

**CENTENNIAL HOUSE LIMITED**

- and -

**THE CORPORATION OF THE CITY OF LONDON**

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**LEASE**

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Municipal Address of Property:

Units 1-3,  
520 Wellington Street  
London, Ontario

**Morrison Brown Sosnovitch LLP  
Barristers and Solicitors  
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SCHEDULES

Schedule "A"	Rules and Regulations
Schedule "B"	n/a
Schedule "C"	Terms of Option to Extend
Schedule "D"	n/a

THIS LEASE, dated the \_\_\_ day of July, 2015, is made and entered into by the Landlord and Tenant named herein who, in consideration of the covenants herein contained, agree as follows:

**ARTICLE 1.0 - BASIC TERMS, SCHEDULES, DEFINITIONS**

**1.01 BASIC TERMS**

- (a) (i) Landlord: **Centennial House Limited**
- (ii) Landlord Address: c/o Briarlane Rental Property Management Inc.  
85 Spy Court, Suite 100  
Markham, Ontario L3R 4Z4  
Tel No. (905) 944-9406 Fax No.: (905) 944-9083
- (b) Tenant: **The Corporation of the City of London**
- (c) (i) Indemnifier: n/a
- (ii) Indemnifier Address: n/a
- (d) Premises: Units 1-3  
520 Wellington Street  
London, Ontario
- (e) Floor Area: Four Thousand Two Hundred and Forty-Six (4,246) square feet
- (f) (i) Term: Five (5) years
- (ii) First Day of the Term: July 1, 2015
- (iii) Termination Date: June 30, 2020
- (iv) Extension Options: One (1) term of Five (5) years consecutive to the term of this Lease on the terms and conditions as more specifically provided for in Schedule "C" hereto.
- (g) Basic Rent - Semi-Gross:

Period	Rent per Sq. Foot	Rent per Annum	Rent per month
July 1, 2015 to June 30, 2018	\$7.50	\$31,845.00	\$2,653.75
July 1, 2018 to June 30, 2020	\$7.75	\$32,906.50	\$2,742.21

The Tenant shall pay to the Landlord any goods and services tax, including harmonized sales tax or other value added taxes or similar taxes levied or assessed on rents payable hereunder. A failure to pay such taxes shall be a default of this Lease and shall be treated as if it were a failure to pay Rent hereunder.

- (h) Use of Premises: The Premises shall be used only as offices or for such other use as approved in writing by the Landlord

The foregoing Basic Terms are hereby approved by the parties and that reference in this Lease to any of the Basic Terms shall be construed to include the provisions set forth above as well as all of the additional terms and conditions of the applicable Sections of this Lease where such Basic Terms are more fully set forth.

**1.02 SCHEDULES**

All schedules to this Lease are hereby deemed incorporated herein and made part of this Lease.

### 1.03 DEFINITIONS

In this Lease, the following words, phrases and expressions are used with the meanings defined as follows:

1. Additional Rent shall mean all sums of money and charges, other than Basic Rent, which are required to be paid by the Tenant pursuant to any provision of this Lease.
2. Basic Rent means the annual rent plus HST described in Section 1.01(g) hereof.
3. Basic Terms means those terms set out in Section 1.01.
4. Building means the building in which the Premises are located, municipally known as 520 Wellington Street, London, Ontario.
5. Common Areas means all lands, improvements, facilities, utilities, installations and equipment which are provided or designated (and which may be altered, reconstructed, expanded or withdrawn from and added to such designation, all subject to the provisions of this Lease) from time to time by the Landlord for the use by the Tenant and its agents, invitees, servants, employees, licensees and customers in common with others and includes, without limitation, the Parking Areas; sidewalks and landscaped areas; loading areas and freight elevators; pylon signs; electrical systems and equipment; alarm systems; heating, ventilating, air-conditioning, plumbing, drainage and other mechanical systems and equipment; general signs and information facilities; public telephones, public lockers and coat checking facilities; decor, furnishings, fountains and features; public washrooms, maintenance workshops, boiler and fan rooms and trash disposal facilities. Common Areas shall exclude those areas, facilities, utilities, improvements, equipment and installations which are not designated or intended by the Landlord to be leased to, or used by, tenants of the Building.
6. Common Area Costs means all of the Landlord's costs, charges and expenses of repairing, operating, insuring, replacing and maintaining the Complex including the Common Areas from time to time including, without limitation or duplication the following:
  - (a) lighting, heating, air-conditioning and supplying water, electricity, fuel and other utilities except to the extent that such costs are charged directly to the tenants by third parties; cleaning; janitorial services and supplies; the cost of any equipment or supplies purchased, leased or rented by the Landlord for maintaining or operating the Complex; trash collection, storage and removal; operation and maintenance of any loading docks and shipping areas; operation and maintenance of public restrooms; snow and ice removal; maintaining exterior areas including exterior walls, doors, windows, signs, fences, Parking Areas, sidewalks, walkways and curbs, landscaping, seasonal displays, including repairing and replacing as necessary; the cost of leasing or purchasing or renting any common signage or directories, the electrical systems and equipment, and the public address, music and alarm systems; planting and landscaping; business taxes, place of business taxes and other taxes levied in respect of or fairly attributable to the Common Areas; supervising, policing and security; repairs and replacements to the components of the Complex and equipment which by their nature require periodic replacement or substantial repair; Property Taxes, if not already included in Additional Rent pursuant to ARTICLE 6.0; insurance premiums if not already included in Additional Rent; the expense of operating the on-site administration office including office supplies, office expenses and personnel wages and payroll expenses of employees who are responsible for the maintenance or operation of the Complex; bookkeeping, accounting and audit costs;
  - (b) periodic depreciation, calculated in accordance with generally accepted accounting practice, on the capital cost of machinery, equipment and fixtures which by their nature require periodic replacement or substantial replacement (including without limitation heating, ventilating and air-conditioning equipment and systems, public address, music and alarm systems, maintenance, janitorial and cleaning equipment and machinery, material handling equipment and machinery); plus
  - (c) an administration fee to the Landlord equal to fifteen percent (15%) of the aggregate of the aforesaid costs, charges and expenses in each year other than those in respect of Property Taxes, insurance premiums, and depreciation.
7. Complex means the lands comprising the premises known municipally as 520 Wellington Street, London, Ontario and all buildings and improvements from time to time erected thereon and their appurtenances, all as the same may be expanded or altered in accordance with this Lease from time to time, excluding any residential components.

8. Fixturing Period means the period commencing on the date set by the Landlord during which the Tenant shall be entitled to access to and possession of the Premises for the purpose of fixturing and stocking the Premises.
9. Floor Area, floor area means the area, expressed in square feet or such other unit as the Landlord may determine, of each floor in each interior rentable premise in the Complex, calculated by measuring from the exterior surfaces of the exterior walls and of all walls adjoining Common Areas, from the center line of party or demising walls separating two or more rentable areas and from the lease line separating areas where no wall exists, all without deduction or exclusion for any space occupied by or used for columns, stairs, elevators, escalators or other interior construction or equipment or for any storefront or doorway areas recessed from the lease line, the confirmation of which by the Landlord's architect is to be conclusive, and when used in respect of the Premises means the area of each floor in the Premises, calculated as aforesaid, as set out in Section 1.01(e). The floor area of kiosks shall be determined by measurement of the Landlord acting reasonably. Notwithstanding anything to the contrary in this Lease, in no event shall the floor area be less than the amount set out in Section 1.01(e). The Floor Area of the Premises is certified to be 3,157 square feet.
10. Gross Leaseable Area of the Complex or any specified portion thereof means the aggregate, from time to time, of all leaseable floor areas in all interior rentable premises in the Complex or in such specified portion, as the case may be; provided that the floor areas of any offices, kiosks, any storage spaces, basement areas, mezzanines, temporary display areas and any food supermarkets shall be excluded.
11. HST means the taxes levied, rated, charged or assessed pursuant to The Excise Tax Act in connection with this Lease; the rent payable hereunder and/or services provided to the Tenant by the Landlord.
12. Indemnifier means the party or parties described in Section 1.01(c) and its heirs, executors, administrators and successors.
13. Landlord means Centennial House Limited and its successors and assigns.
14. n/a
15. Lease means this lease as from time to time amended in writing by the parties hereto.
16. Lease Year means, in the case of the first Lease Year, the period beginning on the earlier of the First Day of the Term set out in Section 1.01(f)(ii) and terminating twelve (12) months from the last day of the month in which the First Day of the Term occurs (except that if the First Day of the Term occurs on the first day of a month, the first Lease Year shall terminate on the day prior to the first anniversary of the First Day of the Term) and, in the case of each subsequent Lease Year, means each twelve (12) month period after the first Lease Year, the last of which shall terminate on the Termination Date.
17. Minimum Rent means the rent set out in Section 1.01(g) and payable in accordance with ARTICLE 4.0.
18. Notice includes without limitation, requests, demands, designations, statements or other writings in this Lease required or permitted to be given by the Landlord to the Tenant or to the Landlord and all originating notices of motion, affidavits and any other ancillary documents in support of all legal proceedings.
19. Parking Areas means the paved portions of the Complex lands which have been and are to be allocated for the parking of motor vehicles, as from time to time altered, reconstructed or expanded, and includes entrances, roads and other means of access thereto and any parking structures or other parking facilities from time to time constructed in the Complex.
20. Premises means that portion of the Complex referred to in Section 1.01(d) hereof.
21. n/a.
22. Property Taxes means all taxes, rates, duties, assessments, local improvement rates, impost charges or levies which may be levied, rated, charged or assessed against property, whether real or personal, moveable or immovable, by any authority having jurisdiction, whether municipal, federal, provincial, school board, utility commission or other, now charged or chargeable or hereafter charged or chargeable upon the Complex or upon the Landlord on account thereof, and includes any taxes or levies which may be imposed on the Landlord, or anyone else on account or

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in lieu thereof, whether or not forming a charge on the 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 basis only. In the event that during the Term the legislation enacting Property Taxes is amended to replace the taxes previously levied with a new tax or taxes whether levied on the same basis or a different basis by the same level of government or not, the definition of Taxes shall be amended accordingly with the intent that the tax obligations as previously borne by the Tenant shall not be shifted from the Tenant to the Landlord.

23. Proportionate Share of Tenant, Tenant's Proportionate Share means, in respect of each item or category of Additional Rent relating to the Premises and any or all other rental premises in the Complex, that proportion of the amount of such item or category of Additional Rent which the Floor Area of the Premises bears to the Gross Leaseable Area of either the Complex or of the portion of the Complex, including the Premises, to which such item or category of Additional Rent relates, as the case may be.
24. Rent means the Semi-Gross Rent, Additional Rent and any other amount payable by the Tenant pursuant to this Lease.
25. Rules and Regulations means those rules and regulations attached to this Lease as Schedule "A" and all amendments and additions thereto made by the Landlord in accordance with this Lease.
26. Semi-Gross Rent means the annual rent plus HST described in Section 1.01(g) hereof. Semi-Gross Rent includes the Tenant's share of Common Area Costs but does not include Property Taxes or other amounts payable by the Tenant hereunder.
27. Tenant means the party or parties described in Section 1.01(b) and its heirs, executors, administrators, successors and permitted assignees thereof.
28. n/a
29. Termination Date means the date set out in Section 1.01(f)(iii).

## ARTICLE 2.0 - GRANT OF LEASE

### 2.01 DEMISE

The Landlord hereby leases to the Tenant and the Tenant leases from the Landlord, for the Term and upon and subject to the covenants and conditions hereinafter expressed, the Premises. The parties having inspected the premises acknowledge that the Tenant agrees to accept the premises in the condition it is in as of the First Day of the Term subject to the performance by the Landlord of any work required to be done by pursuant to any offer to lease or agreement to lease between the parties for these Premises. The Tenant acknowledges that it has inspected the Premises and agrees to accept same in an "as-is" condition.

### 2.02 LICENCE TO USE COMMON AREAS

The Landlord grants to the Tenant for the Term as an appurtenant part of this Lease, for use by the Tenant and its agents, invitees, servants, employees, licensees and customers, in common with the Landlord and other tenants of the Complex and their respective agents, invitees, servants, employees, licensees and customers, the non-exclusive right and licence to use the Common Areas for the purposes as provided herein and in accordance with good Complex practice, upon and subject to the covenants and conditions hereinafter expressed, and in particular, without limiting the generality of the foregoing, such right, servitude, right-of-way and licence of use hereby granted to the Tenant shall include:

- (a) the right to use the Parking Areas (including the means of pedestrian and vehicular access and the entrances and exits to and from the Complex included therein, but excluding those portions thereof which constitute any outdoor selling areas and other areas allocated to a tenant or licensee on a seasonal or temporary basis while used and occupied) for the purpose of pedestrian and vehicular access to and from the Complex and the parking of vehicles in parking spaces provided therein;
- (b) the right of pedestrian passage and repassage through each level and every portion of the Building (but excluding those portions thereof which are occupied by kiosks or allocated to a tenant or licensee on a temporary basis) for the purpose of gaining access to or from every portion of the Complex open to the public; and
- (c) the right to use the public washrooms, corridors, entrances and exits to buildings and all other facilities provided for common use and enjoyment as part of the Common Areas.

#### 2.03 RELOCATION OF PREMISES

Tenant agrees that, despite any other provision of this Lease, Landlord has the right at any time during the Term to relocate the Premises to alternative space within the Complex, provided that the new premises (the "New Premises"), as relocated, shall be in all material respects reasonably comparable to the current Premises. The Landlord shall provide eight (8) months written notice of its intention to relocate the Tenant. In the event the Landlord exercises its right to relocate, the Landlord shall pay, without duplication and upon being furnished with invoices or other proof of payment reasonably satisfactory to the Landlord, the direct out-of-pocket costs incurred by the Tenant solely as a result of relocating to the New Premises. In no case will Tenant be reimbursed or compensated for indirect costs including overhead, overtime charges or loss of profits and Tenant agrees to minimize its costs by re-using all fixtures and trade fixtures where it is feasible to do so in the New Premises. The Tenant will surrender possession of the Premises upon the relocation date set forth in the relocation notice (the "Relocation Date") from the Landlord, failing which Tenant shall be deemed to be overholding in the Premises. Landlord's exercise of its rights under this section does not constitute a re-entry or a breach of Landlord's covenant for quiet enjoyment contained in this Lease or implied by law. The terms and conditions of this Lease shall be deemed to be amended as of the Relocation Date and the New Premises shall be referred to as Premises thereafter.

#### 2.04 SEMI-GROSS LEASE

It is intended that this Lease and the tenancy created hereby is a semi-gross lease and tenancy.

### **ARTICLE 3.0 - TERM, COMMENCEMENT**

#### 3.01 TERM

The Term of this Lease shall be for the period set out in Section 1.01(f)(i), beginning on the First Day of the Term set out in Section 1.01(f)(ii) and terminating on the Termination Date set out in Section 1.01(f)(iii). The Tenant shall occupy the Premises on the First Day of the Term, and subject to the completion of its fixturing of the Premises as soon as reasonably possible thereafter, open for business as soon thereafter as its fixturing is complete.

### **ARTICLE 4.0 - RENT**

#### 4.01 SEMI-GROSS RENT

The Tenant shall pay to the Landlord in and for each Lease Year, Semi-Gross Rent in the amount per annum set out in Section 1.01(g) for the respective Lease Year, by equal consecutive monthly instalments in the amount set out in Section 1.01(g) for such Lease Year, subject to the adjustment provisions of Section 4.02.

#### 4.02 ADJUSTMENT OF SEMI-GROSS RENT

In the event that the Floor Area is revised in accordance with Section 12.05, the Semi-Gross Rent for each Lease Year shall be recalculated automatically by multiplying the revised Floor Area by the amount per square foot set out in Section 1.01(g) for the respective Lease Year and the amount of the equal monthly instalments for such Lease Year shall be deemed to have been amended accordingly. Upon any such revision of Floor Area, the Landlord shall calculate the amount of the difference between the original Semi-Gross Rent and the revised Semi-Gross Rent for the period prior to the date of such revision and, if such amount represents an increase in Semi-Gross Rent, the Tenant shall immediately pay the amount to the Landlord or, if the amount represents a decrease in Semi-Gross Rent, the Landlord shall immediately repay the amount to the Tenant. An adjustment in respect of any earlier payment of the Tenant's Proportionate Share of Additional Rent shall also be made on the same basis.

#### 4.03 PAYMENT OF SEMI-GROSS RENT

The first monthly instalment of Semi-Gross Rent due in accordance with Section 1.01(g), or the appropriate portion thereof calculated in accordance with Section 4.04, shall be paid on or before the First Day of the Term and subsequent instalments of Semi-Gross Rent shall be paid strictly in advance on the first day of each and every succeeding month throughout the Term.

#### 4.04 PRO RATA ADJUSTMENT OF RENT

All rent shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate the rental for irregular periods of less than one year or one month, as the case may be, an appropriate pro rata adjustment shall be made in order to compute the rent for such irregular period.

#### 4.05 PAYMENT OF RENT GENERALLY

All payments by the Tenant to the Landlord required or contemplated by this Lease shall be:

- (a) paid to the Landlord by the Tenant in lawful currency of Canada;
- (b) made when due hereunder, without prior demand therefor and without any set-off, compensation or deduction whatsoever, at the office of the Landlord at the Complex or such other place as the Landlord may designate from time to time to the Tenant;
- (c) applied towards amounts then outstanding hereunder, in such manner as the Landlord may see fit;
- (d) deemed to be rent, in partial consideration for which this Lease has been entered into, and shall be payable and recoverable as rent, such that the Landlord shall have all rights and remedies against the Tenant for default in any such payment which may not be expressly said to be rent or Additional Rent;
- (e) subject to an overdue charge if any such payment is not made when due, which charge shall be Additional Rent equal to two percent (2%) per month of the overdue amount (but in any case such charge shall be not less than Fifty Dollars (\$50.00) per month) payable with the next monthly instalment of Semi-Gross Rent, all without prejudice to any other right or remedy of the Landlord; and
- (f) made, if the Landlord so requests by way of a series of cheques, post-dated to the respective due dates of such payments, which the Tenant shall supply to the Landlord at the commencement of each Lease Year or earlier should the Landlord so request, or by way of an automatic debiting system by which payments are deducted from the Tenant's bank account and credited to the Landlord's, all at the Tenant's cost and all without prejudice to any other right or remedy of the Landlord.

#### 4.06 ARBITRATION

In the event of any bona fide dispute arising between the Tenant and the Landlord as to the amount of any rent payable under this Lease which requires calculation, the Tenant shall nevertheless immediately make payment in accordance with any notice from the Landlord but the dispute, at the option of the Landlord or, so long as such payment has been made, the Tenant, shall immediately be referred to an arbitrator agreed upon by the Tenant and the Landlord or, in the event that they cannot agree upon such arbitrator, then the question shall be referred to the arbitration of one arbitrator under the Arbitration Act, of Ontario, and amendments thereto or such other statute or statutes of like effect being in force in Ontario, and such arbitrator, whether agreed upon or appointed under the said statute, shall have access to such records of the parties as may be reasonably necessary and the decision of such arbitrator shall be final and binding upon the parties. Costs of the arbitration shall follow the award, unless otherwise determined by the arbitrator. Any adjustment in rent required to be made by reason of any such decision of the arbitrator shall be made within fifteen (15) days thereof.

### **ARTICLE 5.0 - ADDITIONAL RENT**

#### 5.01 ADDITIONAL RENT

The Tenant shall pay to the Landlord as Additional Rent the Tenant's Proportionate Share of all Property Taxes attributable to the Complex, in accordance with ARTICLE 6.0 and all other taxes described in Section 6.01 and such other sums, amounts, costs, charges, or increases therein as are required to be paid by the Tenant to the Landlord pursuant to this Lease in addition to Semi-Gross Rent.

#### 5.02 ESTIMATE OF ADDITIONAL RENT

The Landlord may, in respect of the items of the Additional Rent contemplated by Section 5.01, compute bona fide estimates of the amounts which are anticipated to accrue in the next following Lease Year, calendar year or fiscal year, or portion thereof, as the Landlord may determine is the most appropriate period for each item or category of Additional Rent. The Property Taxes payable by the Tenant for 2015 is estimated to be \$1.50 per square foot per annum. The Tenant acknowledges that the foregoing is an

estimate only and the Landlord shall not be bound by such estimate and the Tenant shall pay the full amount of Additional Rent in accordance with the terms of this Lease. If it is determined that the Tenant has overpaid Additional Rents, such overpayment will be credited to the Tenant at the earliest opportunity to do so.

5.03 PAYMENT OF ADDITIONAL RENT

With respect to any Additional Rent which the Landlord elects to estimate from time to time pursuant to Section 5.02, following receipt of the written notice of the estimated aggregate amount of the Tenant's share thereof, the Tenant shall pay to the Landlord the amount of such estimated aggregate share, in equal consecutive monthly instalments payable with monthly instalments of Minimum Renewal when due, pursuant to Section 4.05. With respect to any Additional Rent which the Landlord has not elected to estimate from time to time pursuant to Section 5.02, the Tenant shall pay to the Landlord the amount of the Tenant's share of such Additional Rent, determined pursuant to the applicable provisions of this Lease, within fifteen (15) days of receipt of an invoice therefor.

5.04 PRO RATA ADJUSTMENT OF ADDITIONAL RENT

In the event this Lease commences, expires or is determined before the end of the period for which any item or category of Additional Rent would otherwise be payable, the amount thereof payable by the Tenant shall be apportioned and adjusted in accordance with Section 4.04.

5.05 REVIEW OF ADDITIONAL RENT

No party hereto may claim a re-adjustment in respect of any Additional Rent whether paid or payable in instalments or otherwise, if based on any error of estimation, allocation, calculation or computation thereof, unless claimed in writing prior to the expiration of one year from the date that the statement provided for in Section 5.04 is sent to the Tenant.

**ARTICLE 6.0 - TAXES**

6.01 TAXES

The Tenant shall pay as Additional Rent, a share of the Complex Property Taxes as determined by the Landlord acting reasonably, the cost of making such determination to be included as part of Additional Rent. In making such determination the Landlord shall have the right, without limiting its right to do otherwise, to establish separate assessments for the Premises and all other portions of the Complex by using such criteria as the Landlord acting reasonably, shall determine to be relevant, including, without limitation:

- (a) the then current established principles of assessment used by the relevant assessing authorities and on the same basis as the assessments actually obtained for the Complex as a whole or the part thereof in which the Premises are located;
- (b) assessments of the Premises and any other portions of the Complex in previous periods of time;
- (c) n/a; and
- (d) the Tenant's Proportionate Share.

Without restricting the generality of the above the Landlord shall have the right to allocate the Property Taxes calculated as if the Complex was fully occupied. The Landlord shall have the right to collect the Tenant's share of Property Taxes during the months of the year when the same are due to the taxing authority.

6.02 CONTEST OF PROPERTY TAXES

The determination by the Landlord of the Tenant's share of Property Taxes shall be final and binding upon the Tenant. The Tenant is not entitled to contest any Property Taxes or appeal any assessment related thereto.

Property Taxes, or the assessments in respect of Property Taxes which are the subject of any contest by the Landlord shall nonetheless be payable in accordance with the foregoing provisions hereof provided, however, that in the event the Tenant shall have paid any amount in respect of Property Taxes in excess of the amount ultimately found payable as a result of the disposition of any such contest, and the Landlord receives a refund in respect thereof, the appropriate amount of such refund shall be refunded to or credited to the account of the Tenant.

The Tenant shall pay to the Landlord forthwith upon demand, its share as allocated by the Landlord of all costs and expenses of any kind incurred by the Landlord bona fide and acting reasonably in determining the allocation of the Property Taxes or the appeal of any assessment including, without limitation, legal, appraisal, administration and overhead costs.

6.03 TENANT'S TAXES

The Tenant shall pay promptly when due all taxes, rates, duties and fees as may be assessed or levied by any competent authority in respect to or as a result of any business or other activity carried on within or in connection with the Premises. The Tenant shall pay to the Landlord any Goods and Services Tax, Sales Tax, Value Added Tax or similar taxes levied or assessed on rents payable hereunder. A failure to pay the Goods and Services Tax shall be a default of the lease and shall be treated as if it were a failure to pay rent but the Goods and Services Tax shall not be deemed to be rent for the purpose of calculating the amount of Goods and Services Tax exigible.

6.04 FAILURE TO PAY TAXES

Should the Tenant fail to comply with any payment required by the Tenant pursuant to Section 6.01, and subject to rectification of such default within the period set out in Section 16.01(d), without limiting the generality of Section 16.02, the Landlord may pay all or part of such required payments pursuant to that Section 16.02.

**ARTICLE 7.0 - COMMON AREAS**

7.01 LANDLORD'S RESPONSIBILITY

The control, general cleanliness, operation and maintenance of the Common Areas shall be the exclusive domain of the Landlord such that the manner in which the Common Areas shall be operated and maintained and the expenditures therefor shall be at the sole discretion of the Landlord, acting reasonably.

7.02 TENANT'S USE OF COMMON AREAS

The non-exclusive right and licence granted to the Tenant, its agents, invitees, servants, employed, licensees and customers pursuant to Section 2.02 may be exercised only during the business hours which pertain under this Lease and subject to the Rules and Regulations of the Complex and to the other provisions of this Lease.

7.03 NO OBSTRUCTION

The Tenant shall not, save to the extent permitted by the Landlord during any general promotional event or as may be otherwise specifically allowed by the Landlord in writing, keep or display any merchandise or other thing on or about the Common Areas or otherwise obstruct the Common Areas. Without limiting the generality of the foregoing, the Tenant shall keep any service corridor leading to and from the Premises free and clear of all obstructions and in the event any governmental authority or other regulatory body having jurisdiction makes a charge against the Landlord, the Tenant, the Complex and the Premises, or any of them, by reason of the Tenant failing to meet the requirements of such authority or body, the Tenant shall pay such charge and if the Tenant fails to do so upon request, the Landlord may pay the amount of such charge and recover the same from the Tenant as Additional Rent.

7.04 TEMPORARY ALLOCATION OF COMMON AREAS

From time to time, the Landlord may permit portions of the Common Areas to be used exclusively by specified tenants or licensees on a seasonal or otherwise temporary basis.

**ARTICLE 8.0 - UTILITIES, HVAC COSTS**

8.01 HVAC

The Tenant shall maintain and make all repairs and replacements to the HVAC system servicing the Premises at its sole cost and expense, but the Landlord may at its option assume the obligation and in such event the Tenant shall pay to the Landlord, upon demand and as Additional Rent, the cost of such maintenance, repairs and replacements.

8.02 TENANT'S UTILITIES

The Tenant shall pay all rates, charges, costs and expenses as may be assessed or levied and at the rates so assessed or levied by all suppliers of utilities to the Premises including telephone, hydro, gas and water,

directly to the supplier thereof. In the event the Tenant fails to pay for such utilities, the Landlord shall have no liability whatsoever for any damage resulting to the Tenant or the Premises as a result of any action taken by the supplier of such utilities.

## ARTICLE 9.0 - INSURANCE

### 9.01 TENANT'S INSURANCE

- (a) The Tenant shall take out and keep in full force and effect throughout the Term and during such other time as the Tenant occupies the Premises or any part thereof:
  - (i) "all risk" insurance upon its merchandise, stock-in-trade, furniture, fixtures and improvements, including any leasehold improvements made previously by any tenant or person in the Premises and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, in an amount equal to the full replacement value thereof, which amount shall be determined by the decision of the Landlord, acting reasonable, in the event of a dispute;
  - (ii) broad boiler and machinery insurance on any such equipment in the Premises;
  - (iii) comprehensive general liability insurance, including without limitation non-owned automobile insurance, against claims for personal injury, death or property damage or loss upon, in or about the Premises or otherwise howsoever arising out of the operations of the Tenant or any person conducting business from the Premises, to the combined limit as may be reasonably required by the Landlord from time to time but, in any case, of not less than Two Million Dollars (\$2,000,000) in respect to injury or death to a single person and in respect of any one accident concerning property damage;
  - (iv) owned automobile insurance with respect to all motor vehicles owned by the Tenant and operated in its business; and
  - (v) such other insurance in such amounts and upon such terms as the Landlord may determine from time to time on consultation with its insurance advisors.
- (b) Each policy of insurance required of the Tenant as aforesaid except the owned automobile insurance shall name the Landlord, Briarlane Rental Property Management Inc. and any persons or corporations designated by the Landlord as additional insureds as their interests may appear and shall include a waiver of rights of subrogation against the Landlord, Briarlane Rental Property Management Inc., and the Tenant and, as appropriate, a cross-liability and/or severability of interest clause protecting the Landlord against claims by the Tenant as if the Landlord were separately insured and protecting the Tenant against claims by the Landlord as if the Tenant were separately insured as well as a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving the Landlord thirty (30) days prior written notice. All such policies will be with insurers acceptable to the Landlord and in a form satisfactory to the Landlord and the Tenant will deliver to the Landlord a copy of all such policies or certificates of such insurance.

### 9.02 LANDLORD'S INSURANCE

The Landlord shall take out or cause to be taken out and keep or cause to be kept in full force and effect:

- (a) standard fire insurance and extended coverage or additional perils supplemental contracts on the buildings and improvements, except foundations, comprising the Complex in an amount such as would be carried by a prudent owner, subject to such deductions and exceptions as the Landlord may determine, against fire and such other hazards covered by policies normally in use from time to time for buildings and improvements of a similar nature similarly situated, including, should the Landlord so elect, insurance to cover any rental loss which may be sustained; and
- (b) comprehensive public liability insurance in respect of the Complex of a kind and in an amount such as would be carried by a prudent owner,

provided that nothing herein shall prevent the Landlord insuring with broader coverage.

9.03 INCREASES IN RATES

The Tenant shall not do or omit or permit to be done or omitted upon the Premises anything which shall cause the rate of insurance upon the Complex or any part thereof to be increased or cause such insurance to be cancelled. If the said insurance rate shall be increased as aforesaid, the Tenant shall pay to the Landlord the amount of the increase as Additional Rent. If any insurance policy upon the Complex or any part thereof is cancelled or threatened to be cancelled by reason of the use or occupancy by the Tenant or any act or omission as aforesaid, the Tenant shall forthwith remedy or rectify such use, occupation, act or omission upon being requested to do so in writing by the Landlord, and if the Tenant shall fail to so remedy or rectify, the Landlord may at its option terminate this Lease forthwith or at its option rectify such default at the Tenant's expense including 15% administration.

**ARTICLE 10.0 - USE AND OCCUPATION**

10.01 QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment, for so long as the Tenant is not in default hereunder, and except as provided herein.

10.02 USE

The Premises shall not be used for any purpose other than as set forth in Section 1.01(h).

10.03 COVENANT TO OPERATE

intentionally deleted.

10.04 CHARACTER OF BUSINESS

The Tenant shall operate and conduct its business upon the whole of the Premises in an up-to-date, first class and reputable manner.

10.05 HOURS OF BUSINESS

intentionally deleted.

10.06 RULES AND REGULATIONS

- (a) The Rules and Regulations attached hereto as Schedule A , as the same may be amended from time to time, are part hereof and shall be read as forming part of the terms and conditions of this Lease as if the same were embodied herein.
- (b) All Rules and Regulations now or hereafter in force shall in all respects be observed and performed by the Tenant and its employees, agents, customers, licensees and invitees and the Tenant shall cause such observance and performance.
- (c) For the enforcement of all Rules and Regulations, the Landlord shall have available to it all remedies in this Lease provided for a breach of any provision hereof and all legal rights and remedies including injunction, whether or not provided for in this Lease, both at law and in equity.
- (d) The Landlord shall not be responsible to the Tenant for the nonobservance or violation by any other tenant or person of the Rules and Regulations.

10.07 SIGNS

The Tenant shall erect, install and maintain a sign of a kind and size and in a location, all in accordance with the Landlord's design criteria and as first approved in writing by the Landlord, publicizing the Tenant's operating name, as set forth in Section 1.01(b), and type of business. Any other signs, as well as the advertising practices of the Tenant and any display windows, shall comply with the applicable Rules and Regulations. The Tenant shall not erect, install or maintain any sign other than in accordance with this section.

10.08 COMPLIANCE WITH LAWS

- (a) The Tenant shall carry on and conduct its business from the Premises in such manner as to comply with any and all statutes, by-laws, rules and regulations of any Federal,

Provincial, Municipal or other competent authority for the time being in force, and shall not do anything upon the Premises in contravention thereof.

(b) For the purposes hereof;

"Environmental Laws" shall mean any laws, by-laws, regulations, ordinances or statutes of any governmental authority having jurisdiction over the Leased Premises relating to protection of the environment or health and safety.

"Noxious Substance" shall mean any substance defined as a contaminant pursuant to Environmental Laws.

The Tenant shall at all times comply with all Environmental Laws and not permit the release of any Noxious Substance and shall indemnify and save the Landlord harmless from any breach thereof. In the event that as a result of an act or omission of the Tenant, its employees, agents, contractors, invitees or other person for whom the Tenant is at law responsible, there is a breach of any Environmental Law or the release of any Noxious Substance, the Landlord shall have the right to enter upon the Premises and rectify such situation and the Tenant shall forthwith upon demand pay the cost of such rectification plus 15% for the Landlord's administration fee in addition to any other remedy of the Landlord. This provision shall survive the termination of this Lease. In the event that the said breach adversely affects the use of other premises within the Building or is of a continuing nature, the Landlord shall in addition to any other rights it may have, have the right to terminate the Lease.

#### 10.09 NUISANCE

The Tenant shall not do or permit to be done or omitted anything which could damage the Complex or injure or impede the business of the Tenant or of other tenants in the Complex or which shall or might result in any nuisance in or about the Premises, whether to the Landlord, any tenant of the Complex or any other party, the whole as determined by the Landlord, acting reasonably. In any of the foregoing events, the Tenant shall forthwith remedy the same and if such thing or condition shall not be so remedied, the Landlord may, after such notice, if any, as the Landlord may deem appropriate in the circumstances, correct such situation at the expense of the Tenant and the Tenant shall pay such expense to the Landlord as Additional Rent.

### ARTICLE 11.0 -CLEANING, REPAIR

#### 11.01 CLEANING

- (a) The Tenant shall keep the Premises and, without limitation, the inside and outside of all glass, windows and doors of the Premises and all exterior surfaces of the Premises, in a neat, clean and sanitary condition and shall not allow any refuse, garbage or other loose or objectionable or waste material to accumulate in or about the Premises but rather shall dispose of the same in accordance with the Rules and Regulations.
- (b) The Tenant shall, immediately before the termination of the Term, wash the floors, windows, doors, walls and woodwork of the Premises and shall not, upon such termination, leave upon the Premises any refuse, garbage or waste material.
- (c) The Tenant shall pay for its own janitor service, cleaning of debris, removal of garbage and such other costs as may be incurred in cleaning in accordance with this Section 11.01.
- (d) In the event the Tenant fails to clean in accordance with this Section 11.01 upon notice so to do from the Landlord, the Landlord may clean the same and the Tenant shall pay to the Landlord as Additional Rent the cost thereof forthwith upon demand.

#### 11.02 TENANT'S REPAIRS

- (a) The Tenant shall repair the Premises, always excepting reasonable wear and tear and repairs which are the responsibility of the Landlord pursuant to this ARTICLE 11.0, but including any damage to or breakage of glass, plate glass, shop windows, mouldings, storefronts, signs, doors, hardware, lighting, wiring, plumbing, heating and ventilating and other equipment, improvements partitions, walls, fixtures, thresholds and all trade fixtures and furnishings of the Tenant or otherwise in or for the Premises, and shall redecorate as required and maintain in good condition the interior of the Premises, any appurtenances thereto, any improvements now or hereafter erected or installed therein and any apparatus or equipment of the Tenant therein or therefor, provided, however, that the Tenant's obligation to repair shall not include repairs to the roof or to structural or

other outside walls (except plate glass and all doors, grills and/or sliding panels leading from the Premises) of the Premises unless the need to repair is caused by the default or negligence of the Tenant, its agents, employees, invitees or licensees, in which case the Landlord shall repair and the Tenant shall pay to the Landlord as Additional Rent the cost thereof forthwith upon demand.

- (b) The Tenant shall keep well-painted at all times the interior of the Premises in accordance with the reasonable requests of the Landlord, using colours which shall first be approved in writing by the Landlord; shall keep all plumbing facilities within the Premises and all drains therefrom in good repair and working order; will not enter, nor will it cause, suffer or permit entry, on to any roof in the Complex, without being accompanied by an authorized representative of the Landlord, and will not make any opening in the roof without the prior written consent of the Landlord.
- (c) The Tenant, its employees or agents shall not mark, paint, drill or in any way deface any walls, ceilings, partitions, floors, wood, stone or ironwork without the written approval of the Landlord.
- (d) The Tenant shall install and maintain any fire detection or fighting equipment and emergency-lighting in the Premises, whether required by the Landlord, any government authority having jurisdiction, or any insurer, and whether required before or during the Term of this Lease. In the event that the Tenant's positioning off its fixtures or other equipment requires adjustments to the sprinkler system the same will be done by the Landlord at the Tenant's expense.
- (e) The Tenant shall be responsible for the costs of all repairs and replacements to the HVAC system servicing the Premises.

#### 11.03 VIEW REPAIRS

The Landlord may enter the Premises at any reasonable time during business hours and at any time during any emergency to view the state of repair and the Tenant shall repair according to notice in writing from the Landlord so to do, subject to the exceptions contained in this ARTICLE 11.0.

#### 11.04 LANDLORD MAY REPAIR

If the Tenant fails to repair according to notice from the Landlord within fourteen (14) days of receipt thereof, the Landlord may make such repairs without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by reason thereof, and upon completion thereof, the Tenant shall pay as Additional Rent the Landlord's costs for making such repairs plus fifteen percent (15%) thereof for overhead and supervision, such payment to be made on presentation of an invoice therefor.

#### 11.05 LANDLORD'S REPAIRS

- (a) The Landlord shall make all repairs or replacements to the heating and ventilating apparatus of the Complex, other than such apparatus as may be the property of or installed by or located within the premises of a tenant of the Complex, including the Tenant.
- (b) The Landlord shall be responsible for all structural repairs to the Premises, repairs to the roof, foundations and bearing structure of the Complex and repairs of damage to the Complex caused by perils against which the Landlord is obligated to insure hereunder.
- (c) Notwithstanding the other provisions of this Section 11.05, the Landlord shall not be obligated to make repairs or replacements caused by any default or negligence of the Tenant, its agents, employees, invitees or licensees, which repairs and replacements may be made by the Landlord at the Tenant's cost in like manner to the provisions of Section 11.04.
- (d) The Landlord shall not be liable for any loss or damage to any person or property for its failure to repair in accordance with this Section 11.05, unless such loss or damage is caused by the intentional default or gross negligence of the Landlord and is not specifically excepted pursuant to Section 15.02.
- (e) The Landlord shall keep painted those parts of the exterior of the Premises requiring painting other than the Tenant's storefront or such other parts of the exterior as may have been installed by or at the request of the Tenant.

- (f) In fulfilling its obligations pursuant to this Section 11.05, the Landlord shall be entitled to enter the Premises and shall act as expeditiously as is reasonably possible in the circumstances.
- (g) Nothing contained in this Section 11.05 shall derogate from the provisions of ARTICLE 13.0.

## **ARTICLE 12.0 - ALTERATIONS, FIXTURES**

### **12.01 TENANT'S ALTERATIONS**

- (a) The Tenant shall have the right to make any alterations and improvements of the Premises except to the structural portions thereof including the installation of trade fixtures, exterior signs, floor covering, interior lighting, plumbing fixtures, shades, awnings, exterior decorations upon receipt of the Landlord's written approval thereto, such consent not to be unreasonably withheld in the case of alterations, additions as improvements to the interior of the Premises.
- (b) All fixtures installed by the Tenant shall be new, provided that the Tenant may install its usual trade fixtures in its usual manner so long as such installation has first been approved by the Landlord and does not damage the structure of the Complex.
- (c) The Tenant shall not install in or for the Premises any special locks, safes, apparatus for illumination, air-conditioning, cooling, heating, refrigerating, or ventilating the Premises without first obtaining the Landlord's written approval thereto.
- (d) When seeking the approval of the Landlord as required by this Section 12.01, the Tenant shall present to the Landlord plans and specifications of the proposed work and shall pay the expense of any consultants retained by the Landlord to review the said plans and specifications. The Tenant will ensure that all work authorized by this Section 12.01 shall be in compliance with all applicable laws, by-laws and codes.
- (e) The Tenant shall promptly pay all contractors, material suppliers and workmen so as to minimize the possibility of a lien attaching to the Premises and/or the Complex and should any claim of lien be made or filed the Tenant shall discharge the same in accordance with Section 15.03.

### **12.02 EFFECT OF ALTERATIONS**

The Tenant acknowledges that the erection of partitions, modification of window and door areas or other major alterations or changes in the Premises may reduce those certain temperature specifications set forth in Section 8.02, in respect of which performance reduction the Tenant shall have no claim against the Landlord.

### **12.03 REMOVAL OF FIXTURES**

- (a) So long as the Tenant is not in default hereunder at the expiration of the Term, the Tenant shall then have the right to remove its trade fixtures but shall make good any damage caused to the Premises resulting from the installation or removal thereof; provided that on such expiration of the Term all alterations, additions, improvements and fixtures constructed and installed in the Premises and attached in any manner to the floors, walls or ceiling including any floor covering and light fixtures, are hereby deemed not to be trade fixtures and shall remain upon and be surrendered with the Premises and become the property of the Landlord absolutely, except to the extent the Landlord requires removal thereof pursuant to Section 12.03(d).
- (b) If the Tenant fails to remove its trade fixtures and restore the Premises as aforesaid, all such trade fixtures shall become the property of the Landlord except to the extent that the Landlord continues to require removal thereof pursuant to Section 12.03(d).
- (c) Should the Tenant abandon the Premises or should this Lease be terminated before the proper expiration of the Term due to a default on the part of the Tenant then, in such event, at the expiration of the applicable notice period, all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) shall, except to the extent the Landlord requires the removal thereof pursuant to Section 12.03(d), become and be deemed to be the property of the Landlord, without indemnity to the Tenant and as additional liquidated damages in respect of such default but without prejudice to any other right or remedy of the Landlord.

- (d) Notwithstanding that any trade fixtures, furnishings, alterations, additions, improvements or fixtures are or may become the property of the Landlord pursuant to the other provisions of Section 12.03, the Tenant shall forthwith remove the same and shall make good any damage caused to the Premises resulting from the installation or removal thereof, all at the Tenant's expense, should the Landlord so require by notice to the Tenant and whether or not the Term of this Lease has expired or otherwise been terminated.
- (e) If the Tenant, after receipt of a notice from the Landlord pursuant to Section 12.03(d), fails to promptly remove any trade fixtures, furnishings, alterations, additions, improvements and fixtures in accordance with such notice, then the Landlord may enter into the Premises and remove therefrom all or part of such trade fixtures, furnishings, alterations, additions, improvements and fixtures without any liability and at the expense of the Tenant, which expense shall forthwith be paid by the Tenant to the Landlord.

#### 12.04 LANDLORD'S ALTERATIONS

- (a) The Landlord reserves the rights to:
  - (i) make any changes or additions to the equipment, appliances, pipes, conduits, ducts or structures of any kind in the Premises where necessary to serve adjoining premises or other parts of the Complex;
  - (ii) alter the location and nature of the Common Areas including the Parking Areas and including reducing the number of Parking spaces or changing the layout of the Parking Areas and erect additions thereto or extend any part of the Common Areas;
  - (iii) make alterations or additions to the buildings and facilities of the Complex;
  - (iv) build additional stores or construct other buildings or improvements in or adjacent to the Complex from time to time and make alterations thereof or additions thereto; and
  - (v) build additional stories on any buildings in the Complex and to build adjoining the same.
- (b) The aforementioned rights may be exercised by the Landlord in its unfettered discretion and without any claim for damages or indemnification against the Landlord, its employees or agents and without diminution or abatement of rent except during any period of time during which the Tenant is unable to carry on business with the public because of the exercise of such rights by the Landlord. In the event that such exercise results in a change in the Floor Area or Gross Leaseable Area, the Semi-Gross Rent and Tenant's proportionate share of Additional Rent payable thereafter shall be recalculated in the manner set forth in Section 4.02, but without any adjustment with respect to any earlier payment of either Semi-Gross Rent or the Tenant's Proportionate Share of Additional Rent. If an excavation shall be made upon lands or premises adjacent to the Premises, the Tenant shall afford to the person causing or authorized to cause such excavation, licence to enter upon the Premises for the purpose of doing such work as the Landlord may deem necessary to preserve the building of which the Premises form a part from injury or damage and to support same by proper foundations
- (c) In the event that the Landlord requires the Premises as a result of the exercise by the Landlord of the aforementioned rights, the Landlord on at least eight (8) months prior notice, may require the Tenant to move into new Premises on a temporary or permanent basis. The new premises to the extent as is possible shall be in a reasonably comparable location and having approximately the same area. In the event the Landlord exercises its right to relocate the Tenant into new premises, the Landlord shall pay, without duplication and upon being furnished with invoices or other proof of payment reasonably satisfactory to the Landlord, the reasonable direct out-of-pocket costs incurred by the Tenant solely as a result of such relocation. In no case will the Tenant be reimbursed or compensated for indirect costs or damages including overhead, overtime charges or loss of profits.

## 12.05 ADJUSTMENT OF FLOOR AREA

In the event that the Floor Area set out in Section 1.01(e) is thought by a party to this Lease to be incorrect, such party may cause the Premises to be measured by the Landlord's architect and the Floor Area shall be revised accordingly with a corresponding adjustment in Semi-Gross Rent and the Tenant's Proportionate Share of Additional Rent pursuant to Section 4.02.

## **ARTICLE 13.0- SUBSTANTIAL DAMAGE AND DESTRUCTION, EXPROPRIATION**

### 13.01 NO ABATEMENT

If during the Term the building in which the Premises or any part thereof is situate shall be destroyed or damaged by any cause whatsoever such that the Premises are rendered unfit for occupancy by the Tenant, the rent hereby reserved shall not abate in whole or part except to the extent that such rental loss is recovered by the Landlord under any policies of insurance against such loss which the Landlord may have taken out.

### 13.02 SUBSTANTIAL DESTRUCTION

In the event of damage or destruction of the Premises, or of any other portion of the Complex, whether or not the Premises be affected thereby, to the extent that, in the reasonable opinion of the Landlord:

- (a) the cost of repair, restoration or reconstruction exceeds fifty percent (50%) of the replacement cost (excluding foundation and excavation costs) of such damaged or destroyed portions of the Complex; and
- (b) the repair, restoration or reconstruction cannot, with the exercise of reasonable diligence, be accomplished to enable such portions of the Complex to reopen for business within six (6) months of the date of such damage or destruction;

then the Landlord may within sixty (60) days after such damage or destruction and on giving thirty (30) days written notice to the Tenant declare this Lease terminated forthwith and in such event, the Term shall be deemed to have expired and the Tenant shall deliver up possession of the Premises accordingly, rent shall be apportioned and shall be payable up to the date of termination stated in such notice and the Tenant shall be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion thereof.

### 13.03 ARCHITECT'S CERTIFICATE

The certificate of the Landlord's architect certifying that damage or destruction has occurred to the extent set forth in Section 13.02 shall be binding and conclusive upon the Tenant for the purposes hereof.

### 13.04 REBUILDING

If this Lease is not terminated pursuant to Section 13.02, and the Landlord recovers insurance for such damage or destruction pursuant to Section 9.02, the Landlord shall cause such damage or destruction to be repaired, restored or reconstructed, save as to items which are the responsibility of the Tenant pursuant to Section 11.02. The Landlord may make changes to the Complex in the event of the reconstruction.

### 13.05 EXPROPRIATION

- (a) If during the Term, title is taken to the whole or any part of the Complex (whether or not such part includes the Premises) by any competent authority under the power of eminent domain or by expropriation, which taking, in the reasonable opinion of the Landlord, does not leave a sufficient remainder to constitute an economically viable Complex, the Landlord may at its option terminate this Lease on the date possession is taken by or on behalf of such authority. Upon such termination, the Tenant shall immediately deliver up possession of the Premises, rent shall be payable up to the date of such termination and the Tenant shall be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion thereof.
- (b) In the event of any such taking, the Tenant shall have no claim upon the Landlord for the value of its property or the unexpired portion of the Term, but the parties shall each be entitled to separately advance their claims for compensation for the loss of their respective interests and to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account therefor to the Tenant.

13.06 TERMINATION ON DEMOLITION

If at any time the Landlord shall have decided to substantially re-develop or re-construct the Complex to the extent that vacant possession of the Premises is necessary or expedient, or to demolish the building of which the Premises are a part, the Landlord may terminate this Lease by giving six (6) months' notice in writing to the Tenant. Provided that if the Landlord is not ready to commence work as of the effective date of the termination the Tenant may stay, at the Landlord's option, on as a monthly tenant on the same lease terms until the earlier of thirty (30) days before the work is ready to be commenced or the end of the lease term as otherwise determined.

**ARTICLE 14.0 - ASSIGNMENT AND SUBLETTING**

14.01 ASSIGNING OR SUBLETTING

- (a) The Tenant shall not assign this Lease in whole or in part nor sublet all or any part of the Premises without the prior written consent of the Landlord in each instance, which consent shall not be unreasonably withheld so long as the proposed assignment or sublease complies with the provisions of this Section 14.01. The Tenant may not, under any circumstances, sublet only a portion of the Premises. If the proposed assignee or subtenant is not, in the Landlord's opinion, of equal or better credit worthiness as the Tenant, it shall not be deemed to be unreasonable for the Landlord to require such further covenants or a security deposit to be given as a condition of the consent.
- (b) Notwithstanding any assignment or sublease, the Tenant shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.
- (c) If the Lease is assigned or if the Premises are sublet or occupied by anybody other than the Tenant, the Landlord may collect rent directly from the assignee, subtenant or occupant, and apply the net amount collected, or the necessary portion thereof, to the rent herein reserved.
- (d) No assignment or sublease shall be made or proposed other than to responsible persons, firms, partnerships or bodies corporate who undertake to perform and observe the obligations of the Tenant hereunder by entering into an assumption agreement directly with the Landlord on a form to be prepared by the Landlord at the Tenant's expense.
- (e) the prohibition against assigning or subletting, without the consent required by this Section 14.01, shall be construed to include a prohibition against any assignment or sublease by operation of law.
- (f) The consent by the Landlord to any assignment or sublease shall not constitute a waiver of the necessity for such consent to any subsequent assignment or sublease.
- (g) Notwithstanding any assignment, sub-letting, transfer or other event referred to in this Article, the Tenant and any Indemnifier shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the assignee or any other party or any granting of time, renewals, extensions, indulgences, releases, discharges or other arrangements with the assignee or any other party. 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 assignee or the sublessee 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 and its solicitors or prepared by them all at the expense of the Tenant. The Landlord shall be entitled to the receipt of any rental in excess of that payable hereunder or consideration received by the Tenant from an assignee or subtenant as a result of such sublease or assignment which consideration is in excess of the fair market value of the Tenant's fixtures or business being sold to such permitted assignee or subtenant. The Tenant shall provide such information as is reasonably requested by the Landlord including a copy of the Agreement of Purchase and Sale, the proposed form of sublease or assignment and information concerning the proposed assignee as is necessary to evaluate the proposed subtenant.
- (h) If the Tenant shall request the Landlord's consent (except for mortgaging or similar purposes) under this Article to a party not continuing the business of the Tenant in the Premises, the Landlord shall have an option to terminate this Lease or in the event of a Sublease of part of the Premises with respect to that part being sublet. Such option shall

be exercisable by notice delivered by the Landlord to the Tenant within fifteen (15) days of the request for consent. If the Landlord so exercises its option, the Tenant shall have the right within fifteen (15) days to withdraw its request for consent by notice in writing to the Landlord, and in that event, the exercise of the option by the Landlord and the request for consent shall have no further force and effect according to its terms (including this provision).

#### 14.02 BULK SALE

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

#### 14.03 ADVERTISING FOR SUBLEASE

For purposes of ensuring confidentiality of this Lease, the Tenant shall not print, publish, post, mail, display, broadcast or otherwise advertise or offer the whole or any part of the Premises for the purposes of assignment, sublease, transfer or encumbrance, 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 shall first have received the Landlord's written consent, which shall not be unreasonably withheld. In no event shall any such text or format contain any reference to the rent payable in respect of the Premises.

#### 14.04 SUBORDINATION AND ATTORNMENT

- (a) This Lease is subordinate to any mortgage or mortgages, or lien resulting from any other method of financing or refinancing, now or hereafter in force against the Complex or any part thereof, as now or hereafter constituted, and to all advances made or hereafter to be made upon the security thereof. Upon the request of the Landlord and by way of such document as may be required by the Landlord, the Tenant shall evidence its subordination.
- (b) The Tenant shall, in the event any proceedings are brought, whether in foreclosure or by way of the exercise of the power of sale or otherwise, under any mortgage or other method of financing or refinancing made by the Landlord in respect of the Complex, attorn to the encumbrancer upon any such foreclosure or sale and recognize such encumbrancer as the Landlord under this Lease, should such encumbrancer so elect and require by notice in writing to the Tenant. The Tenant acknowledges that upon receipt of notice requiring it to attorn in accordance herewith, it shall be deemed to attorn without the necessity for any written acknowledgement.
- (c) No subordination or attornment as required by this Section 14.04 shall have the effect of disturbing the Tenant's occupation and possession of the Premises, provided that the Tenant is not in default hereunder and complies with all of the covenants, terms and conditions hereof.

#### 14.05 ESTOPPEL CERTIFICATE, ACKNOWLEDGEMENTS

- (a) Whenever requested by the Landlord or an encumbrance holder or other third party having an interest in the Complex, the Tenant shall promptly, and in any event, within ten (10) days of request, execute and deliver an estoppel certificate or other form of certified acknowledgement as to the status and validity or otherwise of this Lease, and the state of the rental account hereunder, and such other information as may reasonably be required, including a copy of the Tenant's most recent audited financial statements.
- (b) On request of the Landlord, the Tenant shall execute an acknowledgement of the commencement date, which acknowledgement shall be in such form as may be reasonably required by the Landlord, and the Tenant shall transmit such acknowledgement to the Landlord forthwith.

#### 14.06 SALE BY THE LANDLORD

The Landlord shall use reasonable efforts to obtain from any proposed purchaser or transferee of the Complex an agreement to the effect that the Tenant's occupancy of the Premises shall not be disturbed by such purchaser or transferee. The Landlord named herein shall be relieved of any obligation hereunder arising from and after the date of completion of such sale or transfer.

## ARTICLE 15.0 - INDEMNITY, LIENS

### 15.01 TENANT'S INDEMNITY

The Tenant shall indemnify and save harmless the Landlord its managers, agents, mortgagees, and their respective employees, directors, officers and contractors of and from all loss and damage and all fines, expenses, costs, suits, claims, demands, actions and liabilities of any kind or nature for which the Landlord shall or may become liable, incur or suffer by reason of the occupancy and use of the Premises by the Tenant, a breach, violation or non-performance by the Tenant of any covenant, term or provision hereof or by reason of any construction or other liens for any work done or materials provided or services rendered for improvements, alterations, or repairs, made by or on behalf of the Tenant to the Premises, or by reason of any injury occasioned to or suffered by any person or damage to any property, by reason of any wrongful act, neglect or default on the part of the Tenant or any of its employees, agents, contractors, customers, licensees or invitees.

### 15.02 PERSONAL INJURY AND PROPERTY DAMAGE

- (a) The Landlord shall not be liable or responsible in any way for any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Tenant or by any other person who may be upon the Premises, or for any loss or damage however caused to any property belonging to the Tenant or to its employees, agents, customers, licensees, invitees or any other person while such property is in or about the Premises save for any grossly negligent or maliciously wrongful act of the Landlord.
- (b) Without limiting the generality of the foregoing, the Landlord shall not be liable for:
  - (i) any injury or damage of any nature whatsoever to any person or property caused by failure, by reason of breakdown or other cause, to supply adequate drainage, snow or ice removal, or by interruptions of any utility or elevator or escalator or other services, or by steam, water, rain, snow, or other substances leaking into, issuing or flowing into any part of the Premises or from the water, steam, sprinkler or drainage pipes or plumbing of the Complex or from any other place or quarter, or for any damage caused by anything done or omitted to be done by any other tenant;
  - (ii) n/a;
  - (iii) loss or damage, however caused, to books, records, filed, money, securities, negotiable instruments, papers or other valuables of the Tenant; or
  - (iv) under any circumstances, any indirect, consequential or business losses of the Tenant.

### 15.03 LIENS

The Tenant will, immediately upon demand by the Landlord, remove or cause to be removed, and thereafter institute and diligently prosecute any action pertinent thereto, any construction or other lien or claim of lien noted or filed against or otherwise constituting an encumbrance on any title of the Landlord. Without limiting the foregoing obligations of the Tenant, the Landlord may cause the same to be removed or may settle any such lien or claim, in which case the Tenant shall pay to the Landlord as Additional Rent the cost thereof, including the Landlord's legal costs on a solicitor and his own client basis, plus an administration fee of 15% , forthwith upon demand.

## ARTICLE 16.0 - DEFAULT, REMEDIES, TERMINATION

### 16.01 DEFAULT

If and whenever:

- (a) the Tenant shall be in default in the payment of any rent, whether hereby expressly reserved or deemed as such, or any part thereof on the due date on which the Tenant is to make such payment or, in the absence of such specific due date, for the ten (10) days following written notice by the Landlord requiring the Tenant to rectify the same; or
- (b) the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Premises, shall be taken or seized in execution or attachment, or if any writ of execution shall issue against the Tenant, or the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any legislation

that may be in force for bankrupt or insolvent debtors or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver shall be appointed for the business, property, affairs or revenues of the Tenant; or

- (c) the Tenant shall fail to commence, diligently pursue and complete the Tenant's Work to be performed pursuant to any Agreement or Offer to Lease pertaining to the Premises or other agreement signed by the parties or fail to open for business when required, or vacate or abandon the Premises or threaten or commence to do so, or otherwise cease to conduct business from the Premises, or use or permit or suffer the use of the Premises for any purpose other than as set forth in Section **Error! Reference source not found.**, make a bulk sale of its goods and assets which has not been consented to by the Landlord in accordance with Section 14.02 or move, commence, attempt or threaten to move its goods, chattels and equipment out of the Premises other than in its routine course of the business, or part with possession of the Premises except as permitted in ARTICLE 14.0 hereof; or
- (d) the Tenant shall not observe, perform and keep each and every of the covenants, agreement, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and shall persist in such default, in the case of monetary payments, beyond the period stipulated in paragraph (a) aforesaid or, in the case of any other default, after fourteen (14) days following written notice from the Landlord requiring that the tenant remedy, correct or comply or, in the case of any such default which would reasonably require more than fourteen (14) days to rectify, unless the Tenant shall commence rectification within the said fourteen (14) day notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such default;

then, and in each of such cases, and at the option of the Landlord, this Lease may be terminated and the Term shall then immediately become forfeited and void, and the Landlord may without notice or any form of legal process whatever forthwith re-enter the Premises or any part thereof and in the name of the whole repossess and enjoy the same as of its former estate, anything contained herein or in any Statute or law to the contrary notwithstanding. Notwithstanding any such termination, the provisions of this Lease relating to the consequences of termination shall survive. For the purposes of this Lease any of the events listed in Section 16.01 hereof may be referred to herein as an "Event of Default".

#### 16.02 LANDLORD'S RIGHTS

On the occurrence of an Event of Default in addition to any rights of the Landlord at law or by Statute, the Landlord shall have the right to exercise on or more of the following remedies;

- (a) The Landlord may perform any obligations which the Tenant should have performed or cause the same to be performed and for such purpose may enter upon the Premises and do such things thereon as the Landlord may consider requisite without effecting a termination of this Lease;
- (b) The Landlord may enter the Premises by force or otherwise at any time of the day or night and distraint 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 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 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 and absolute 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, and for such purpose the Landlord may at the Tenant's expense, employ such bailiffs or agents as it deems appropriate and the Landlord may distraint on the goods and chattels and remove them from the Premises, or if it sees fit leave them on the Premises, and to secure the goods and chattels it may change the locks or take other security measures on the Premises without effecting a termination of this Lease.
- (c) The Landlord may remove the goods, chattels, equipment and fixtures of the Tenant from the Premises and store them in a public warehouse or elsewhere at the cost of and for the account of the Tenant.
- (d) In order to re-let the Landlord may take possession of the Premises as agent of the Tenant and effect such alterations and repairs as it may deem necessary or advisable for the purpose of such re-letting, and it may re-let the Premises or any part thereof for such term

or terms and such rental or rentals and upon such other terms and conditions as the Landlord, in its sole discretion, may deem advisable. Upon such re-letting, all rentals received by the Landlord from such re-letting shall be applied first to the payment of the Landlord's costs and expenses of such re-letting 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; fourth to the payment of Rent as it falls due; and the residue, if any, shall be held by the Landlord for the account of the Tenant without interest until the end of the Term. No such re-letting nor the receipt of any such rentals from any new Tenant shall exonerate the Tenant from its obligations to pay Rent hereunder as it falls due, nor shall the creation of the relation of the Landlord and Tenant between the Landlord and any party to whom the Premises may have been re-let in any way terminate this Lease.

- (e) (i) The Landlord may terminate this Lease by commencing legal action 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 (d) hereof. In the event that the Landlord or anyone claiming under it or to whom it has rented the Premises is in possession under the provisions of subsection (d) 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 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 Premises without notice to the Tenant as to whether it is terminating this Lease under subsection (e) or proceeding under subsection (d) or any other provision of this Lease, the Landlord shall be deemed to be proceeding under subsection (d) 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.
- (ii) In the event of the occurrence of a default, the Landlord may at its option terminate the Lease which termination shall be deemed to have taken place the day prior to the event of default having occurred.
- (f) The Landlord shall be entitled to damages from the Tenant for breach of this Lease. If it should be necessary to determine the present value of any item of Rent, such present value shall be determined using a discount rate equal to the prime rate of The Toronto-Dominion Bank at the time less one (1%) percentage point.
- (g) At the option of the Landlord, but only in the event of bankruptcy of the Tenant the full amount of the current month's Rent and the next ensuing three (3) months' Rent shall accelerate and shall immediately become due and payable.
- (h) On any termination for default, all fixtures, Tenant's improvements or other installations in the 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 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.
- (i) At the option of the Landlord, to take any action to which it would be entitled if it were a secured creditor of the Tenant pursuant to the Personal Property Security Act and for the purposes thereof this Lease shall be constituted a Security Agreement for Rent owed and owing pursuant to the said Act. The Tenant hereby grants to the Landlord a continuing security interest over all its property and undertaking as security for the Rents payable hereunder.

#### 16.03 INTEREST AND COSTS

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, or the Tenant is late in making any payment hereunder 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 which shall be deemed to be Rent payable:

- (a) The cost of effecting any repairs or performing any obligation of the Tenant, together with an allowance of fifteen percent (15%) for the Landlord's overhead and supervision;
- (b) The Landlord's costs and expenses in preparing the Premises for re-letting in such manner as in its sole and absolute discretion it deems necessary or advisable, together with an allowance of fifteen percent (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;
- (d) Interest on Rent and 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 per annum which is equal to the prime rate of The Toronto-Dominion Bank at the time of calculation plus two (2%) percentage points calculated and compounded monthly for each day such amount or part thereof remains outstanding; and
- (e) 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.

#### 16.04 WAIVER BY TENANT

Intentionally deleted.

#### 16.05 REMEDIES CUMULATIVE

No reference to or exercise of any specific right or remedy by the Landlord shall prejudice or preclude the Landlord from any other remedy, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination. Without limiting the generality of the foregoing, the Landlord shall be entitled to commence and maintain an action against the Tenant to collect any rent not paid when due, without exercising the option to terminate this Lease pursuant to Section 16.01. The failure by the Landlord to enforce any term or covenant or obligation of the Tenant contained herein shall not be deemed to be a waiver of such term, covenant or obligation, or permission for any subsequent breach of the same, and the Landlord may at any time enforce such term, covenant or obligation. The waiver by the Landlord of any breach of any term, covenant or obligation hereof shall not be deemed to be a waiver of such term, covenant or obligation with respect to any subsequent breach. The acceptance of Rent by the Landlord subsequent to any such breach shall not be deemed to be a waiver of such breach, whether or not the Landlord had knowledge of the breach at the time of acceptance of the Rent. No payment by the Tenant, or receipt by the Landlord of any Rent or other sum from the Tenant, nor any endorsement or statement on any cheque or letter accompanying payment, nor any other statement shall be deemed to be an "accord and satisfaction" or operate as a waiver or be deemed to waive any of the Landlord's rights with respect to the amount actually owing, and the Landlord may with or without notice to the Tenant accept such cheque or payment without prejudice to its rights to recover the balance actually owing or to pursue any other remedy to which it is entitled. The Landlord shall be under no obligation to the Tenant to enforce any provision of this Lease, or any provision of any other tenant.

#### 16.06 LANDLORD NOT LIABLE

The Landlord shall not be liable for any loss or damage to the Tenant's property or business unless caused by the gross negligence or malicious wrongdoing of the Landlord.

#### 16.07 FOR LEASE SIGNS

The Landlord shall have the right within six (6) months prior to the termination of the Term to place upon the Premises a notice, of reasonable dimensions and reasonably placed so as not to interfere with the business of the Tenant, stating that the Premises are to let and the Tenant shall not remove or obscure such notice or permit the same to be removed or obscured.

#### 16.08 HOLDING OVER

If the Tenant continues to occupy the Premises with the consent of the Landlord after the expiration or other termination of the Term without any further written agreement and subject to immediate termination by the Landlord without notice, the Tenant shall be a monthly tenant at a minimum monthly rent equal to one and one-half times the Semi-Gross Rent as aforesaid) and Additional Rent as herein provided and subject always to all of the other provisions in this Lease insofar as the same are applicable to a month to month tenancy and a tenancy from year to year shall not be created by implication of law; provided that nothing herein contained shall preclude the Landlord from taking action for recovery of possession of the

Premises such that the Tenant shall deliver possession of the demised premises pursuant to Section 16.10 of this Lease upon termination of such monthly tenancy.

16.09 WAIVER OF RIGHTS OF REDEMPTION

The Tenant hereby expressly waives any and all rights of redemption or relief from forfeiture granted by or under any present or future laws in the event of the Tenant being evicted or dispossessed from the Premises for any cause, or in the event or the Landlord obtaining possession of the Premises or of the Tenant's goods and chattels on the Premises, by reason of the default of the Tenant or otherwise.

16.10 VACATE UPON TERMINATION

At the termination of this Lease, whether by affluxion of time or otherwise, the Tenant shall vacate and deliver up possession of the Premises in the same condition as the Premises were in upon delivery of possession to the Tenant, subject to the exceptions from the Tenant's obligation to repair in accordance with Section 11.02, and subject to the Tenant's rights and obligations in respect of removal in accordance with Section 12.03, and shall surrender all keys to the Premises to the Landlord at the place then fixed for payment of rent and shall inform the Landlord of all combinations on locks, safes and vaults, if any, in the Premises.

**ARTICLE 17.0 - GENERAL PROVISIONS**

17.01 INDEMNIFIER

intentionally deleted.

17.02 APPROVALS

No provision in this Lease requiring the Landlord's consent or approval shall be deemed to have been fulfilled or waived unless the written consent or approval of the Landlord relating to the particular matter or instance has first been obtained and, without limiting the generality of the foregoing, no prior consent or approval and no condoning, excusing or overlooking by the Landlord on previous occasions when such a consent or approval was required shall be taken to operate as a waiver of the necessity of such consent or approval whenever required under this Lease.

17.03 LANDLORD'S PERFORMANCE

Notwithstanding anything in this Lease to the contrary, the Landlord shall be deemed not to be in default in respect of the performance of any of the terms, covenants and conditions of this Lease if any failure or delay in such performance is due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain any materials, services or financing, Act of God, or other cause beyond the control of the Landlord.

17.04 RELATIONSHIP OF PARTIES

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 of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties other than the relationship of landlord and tenant.

17.05 SOLE AGREEMENT AND SURVIVAL OF AGREEMENT TO LEASE

This Lease and any Agreement to Lease pertaining to the Premises and executed and delivered by or on behalf of the Tenant and the Landlord, set forth all of the warranties, representations, covenants, promises, agreements, conditions and understandings between the parties concerning the Premises and the Complex and there are no warranties, representations, covenants, promises, agreements, conditions or understandings, either oral or written, express or implied, between them other than as set forth in this lease, as modified pursuant to Section 17.06, or the said Agreement to Lease. The provisions of the said Agreement to Lease shall survive the execution and delivery of this Lease, provided that such provisions shall be deemed to be, and survive only as, covenants and not conditions and provided further that in the event of any conflict or contradiction between this Lease and the said Agreement to Lease, the provisions of this Lease shall prevail.

17.06 MODIFICATIONS

Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon the parties unless reduced to writing and signed by the parties. At the request of the Landlord, the Tenant and the Indemnifier shall execute and deliver a modification agreement reflecting the changes in this Lease resulting from an adjustment in Floor Area or an extension of the Termination Date or reflecting any other alteration, amendment, change or addition agreed to between the parties, provided that the failure of the Tenant or the Indemnifier to do so shall not mean that the Tenant or the Indemnifier are not bound by the provisions of this Lease with respect to the effect of any such adjustment in Floor Area or an extension of the Termination Date.

17.07 NO BROKERAGE COMMISSION

As part of the consideration for the granting of this Lease, the Tenant represents and warrants to the Landlord that no broker or agent (other than any broker or agent authorized in writing by the Landlord) negotiated or was instrumental in negotiating or consummating this Lease. Notwithstanding the foregoing, any broker or agent of the Tenant shall be paid by the Tenant to the exoneration of the Landlord.

17.08 APPLICABLE LAW, COURT, LANGUAGE

- (a) This Lease shall be governed and construed by the laws of the Province of Ontario.
- (b) The venue of any proceedings taken in respect of this Lease shall be at Toronto, Ontario, so long as such venue is permitted by law, and the Tenant shall consent to any applications by the Landlord to change the venue of any proceedings taken elsewhere to Toronto, Ontario.
- (c) The parties hereto have required that the present agreement and all deeds, documents or notices relating thereto be drafted in the English language.

17.09 REGISTRATION

- (a) Neither the Tenant nor anyone on the Tenant's behalf or claiming under the Tenant shall register this Lease or any permitted assignment or permitted sub-lease of this Lease or any document evidencing any interest of the Tenant in the Lease or the Premises, against the lands or any part thereof comprising the Complex or the Premises. If either party intends to register a document for the purpose only of giving notice of this Lease or of any permitted assignments or permitted sub-lease of this Lease, then, upon request of such party, both parties shall join in the execution of a short form of this Lease (the "Short Form") solely for the purpose of supporting an application for registration of notice of this Lease or of any permitted assignment or permitted sub-lease. The form of the Short Form and of the application to register notice of this Lease or of any permitted assignment or permitted sub-lease shall (i) be prepared by the Landlord or its solicitors at the Tenant's expense; (ii) include therein a provision for, and require consent to, such registration by or on behalf of the Landlord; and (iii) only describe the parties, the Premises and the commencement date and expiration date of the Term. The Tenant agrees that registration, if any, of notice of this Lease or of any permitted assignment or permitted sub-lease by way of application pursuant to this section shall not proceed with respect to the entire Complex. The Landlord shall, in extending such consent, direct and identify from among the parcels of land comprising the Complex, the parcel or parcels within which the Premises are situate and any such notice shall be registered only against the title to such parcel or parcels. At the end of the Term the Tenant shall register an Application to Delete Notice of Lease from title at its sole cost and expense.
- (b) The Short Form shall contain a provision whereby the Tenant constitutes and appoints the Landlord and its nominees as the agent and attorney of the Tenant for the purpose of executing any instruments in writing required from the Tenant to give effect to this Section. All cost, expenses and taxes necessary to register or file the application to register notice of this Lease or of any permitted assignment or permitted sub-lease shall be the sole responsibility of the Tenant and the Tenant will complete any necessary affidavits required for registration purposes, including affidavits necessary to register a power of attorney contained in the Short Form. If requested by the Landlord, the Tenant shall execute promptly a power of attorney at any time and from time to time as may be required to give effect to this section.

17.10 CONSTRUED COVENANT, SEVERABILITY

All of the provisions of this Lease are to be construed as covenants and agreements. Should any provision of this Lease be or become illegal, invalid or not enforceable, it shall be considered separate and severable from this Lease and the remaining provisions shall remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law.

17.11 TIME

Time shall be of the essence hereof.

17.12 NOTICE

- (a) Any notice to be given hereunder shall be in writing and may be either delivered personally or sent by prepaid, registered or certified mail and, if so mailed, shall be deemed to have been given three (3) days following the date upon which it was mailed. The addresses of the parties for the purpose hereof shall be, in the case of the Landlord, the address of the Landlord set forth in Section 1.01(a)(ii), and to such other party as the Landlord may require, and in the case of the Tenant, the address set forth in Section 1.01(d) or, in the event that the address is not so set forth, at the address of the Premises, with a copy sent to the Co-Covenantor, if any, and in the case of the Indemnifier, if any, at the address set forth in Section 1.01(c), or at such other respective address as may be established pursuant to Section 17.12. Notwithstanding the foregoing, during the currency of any interruption in the regular postal service, any notice to the Tenant may be left at the Premises and shall be effective upon being so left.
- (b) Any notice or service required to be given or effected under any statutory provision or rules of Court from time to time in effect in the Province of Ontario shall be sufficiently given or served if mailed or delivered at the address as aforesaid or, in the case of a party which is a corporation, if mailed to the registered office or registered head office within Ontario of that corporation.
- (c) Any party hereto may at any time give notice in writing to another of any change of address of the party giving such notice and from and after the second day 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.
- (d) Notwithstanding that the copy of any notice to the Tenant is not given to or received by the Indemnifier in accordance with Section 17.12, such notice to the Tenant shall be effective and valid as against both the Tenant and Indemnifier and the Landlord shall have all the rights and remedies contained in this Lease.

17.13 INDEX, HEADINGS

The index, headings and any marginal notes in this Lease are to be inserted for convenience or reference only and shall not affect the construction of this Lease or any provision hereof.

17.14 NUMBER AND GENDER

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

17.15 NO TRANSFER ON BANKRUPTCY

Neither this Lease nor any interest of the Tenant herein nor any estate hereby created will pass or enure to the benefit of any Trustee in bankruptcy or any receiver or any assignee for the benefit of creditors of the Tenant or otherwise by operation of law.

17.16 SUCCESSORS BOUND

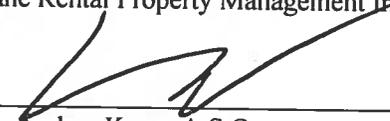
All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties and if there shall be more than one party described in Section 1.01(b), they shall all be bound jointly and severally by the terms, covenants and agreements herein on the part of the Tenant. No rights, however, shall enure to the benefit of any assignee of the Tenant unless the assignment to such assignee has been first approved by the Landlord in accordance with Section 14.01.

17.17 TENANT'S ACCEPTANCE

The Tenant hereby accepts this Lease of the Premises, subject to the conditions, restrictions and covenants set forth herein.

IN WITNESS WHEREOF the parties hereto have executed this Lease on the day and year first above written.

**CENTENNIAL HOUSE LIMITED**  
by its Authorized Agent and Manager  
Briarlane Rental Property Management Inc.

Per:   
Andrus Kung, A.S.O.

I have authority to bind the Corporation

**THE CORPORATION OF THE CITY OF  
LONDON**

Per: \_\_\_\_\_  
Name: Matt Brown  
Title: Mayor

Per: \_\_\_\_\_  
Name: Catharine Saunders  
Title: City Clerk

We have authority to bind the Corporation

**SCHEDULE "A"**  
**RULES AND REGULATIONS**

1. **REFUSE**

- (a) All trash, rubbish, waste material and other garbage shall be kept within the Premises until the day of removal, such removal to be at the expense of the Tenant on a regular basis as determined by the Landlord.
- (b) The Tenant shall not burn any garbage in or about the Premises or anywhere within the Complex.
- (c) If the Tenant's garbage is of a deteriorating nature, creating offensive odours, the Tenant shall utilize and maintain at its cost and expense refrigerated facilities as required by the Landlord.
- (d) In the event the Landlord considers necessary, or otherwise consents in writing to, the placing of the Tenant's garbage outside the Premises, such garbage shall be placed by the Tenant in containers approved by the Landlord but provided at the Tenant's expense and kept at a location designated by the Landlord.

2. **OVERLOADING, SUSPENSION**

- (a) The Tenant shall not overload any floor of the Premises in excess of one hundred (100) pounds per square foot.
- (b) The Tenant shall not hang or suspend from any wall or ceiling or roof, or any other part of the Complex, any equipment, fixtures, signs or displays which are not first authorized by the Landlord.

3. **ELECTRICAL EQUIPMENT**

- (a) The Tenant shall at its sole cost and expense, install and maintain all necessary lighting fixtures, electrical equipment and wiring therefor.
- (b) If the Tenant requires any electrical equipment which might overload the electrical facilities in the Premises, the Tenant shall submit to the Landlord plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading, and shall obtain the Landlord's written approval to perform such works, which shall meet all the applicable regulations or requirements of any government or other competent authority, the Association of Insurance Underwriters and the Landlord's insurers, all at the sole cost and expense of the Tenant.

4. **PLUMBING**

- (a) No plumbing facilities shall be used for any purpose other than that for which they were designed, 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 by the Tenant or by any person for whom the Tenant is responsible shall be borne by the Tenant.
- (b) If the Tenant is engaged in a business required by law to have public-washroom accommodation with the Premises, the installation of water-closets and wash-basins and plumbing pertaining thereto and all finishing of such washroom shall be carried out by the Tenant at the Tenant's expense in accordance with the Landlord's specification. Additional water and drainage lines, as may be required for such installation, will be brought by the Landlord to the Premises at the Tenant's expense. Equipment to prevent clogging of the Landlord's drains shall be installed in the Premises by the Tenant at the Tenant's expense. Where the Leased Premises are leased as a restaurant or for any other purpose which the Landlord in its sole discretion is of the opinion that such clogging may result, the Tenant shall install grease traps or other equipment, as required by the Landlord.
- (c) If domestic hot water is required by the Tenant, Tenant shall supply and install, at his expense, a domestic water storage tank, heater and all domestic hot water piping.
- (d) The Landlord may require that the Tenant supply and install, at the Tenant's expense, a water meter where the consumption of water exceeds that of a standard Tenant washroom.

5. **HVAC OPERATION**

- (a) The Tenant shall operate or permit to be operated its own heating, ventilating or air-conditioning equipment in such manner that there will be no direct or indirect appropriation of heating or

cooling from other portions of the Complex (except to the extent that such appropriation may be unavoidable).

- (b) The Tenant shall not leave open any doors or windows to the exterior of the Complex which would adversely affect the performance of any heating, ventilating or air-conditioning equipment in the Complex.

6. SIGNS, ADVERTISING, DISPLAY WINDOW

- (a) The Tenant shall not erect or install any exterior signs or interior window or door signs or advertising media or window or door lettering or placards without the prior written consent of the Landlord. The location, size, design, materials, content, construction and method of installation of such sign or signs shall be subject to the written approval of the Landlord before its or their erection and installation. No signs shall have exposed Neon or similar tubing.
- (b) The Tenant shall not use any advertising media that the Landlord shall deem objectionable to it or to other tenants, such, as without limitation, loudspeakers, phonographs, televisions, public address systems, sound amplifiers, radios, broadcasts or telecasts within the Complex in a manner capable of being heard or seen outside the Premises.
- (c) The Tenant shall not install any exterior lighting, exterior decorations or build any aerial or mast, or make any change to the store front of the Premises, without the prior written consent of the Landlord.
- (d) The Tenant shall indemnify and save harmless the Landlord from all claims, demands, loss or damage to any person or property arising out of any sign, mast, aerial or tower installation, notwithstanding any consent by the Landlord thereto.
- (e) The Tenant shall keep all display windows neatly dressed and, together with any other windows, store fronts and lighted signs in, upon or affixed to the Premises, illuminated until 10:00 o'clock in the evening each day except Sunday, or to such other times as required by the Landlord.
- (f) Any installation requiring the Landlord's consent which has not received such consent shall be subject to immediate removal without notice at the Tenant's cost.

7. NO SOLICITATION

The Tenant, or the Tenant's employees and agents, shall not solicit business in the Parking Areas or other Common Areas and shall not distribute any handbills or other advertising matter therein.

8. PARKING

- (a) The Tenant shall furnish the Landlord with Provincial automobile licence numbers of all motor vehicles of the Tenant and its employees within five (5) days after taking possession of the Premises and shall thereafter notify the Landlord of any changes or additions to such numbers within five days after occurrence.
- (b) The Landlord may designate a portion of the Parking Areas for use by tenants and employees and in the event the Tenant and/or its employees park their vehicles in other portions of the Parking Areas, the landlord may charge the Tenant Ten Dollars (\$10.00) per vehicle for each day or portion thereof that such violation occurs or may have such vehicles towed away at the cost of the Tenant and/or its employees.

9. DELIVERY

- (a) The Tenant shall receive, ship, take delivery of, and allow and require suppliers and others to deliver to take delivery of, merchandise, supplies, fixtures, equipment, furnishings and materials only through the appropriate service and delivery facilities designated by the Landlord, at such times as the Landlord may reasonably specify and in accordance with the reasonable directives and further rules and regulations of the Landlord.
- (b) The Tenant shall inform suppliers of such times and rules and regulations respecting delivery so as to accommodate the ease of delivery to and from the Complex.
- (c) The Tenant shall remove all such merchandise and other delivered items from the loading area or other Common Areas immediately upon such delivery or shall pay such costs as may be determined by the Landlord for any hourly, daily or weekly temporary storage permitted by the Landlord.

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10. PESTS

The Landlord may require that the Tenant at the Tenant's cost, contract with such pest extermination contractor as the Landlord may direct and at such intervals as the Landlord may require for implementation of a pest control programme.

11. NOTICE OF ACCIDENT, DEFECTS

The Tenant shall give immediate notice to the Landlord in case of fire or accident in case of fire or accident in the Premises or of defects therein or to any fixtures or equipment thereon.

12. EMERGENCY CONTACTS

The Tenant shall provide the Landlord with the names, addresses and telephone numbers of two (2) authorized employees of the Tenant who may be contacted by the Landlord in the event of an emergency relative to the Premises.

13. ENTRY AFTER HOURS

The Tenant and its employees, servants, agents and contractors may enter the Premises when the Complex is closed to the public but only by way of such entrances as the Landlord may designate from time to time and subject to such means as the Landlord may require to control the presence of persons within the Complex when so closed.

14. PERMITS, LICENCES

The Tenant alone shall be responsible for obtaining, from the appropriate governmental authority or other regulatory body having jurisdiction, whatever permits, licences or approvals as may be necessary for the operation of its business, the whole to the entire exoneration of the Landlord.

15. TENANT'S WORK

Any work to be performed in the Premises by the Tenant or its contractors shall be first approved and then made strictly in accordance with the rules and regulations of the Landlord from time to time in respect of work by tenants within the Complex.

16. ENTRY OUTSIDE OF NORMAL BUSINESS HOURS

At any time other than during normal business hours as established from time to time by the Landlord, the Landlord may require that all or any persons entering and leaving the Building identify themselves and register in books kept for that purpose, and may prevent any person from entering the Premises unless provided with a key thereto and a pass or other authorization from the Tenant in a form satisfactory to the Landlord, and may prevent any person removing any goods therefrom without written authorization, and may restrict access to all or any part of the Common Areas and Facilities. The Tenant shall permit and facilitate the entry of the Landlord, or those designated by it, into the Premises for the purpose of inspection, repair, window cleaning and the performance of janitorial services and other proper purposes and shall not permit access to main header ducts, janitorial and electrical closets and other necessary means of access to mechanical, electrical and other facilities to be obstructed by the placement of furniture, carpeting or otherwise. In the event of such obstruction, the Tenant will be responsible for the cost of providing such access. The Tenant shall not place any additional locks or other security devices upon any doors of the Premises or change any existing locks without the prior written approval of the Landlord and subject to any conditions imposed by the Landlord for the maintenance of necessary access.

17. USE OF PREMISES

The Tenant shall not use or permit the use of the Premises or bring or keep anything therein in such manner as to create any objectionable noise, odour or other nuisance or hazard or increase the risk of fire, or breach any applicable provisions of any municipal by-law or other lawful requirement applicable thereto or any requirement of the Landlord's insurers, shall not permit the Premises to be used for cooking (except with the Landlord's prior written consent) or for sleeping, shall keep the Premises tidy and free from rubbish, shall deposit rubbish in receptacles which are either designated or clearly intended for such use, and shall leave the Premises at the end of each business day in a condition such as to facilitate the performance of the Landlord's janitorial services in the Premises.

18. CARE OF PREMISES

The Tenant shall not abuse, misuse or damage the Premises or any of the improvements or facilities therein and in particular shall not deposit rubbish in any plumbing apparatus or use it for any purpose other than that for which it is intended, and shall not deface or mark any walls or other parts of the

Premises. No broom or carpeting shall be affixed to the Premises by means of a non-soluble adhesive or similar product.

19. RESTRICTION ON FOOD

The Tenant shall not perform, patronize or (to the extent under its control) permit any canvassing, soliciting or peddling on the lands, shall not install in the Premises any machines vending or dispensing refreshments or merchandise and shall not permit food or beverages to be delivered to the Premises by any persons who have been prohibited by the Landlord from bringing food or beverages to the Lands and Building, and the Tenant shall require any food or beverages being delivered to the Premises to be so delivered by such means and at such times as have been authorized by the Landlord.

20. MOVING EQUIPMENT AND FURNITURE

No safe or heavy equipment shall be moved by or for the Tenant or stored in the Premises unless the consent of the Landlord is first obtained, which consent may not be unreasonably withheld and unless all due care is taken. Such equipment shall be moved upon appropriate steel-bearing plates, skids or platforms and subject to the Landlord's direction and at such times, by such means and by such persons as the Landlord shall have approved. No furniture, freight or bulky matter of any description shall be moved in or out of the Premises or carried in the elevators of the Building except during such hours as the Landlord shall have approved. Hand trucks and similar appliances shall be equipped with rubber tires and other safeguards approved by the Landlord, and shall be used only by prior arrangement with the Landlord.

21. CONDOMINIUM

In the event the Building is to be registered as a condominium corporation, the Tenant will sign whatever documents may be reasonably necessary.

22. FURTHER RULES AND REGULATIONS

For the general benefit and welfare of the Complex and the tenants therein, the Landlord may amend these rules and regulations, by alteration or addition, and such amended rules and regulations shall be binding on the Tenant.

**SCHEDULE "B"**

Intentionally deleted.

**SCHEDULE "C"**  
**TERMS OF OPTION TO EXTEND**

- (a) Provided when not in default and having consistently performed its obligations pursuant to the Lease throughout the term of the Lease, the Tenant shall have the right to extend this Lease upon written notice to the Landlord at least six (6) months prior to the Termination Date for one term of Five (5) years on all the same general terms and conditions as contained in the Lease, save as to any further option to extend save as to the Semi-Gross Rent which is to be agreed upon by the Landlord and the Tenant three (3) months prior to the end of the term of this Lease and will be based on the then current rental rate for comparable space. In the event that the lease form then used by the Landlord has changed, the parties shall enter into a lease on the then current form of lease.
- (b) In the event the Semi-Gross Rent for such extension term is not agreed upon by the parties hereto on or before a date three (3) months before the end of the term of the Lease, the Semi-Gross Rent payable, subject to paragraph (c) hereof, shall be determined by arbitration pursuant to the provisions of the Arbitration Act of Ontario on the foregoing basis a single arbitrator to be agreed upon by the parties, or if the parties cannot agree upon an arbitrator, one shall be appointed in accordance with the provisions of the Arbitration Act of Ontario. The decision of the arbitrator (including any decision as to costs) shall be final and binding upon the Landlord and Tenant. Each of the Landlord and the Tenant shall provide the arbitrator with the Semi-Gross Rent it proposes and the arbitrator shall choose which proposal is closest to the fair market rental for similarly improved premises, subject to paragraph (c) hereof. The Tenant shall pay the Semi-Gross Rent calculated in paragraph (c) hereof after the end of the term and pending the arbitrator's decision, and such rent shall be adjusted forthwith after the decision of the arbitrator.
- (c) In no event shall Semi-Gross Rent during the extension term be less than the Semi-Gross Rent paid over the last year of the previous term.

**SCHEDULE "D"**

intentionally deleted