effective on Closing (the "**Franchisor Consent Agreement**"), a copy of which is attached hereto as Appendix C without certain Exhibits that are deemed confidential by one or more of the parties. Prizm LP, Prizm Inc. and Soul have entered into assignment agreement, effective on Closing, a copy of which is attached as Exhibit I to the Franchisor Consent Agreement.
23. The Parties have received satisfactory evidence of the consent of Prudential to the transaction contemplated in the Soul APA.

TREATMENT OF CLOSING PROCEEDS

24. It is proposed that the Purchase Price of \$42,824,000, less the deposit of \$3,000,000 already held by the Monitor, be paid to the Monitor on closing. There are a number of potential claims to the Purchase Price and a number of payments to be made from the Purchase Price or from operating cash flow on or following Closing, as described below.

Potential Refunds to Soul

25. Pursuant to the Soul APA, a reimbursement of the Purchase Price will be due to Soul to the extent that:

- (a) Less than 95% (194) of the Leases are not assigned within six months of Closing or the Lease is terminated or the Purchaser evicted prior to an assignment becoming effective; and
- (b) The Current Assets are determined from the Current Assets Statement (prepared within 30 days of the Closing Date) to be less than \$2,800,000.

26. The Prizm Entities have informed the Monitor that as at May 24, 2011, 38 executed Landlord Consents have been received and a further 94 notices of assignment have been issued in respect of Leases which can on their terms be assigned on notice without consent (the "Notice Leases"). The Prizm Entities have also informed the Monitor that a form of consent has been agreed for execution on Closing in respect of 14 additional Leases, with a "comfort letter" confirming that the consent will be provided on Closing having been provided by the Landlords for 11 of those Leases.

27. Based on the provisions of the Soul APA, the Monitor calculates that the maximum potential Purchase Price reduction in respect of failure to assign Leases, assuming that only the Notice Leases and those Leases for which signed consents have already been obtained are ultimately assigned, is \$12.9 million.

28. The Prizm Entities have served a Notice of Motion, returnable on the same date as the motion for approval of the Soul Transaction, for an Order under section 11.3 of the CCAA assigning the rights and obligations of the Prizm Entities under the Leases for which no acceptable form of consent has yet been agreed or for which no comfort letter has been provided. To the extent that the Prizm Entities are successful in their motion, such Leases would be assigned on Closing and there would be no Purchase Price reduction in respect of the failure to assign leases.
29. It is not possible to calculate at this time what the Current Assets Purchase Price Adjustment may be. Accordingly, the full amount of the Currents Assets Closing Amount, being \$2.8 million, will be held pending adjustment in accordance with the terms of the Soul APA.
30. In addition to the potential refunds under the Soul APA, refund obligations exist under the Occupation Agreement. The Prizm Entities have calculated the maximum potential refund under the Occupation Agreement as approximately \$0.8 million.

Payments to the Franchisor

31. The Master Franchise Agreement provides that on a transfer of an Outlet, the Franchisor is entitled to be paid all accrued monetary obligations owing by the Franchisor plus a transfer fee of US\$5,400 per store, to a maximum aggregate transfer fee of US\$1 million (the "**Transfer Fee**").
32. As a condition of its consent to the assignment of the Franchise Agreements or the granting of a new Franchise Agreement, which is a condition precedent to the Soul APA, the Franchisor has demanded that the following amounts be paid out of the proceeds of the transaction that are accrued to May 15, 2011, plus the amounts accruing from May 16, 2011 to the Closing Date (not to exceed \$1.5 million), which it is estimated will be approximately \$650,000:

	Principle Amount	Interest to 31/3	Taxes	Total
Pre-Filing Amounts:				
Royalty on stores in APA	\$4,463,437.42	\$136,689.22	\$571,837.37	\$5,171,964.01
Royalty on stores in former APA	\$330,388.41	\$10,047.28	\$42,271.00	\$382,706.69
Royalty on other ON/BC stores	\$71,693.32	\$2,377.31	\$9,320.13	\$83,390.77
Other amounts	\$237,259.71	\$8,773.86	\$16,855.03	\$262,888.60
Total Pre-Filing Amounts	\$5,102,778.86	\$157,887.67	\$640,283.54	\$5,900,950.07
Post-Filing Amounts:				\$0.00
Royalty on stores in APA	\$1,387,942.14		\$177,715.81	\$1,565,657.95
Royalty on stores in former APA	\$107,817.13		\$13,784.50	\$121,601.63
Royalty on other ON/BC stores	\$21,018.05		\$2,732.35	\$23,750.39
Other amounts ¹	\$118,785.67		\$8,930.74	\$127,716.41
Total Post-Filing Amounts	\$1,635,562.99	\$0.00	\$203,163.40	\$1,838,726.39
Transfer Fees	\$975,799.96		\$125,109.38	\$1,100,909.34
Total	\$7,714,141.81	\$157,887.67	\$968,556.32	\$8,840,585.80

¹Includes call center and training costs

33. The Monitor has been informed that the Prizm Entities, the Purchaser and Prudential have agreed to the aforementioned payments to the Franchisor in order to obtain the consent to the assignment of the Franchise Agreements in satisfaction of the condition precedent to the Soul APA regarding Franchise Agreements.

Potential Landlord Claims

34. Scott's REIT ("SREIT") is the Prizm Entities' major landlord with 181 leases, of which 63 are subject to the Soul Transaction. SREIT has alleged a claim that the wording of their leases is such that in the event that the Prizm Entities undertake a transaction that includes a payment for the assignment of leases, SREIT is entitled to such proceeds and that the proceeds are to be held in trust for the benefit of SREIT. The Prizm Entities and Prudential dispute this claim, which is as yet not the subject of a motion before this Honourable Court. The leases of a number of other landlords have language similar to that contained in the SREIT leases, though, to the Monitor's knowledge, as at the date of this report none have advanced the same claims as SREIT.

35. The Prizm Entities have agreed that a portion of the proceeds of the Soul Transaction will be held by the Monitor pending further order of the Court.
36. SREIT have requested that \$12.2 million be held pending further order of the Court, without duplication of amounts held in respect of any potential purchase price reduction in connection with a failure to assign leases. The Monitor understands that this amount is calculated by dividing \$39.5 million of the Purchase Price by the number of Outlets subject to the Soul Transaction (204) and multiplying by the number of such Outlets that are subject to SREIT leases.
37. Schedule F to the Soul APA includes a purchase price allocation by Outlet. The Monitor understands that Schedule F to the December Soul APA was agreed between Soul and the Prizm Entities at a time where there was no knowledge of the potential claims of landlords. Schedule F to the Soul APA has been prepared by the Prizm Entities by making pro rata adjustments to the original Schedule F to reflect the reduced Purchase Price. Accordingly, the allocation of the Purchase Price between the Outlets does not appear to have been influenced by knowledge of the potential claims of landlords. Schedule F allocates no value to the lease interest but does allocate value to each of leasehold improvements, equipment, franchise rights and goodwill.
38. For the various categories of leases that are subject to the Soul Transaction, the Monitor has calculated the amount of the Purchase Price related to the associated Outlets using the Purchase Price allocation from Schedule F to the Soul APA and using the pro-rata method used by SREIT as follows:

	Consideration Clause			No Clause			Total		
	#	Sched F	ProRata	#	Sched F	ProRata	#	Sched F	ProRata
		\$M	\$M		\$M	\$M		\$M	\$M
SREIT Notice	32	4.7	6.2	0	0.0	0.0	32	4.7	6.2
Other Notice	14	6.0	2.7	48	9.9	9.3	62	15.9	12.0
Total Notice	46	10.7	8.9	48	9.9	9.3	94	20.6	18.2
SREIT Consent Outstanding	31	5.2	6.0	0	0.0	0.0	31	5.2	6.0
Other Consent Outstanding	16	3.6	3.1	25	4.1	4.8	41	7.7	7.9
Total Consent Outstanding	47	8.8	9.1	25	4.1	4.8	72	12.9	13.9
SREIT Consent Received	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other Consent Received	5	0.5	1.0	33	5.5	6.4	38	6.0	7.4
Total Consent Received	5	0.5	1.0	33	5.5	6.4	38	6.0	7.4
Total SREIT	63	9.9	12.2	0	0.0	0.0	63	9.9	12.2
Total Other	35	10.1	6.8	106	19.5	20.5	141	29.6	27.3
Total	98	20.0	19.0	106	19.5	20.5	204	39.5	39.5

39. Using the greater of the allocation contained in Schedule F to the Soul APA or the pro-rata calculation for each category of leases as set out above, the Monitor calculates that a total of approximately \$22.8 million (highlighted in the table above) of the Purchase Price relates to the Outlets with leases that have been identified as having clauses similar to those on which SREIT appears to base its claim, inclusive of the \$12.2 million related to Outlets with an SREIT lease. Of this amount, approximately \$8.8 million is the maximum possible purchase price reduction relating to leases requiring consent for assignment which consent has not yet been executed at the date of this report.

Payments to Critical Suppliers

40. As part of its ongoing monitoring of the receipts and disbursements of the Prizm Entities, the Monitor has been reviewing the status of payments to Critical Suppliers. Nothing has come to its attention to suggest that such payments have not been in compliance with the terms of the Amended Initial Order. Based on the outstanding invoices and the May 24 Forecast, the Monitor estimates that as at May 29, 2011, approximately \$11.4 million will be accrued and owing to Critical Suppliers for post-filing supply.
41. The Prizm Entities have informed the Monitor that it is their intent, if the Soul Transaction Closes, to pay the outstanding post-filing Critical Supplier invoices within one week of the Closing Date from cash on hand.
42. In the event that the Soul Transaction closes and once the amounts owing to Critical Suppliers for post-filing supply up to the Closing Date have been paid, the Monitor estimates, based on the May 24 Soul Closing Forecast, that the maximum amount of liabilities subject to the Critical Supplier Charge would be reduced to approximately \$5.3 million, primarily as a result of the reduction in the number of outlets being operated by the Prizm Entities.

THE MONITOR'S COMMENTS

The Soul Transaction

43. As described in the May 24 Affidavit, the sales process that led to the execution of the December Soul APA was carried out in the fall of 2010, many months before the commencement of the CCAA Proceedings. While the Prizm Entities took steps to try to identify and canvass an extensive range of potentially interested parties, there did not appear to be any significant public disclosure regarding the acquisition opportunity. Furthermore, at that time, interested parties may have believed that there were restrictions on what was available for sale as the Prizm Entities intent was to sell only a portion of their locations, pay down debt and restructure around a reduced number of stores. In addition, the process focussed only on a sale for existing use and did not involve parties that may have been interested in acquiring assets for alternate use.

44. Since the commencement of the CCAA Proceedings, a number of parties have expressed interest in exploring a potential acquisition of the assets subject to the Soul Transaction. Given the exclusivity enjoyed by Soul pursuant to the December Soul APA (which exclusivity expired only on termination of the December Soul APA by the Prizm Entities on May 13, 2011), the Prizm Entities have not been able to explore whether there is any possibility that an alternate buyer may be prepared to pay a higher price for the assets subject to the Soul APA. Accordingly, given the limitations of the process that led to the December Soul APA, in considering the Prizm Entities' request for approval of the Soul APA, the Monitor considered the benefits of the Soul APA against the potential benefits and risks associated with remarketing the assets.

45. The Monitor has considered the Purchase Price in comparison to the non-binding expressions of interest received in connection with the Marketing Process for the locations not part of the Soul Transaction. Based on that comparison, the Monitor is of the view that the Purchase Price under the Soul APA is reasonable. The Monitor is also of the view that disclosure of those expressions of interest or of the comparative analysis could be highly detrimental to the ongoing Marketing Process. Accordingly, that analysis is contained in confidential Appendix D to this report for which the Prizm Entities are seeking a Sealing Order.
46. Given the limited conditions of the Soul APA, the evidence of financing provided by Soul and the satisfaction of the conditions precedent related to the consents of Prudential and the Franchisor, the Prizm Entities believe that there is a relatively low degree of closing risk. The Monitor concurs.
47. While it is possible that a higher realization could potentially be achieved if the assets were remarketed, doing so would give rise to additional delay and expense and bears the risk that no offers may be received following a remarketing or that future offers may be lower. While a "stalking-horse" process would provide the opportunity to remarket the assets while protecting against the down-side risk of a lower price, Soul has informed the Prizm Entities that is not prepared to act as a stalking-horse.

48. Closing of the Soul APA would result in the continuation of going concern operations at 204 restaurants. This would preserve approximately 3,100 jobs, provide the landlords of those locations with a replacement tenant and provide ongoing business opportunities for suppliers. The Monitor is of the view that notwithstanding the possibility that a higher purchase price may be achieved if the assets subject to the Soul APA are remarketed, the benefits that the Soul Transaction provides outweigh the risks associated with remarketing. Accordingly, the Monitor is of the view that the Purchase Price is reasonable in the circumstances and supports the Prizm Entities request for approval of the Soul APA.

Proposed Payments to the Franchisor

49. The Prizm Entities and the Monitor have reviewed the calculation of the amounts claimed by the Franchisor with respect to pre-filing and post-filing continuing fees, Transfer Fees and other amounts owing under the Master Franchise Agreement and are satisfied as to the method and accuracy of such calculations.
50. While the Franchise Agreement provides for the payment of Transfer Fees, the Company has informed the Monitor that the Transfer Fees have not been paid on previous sales of stores to existing franchisees of the Franchisor. While the Monitor understands that Soul is an affiliate of a U.K. based franchisee of the Franchisor's affiliates, the Franchisor has taken the position that the Purchaser itself is not an existing franchisee. Accordingly, the Franchisor is requiring the payment of the Transfer Fee in respect of the Soul Transaction.
51. The Franchise Agreement provides for interest on overdue amounts at the rate of 18% per annum. The payments demanded by the Franchisor as a condition of their consent to the assignment of the Franchise Agreements include interest on the pre-filing Continuing Fees and other amounts payable up to the date on the Initial Order.

52. As noted earlier in this report, the amount demanded by the Franchisor as a condition of its consent to the assignment of the Franchise Agreement includes pre-filing and post-filing arrears relating to Outlets that are not subject to the Soul Transaction and is therefore not limited to amounts required to “cure” monetary defaults related to the Outlets.

Potential Landlord Claims

53. The SREIT claim to proceeds is not currently subject to a motion before the Court. The Prizm Entities and SREIT have agreed that \$12.2 million of the Purchase Price (being the pro-rata portion of the Purchase Price related to such Outlets, calculated as \$39.5 million multiplied by the number of Outlets subject to SREIT Leases in the Soul Transaction divided by 204, the total number of Outlets in the Soul Transaction) will be held by the Monitor pending further Order of the Court.
54. As there are additional leases that include provisions similar to the provisions in the SREIT leases, the Monitor is of the view that proceeds should also be held in case of claims by other landlords. In that regard, the Prizm Entities have agreed that the Monitor will hold a further \$10.6 million pending further order of the Court, being the greater of the pro rata amount of the Purchase Price related to such Outlets and the amount set out in Schedule F to the Soul APA.
55. The Monitor calculates that of the total of \$22.8 million described above, \$8.8 million is included in the amount that will be held in respect of potential purchase price reductions. As the landlords’ claims, if any, could only extend to the proceeds of sale if they are not refunded to the Purchaser in accordance with the Soul APA, “reserving” the \$8.8 million in addition to the amounts reserved in respect of the potential Purchase Price reduction would be duplicative and is not necessary.

Payments to Critical Suppliers

56. As the Critical Supplier Charge is secured against the assets subject to the Soul Transaction and ranks subordinate only to the Administration Charge², and having regard to the Prizm Entities cash flow forecasts, the Monitor is of the view that it is appropriate for the Prizm Entities to pay the outstanding post-filing Critical Supplier invoices within one week of the Closing Date.

Payments Required under Section 36(7) of the CCAA

57. The Monitor has reviewed the calculation of amounts payable in respect of the employees that would be transferred to Soul or whose employment would be terminated as a result of the Soul Transaction and is satisfied that the payments referred to in section 36(7) of the CCAA can be made to such employees by the Prizm Entities from operating cash flow.

Summary of Proceeds to be Held by Monitor

58. If the relief is granted as requested, the proceeds held by the Monitor would be as follows:

² In respect of assets in the estate. SREIT is also advancing a claim that proceeds are subject to a trust and therefore do not constitute assets in the estate to which the Court-ordered charges attach.

	\$M	\$M
Gross Proceeds		42.8
Payments to Franchisor ¹		<u>(9.5)</u>
Net Proceeds Held by Monitor		33.3
Amounts Required to be Reserved:		
Current Asset Adjustment ²	2.8	
Purchase Price reduction if leases not assigned ^{2,3,5}	12.9	
Occupation Costs ⁵	0.8	
Additional potential landlord claims ⁴	<u>14.0</u>	
Total Reserved		<u>(30.5)</u>
Excess		<u>2.8</u>

¹Including estimate of \$0.65M for amounts accruing from May 16 to Closing

²Potentially repayable to Purchaser under the APA

³Calculated using allocation in Schedule F to APA. Includes \$8.8M re potential landlord claims if leases assigned

⁴Calculated as described earlier in this report

⁵Subject to adjustment for any additional consents received

THE OCCUPATION AGREEMENT

59. Prizm LP, Prizm Inc. and Soul have entered into an occupation agreement, effective as of the Closing Date, pursuant to which Soul will occupy and operate the Outlets subject to the Soul Transaction for which Leases are not assigned on Closing (the "**Occupation Agreement**"). A copy of the Occupation Agreement is attached as Exhibit B to the May 24 Affidavit. Capitalized terms used in this section of the report that are not otherwise defined are as defined in the Occupation Agreement.
60. The key terms of the Occupation Agreement are summarized as follows:
- (a) Soul is granted a licence to occupy each of the Premises from the Closing Date to the earlier of:
 - (i) the date that is six months from the Closing Date;

- (ii) the time the relevant Landlord's consent to the assignment of the applicable Lease is obtained or the assignment has been ordered by the Court and such Lease has been assigned to the Licensee;
 - (iii) the time the applicable Lease is lawfully terminated or expires; and
 - (iv) the time the license is terminated in respect of any given Lease in accordance with the terms of the Occupation Agreement;
- (b) Soul is required to pay to Priszm LP any and all rent, expenses, occupation costs and other amounts relating to the Premises which Priszm LP is obligated to pay pursuant to and in accordance with the Leases;
61. The Occupation Agreement does not purport to release Priszm LP or Priszm Inc. from any obligations, liabilities or covenants that it has under the Leases.
62. The Monitor supports the Soul Transaction closing and the Leases being assigned as quickly as possible. To the extent that the Leases are not assigned on Closing, because the Priszm Entities do not have acceptable forms of landlord consent and an order is not made by the Court assigning such Leases pursuant to section 11.3 of the CCAA, the Monitor supports the Priszm Entities' request for approval of the Occupation Agreement as a mechanism to ensure that the Soul Transaction can close, the Outlets can continue to be operated and the employees' jobs can be preserved pending the Leases being assigned.

THE TRANSITION SERVICES AGREEMENT

63. Prizm LP, Prizm Inc. and Soul have entered into an agreement for the provision of certain information technology services (the “**Transition Services Agreement**”), which agreement is effective on the Closing Date. Capitalized terms used in this section of this report not otherwise defined are as defined in the Transition Services Agreement.
64. The Transition Services Agreement is conditional on its approval by the Court and approval of the Soul APA. It provides for the provision of the Services by Prizm LP for the period from the Closing Date to July 22, 2011. Pursuant to the Transition Services Agreement, Soul will pay for the Services and the provision of the Services shall be on a no cost basis to Prizm LP.
65. Given the short period of the Transition Services Agreement and that there should be no cost to the estate from the implementation of the Transition Services Agreement and the provision of the Services thereunder, the Monitor supports the Prizm Entities’ request for approval of the Transition Services Agreement.

THE 11.3 MOTION

66. In connection with the Soul Transaction, the Prizm Entities have filed a notice of motion, returnable on May 30, 2011, seeking an Order under section 11.3 of the CCAA assigning the rights and obligations of the Prizm Entities (for each Lease, an “**11.3 Order**”) under the 72 Leases for which executed consents to assign have as yet not been received from the relevant landlords (the “**Outstanding Leases**”).
67. Under the Soul APA, the Prizm Entities have an obligation to use commercially reasonable efforts to obtain either the landlord’s consent to the assignment or an 11.3 Order. As described earlier in this report, to the extent that the Outstanding Leases are not assigned, there would be a Purchase Price reduction unless at least 95% of all Leases are assigned.

68. Assuming the Soul Transaction is approved and closes, the majority of stores in Ontario and British Columbia will be sold and the employees responsible for the operation of such stores, including the area and regional managers will be transferred to Soul. In the event that some or all of the Outstanding Leases are not ultimately assigned, the Prizm Entities would be left with the stores but with no local management infrastructure to oversee their operation. The senior management of the Prizm Entities have informed the Monitor that, in their opinion, the continued operation of stores with Outstanding Leases is unlikely to be feasible in the event that the Outstanding Leases are not ultimately assigned.
69. The Monitor is unable to comment on Soul's business plans or the strength of the covenant that assignment of the Outstanding Leases would provide to the landlords in question. However, the Monitor understands that it is Soul's intention to continue to operate the same business as is currently operated by the Prizm Entities at those locations.
70. While the Monitor understands that SREIT has provided a form of assignment agreement to the Prizm Entities by which it proposes to consent to the assignment of its outstanding leases to Soul. The Prizm Entities and SREIT have not been able to agree to the terms of such agreement. The Monitor supports the Soul Transaction closing and the Leases being assigned as quickly as possible. The 11.3 Motion provides an efficient mechanism to achieve that.
71. The Monitor has not been made aware of any existing monetary defaults under the Outstanding Leases that could not be remedied by the Prizm Entities.
72. Accordingly, the Monitor approves of the proposed assignment.

THE MARKETING PROCESS

73. As described in the Papernick Affidavit and the Monitor's First Report, the Prizm Entities are in the process of seeking offers for the acquisition of the locations that are not part of the Soul Transaction with the assistance of Canaccord Genuity.
74. Potential purchasers were identified and approached by Canaccord Genuity to determine if they were interested in participating in the Marketing Process and a "teaser" outlining the opportunity was provided on request.
75. Those parties who informed Canaccord Genuity that they were interested in exploring the opportunity to acquire the assets and who executed a confidentiality agreement in a form satisfactory to the Prizm Entities were provided a confidential information memorandum and access to a virtual data-room.
76. Prospective purchasers were informed that they were required to submit a letter of intent ("**Letter of Intent**") on or before March 22, 2011 (the "**LOI Deadline**").
77. The Letters of Intent received were reviewed by the Prizm Entities, in consultation with Canaccord Genuity, the Proposed Monitor (as it was then) and Prudential and all parties that submitted a Letter of Intent were invited to proceed to the next phase of the Marketing Process, other than one party that expressed interest in only two stores.
78. A deadline of May 9, 2011, was set as the deadline for binding offers.
79. Following the commencement of the CCAA Proceedings, several additional parties contacted the Monitor, the Prism Entities or Canaccord Genuity to express interest in a potential acquisition of stores. All such parties were invited to execute a confidentiality agreement and those that did so were provided the confidential information memorandum and access to the virtual data-room.

80. A number of interested parties requested that the May 9 bid deadline be extended as they needed additional time to complete due diligence and formulate an offer. As a result of the significant number of additional interested parties that came forward following the commencement of the CCAA Proceedings and after consultation with Canaccord Genuity, the Monitor and Prudential, the Prizm Entities extended the deadline for the submission of binding offers to May 25, 2011 (the “**Bid Deadline**”).
81. The Monitor believes that the Marketing Process is fair, transparent and reasonable in the circumstances. The Monitor therefore respectfully recommends that the Prizm Entities’ request for approval of the Marketing Process be granted.

THE CANACCORD GENUITY ENGAGEMENT LETTER & SEALING ORDER

82. As noted earlier in this report, Canaccord Genuity was engaged by the Prizm Entities pursuant to the Canaccord Genuity Engagement Letter to assist with the marketing of the business and assets of the Prizm Entities related to those locations not located in Ontario or British Columbia and that are not subject to the Soul Transaction. The Prizm Entities now seek an order approving the engagement of Canaccord Genuity *nunc pro tunc*.
83. Canaccord Genuity is a well known and respected provider of investment banking services. Furthermore, the Monitor is informed that Canaccord Genuity has previously provided various services to the Prizm Entities. Accordingly, Canaccord Genuity is familiar with the assets and the industry and is a logical choice to assist with the Marketing Process.

84. The Canaccord Genuity Engagement Letter provides for an engagement fee on execution (which was paid prior to the CCAA Proceedings) and transaction fees (the “**Transaction Fee**”) payable on completion of any Transaction (as defined in the Canaccord Genuity Engagement Letter) other than the Soul Transaction, with the amount of the Transaction Fee dependant on the gross proceeds of Transactions. The engagement fee is to be credited against any Transaction Fee.
85. The Monitor understands that the fee structure contained in the Canaccord Genuity Engagement Letter was the subject of significant negotiation with the Prizm Entities and Prudential. Based on its experience and the circumstances of this case, the Monitor is of the view that the fees provided for in the Canaccord Genuity Engagement Letter are consistent with market practice and are reasonable.
86. The Canaccord Genuity Engagement Letter provides that it is to be maintained as confidential. Furthermore, the Prizm Entities and Canaccord Genuity submit that the terms and conditions of the Canaccord Genuity Engagement Letter are commercially sensitive and disclosure could adversely impact the Marketing Process. The Monitor concurs. Accordingly, a redacted version of the Canaccord Genuity Engagement Letter is attached hereto as Appendix E. The unredacted Canaccord Genuity Engagement Letter will, of course, be made available to the Court under appropriate confidentiality arrangements if requested.
87. Based on the forgoing, the Monitor respectfully recommends that this Honourable Court grant the Prizm Entities’ request for approval of the Canaccord Genuity Engagement Letter.

THE KEY EMPLOYEE RETENTION PLANS

88. As described at paragraphs 102 to 106 of the Papernick Affidavit, prior to the commencement of the CCAA Proceedings, the Prizm Entities offered 41 key personnel retention bonuses and created trusts in favour of the KERP participants to secure the obligations under the KERPs.
89. On April 29, 2011, the Honourable Madam Justice Mesbur granted an Order approving certain amendments to the KERPs. Since then, an additional two KERP participants have resigned and have therefore forfeited their entitlement under the KERPs. The Prizm Entities continue to have concerns regarding the retention of key employees and seek discretionary authority, subject to the prior concurrence of the Monitor, to utilize amounts forfeited by the resignation of KERP participants to date or in the future to make additional KERP payments. As this would be a redistribution of amounts already subject to a trust agreement and the quantum would not be significant to the estate as a whole, the Monitor is of the view that there would be no adverse impact on creditors of the Prizm Entities if the Prizm Entities' request is granted.
90. Accordingly, the Monitor respectfully recommends that this Honourable Court grant the Prizm Entities' request for discretionary authority, subject to the prior concurrence of the Monitor, to utilize amounts forfeit by the resignation of KERP participants to date or in the future to make additional KERP payments.

The Monitor respectfully submits to the Court this, its Second Report.

Dated this 26th day of May, 2011.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Priszm Income Fund, Priszm Canadian Operating Trust,
Priszm Inc. and Kit Finance Inc.



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Managing Director

Appendix A

The May 24 Forecast

Prizm Income Fund
 CCAA Cash Flow Forecast
 L May 23, 2011

Amounts in CD\$000's	5/27/11	6/3/11	6/10/11	6/17/11	6/24/11	7/1/11	7/8/11	7/15/11	7/22/11	7/29/11	Total
Receipts											
Sales	8,715	8,464	8,056	8,738	9,018	9,760	9,247	8,849	7,949	7,981	86,785.3
Other	50	50	50	50	50	50	50	50	50	50	500.0
Total Receipts	8,765	8,514	8,106	8,788	9,068	9,810	9,297	8,899	7,999	8,041	87,285.3
Disbursements											
Store Costs	3,210	7,765	3,587	7,255	3,082	6,962	3,381	7,484	3,893	7,689	54,307.0
Occupancy Costs	354	1,925	448	1,828	350	2,044	395	1,963	253	1,987	11,507.0
IT	31	-	189	155	-	72	72	249	36	96	828.0
Fixed Asset Vendors	48	46	278	56	52	58	271	34	86	88	1,025.8
Repairs and Maintenance	61	97	58	217	87	137	153	146	100	214	1,270.9
Marketing	267	430	1	261	-	159	261	190	374	58	1,739.7
Other Vendors	572	478	389	249	224	866	366	340	318	484	4,295.6
Royalties	-	-	-	-	2,064	-	-	-	2,246	-	4,309.7
Co-op Advertising	1,324	-	-	1,305	-	-	-	-	1,418	-	4,046.8
Legal Fees	135	62	25	81	63	40	120	-	14	2	541.1
Bank Fees	1	169	24	7	1	1	193	7	1	1	405.7
Interest	-	-	-	-	-	-	-	-	-	-	-
Taxes	2,609	-	-	-	2,539	-	-	-	2,776	-	7,923.6
Other Payments	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional Fees - Restructuring	320	258	258	288	258	258	258	288	258	258	2,699.3
SCool Life / WHF	-	165	-	-	-	165	-	-	-	165	495.0
Total Disbursements	8,931	11,394	5,256	10,136	10,023	10,689	5,429	10,702	11,773	11,062	95,395.2
Net Cash Flow	(167)	(2,880)	2,849	(1,348)	(955)	(879)	3,868	(1,803)	(3,774)	(3,021)	(8,109.9)
[A] Adjusted for DIP Financing and Costs											
Opening Cash Position (not Including "Funds not Available")	18,527	18,518	15,667	18,560	17,068	16,084	15,128	19,049	17,287	13,511	18,527.2
Reversal of previous weeks "Funds NOT Available"	985	828	799	756	899	928	1,004	952	911	912	985.3
Net Cash Flow from Operations	(167)	(2,880)	2,849	(1,348)	(955)	(879)	3,868	(1,803)	(3,774)	(3,021)	(8,109.9)
Royalties	-	-	-	-	-	-	-	-	-	-	-
Commitment Fee (Note Amendment Agreement)	-	-	-	-	-	-	-	-	-	-	-
Issuance Fees (1% of principal amount as per Note Amendment Agreement)	-	-	-	-	-	-	-	-	-	-	-
Funds NOT Available for Outflow use - Non-RBC/ C: & Dr Card Dep	(828)	(799)	(756)	(899)	(928)	(1,004)	(952)	(911)	(912)	(914)	(913.6)
Ending balance in cash before Funding and Interest	18,518	15,667	18,560	17,068	16,084	15,128	19,049	17,287	13,511	10,489	10,489.0
Issuance of Series 2011 Notes (includes minimum cash on hand assumption)	-	-	-	-	-	-	-	-	-	-	-
Interest on Series 2011 Notes	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series 2011 DIP Notes	-	-	-	-	-	-	-	-	-	-	-
Adjusted Cash Position - Forbearance and Financing Costs	18,518	15,667	18,560	17,068	16,084	15,128	19,049	17,287	13,511	10,489	10,489.0

Appendix B

The May 24 Soul Closing Forecast

Prizm Income Fund
CCAA Cash Flow Forecast
 [May 23, 2011]

Amounts in CDN\$000's

Week Ended	5/27/11	6/3/11	6/10/11	6/17/11	6/24/11	7/1/11	7/8/11	7/15/11	7/22/11	7/29/11	Total
Receipts	8,715	3,985	3,624	4,151	4,236	4,555	4,195	4,128	3,251	3,308	44,148
Sales	50	50	50	50	50	50	50	50	50	50	500
Other	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	8,765	4,035	3,674	4,201	4,286	4,605	4,245	4,178	3,301	3,358	44,648

Disbursements

Store Costs	3,210	13,500	292	2,612	965	3,430	1,723	3,698	1,798	3,759	34,986
Occupancy Costs	354	1,115	343	873	245	901	109	998	164	889	5,991
IT	31	-	189	155	-	-	72	249	38	96	828
Fixed Asset Vendors	48	18	109	22	20	23	107	14	34	39	432
Repairs and Maintenance	61	38	23	85	34	54	60	58	39	84	536
Marketing	267	198	0	-	-	73	120	88	172	27	945
Other Vendors	572	334	202	122	95	469	176	180	147	177	2,474
Royalties	-	-	-	-	1,518	-	-	-	1,044	-	2,563
Co-op Advertising	1,324	-	-	-	936	-	-	-	606	-	2,866
Legal Fees	135	62	25	81	63	40	120	-	14	2	541
Bank Fees	1	78	11	3	1	1	89	3	1	1	187
Interest	-	-	-	-	-	-	-	-	-	-	-
Taxes	2,609	-	-	-	1,832	-	-	-	1,218	-	5,658
Other Payments	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional Fees - Restructuring	320	258	258	288	258	258	258	288	258	258	2,699
S Cool Life / WHF	-	76	-	-	-	76	-	-	-	76	228
Total Disbursements	8,931	15,677	1,452	4,241	5,965	5,322	2,834	5,577	5,529	5,407	60,936
Net Cash Flow	(167)	(11,641)	2,222	(40)	(1,679)	(717)	1,411	(1,399)	(2,228)	(2,049)	(16,288)

[A] Adjusted for DIP Financing and Costs

Opening Cash Position (not including "Funds not Available")	18,527	18,518	7,367	9,627	9,459	7,771	7,021	8,469	7,077	4,845	18,527
Reversal of previous week's "Funds NOT Available"	985	828	338	299	427	436	469	432	425	429	985
Net Cash Flow from Operations	(167)	(11,641)	2,222	(40)	(1,679)	(717)	1,411	(1,399)	(2,228)	(2,049)	(16,288)
Royalties	-	-	-	-	-	-	-	-	-	-	-
Commitment Fee (Note Amendment Agreement)	-	-	-	-	-	-	-	-	-	-	-
Issuance Fees (1% of principal amount as per Note Amendment Agreement)	-	-	-	-	-	-	-	-	-	-	-
Funds NOT Available for Outflow use - Non-RBC/ Cr & Dr Card Dep	(828)	(338)	(299)	(427)	(436)	(469)	(432)	(425)	(429)	(432)	(432)
Ending balance in cash before Funding and Interest	18,518	7,367	9,627	9,459	7,771	7,021	8,469	7,077	4,845	2,793	2,793
Issuance of Series 2011 Notes (includes minimum cash on hand assumption)	-	-	-	-	-	-	-	-	-	-	-
Interest on Series 2011 Notes	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series 2011 DIP Notes	-	-	-	-	-	-	-	-	-	-	-
Adjusted Cash Position - Forbearance and Financing Costs	18,518	7,367	9,627	9,459	7,771	7,021	8,469	7,077	4,845	2,793	2,793

Appendix C

The Franchisor Consent Agreement

CONSENT AGREEMENT

THIS CONSENT AGREEMENT, made May 25, 2011, by Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc., Prizm LP and Kit Finance Inc. (collectively, the "Prizm Entities"), Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) ("Soul") and Yum! Restaurants International (Canada) Company (the "Franchisor").

RECITALS:

- A. Prizm LP (the "Vendor") and the Franchisor are parties to a master franchise agreement dated November 10, 2003, as amended November 25, 2009 (collectively, the "Master Franchise Agreement"). Pursuant to the Master Franchise Agreement, the Vendor and the Franchisor are deemed to have entered into a franchise agreement with respect to each franchised outlet operated by the Vendor pursuant to the Master Franchise Agreement (such deemed franchise agreements hereinafter referred to as the "Franchise Agreements"). The Master Franchise Agreement is in full force and effect as of the date hereof;
- B. Pursuant to an Amended and Restated Asset Purchase Agreement dated May 17, 2011 (the "Soul Agreement") between the Vendor, Prizm Inc. and Soul, the Vendor has agreed to sell to Soul all the assets and undertaking of the Vendor and all the Vendor's rights and interest under the Master Franchise Agreement and the Franchise Agreements as they relate to the Outlets (as defined in the Soul Agreement). All the assets, undertaking, rights and interests purchased by or transferred to Soul pursuant to the Soul Agreement are herein referred to as the "Purchased Assets";
- C. Pursuant to the Master Franchise Agreement and the Franchise Agreements, the transfer of the Purchased Assets, including the assignment of the Vendor's rights and entitlements under the Master Franchise Agreement and the Franchise Agreements in respect of each of the Outlets, is subject to the Franchisor's consent.

TERMS OF AGREEMENT:

1. This consent agreement (the "Consent Agreement") is made in consideration of:
 - (a) the mutual covenants and conditions herein;
 - (b) the provisions of the Soul Agreement and the transactions provided therein; and

- (c) the consent of the Franchisor to the assignment and transfer by the Vendor of the Purchased Assets.

2. Subject to the satisfaction by the applicable party of its conditions set out in Section 3 herein, the Franchisor hereby consents to the sale of the Purchased Assets, including the assignment of the Vendor's rights under the Master Franchise Agreement and the Franchise Agreements each as they relate to each of the Outlets (the "Assigned Agreements") pursuant to the Assignment Agreement attached hereto as Exhibit 1, in accordance with the Soul Agreement.

3. The consent of the Franchisor herein is subject to the fulfillment of the following conditions on or before the closing of the transactions provided in the Soul Agreement (the "Closing"). The conditions herein are for the exclusive benefit of the Franchisor and may only be waived, in whole or in part, in writing by the Franchisor in its sole and absolute discretion at any time:

- (a) the order issued by the Ontario Superior Court of Justice (Commercial List) approving the Soul Agreement (the "Order") shall provide for the payment to the Franchisor of:

- i. the amount of \$5,900,950.07 payable on Closing in respect of all pre-filing monetary obligations owed under the Assigned Agreements;
- ii. the amount of \$1,838,726.40 payable on Closing in respect of all unpaid post-filing continuing fees and other monetary accruals (exclusive of interest) accrued with respect to the Outlets for the period up to and including May 15, 2011;
- iii. an amount, not to exceed \$1.5-million, in respect of all unpaid post-filing continuing fees and other monetary accruals (exclusive of interest) accrued with respect to the Outlets for the period from May 16, 2011 to Closing within three business days of such amount being calculated by the Vendor and agreed upon by the Franchisor and the Monitor;
- iv. the amount of C\$1,100,909.34, payable on Closing in respect of transfer fees payable under the Assigned Agreements, including applicable taxes, with respect to the transfer of the Outlets;

and shall be in form and substance, including but not limited to the quantum of the amounts outlined above, satisfactory to the Franchisor. The Franchisor acknowledges that the form of Order attached hereto as Exhibit 2 is satisfactory.

(b) the amounts payable to the Franchisor and identified in clauses 3. (a)i, (a)ii and (a)iv above shall have been paid on Closing;

(c) the Shareholder Deeds (guarantees) executed by Aly Janmohamed and Shiraz Boghani, attached hereto as Exhibit 3, shall, as of the Closing, be in full force and effect.

4. The Shareholder Deeds (guarantees) executed by Aly Janmohamed and Shiraz Boghani, attached hereto as Exhibit 3 and the letter agreement binding Soul to complete the Franchise Outlet Upgrade and Renovation Schedule attached hereto as Exhibit 4, shall survive the Closing.

5. Franchisor confirms to Soul that:

(a) the Assigned Agreements are in full force and effect as of the date hereof and will continue in full force and effect following their assignment to Soul; and

(b) no consent or approval of the Franchisor or its affiliates, other than as provided in this Consent Agreement, is required for the purchase and sale of the Purchased Assets as provided in the Soul Agreement;

6. Upon payment of applicable renewal fees, Soul and the Franchisor will execute, within 30 days after the Closing, the Franchisor's current form of franchise agreement attached hereto as Exhibit 5 with respect to each of the Outlets included in the Purchased Assets, in the case of each Outlet for the balance of the term, the length of renewal term and renewal date as set forth in the Assigned Agreements and which, when entered into by the Franchisor and Soul and together with the undertaking to complete the Franchise Outlet Upgrade and Renovation Schedule as provided in subsection 3(f), will replace and supercede the rights and obligations of Soul under the Assigned Agreements.

7. The validity, interpretation and performance of this Consent Agreement will be controlled and construed under the laws applicable in the Province of Ontario.

8. The waiver by the Franchisor of a breach of any provision hereof will not be taken or held to be a waiver of the provision itself unless such a waiver is expressed in writing.

9. If any term, covenant, or condition of this Agreement or the application thereof shall, to any extent, be deemed invalid or unenforceable, the remainder of the

Agreement shall not be affected thereby and all of the covenants and conditions shall be enforced to the fullest extent permitted by law.

10. Any and all amendments, alterations, or additions to this Agreement must be in writing and executed by an authorized representative of each of the Franchisor, the Prizm Entities and Soul; provided however that the Franchisor and Soul shall have the right to enter into agreements relating to the Outlets and the rights between the Franchisor and Soul as franchisor and franchisee from and after the Closing without the Prizm Entities being a party thereto.

11. This Agreement may be executed in counterparts. This Agreement may be delivered by facsimile transmission. Once each party shall have executed a counterpart hereof and delivered each counterpart to the others by facsimile transmission or otherwise, all such counterparts shall constitute a single original hereof.

The remainder of this page left intentionally blank.

Signature page to Consent Agreement.

THEREFORE the parties hereto have executed this Agreement as of the date above written.

PRISZM INCOME FUND
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per: DMC c/s
Name: Deborah Papernick
Title: CEO

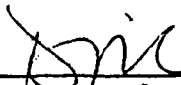
PRISZM CANADIAN OPERATING TRUST
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per: DMC c/s
Name: Deborah Papernick
Title: CEO

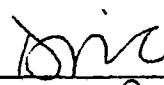
PRISZM Inc.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per: DMC
Name: Deborah Papernick
Title: CEO

PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability.

per: 
Name: Deborah Papernick
Title: CEO

KIT FINANCE INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per:  c/s
Name: Deborah Papernick
Title: CEO

SOUL RESTAURANTS CANADA INC.

per: _____ c/s
Name:
Title:
I have authority to bind the corporation.

YUM! RESTAURANTS INTERNATIONAL
(CANADA) COMPANY

per: _____ c/s
Name:
Title:
I have authority to bind the corporation.

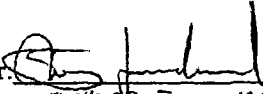
PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability.

per: _____
Name:
Title:

KIT FINANCE INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per: _____ c/s
Name:
Title:

SOUL RESTAURANTS CANADA INC.

per:  _____ c/s
Name: SYEDZAAD JANNOHAMED
Title: DIRECTOR
I have authority to bind the corporation.

YUM! RESTAURANTS INTERNATIONAL
(CANADA) COMPANY

per: _____ c/s
Name:
Title:
I have authority to bind the corporation.

PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability.

per: _____
Name:
Title:

KIT FINANCE INC.
by 2279549 ONTARIO INC.,
solely in its capacity as Chief Restructuring Officer,
and without personal or corporate liability

per: _____ c/s
Name:
Title:

SOUL RESTAURANTS CANADA INC.

per: _____ c/s
Name:
Title:
I have authority to bind the corporation.

YUM! RESTAURANTS INTERNATIONAL
(CANADA) COMPANY

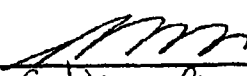
per:  c/s
Name: Sabina Rizvi
Title: Chief financial officer
I have authority to bind the corporation.

Exhibit 1
Assignment Agreement

ASSIGNMENT OF FRANCHISE AGREEMENTS

THIS AGREEMENT dated May 17, 2011 to become effective on the Closing (as defined in the Soul Agreement (defined below)).

BETWEEN:

PRISZM LP

(the "Vendor")

- and -

SOUL RESTAURANTS CANADA INC.

(the "Purchaser")

RECITALS:

A. The Vendor and Yum! Restaurants International (Canada) LP (the "Franchisor") are parties to the Master Franchise Agreement dated November 10, 2003, as amended by the Master Franchise Agreement Amendment Agreement dated November 25, 2009 and any and all renewals thereto, a complete copy of which is annexed hereto as Schedule 2 (collectively the "Master Franchise Agreement").

B. Pursuant to the Master Franchise Agreement, the Franchisor and the Vendor are deemed to have executed a separate and individual franchise agreement for each outlet in the form of the International Franchise Agreement attached to the Master Franchise Agreement.

C. A number of affiliates of the Vendor (together with the Vendor, the "Prizm Entities") sought and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, pursuant to the Initial Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice dated March 31, 2011.

D. The Vendor, Prizm Inc. and the Purchaser have entered into an Amended and Restated Asset Purchase Agreement dated May 18, 2011 (the "Soul Agreement"), pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell all properties, assets, interests and rights of the Vendor which are related to the operation of Outlets (as defined in the Soul Agreement and listed in Schedule "G" to the Soul Agreement) and are necessary to conduct the business as now conducted at the Outlets, other than the Excluded Assets (as defined in the Soul Agreement);

E. The Vendor wishes to assign to the Purchaser the Master Franchise Agreement individual franchise agreements that relate to each of the Outlets (the “Franchise Agreements”) and the Master Franchise Agreement to the extent it relates to the Franchise Agreements and the Outlets.

IN CONSIDERATION of the premises and agreements in this Agreement, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. Subject to the consent of the Franchisor being obtained, the Vendor hereby assigns, transfers, and conveys to the Purchaser and the Purchaser hereby accepts all of the Vendor’s rights, title, obligations and interests in the Franchise Agreements and the Master Franchise Agreement to the extent it relates to the Franchise Agreements and the Outlets) from and after Closing (as defined in the Soul Agreement) to have and to hold for the remaining term and any renewal or renewals thereof.

2. The Purchaser acknowledges that as a result of such assignment set out in Section 1 above, it shall be required to observe, honour and perform the covenants, conditions, obligations, and agreements of the franchisee contained in the Franchise Agreements and the Master Franchise Agreement (to the extent assigned herein) which arise from and after Closing. The Purchaser shall not be liable for any liabilities, covenants or obligations of the franchisee for any period prior to the Closing.

3. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties and the Franchise Agreements and the Master Franchise Agreement (to the extent assigned herein) shall enure to the benefit of the Purchaser and be binding upon the successor and permitted assigns of the Purchaser.

4. Each of the Vendor and the Purchaser will from time to time hereafter execute and deliver all such further documents and instruments, provide all such further information and do all such other acts and things as may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

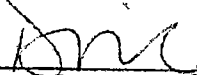
5. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement effective as of the date written above.

PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC., solely in its
capacity as Chief Restructuring Officer

Per:


Name: Deborah Papernich
Title: CRO.

SOUL RESTAURANTS CANADA INC.

Per:

Name:
Title:

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement effective as of the date written above.

**PRISZM LP,
by its general partner, PRISZM INC.
by 2279549 ONTARIO INC., solely in its
capacity as Chief Restructuring Officer**

Per: _____
Name:
Title:

SOUL RESTAURANTS CANADA INC.

Per: Ali Janmohamed
Name: ALI JANMOHAMED
Title: PRESIDENT

Exhibit 2
Approved Form of Draft Order

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) MONDAY, THE 30TH
)
JUSTICE MORAWETZ) DAY OF MAY, 2011

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.

(the "Applicants")

APPROVAL AND VESTING ORDER
(Re Sale to Soul Restaurants Canada Inc.)

THIS MOTION, made by Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc., Prizm LP and Kit Finance Inc. (collectively, the "Prizm Entities") for an order approving the sale transaction (the "Soul Transaction") contemplated by the Amended and Restated Asset Purchase Agreement (the "Soul Agreement") between Prizm LP (the "Vendor"), Prizm Inc. and Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) (the "Purchaser") dated May 6, 2011, appended to the Affidavit of Deborah Papernick sworn May 24, 2011 (the "May 24 Affidavit") as Exhibit "A", approving certain related agreements, and vesting in the Purchaser the Vendor's right,

title and interest in and to the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the May 24 Affidavit, the Second Report (the "**Second Report**") of FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor of the Prizm Entities (the "**Monitor**") and the Confidential Supplement thereto (the "**Confidential Supplement**"), and on hearing the submissions of counsel for the Prizm Entities, the Monitor, the Purchaser, Yum! Restaurants International (Canada) Company (the "**Franchisor**"), Prudential Investment Management, Inc. [**NAMES OF OTHER PARTIES APPEARING**], no one appearing for any other person on the Service List, although properly served as appears from the affidavit of service, filed:

1. **THIS COURT ORDERS** that any defined term used but not defined herein shall have the meaning ascribed to such term in the Soul Agreement.

2. **THIS COURT ORDERS AND DECLARES** that the Soul Transaction, the Soul Agreement, the Transition Services Agreement (as defined in and in the form attached to the May 24 Affidavit as Exhibit "C") and the Occupation Agreement (as defined in and in the form attached to the May 24 Affidavit as Exhibit "D") are hereby approved. The Prizm Entities and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Soul Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets shall vest, without further instrument of transfer or assignment, absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by the Amended and Restated Initial Order of the Honourable Madam Justice Mesbur dated April 29, 2011 (the "**Initial Order**"), or any subsequent charges that may be granted by the Court; (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Civil Code of Québec*, and the *Personal Property Security Act* (British Columbia) or any other personal property registry system; and, for greater certainty, this Court orders that all of the encumbrances or charges affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that on Closing the Purchaser shall pay the Purchase Price to the Monitor (less the amount of the Deposit which has previously been paid to the Monitor). After receipt of the Purchase Price, the Monitor shall:

- (a) pay from the Purchase Price to the Franchisor \$5,900,950.07, in respect of pre-filing monetary obligations owed under the Franchise Agreement (as defined below) in connection with the assignment of the Outlets to the Purchaser;
- (b) pay from the Purchase Price to the Franchisor \$1,838,726.40, in respect of unpaid continuing fees and other monetary accruals (exclusive of interest) accrued with respect to the Outlets during the period from March 31, 2011 to and including May 15, 2011;
- (c) pay from the Purchase Price to the Franchisor the amount, not to exceed \$1.5 million, of the unpaid continuing fees and other monetary accruals (exclusive of interest) accrued with respect to the Outlets during the period from May 16, 2011 to Closing within three business days of such amount being calculated by the Vendor and agreed upon with the Franchisor and the Monitor;
- (d) pay from the Purchase Price to the Franchisor \$1,100,909.34, in respect of transfer fees payable to the Franchisor pursuant to the Franchise Agreement for each Outlet in consideration for the Franchisor's consent to the sale of the Purchased Assets and the assignment of the Franchise Agreements for each Outlet and the Master Franchise Agreement as it relate to the Outlets pursuant to the Soul Agreement;

- (e) pay from the Purchase Price to the Purchaser or, at its direction, Bank of Montreal when due any refunds and other amounts referred to in paragraph 5; and
- (f) hold the remainder of the Purchase Price subject to this Order and further Order of this Court.

5. **THIS COURT ORDERS** that any refund of a portion of the Purchase Price to the Purchaser, or at its direction Bank of Montreal, pursuant to Section 8(8) of the Soul Agreement, any Current Assets Purchase Price Adjustment in favour of the Purchaser, and any reimbursement of Occupation Costs pursuant to Section 2 of the Occupation Agreement, shall be paid by the Monitor to the Purchaser or, at its direction, the Bank of Montreal from the Purchase Price being held by the Monitor pursuant to Section 4 hereof in priority to any other payment from such funds or any Claim (including any Claim by a Chargee (as defined in the Amended and Restated Initial Order of the Honourable Madam Justice Mesbur dated Friday, April 29, 2011)).

6. **THIS COURT ORDERS** that notwithstanding the holding of the Purchase Price by the Monitor the Purchase Price is not being and shall not be deemed to be held in trust for any specific party or specific parties and for purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets held by the Monitor, after payment in full of any refunds and other payments to the Purchaser (or, at its direction, Bank of Montreal) from the Purchase Price described in paragraph 5 hereof, shall stand in the place and stead of the Purchased Assets, and that

from and after the delivery of the Monitor's Certificate, all Claims, charges and encumbrances shall attach to the net proceeds from the sale of the Purchased Assets, subject to paragraph 5 hereof, with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding fulfillment of conditions to closing under the Soul Agreement and shall have no liability with respect to delivery of the Monitor's Certificate or with respect to any payments made by the Monitor pursuant to paragraph 4 hereof.

9. **THIS COURT ORDERS** that the Prizm Entities, the CRO (as defined in the Initial Order), Deborah Papernick and Jim Robertson are hereby released and discharged from any and all actions, causes of action, liabilities, claims and demands whatsoever which the Franchisor and its affiliates ever had, now have or may hereafter have by reason of any cause, matter or thing whatsoever existing up to the date of Closing and arising out of, related to, or in connection with the Franchise Agreement for each Outlet and the Master Franchise Agreement as it relates to the Outlets, any collateral franchise documentation relating to the Franchise Agreements for each Outlet

and the Master Franchise Agreement as it relates to the Outlets, or the Business (as such term is defined in the Franchise Agreements for each Outlet) carried on at the Outlets, save and except for the obligation to pay any of the amounts referred to in paragraph 4 hereof.

10. **THIS COURT ORDERS** that the Franchisor and its affiliates are hereby released and discharged from any and all actions, causes of action, liabilities, claims and demands whatsoever which the Prizm Entities ever had, now have or may hereafter have by reason of any cause, matter or thing whatsoever existing up to the date of Closing and arising out of, related to, or in connection with the Franchise Agreement for each Outlet and the Master Franchise Agreement as it relates to the Outlets, any collateral franchise documentation relating to the Franchise Agreements for each Outlet and the Master Franchise Agreement as it relates to the Outlets, or the Business (as such term is defined in the Franchise Agreements for each Outlet) carried on at the Outlets, save and except for the obligation to pay \$163,319.09 owing by the Franchisor to the Prizm Entities.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Vendor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's past and current employees in Ontario, British Columbia and Quebec. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal

information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

12. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order and the obligations of the Vendor under the Soul Agreement, the Occupation Agreement and the Transition Services Agreement (including the potential obligation to refund any portion of the Purchase Price to the Purchaser pursuant to Section 8(8) of the Soul Agreement, the potential obligation to make the Current Asset Purchase Price Adjustment pursuant to Section 10(2) of the Soul Agreement, and the potential obligation to reimburse excess Occupation Costs pursuant to Section 2 of the Occupation Agreement), shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall any of them constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act (Canada)* or any other

applicable federal or provincial legislation, nor shall any of them constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

13. **THIS COURT ORDERS AND DECLARES** that the Soul Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

14. **THIS COURT ORDERS AND DECLARES** that the Soul Transaction is exempt from any requirement under any applicable federal or provincial law to obtain unitholder or shareholder approval.

15. **THIS COURT ORDERS** that the Confidential Supplement be kept sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further order of the Court.

16. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary

or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

Schedule "A"
Form of Monitor's Certificate

Court File No. CV-11-9159-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST,
PRISZM INC. AND KIT FINANCE INC.

(the "Applicants")

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated March 31, 2011, FTI Consulting Canada Inc. was appointed as the monitor (the "Monitor") of, *inter alia*, Prizm Limited Partnership (the "Vendor").

B. Pursuant to an Order of the Court dated May ●, 2011, the Court approved the Amended and Restated Agreement of Purchase and Sale made as of May 13, 2011 (the "Soul Agreement") between the Vendor, Prizm Inc. and Soul Restaurants Canada Inc. (formerly 7716443 Canada Inc.) (the "Purchaser") and provided for the vesting in the Purchaser of the Vendor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate certifying (a) receipt of the Deposit and the

balance of the Purchase Price by the Monitor; and (b) receipt of confirmation from the Vendor and the Purchaser that the conditions to Closing as set out in section [15] of the Soul Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable.

C. Unless otherwise indicated herein, defined terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Soul Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Deposit and the balance of the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Soul Agreement;
2. The Monitor has received confirmation from the Vendor and the Purchaser that the conditions to Closing as set out in section 15 of the Soul Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and
3. This Certificate was delivered by the Monitor to the Purchaser at _____ [TIME] on _____ [DATE].

**FTI Consulting Canada Inc., in its capacity
as the Court-appointed Monitor of the
Prizm Entities and not in its personal
capacity**

Per: _____

Name:

Title:

Exhibit 3
Shareholder Deed

Exhibit 4
Franchise Outlet Upgrade and Renovation Schedule

Exhibit 5
Form of International Franchise Agreement

Appendix D

Confidential Analysis of the Soul Purchase Price

(Appendix subject to a request for a Sealing Order)

Appendix E

Canaccord Genuity Engagement Letter (Redacted)

CANACCORE Genuity

CANACCORD GENUITY CORP

P.O. Box 516
161 Bay Street, Suite 3000
Toronto, ON
Canada M5J 2S1

T: 416.869.7368
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TF: 800.382.9280

www.canaccordgenuity.com

STRICTLY PRIVATE AND CONFIDENTIAL

January 27, 2011

Priszm Income Fund
101 Exchange Avenue
Vaughan, Ontario
L4K 5R6 Canada

Attention: Ms. Deborah Papernick

Dear Sirs/Mesdames:

We understand that Priszm Income Fund (the "Company") is considering selling a number of its restaurant locations, including potentially all of its remaining locations (the "Transaction"). The purpose of this letter is to appoint Canaccord Genuity ("Canaccord Genuity", "we" or other pronouns indicating Canaccord Genuity) to act as financial advisor and sales agent to the Company in connection with the Transaction and to record our mutual understanding and agreement regarding the scope and terms of Canaccord Genuity's engagement.

1. **Appointment and Engagement.** By its acceptance of this letter, the Company hereby appoints Canaccord Genuity, and we agree to act, as financial advisor and sales agent to the Company in connection with the Transaction on the terms and subject to the conditions as set forth below.

This engagement of Canaccord Genuity pertains only to the Transaction and does not extend to any other transaction or matter.

2. **Services to be Rendered by Canaccord Genuity.** Canaccord Genuity will provide the following financial advisory services to the Company in connection with the Transaction:

- (a) reviewing the Company's business plans, budgets and financial projections;
- (b) performing a financial analysis of the Company;
- (c) financial modeling of the Company, including a detailed pro forma financial analysis of the entity which would result from the current pending sale of restaurants in the Ontario and British Columbian markets, together with various financial scenarios

San Francisco
Chicago
Houston
Toronto
Montreal
New York
Boston
London

and alternative transaction structures, and such other financial modeling as may reasonably be required;

- (d) providing financial and market analysis to the extent necessary to complete the Transaction;
- (e) providing on-going tactical advice to the Company in relation to the corresponding stakeholders, dependent on the nature of the Transaction;
- (f) assisting in coordinating and implementing all aspects of the Transaction, including preparing and assembling documentation, presentations and other due diligence materials to assist potential buyers in evaluating the Company;
- (g) identifying and, together with you, soliciting prospective buyers;
- (h) evaluation and assessment of all expressions of interest and proposals received in connection with the Transaction and making recommendations with respect to such expressions of interest and proposals;
- (i) advising with respect to the material terms and conditions of the Transaction;
- (j) advising and assisting the Company's management in making presentations to the Company's Board of Trustees and Directors about a proposed Transaction, as requested;
- (k) counseling the Company as to strategy and tactics for discussions and negotiations, as appropriate, with the various stakeholders, including, but not limited to the holder of the senior facility, convertible debenture holders and the Class A Unit holders, as the case may be, and, if requested by the Company, participating in such discussions and negotiations;
- (l) advising and assisting the Company in connection with definitive transaction agreements associated with the Transaction;
- (m) advising with respect to a communications strategy to key stakeholder groups;
- (n) assistance with the preparation of public offering documents and press releases in connection with the Transaction, if required;
- (o) appearance before the court to explain and substantiate the sale process undertaken, as required; and
- (p) provision of such other advice and assistance as may reasonably be requested by the Company with respect to the Transaction.

Any of the above services may be provided to the Company, the Board or a Special Committee of the Board. Any Fairness Opinion delivered pursuant to this engagement is herein referred to as a "Report".

3. **Additional Services.** The engagement of Canaccord Genuity to perform any services in addition to those described above (including in connection with the preparation and delivery of any fairness or other opinion or in connection with any solicitation of shares or proxies) shall be set forth in, and subject to the terms and conditions of, a separate letter agreement and the fees for such services will be negotiated separately in good faith and will be consistent with fees paid to investment bankers in North America for similar services.

4. **Opinion Qualifications.** Any oral or written opinions or advice provided by Canaccord Genuity to the Company will be made subject to and will be based upon any assumptions, limitations, qualifications and reservations as we, in our professional judgment, deem necessary or prudent in the circumstances.

5. **Disclosure of Our Advice and this Engagement.** The Company agrees not to disclose to any third party the existence or contents of this agreement or any written or oral opinions, advice or materials provided by Canaccord Genuity to the Company without the prior consent of Canaccord Genuity, which consent shall not be unreasonably withheld; provided, however, that our advice (i) may be reproduced in any public disclosure document of the Company relating to any Transaction if such disclosure is required by applicable law and has been reviewed and approved by Canaccord Genuity; (ii) may be referred to in the Company's minutes; (iii) may be shared with the holders of the Company's senior secured notes; and (iv) otherwise may be disclosed by the Company to the extent required by applicable law (in which case prior notice will be given by the Company to us).

Canaccord Genuity expressly disclaims any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any oral or written opinions, advice or materials provided by us or any unauthorized reference to Canaccord Genuity or this engagement.

6. **Right to Withdraw Report.** If (i) Canaccord Genuity becomes aware of any information not disclosed to it, or known by it at the time of the delivery of any Report, regardless of the source, which in its reasonable opinion would make the Report misleading in any material respect, untrue, or inaccurate or would result in an omission to state therein any material fact necessary in order to make such Report not misleading in the light of the circumstances in which it was made and which is not reflected or contemplated in the Report, or (ii) Canaccord Genuity reasonably concludes that there has been a material change in the business or affairs of the Company or any of its subsidiaries or a material change in the Transaction or in the information contained in the Report following the date thereof or in any of the material information or facts upon which the Report is based or that any intervening event has occurred after the date of the Report which materially affects the valuations contained in or conclusions drawn in the Report, Canaccord Genuity shall be entitled to amend, supplement or withdraw the Report previously provided but shall be entitled to retain any fees paid to date.

7. **Obligation to Render Report.** Canaccord Genuity will not be obliged to provide any Report hereunder unless the Company has complied in all material respects with the provisions in paragraphs 11, 12 and 13 of this agreement up to the time of delivery of the Report.

8. **Fees.** For our services hereunder, the Company will pay to Canaccord Genuity:

- (a) an engagement fee of [REDACTED] payable upon execution of this letter agreement. The engagement fee will be credited against any Transaction Fee (as defined below) which becomes payable under this letter agreement; and
- (b) [REDACTED] of the aggregate gross proceeds received by the Company from the first [REDACTED] of gross proceeds and [REDACTED] of the aggregate gross proceeds received by the Company in excess of [REDACTED] from the associated Transactions ("Transaction Fee"). For greater certainty, the proceeds will exclude the current sale of the Ontario and British Columbian markets to the extent it closes in its current form to the current acquiror.

The Transaction Fee will be payable in respect of any restaurants sold, identified by us or you prior to the closing date, where the sale is completed during the term of this agreement, or is identified by us prior to the earlier of the closing date or the date of termination of this agreement, where the sale is completed either during the term of this agreement or within 12 months following the termination of this agreement. Such Transaction Fee which becomes payable under this letter agreement shall be payable in cash, by certified cheque or wire transfer in same day funds from the gross proceeds of the Transaction, payable on the closing date of the associated Transactions.

9. **Expenses.** The Company will also reimburse Canaccord Genuity for all reasonable out-of-pocket expenses incurred by Canaccord Genuity in entering into and performing this agreement, including but not limited to reasonable travel and communication expenses, courier charges and the reasonable fees and disbursements of Canaccord Genuity's legal counsel in respect of advice rendered to Canaccord Genuity in relation to its obligations hereunder, and the reasonable fees and disbursements of any other consultants engaged by Canaccord Genuity with the prior consent of the Company. Such reimbursable expenses will be payable by the Company upon receipt of Canaccord Genuity's invoices.

10. **Taxes.** All or part of any of the fees and other expenses contemplated to be paid to Canaccord Genuity under this agreement may be subject to Federal Goods and Services Tax in which event a corresponding additional amount will be payable by the Company to Canaccord Genuity.

11. **Access to Information.** The Company will arrange for Canaccord Genuity to have such timely access to the directors, officers, employees, independent auditors, counsel and other consultants and corporate information of the Company and its subsidiaries as we may reasonably require or deem appropriate in carrying out our engagement hereunder. The Company will disclose to us on a timely basis the existence and content of, and will furnish us with, or arrange that we be furnished with, all information (financial or otherwise), data, opinions, appraisals, valuations and other information and materials of whatsoever nature or kind within the Company's possession, control, or direction or in respect of which the Company can, using all reasonable best efforts, obtain possession, control or direction relating to any proposed Transaction and which we may reasonably require or deem appropriate in carrying out our engagement hereunder. The Company agrees that it will not participate in any negotiations with any party regarding a Transaction except through or with the knowledge of Canaccord Genuity.

12. **Accuracy of Information.** The Company represents and warrants to Canaccord Genuity, and will ensure, that all information concerning the Company and its subsidiaries provided

to us, directly or indirectly, orally or in writing, by the Company and its subsidiaries, and their respective agents and advisors in connection with our engagement hereunder will be true, accurate and complete in all material respects and will not be misleading in any material respect and will not omit to state any fact or information which might reasonably be considered material to any matter contained in any Report or to our engagement hereunder. The senior officers of the Company will provide to Canaccord Genuity certificates as to the accuracy and completeness of all such information provided in such form as may be reasonably required by Canaccord Genuity from time to time, and our agreement to deliver any opinions shall be subject to receipt thereof.

In carrying out services hereunder, Canaccord Genuity will necessarily be relying on publicly available information and representations (oral or written), data and information prepared or supplied by the Company and its agents and advisors. We will be entitled to rely on, and are under no obligation to verify independently, the accuracy or completeness of such representations, data or information. Further, we are under no obligation to investigate any changes which may occur in such information subsequent to the date thereof.

13. **Update to Information.** The Company will advise us promptly of any material change of which it is or becomes aware relating to the securities, assets, business or affairs of the Company or any of its subsidiaries or the information provided to us that might reasonably be considered relevant to our engagement hereunder. The Company agrees to comply promptly with all applicable requirements of regulatory authorities in respect of the occurrence of such material change.

The Company will ensure that, until completion of a Transaction, Canaccord Genuity is provided, on a timely basis, with all information and documentation, including current drafts and final copies of all documents or other material filed or to be filed by the Company or any of its affiliates with any securities commission, stock exchange or regulatory authority, domestic or foreign, respecting any proposed Transaction which might reasonably be considered relevant to this engagement, and that Canaccord Genuity is informed on a prompt and timely basis of any communication to or request made of the Company or, if within the Company's knowledge, of any other person from any securities commission, stock exchange or regulatory authority, domestic or foreign, which might reasonably be considered relevant to this engagement, in each case relating to the Company and its subsidiaries, any other transaction or any Report.

14. **Confidentiality.** We will keep and cause each of our directors, officers, employees, agents and advisors to keep strictly confidential and will use only for the purpose of performing our obligations hereunder all information, whether written or oral, acquired from the Company, its agents and advisors in connection with our work hereunder (collectively "Information") except information that (i) is or becomes generally available to the public (other than as a result of a disclosure by Canaccord Genuity), (ii) was in the possession of Canaccord Genuity on a nonconfidential basis prior to its disclosure by the Company, (iii) becomes available to Canaccord Genuity on a nonconfidential basis from a person other than the Company who, to the knowledge of Canaccord Genuity, is not bound by a confidentiality agreement with the Company or otherwise prohibited from transferring such information to Canaccord Genuity, (iv) the Company agrees may be disclosed or (v) Canaccord Genuity is requested pursuant to, or required by, law, regulation, legal process or regulatory authority to disclose. If we are required by legal process or otherwise requested to disclose any Information, we will provide the Company with prompt notice of such request or requirement, so that the Company may seek an appropriate protective order or waive

compliance with this requirement. In the event such protective order is not obtained, the Company agrees that such disclosure may be made without liability hereunder.

15. **Indemnification.** The Company hereby agrees to indemnify Canaccord Genuity and certain other parties in accordance with Schedule "A" hereto, which Schedule forms part of this letter agreement and the consideration for which is the entering into of this letter agreement. Such indemnity (the "Indemnity") shall be in addition to, and not in substitution for, any liability which the Company or any other party may have to us or the other parties indemnified thereby apart from such Indemnity.

16. **Advertisements or Announcements.** Canaccord Genuity may, at its own expense, place advertisements or announcements in any newspapers, periodicals or other publications, or otherwise disclose to third parties, that Canaccord Genuity has acted as financial advisor to the Company in connection with the matters contemplated hereby. Canaccord Genuity will provide copies of such advertisements or announcements to the Company for prior approval, which approval shall not be unreasonably withheld.

17. **Term, Termination and Survival of Terms.** This engagement of Canaccord Genuity shall be for a period commencing on January 27, 2011 and shall continue indefinitely until termination by either party hereto by written notice of termination delivered to the other party.

Notwithstanding any termination of this letter agreement, the Company will be responsible to pay to Canaccord Genuity any amounts payable under paragraphs 8, 9 and 10.

The terms and conditions of this letter agreement and the Indemnity shall survive the completion of our engagement hereunder, any withdrawal or termination of any Transaction or decision not to proceed with any Transaction and any termination or purported termination of this letter agreement. In addition, any representations, warranties, indemnities and other agreements provided by the Company in connection with this letter agreement, including without limitation any certificate contemplated or otherwise delivered hereunder, shall remain in full force and effect regardless of any investigation made by us or on our behalf.

18. **Relationship.** The Company agrees that Canaccord Genuity has been retained to act solely as financial advisor to the Company. In such capacity Canaccord Genuity shall act as an independent contractor and any duties of Canaccord Genuity arising out of its engagement pursuant to this letter agreement shall be owed solely to the Company. The Company acknowledges that Canaccord Genuity acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company or any of its associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. The Company also understands that, as an investment dealer, Canaccord Genuity conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company and any Transaction. In addition Canaccord Genuity may, in the ordinary course of its business, provide other financial services to the Company or any of its associates or affiliates.

19. **Other Matters.** This letter agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The agreement resulting from

this engagement letter shall be governed by and construed in accordance with the laws of the Province of Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. All financial references in this letter agreement are to Canadian dollars unless otherwise expressly indicated. Headings used herein are for ease of reference only and shall not affect the interpretation or construction of this letter agreement. No waiver, amendment or other modification of this letter agreement shall be effective unless in writing and signed by each party bound hereto. Time shall be of the essence of this agreement. This agreement supersedes any and all prior agreements between the Company and Canaccord Genuity in connection with any Transaction.

20. **Notices.** Any notice or other communication required or permitted to be given under this letter agreement shall be in writing and shall be sufficiently given or made by personal delivery or by telecopy or similar facsimile transmission (receipt confirmed) to the respective parties at the addresses set forth in this letter (in the case of Canaccord Genuity to the attention of the person executing this letter agreement). Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or so telecopied or transmitted.

If the foregoing is in accordance with your understanding, please indicate your agreement to the above terms and conditions by signing the enclosed copies of this letter and returning the executed copies to us.

[The Remainder of This Page is Left Intentionally Blank]

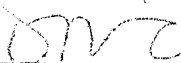
Yours very truly,

CANACCORD GENUITY CORPORATION

By: _____
Name: Jamie Nagy
Title: Managing Director

The foregoing is in accordance with our understanding and is accepted and agreed to by us this 10 day of February, 2011.

PRISZM INCOME FUND

By:  _____
Name: Deborah Papernick
Title: Chief Financial Officer

SCHEDULE A - Indemnification

Prizm Income Fund (the "Indemnitor") agrees to indemnify and hold harmless Canaccord Genuity Corporation ("Canaccord Genuity") and its affiliates, their respective directors, officers, employees, partners, agents and each other person, if any, controlling Canaccord Genuity or any of its affiliates (collectively, the "Indemnified Parties" and individually, an "Indemnified Party"), to the full extent lawful, from and against any and all expenses, losses, claims, actions, damages and liabilities, joint or several, (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party) to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, actions, damages or liabilities relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the performance of professional services rendered to the Indemnitor by Canaccord Genuity under the attached letter agreement or otherwise in connection with the matters referred to in such letter agreement.

Notwithstanding the foregoing, this entire indemnity agreement shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such expenses, losses, claims, actions, costs, damages or liabilities to which the Indemnified Party may be subject were caused by the negligence or wilful misconduct of the Indemnified Party.

The Indemnitor also agrees that no Indemnified Party will have any liability (either direct or indirect, in contract or tort or otherwise) to the Indemnitor or any person asserting claims on the Indemnitor's behalf or in right for or in connection with the performance of professional services rendered to the Indemnitor by Canaccord Genuity, except to the extent that any expenses, losses, claims, actions, costs, damages or liabilities incurred by the Indemnitor are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence or wilful misconduct of such Indemnified Party.

If for any reason (other than a determination as to any of the events referred to in the second paragraph of this indemnity) the foregoing indemnification is unavailable to Canaccord Genuity or any other Indemnified Party or is insufficient to hold Canaccord Genuity or any other Indemnified Party harmless, the Indemnitor shall contribute to the amount paid or payable by Canaccord Genuity or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and Canaccord Genuity or any other Indemnified Party on the other hand but also the relative fault of the Indemnitor, Canaccord Genuity or any other Indemnified Party as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by Canaccord Genuity or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability in excess of such amount over the amount of the fees received by Canaccord Genuity under the attached letter agreement.

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or Canaccord Genuity or any other Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or Canaccord Genuity or any other Indemnified Party and Canaccord Genuity or such other Indemnified Party shall be required to

testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the attached letter agreement, the engagement of Canaccord Genuity thereunder, or the performance of professional services rendered to the Indemnitor by Canaccord Genuity thereunder, Canaccord Genuity or such other Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse Canaccord Genuity for time spent by its, or any of its affiliates, directors, officers, employees, partners or agents (collectively, "Personnel") in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against Canaccord Genuity or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, an Indemnified Party will notify the Indemnitor in writing of the particulars thereof, will provide copies of all relevant documentation to the Indemnitor and, unless the Indemnitor assumes the defence thereof, will keep the Indemnitor advised of the progress thereof and will discuss all significant actions proposed. The omission so to notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to Canaccord Genuity or any other Indemnified Party except only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

The Indemnitor shall have 30 days after receipt of the notice, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Indemnitor notifying Canaccord Genuity in writing of its election to assume the defence and retaining counsel, the Indemnitor shall not be liable to Canaccord Genuity or any other Indemnified Party of any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to Canaccord Genuity, will keep Canaccord Genuity advised of the progress thereof and will discuss with Canaccord Genuity all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within 30 days after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor (in which event and to that extent, the Indemnitor shall not have the right to assume or direct the defence on the Indemnified Party's behalf) or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the

indemnity set forth herein (in either of which events the Indemnitor shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.

The Indemnitor hereby acknowledges that Canaccord Genuity acts as trustee for the other Indemnified Parties of the Indemnitor's covenants under this indemnity with respect to such persons and Canaccord Genuity agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, Canaccord Genuity and any other Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under the attached letter agreement or any termination of the authorization given by the attached letter agreement.

IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended

Court File No: CV-11-9159-00CL

AND IN THE MATTER OF a Plan of Compromise or Arrangement of Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc. and Kit Finance Inc.

Ontario

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

SECOND REPORT OF THE MONITOR

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Lawyers for the Monitor, FTI Consulting Canada
Inc.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRISZM INCOME FUND,
PRISZM CANADIAN OPERATING TRUST, PRISZM INC. AND KIT FINANCE INC.**

Court File No. CV-11-9159-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF EVELYN SUTHERLAND
(Sworn May 30 2011)**

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*Lawyers for Scott's Real Estate Investment Trust, SR Operating Trust,
Scott's Real Estate Limited Partnership, Scott's Trustee Corp. and
Scott's GP Trust*