

This is the 1st affidavit of Peter Censorio in
this case and was made on December 6th, 2018

No. S1710393
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, c. C-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
ALL CANADIAN INVESTMENT CORPORATION

AFFIDAVIT

I, Peter Censorio, businessman, of 2nd Floor – 4723 Hastings Street, in the City of Burnaby, in
the Province of British Columbia, SWEAR THAT:

1. I am the sole officer and director of Censorio Group (Hastings & Beta) Holdings Ltd., Censorio Group (Hastings & Beta) Properties Ltd. (“Beta Properties”) Censorio Construction Group Ltd. (“Censorio Construction”) and other companies comprising what I call the “Censorio Group”.
2. I have been asked by All Canadian Investment Corporation (“ACIC”) to swear this affidavit to support Beta Properties’ request to ACIC to remove a certificate of pending litigation (the “CPL”) which it caused to be registered against certain properties owned by the Censorio Group and in particular, three strata properties owned by Beta Properties.
3. I am aware that Boale, Wood & Company Ltd., the monitor of ACIC, is relying on my sworn statements in this affidavit in bringing its application (scheduled for re-hearing December 7, 2018) to court for directions with respect to the CPL.

Beta Lands

4. Since August of 2015, Beta Properties has been the registered owner of certain lands and premises legally known and described as:

Civic address 4717 Hastings Street, Burnaby, BC
PID 029-636-876
STRATA LOT 9 DISTRICT LOT 122 GROUP 1 NEW WESTMINSTER
DISTRICT
STRATA PLAN EPS2787
TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS
SHOWN ON FORM V
("Lot 9")

Civic address 4725 Hastings Street, Burnaby, BC
PID 029-636-884
STRATA LOT 10 DISTRICT LOT 122 GROUP 1 NEW WESTMINSTER
DISTRICT
STRATA PLAN EPS2787
TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS
SHOWN ON FORM V
("Lot 10")

Civic address 4723 Hastings Street, Burnaby, BC
PID 029-636-892
STRATA LOT 11 DISTRICT LOT 122 GROUP 1 NEW WESTMINSTER
DISTRICT
STRATA PLAN EPS2787
TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS
SHOWN ON FORM V
("Lot "11")

(collectively, the "Beta Lands")

Marketing Efforts

5. Beta Properties has arranged sales of the Beta Lands, and I understand that some questions have been raised regarding the marketing of the Beta Lands.

6. Many of the companies in the Censorio Group are borrowers from the Petitioner. In the case of all such companies, all sales and marketing activity for the real property owned by such companies has been carried out with the knowledge and approval of the Petitioner through its sole director Don Bergman, including Beta Properties and the Beta Lands. No listing agreements

have been entered into, no list prices agreed to, and no offers accepted or countered, without the prior knowledge and approval of Mr. Bergman.

7. Regarding the Beta Lands, Mr. Bergman urged me to sell these properties in late 2017, along with other properties owned by the Censorio Group. Based on interest in these properties that we had received at that time, I believed that the market for the properties was very strong, and my initial plan was to draw on the Censorio Group's network of contacts to generate offers without having to pay a commission. Since the Censorio Group had already run sales programs for several strata buildings, we felt we could reach interested buyers in this way. I obtained independent appraisals of the properties to help determine listing prices. I discussed this plan ahead of time with Mr. Bergman, and he told me that he had no objection to it, including the listing prices.

8. Attached and marked as Exhibit "A" is a copy of a brochure the Censorio Group prepared for this purpose. Copies of this brochure were sent out to 50-75 potential investors and buyers whom the Censorio Group had previously dealt with or been contacted by.

9. At that time, I was also dealing with Anna Gou, a realtor and real property investor. I had originally been introduced to Ms. Gou by Mr. Bergman.

10. Ms. Gou acted as realtor on the sale of several strata lots at another development owned by the Censorio Group, at Agnes and Elliot in New Westminster. The remaining units in that development are now being sold by the Petitioner in foreclosure proceedings, and I understand that Ms. Gou has been appointed by the Petitioner as the listing agent for those sales.

11. Regarding the Beta Lands, following our initial sales push, I asked Ms. Gou, through the realty company she worked for, New Coast Realty, to reach out to potential buyers and investors in her network. Although no written listing agreement was entered into, I understood that any sales arranged by New Coast would be subject to a commission. Again, I discussed this plan ahead of time with Mr. Bergman, and he told me that he had no objection to it.

Lot 11 Sale

12. On or about November 9, 2018 Beta Properties entered into a contract of purchase and sale for Lot 11 with a company known as 1158233 B.C. Ltd. (the "Lot 11 Contract"). Attached and marked as Exhibit "B" is a copy of the Lot 11 Contract.

13. I consulted with Mr. Bergman on the initial offer from 1158233 and prior to our counter-offer in response, and he told me he supported our counter-offer. I also consulted with Mr. Bergman prior to our acceptance of the November 9, 2018 contract, and he told me he had no objection to our acceptance.

14. The Lot 11 Contract had a “subject to financing” condition in favour of the buyer, to be removed on or before November 15, 2018. This deadline was extended to November 27, 2018 by written agreement between the parties (again with Mr. Bergman’s prior knowledge). On November 27, the buyer delivered an addendum removing the subject condition and proposing a change to the provision dealing with the Petitioner’s CPL on title. Attached and marked as Exhibit “C” is a copy of the addendum.

15. We have not yet accepted this addendum, because the monitor has not given its approval.

16. Given the amount of time that has passed since this addendum was signed by the buyer, I consider it likely that the buyer will want additional time for the actual completion, which is presently set for December 13, 2018.

17. Attached and marked as Exhibit “D” is a copy of a BC company search for 1158233 B.C. Ltd. I confirm that I do not have any interest in any manner or fashion whatsoever, direct or indirect, financial or otherwise, in 1158233 B.C. Ltd.

18. I note that Ms. Gou is as director of this company, and I understand that she is involved with the buyer in some fashion. Because of her involvement she has not sought any commission even though she brought about the sale.

19. On or about June 22, 2015 Beta Properties entered into a lease for Lot 11 with Censorio Construction (the “Censorio Construction Lease”). Attached and marked as Exhibit “E” is a copy of the Censorio Construction Lease.

20. I confirm that as at December 3, 2018 Censorio Construction is up to date with all rent payments due and owing to Beta Properties as provided for in Article 2.2 of the Censorio Construction Lease.

21. The rent payable by Censorio Construction Lease is well above market rent, and Censorio Construction and 1158233 B.C. Ltd. have entered into a lease amendment, subject to the Lot 11 Contract completing, to reduce the rent to a market rate.

Lot 9 & 10 Sale

22. On or about November 9, 2018 Beta Properties entered into a contract of purchase and sale for Lot 11 with a company known as 1B Investments Ltd. (the “Lot 9 & 10 Contract”). Attached and marked as Exhibit “F” is a copy of the Lot 9 & 10 Contract.

23. I consulted with Mr. Bergman on the initial offer from 1B Investments Ltd. and prior to our counter-offer in response, and he told me he supported our counter-offer. I also consulted

with Mr. Bergman prior to our acceptance of the November 9, 2018 contract, and he told me he had no objection to our acceptance.

24. The Lot 9 & 10 Contract had a “subject to financing” condition in favour of the buyer, to be removed on or before November 19, 2018. This deadline was extended to November 27, 2018 by agreement between the parties (again with Mr. Bergman’s prior knowledge). On November 19, the buyer delivered an addendum removing the subject condition and proposing a change to the provision dealing with the Petitioner’s CPL on title. Attached and marked as Exhibit “G” is a copy of the addendum.

25. We have not yet accepted this addendum, because the monitor has not given its approval.

26. As with the Lot 11 Contract, given the amount of time that has passed since this addendum was signed by the buyer, I consider it likely that the buyer will want additional time for the actual completion, which is presently set for December 11, 2018.

27. Attached and marked as Exhibit “H” is a copy of a BC company search for 1B Investments Ltd.

28. I confirm that I do not have any interest in any manner or fashion whatsoever, direct or indirect, financial or otherwise, in 1B Investments Ltd.

29. On or about June 10, 2015 Beta Properties entered into a lease for Lot 9 with Christophe Chocolat Ltd. (“Christophe”) for a term commencing November 1, 2015 (the “Christophe Lease”). Attached and marked as Exhibit “I” is a copy of the Christophe Lease.

30. I have had discussions with Christophe Bonzon, the principal behind Christophe, and with Jay Batch, who is a director of 1B Investments Ltd., and my understanding from them is that 1B Investments Ltd. is some sort of partnership or joint venture between them for the joint ownership of Lots 9 and 10.

31. As at December 3, 2018 Christophe is up to date with all rent payments due and owing to Beta Properties as provided for in Article 2.2 of the Christophe Lease.

32. On or about July 7, 2015 Beta Properties entered into a lease for Lot 10 with Burnaby Heights Math & Reading Inc. (“Math & Reading”) for a term commencing October 1, 2015 (the “Math & Reading Lease”). Attached and marked as Exhibit “J” is a copy of the Math & Reading Lease.

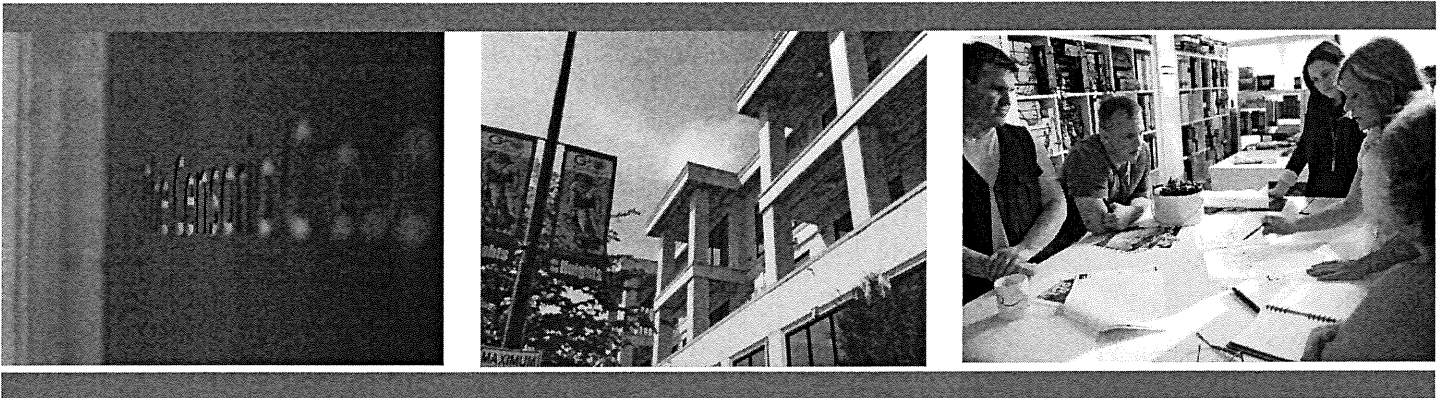
This is Exhibit "A" referred to in the affidavit
of Peter Censoris
sworn before me at Vancouver, BC this
6th day of December, 2018

.....
A Commissioner for taking Affidavits for
British Columbia



CENSORIO

COMMERCIAL RETAIL OFFERING



Retail Package:

- 4704-4714 Hastings Street, Burnaby
- 4717 Hastings Street, Burnaby
- 4723 Hastings Street, Burnaby
- 4725 Hastings Street, Burnaby
- 6715 Hastings Street, Burnaby

SUBJECT PROPERTY ALTEZZA



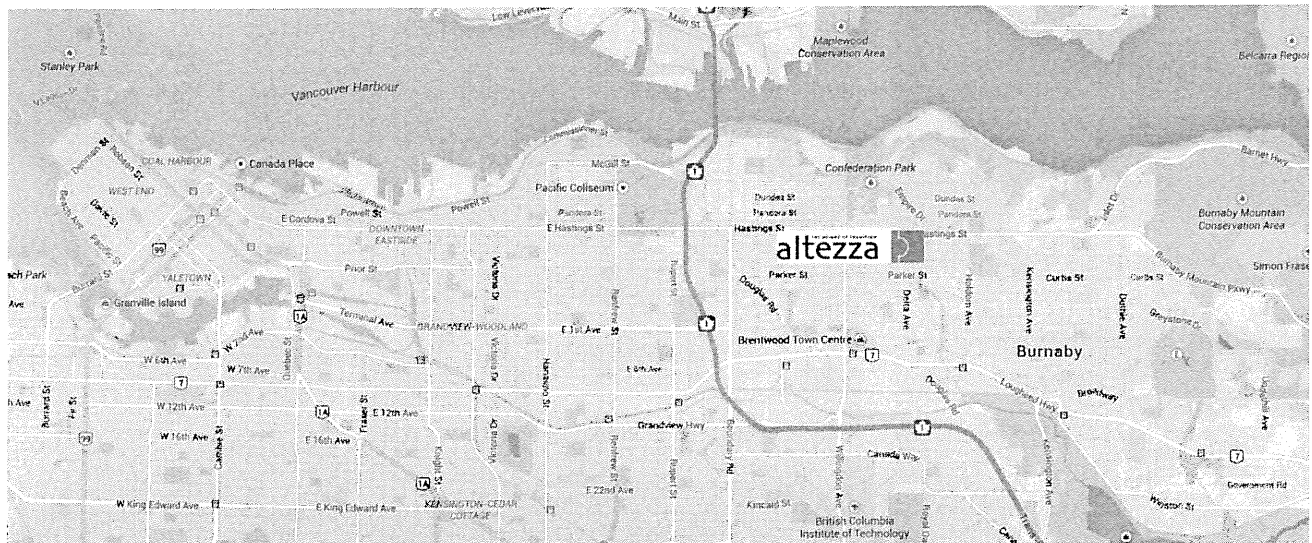
The three commercial/retail and office strata units are outlined in the blue dash line.

Property

The Subject Property is located at 4704,4712,4714 Hastings Street. (at Beta Avenue) in Burnaby, BC. It includes 2 commercial/retail strata units on the ground floor. Fully leased with 3 tenants.

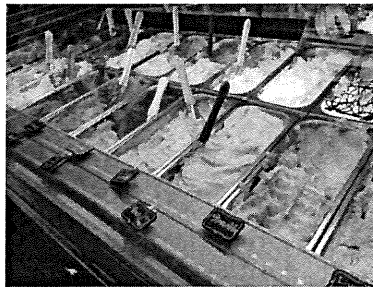
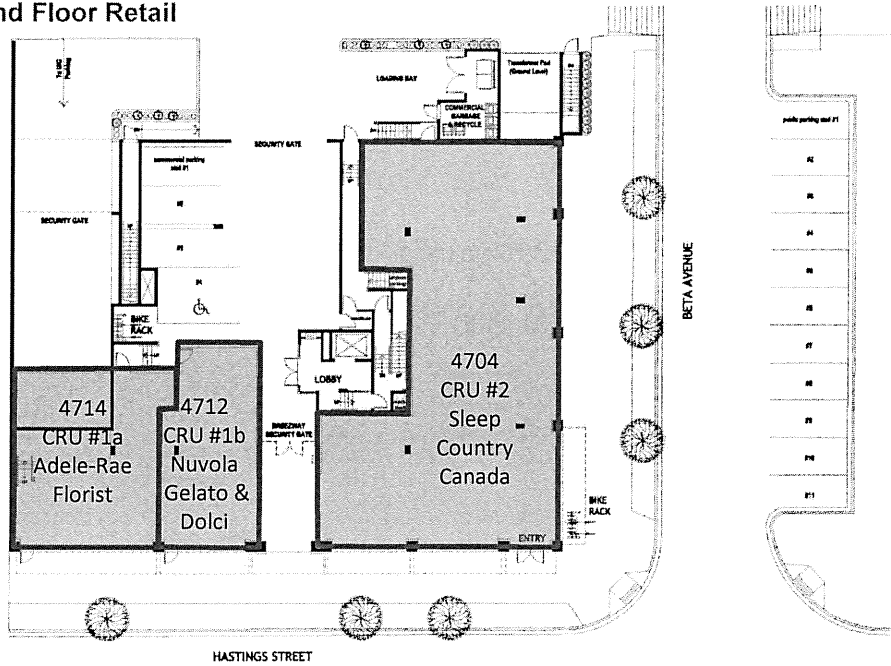
Location

The project is located on Hastings Street in Burnaby Heights. The site benefits from both the important east/west traffic corridor of over 41,000 cars daily and the walkable neighbourhood known for its café's, parks and growing residential population.



ALTEZZA-TENANT INFO

Ground Floor Retail



Adele-Rae florist

Burnaby's long established florist, relocated their family business in 2012. Adele-Rae has serviced the local community for over 55 years.. Adele-Rae Florist has entered a 5 year lease. See Appendix A for Lease Terms.

Nuvola Gelato & Dolci

Newcomer to heights officially opened their doors in July 2016, bringing strong family value business to a desirable neighborhood. Destined to become the next heights Gelato Destination, this business is poised for growth. Nuvola Gelato & Dolci has entered a 5 year lease. See Appendix A for Lease Terms.

Sleep Country Canada

Altezza's Anchor tenant. Establishing local roots in the Heights community. Sleep Country has entered a 5 year lease. See Appendix A for Lease Terms.

SUBJECT PROPERTY BETA



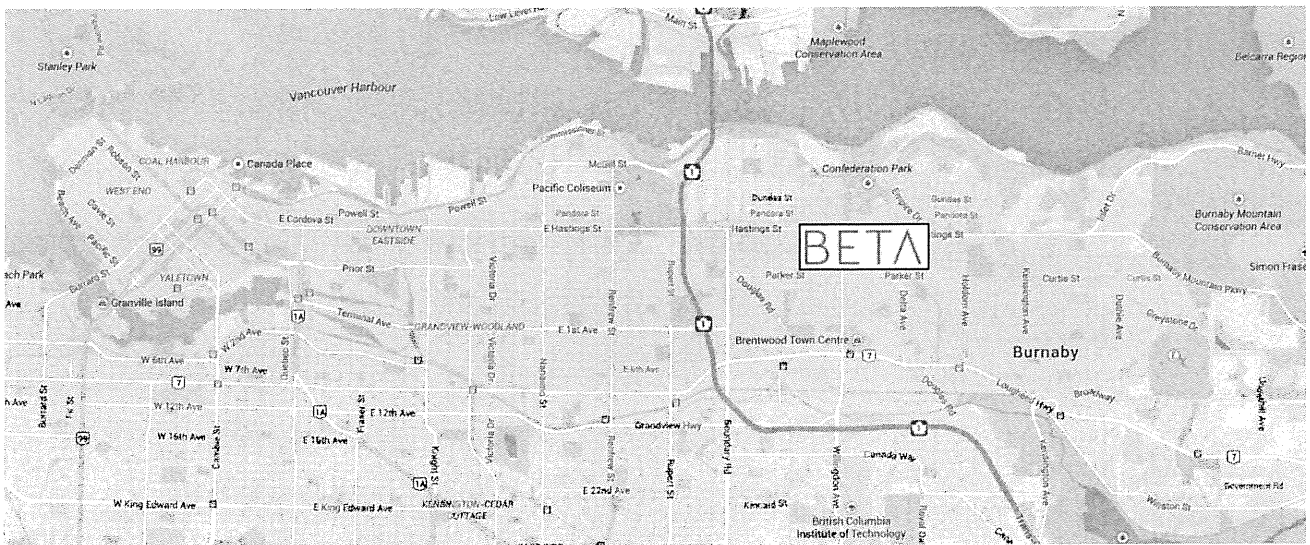
The three commercial/retail and office strata units are outlined in the blue dash line.

Property

The Subject Property is located at Hastings Street and Beta Avenue in Burnaby, BC. It includes 2 commercial/retail strata units on the ground floor and 1 office strata unit on the second floor. Fully leased with 3 tenants.

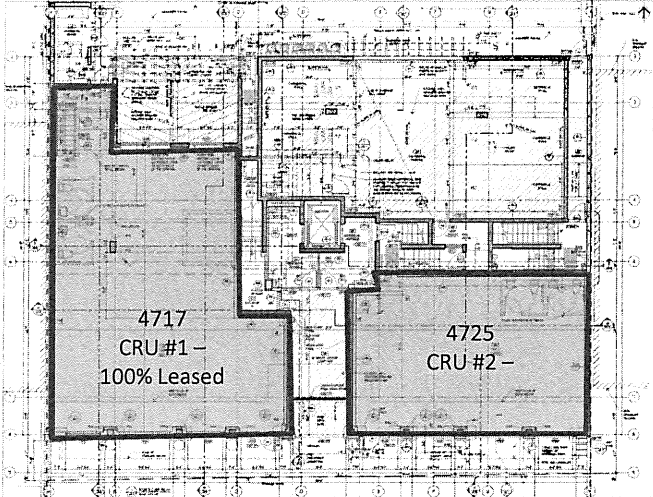
Location

The project is located on Hastings Street in Burnaby Heights. The site benefits from both the important east/west traffic corridor role of Hastings Street and the walkable neighbourhood known for its café's, parks and growing residential population.

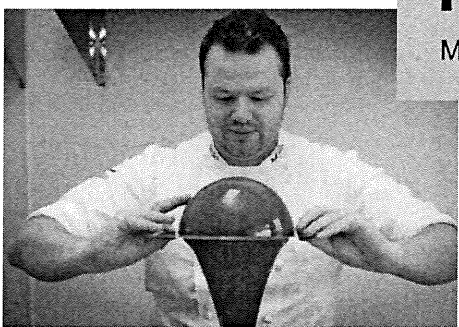
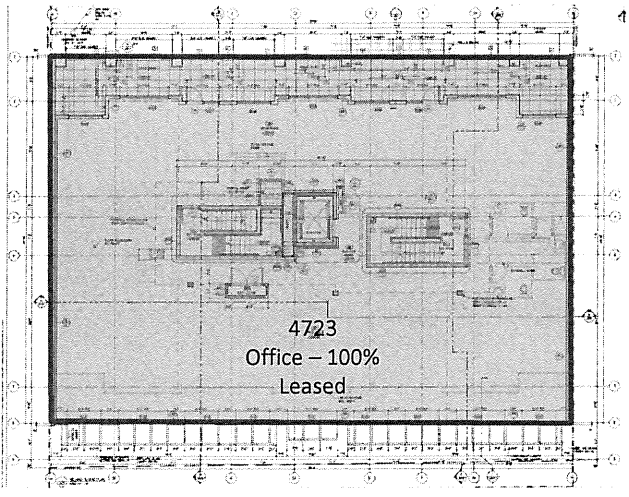


TENANT INFO

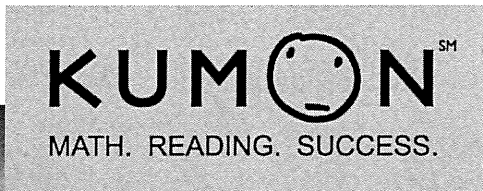
Ground Floor Retail



2nd Floor Office



Chez Christophe



Rendering of Censorio's Office Space at 4717 Hastings

Burnaby's renowned Chez Christophe will be occupying CRU #1. . Chez Christophe has entered a 10 year lease. See Appendix A for Lease Terms.

Kumon Math & Reading Center has been a long established Burnaby Heights Educational facility. Kumon has entered a 5 year lease. See Appendix A for Lease Terms.

Censorio Construction Group has leased the entire 2nd floor office space of the property. Censorio Construction has entered a 10 year lease. See Appendix A for Lease Terms.

SUBJECT PROPERTY SPERLING



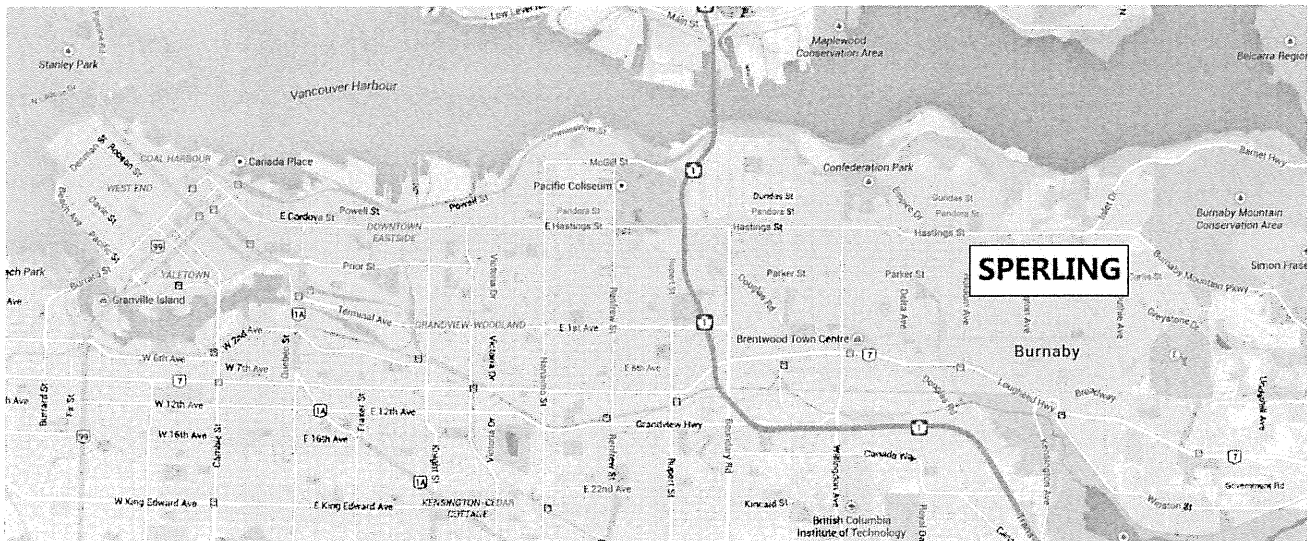
Property

The Subject Property is located at Hastings Street and Sperling Avenue in Burnaby, BC. It includes commercial/retail units on the ground floor. Fully leased with 3 tenants.

The three commercial/retail and office units are outlined in the blue dash line.

Location

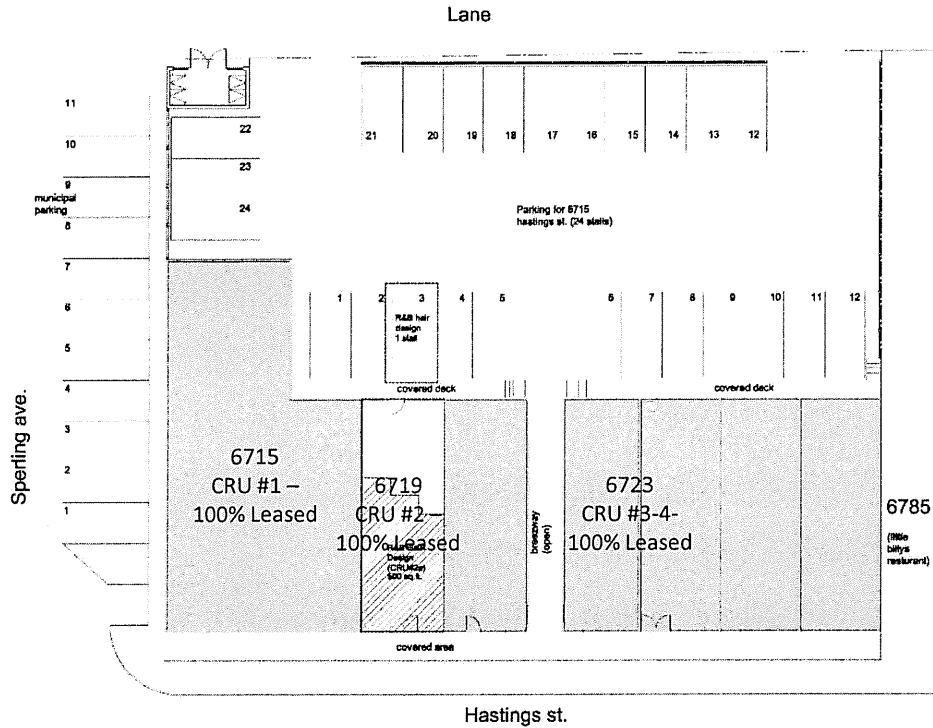
The project is located on Hastings Street in Kensington Towne Center. The site benefits from both the important east/west traffic corridor role of Hastings Street and the walkable neighbourhood known for its café's, parks and growing residential population. Great Development Potential.





TENANT INFO

Ground Floor Retail



SCOTIA BANK
 Scotiabank has been in this location since 1977. A major anchor to a well established up and coming neighborhood.. Scotiabank has 10 years remaining on their lease. See Appendix A for Lease Terms.

R&B Hair Design is an original tenant and community business. R&B Hair has entered a 5 year lease. See Appendix A for Lease Terms.



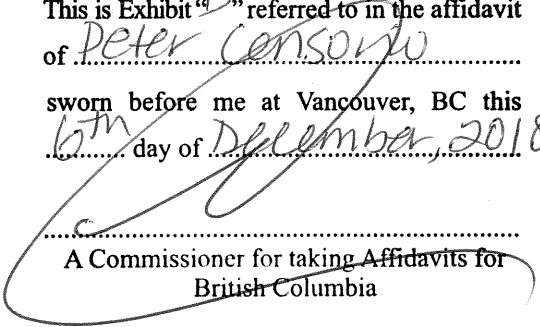
SNAP FITNESS
 Snap Fitness was part of a major renovation that took part to attract a high end complement tenant for it's neighbor. Snap Fitness is in year 3 of a 10 year lease. See Appendix A for Lease Terms.

PROFORMA

Stabilized Net Income Projections

	Area	Unit	Annual Revenue		Offering	
			Avg Lease Price	Amount	Purchase Price	Amount
Altezza Properties Ltd.						
Commercial	5,880	sq. ft.	\$ 27.50	\$ 161,700	\$	\$ 4,800,000
Hastings & Beta						
Commercial	3,371	sq. ft.	\$ 28	\$ 94,388	\$	\$ 2,750,000
Office	5,355	sq. ft.	18	96,390		2,950,000
Total	8,726	sq. ft.		\$ 190,778		\$ 5,700,000
Hastings & Sperling						
Existing Property						
Commercial	7,653	sq. ft.	\$ 25	\$ 192,000	\$ 850	\$ 8,800,000
Total Package Price						
Commercial				\$ 448,088		\$ 16,350,000
Office				96,390		2,950,000
Total Package Price				\$ 544,478		\$ 19,300,000
Total Sales Price					\$ 19,300,000	
Cap					2.8%	

This is Exhibit "B" referred to in the affidavit
of Peter Consonio
sworn before me at Vancouver, BC this
6th day of December, 2018



.....
A Commissioner for taking Affidavits for
British Columbia

CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE INFORMATION ABOUT THIS CONTRACT

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.
2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.
3. **COMPLETION:** (Clauses 6.1 and 17) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the Purchase Price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:
 - a. The Buyer pays the Purchase Price or down payment in trust to the Buyer's Lawyer or Notary (who should advise the Buyer of the exact amount required) several days before the Completion Date, and the Buyer signs the documents.
 - b. The Buyer's Lawyer or Notary prepares the documents and forwards them for signature to the Seller's Lawyer or Notary who returns the documents to the Buyer's Lawyer or Notary.
 - c. The Buyer's Lawyer or Notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.
 - d. The Buyer's Lawyer or Notary releases the sale proceeds at the Buyer's Lawyer's or Notary's office.

Since the Seller is entitled to the Seller's proceeds on the Completion Date, and since the sequence described above takes a day or more, it is strongly recommended that the Buyer deposits the money and the signed documents AT LEAST TWO DAYS before the Completion Date, or at the request of the Conveyancer, and that the Seller delivers the signed transfer documents no later than the morning of the day before the Completion Date.

While it is possible to have a Saturday or Sunday Completion Date using the Land Title Office's Electronic Filing System, parties are strongly encouraged NOT to schedule a Saturday Completion Date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

4. **POSSESSION:** (Clauses 7.1 and 18) The Buyer should make arrangements through the real estate licensees for obtaining possession. The Seller will not generally let the Buyer move in before the Seller has actually received the sale proceeds. Where residential tenants are involved, Buyers and Sellers should consult the *Residential Tenancy Act*.
5. **ADJUSTMENT:** (Clauses 8.1 and 19) The Buyer and Seller should consider any additional adjustments that are necessary given the nature of the Property and how any costs are payable by tenants and whether the Seller holds any of the tenant's funds with respect to such costs.
6. **TITLE:** (Clause 22) It is up to the Buyer to satisfy the Buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the Property and any encumbrances which are staying on title before becoming legally bound. It is up to the Seller to specify in the Contract if there are any encumbrances, other than those listed in Clause 22 and Schedule 22, which are staying on title before becoming legally bound. If you as the Buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the Seller are allowing the Buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgage company.
7. **CUSTOMARY COSTS:** (Clause 31) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

Costs to be Borne by the Seller

- Lawyer or Notary Fees and Expenses:
 - attending to execution documents.
 - Costs of clearing title, including:
 - discharge fees charged by encumbrance holders,
 - prepayment penalties.
 - Real Estate Commission (plus GST).
 - Goods and Services Tax (if applicable).

Costs to be Borne by the Buyer

- Lawyer or Notary Fees and Expenses:
 - appraisal (if applicable).
 - searching title,
 - investigating title,
 - drafting documents.
 - Land Title Registration fees.
 - Survey Certificate (if required).
 - Costs of Mortgage, including:
 - mortgage company's Lawyer/Notary.
- Land Title Registration fees.
- Fire Insurance Premium.
- Sales Tax (if applicable).
- Property Transfer Tax.
- Goods and Services Tax (if applicable).

In addition to the above costs there may be financial adjustments between the Seller and the Buyer pursuant to Clause 19.

8. **RISK:** (Clause 32) The Buyer should arrange for insurance to be effective as of 12:01 am on the earlier of the Completion Date. The Seller should maintain the Seller's insurance in effect until the later of the date the Seller receives the proceeds of sale, or the date the Seller vacates the property.
9. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold commercial real estate. If your transaction involves:
 - a building under construction
 - a sale and purchase of shares in the owner of the Property
 - an operating business with or without employees being hired
 - the purchase of a leasehold interest
 - other special circumstances
 additional provisions, not contained in this form, may be needed, and professional advice should be obtained.



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
British Columbia Branch

CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE

MLS® NO: _____ DATE: _____

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

PART 1 - INFORMATION SUMMARY


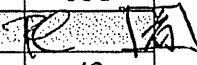
1. Prepared By			
1.1	Name of Brokerage		
1.2	Brokerage Address		
1.3	Licensee's Name	Phone No.	
1.4	Personal Real Estate Corporation		
1.5	Licensee's Email Address	Fax No.	
1.6	Brokerage Phone No.	Fax No.	
2. Parties to the Contract			
2.1	Seller <u>CG(HASTINGS & BETA)Properties Ltd</u>		
	Seller _____		
2.2	Seller's Address 4723 Hastings Street	Burnaby, BC	V5C 2K8
2.3	Seller's Phone No.	Fax No.	
2.4	Seller's Email Address		
2.5	Seller's Incorporation No.	2.6	Seller's GST No.
2.7	Buyer <u>1158233 B.C. Ltd</u>		
	Buyer or nominee _____		
2.8	Buyer's Address 2008-5511 Hollybridge Way	Richmond, B.C.	V7C 0A3
2.9	Buyer's Phone No.	Fax No.	
2.10	Buyer's Email Address		
2.11	Buyer's Incorporation No.	2.12	Buyer's GST No.
3. Property			
3.1	Civic Address of Property 4723 Hastings Street	Burnaby, BC	
3.2	Legal Description of Property STRATA LOT 11, DISTRICT LOT 122, GROUP 1,NWD, Strata Plan EPS2787 together with an interest in the common property in proportion to the unit entitlement of the strata lots on form V		
	PID 029-636-892	2,100,000.00 2,850,000.00	<i>[Signature]</i>
4.	Purchase Price	\$2,000,000.00	Clause
	Two Million EIGHT HUNDRED FIFTY THOUSAND ONE <i>[Signature]</i>	Dollars	14



[Signature] *[Signature]* *[Signature]* *[Signature]*

INITIALS

13

PROPERTY ADDRESS

5. Deposit		Clause
5.1	Deposit To Be Provided By The Following Date: <input checked="" type="checkbox"/> within 48 hours of acceptance of offer or counter-offer <input type="checkbox"/> Date _____ <input type="checkbox"/> other _____	15
5.2	Amount of Deposit \$10,000.00, balance to be paid upon removal of Conditions Precedent.	15
5.3	Deposit To Be Paid In Trust To Kuhl Law Corporation	15
6. Completion Date		
6.1	Completion Date December 13, 2018	17
7. Possession Date		
7.1	Possession Date December 14, 2018	18
7.2	Vacant Possession Yes <input type="checkbox"/> No <input type="checkbox"/> 7.3 All Existing Tenancies Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	18
8. Adjustment Date		
8.1	Adjustment Date December 13, 2018	19
9. Viewing Date		
9.1	Viewing Date September 28, 2018	21
10. Agency Disclosure		
10.1	Seller's Designated Agent Licensee _____ Licensee _____ Brokerage _____	38A
10.2	Buyer's Designated Agent Licensee _____ Licensee _____ Brokerage _____	38B
10.3	Limited Dual Agency Designated Agent Licensee _____ Licensee _____ Brokerage _____	38C
10.4	Date of Limited Dual Agency Agreement <u>NOV. 9, 2018</u> 	38C
11. Acceptance <u>NOV. 7, 2018</u> 		
11.1	Offer Open Until - Date November 5, 2018 Time 12:00 PM	43
12. Schedules		
15	Deposit \$10,000.00 within 48 hrs of acceptance Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	15
16A	Buyer's Conditions Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	16
16B	Seller's Conditions Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	16
18	Accepted Tenancies Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	18
20A	Additional Included Items Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	20
20B	Excluded Items Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	20
22	Additional Permitted Encumbrances Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	22
23	Additional Seller's Warranties and Representations Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	23
24	Additional Buyer's Warranties and Representations Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	24
41	Additional Terms Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	41

			
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INITIALS

PART 2 - TERMS

- 13. INFORMATION SUMMARY:** The Information Summary being Part 1 to this Contract of Purchase and Sale for Commercial Real Estate and the Schedules attached to this Contract of Purchase and Sale for Commercial Real Estate, form an integral part of this offer. The Seller and Buyer acknowledge that they have read all of Part 1 and Part 2 and the Schedules to this Contract of Purchase and Sale for Commercial Real Estate.
- 14. PURCHASE PRICE:** The purchase price of the Property will be the amount set out in Clause 4.1 (Purchase Price).
- 15. DEPOSIT:** A deposit in the amount set out in Clause 5.2 which will form part of the Purchase Price, will be paid in accordance with Clause 26 except as otherwise set out in Schedule 15 and on the terms set out in Schedule 15. All monies paid pursuant to this Clause (the "Deposit") will be delivered in trust to the party identified in Clause 5.3 and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.
- 16. CONDITIONS:** The obligations of the Buyer described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16A, if any (the "Buyer's Conditions"). The Buyer's Conditions are inserted for the sole benefit of the Buyer. The satisfaction or waiver of the Buyer's Conditions will be determined in the sole discretion of the Buyer and the Buyer agrees to use reasonable efforts to satisfy the Buyer's Conditions. The Buyer's Conditions may only be satisfied or waived by the Buyer giving written notice (the "Buyer's Notice") to the Seller on or before the time and date specified for each condition. Unless each Buyer's Condition is waived or declared fulfilled by delivery of the Buyer's Notice to the Seller on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

The obligations of the Seller described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16B, if any (the "Seller's Conditions"). The Seller's Conditions are inserted for the sole benefit of the Seller. The satisfaction or waiver of the Seller's Conditions will be determined in the sole discretion of the Seller and the Seller agrees to use reasonable efforts to satisfy the Seller's Conditions. These conditions may only be satisfied or waived by the Seller giving written notice (the "Seller's Notice") to the Buyer on or before the time and date specified for each condition. Unless each Seller's Condition is waived or declared fulfilled by delivery of the Seller's Notice to the Buyer on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.
- 17. COMPLETION:** The sale will be completed on the date specified in Clause 6.1 (Completion Date) at the appropriate Land Title Office.
- 18. POSSESSION:** The Buyer will have possession of the Property at the time and on the date specified in Clause 7.1 (Possession Date) with vacant possession if so indicated in Clause 7.2, or subject to all existing tenancies if so indicated in Clause 7.3; or subject to the specified tenancies set out in Schedule 18, if so indicated in Clause 12 (if Clause 7.3 or 12 is selected, such tenancies shall be the "Accepted Tenancies").
- 19. ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel, utilities, insurance, rents, tenant deposits including interest, prepaid rents, and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of the date specified in Clause 8.1 (the "Adjustment Date").
- 20. INCLUDED ITEMS:** The Purchase Price includes the Accepted Tenancies, any buildings, improvements, fixtures, appurtenances and attachments thereto, and all security systems, security bars, blinds, awnings, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, together with those items set out in Schedule 20A but excluding those items set out in Schedule 20B.
- 21. VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on the date specified in Clause 9.1.

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INITIALS

PROPERTY ADDRESS

- 22. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, the Accepted Tenancies and any additional permitted encumbrances set out in Schedule 22.
- 23. **ADDITIONAL SELLER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Seller makes the additional representations and warranties set out in Schedule 23 to the Buyer.
- 24. **ADDITIONAL BUYER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Buyer makes the additional representations and warranties set out in Schedule 24 to the Seller.
- 25. **GST:** In addition to the Purchase Price, the applicable Goods and Services Tax ("GST") imposed under the *Excise Tax Act* (Canada) (the "Act") will be paid by the Buyer. On or before the Completion Date, the Buyer may confirm to the Seller's Lawyer or Notary that it is registered for the purposes of Part IX of the Act and will provide its registration number. If the Buyer does not confirm that it is a registrant under Part IX of the Act on or before the Completion Date, then the Buyer will pay the applicable GST to the Seller on the Completion Date and the Seller will then remit the GST as required by the Act. All taxes payable pursuant to the *Social Service Tax Act* arising out of the purchase of the Property, will be paid by the Buyer and evidence of such payment will be provided to the Seller.
- 26. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by bank draft, certified cheque, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.
- 27. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registerable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.
- 27A. **SELLER'S PARTICULARS AND RESIDENCY:** The Seller shall deliver to the Buyer on or before the Completion Date a statutory declaration of the Seller containing: (A) particulars regarding the Seller that are required to be included in the Buyer's Property Transfer Tax Return to be filed in connection with the completion of the transaction contemplated by this Contract (and the Seller hereby consents to the Buyer inserting such particulars on such return); and (B) if the Seller is not a non-resident of Canada as described in the non-residency provisions of the *Income Tax Act*, confirmation that the Seller is not then, and on the Completion Date will not be, a non-resident of Canada. If on the Completion Date the Seller is a non-resident of Canada as described in the residency provisions of the *Income Tax Act*, the Buyer shall be entitled to hold back from the Purchase Price the amount provided for under section 116 of the *Income Tax Act*.
- 28. **TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller, subject to the provisions of Section 28 of the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
- 29. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
- 30. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
- 31. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.

			
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INITIALS

PROPERTY ADDRESS

- 32. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.
- 33. **GOVERNING LAW:** This Contract will be governed by the laws of the Province of British Columbia. The parties submit to the exclusive jurisdiction of the courts in the Province of British Columbia regarding any dispute that may arise out of this transaction.
- 34. **CONFIDENTIALITY:** Unless the transaction contemplated by this Contract is completed, the Buyer and the Seller will keep all negotiations regarding the Property confidential, and the Buyer will not disclose to any third party the contents or effect of any documents, materials or information provided pursuant to or obtained in relation to this Contract without the prior written consent of the Seller, except that each of the Buyer and the Seller may disclose the same to its employees, inspectors, lenders, agents, advisors, consultants, potential investors and such other persons as may reasonably be required and except that the Buyer and the Seller may disclose the same as required by law or in connection with any regulatory disclosure requirements which must be satisfied in connection with the proposed sale and purchase of the Property.
- 35. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
- 36. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and any attached Schedules. All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Date, unless otherwise agreed in writing.
- 37. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "Licensee(s)") described in Clause 38, the real estate boards of which those Brokerages and Licensees are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates that Multiple Listing Service®, of personal information about the Buyer and the Seller:
 - A. for all purposes consistent with the transaction contemplated herein;
 - B. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;
 - C. for enforcing codes of professional conduct and ethics for members of real estate boards; and
 - D. for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Privacy Notice and Consent*.

The personal information provided by the Buyer and Seller may be stored on databases outside Canada, in which case it would be subject to the laws of the jurisdiction in which it is located.

38. **AGENCY DISCLOSURE:** The Seller and the Buyer acknowledge and confirm as follows (initial appropriate box(es) and complete details as applicable):

INITIALS	

A. The Seller acknowledges having received, read and understood Real Estate Council of British Columbia (RECBC) form entitled "Disclosure of Representation in Trading Services" and hereby confirms that the Seller has an agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.1 who is/are licensed in relation to the brokerage specified in Clause 10.1.

INITIALS	

B. The Buyer acknowledges having received, read and understood RECBC form entitled "Disclosure of Representation in Trading Services" and hereby confirms that the Buyer has an agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.2 who is/are licensed in relation to the brokerage specified in Clause 10.2.

INITIALS	

C. The Seller and the Buyer each acknowledge having received, read and understood RECBC form entitled "Disclosure of Risks Associated with Dual Agency" and hereby confirm that they each consent to a dual agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.3 who is/are

[Signature]			[Signature]
INITIALS			

PROPERTY ADDRESS

licensed in relation to the brokerage specified in Clause 10.3, having signed a dual agency agreement with such Designated Agent(s)/Licensee(s) dated the date set out in Clause 10.4.

INITIALS

D. If only (A) has been completed, the Buyer acknowledges having received, read and understood RECBC form "Disclosure of Risks to Unrepresented Parties" from the Seller's agent listed in (A) and hereby confirms that the Buyer has no agency relationship.

INITIALS

E. If only (B) has been completed, the Seller acknowledges having received, read and understood RECBC form "Disclosure of Risks to Unrepresented Parties" from the Buyer's agent listed in (B) and hereby confirms that the Seller has no agency relationship.

39. ASSIGNMENT OF REMUNERATION: The Buyer and the Seller agree that the Seller's authorization and instruction set out in clause 44(c) below is a confirmation of the equitable assignment by the Seller in the Listing Contract and is notice of the equitable assignment to anyone acting on behalf of the Buyer or Seller.

40. ACCEPTANCE IRREVOCABLE (Buyer and Seller): The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified, for the Buyer to either:

- A. fulfill or waive the terms and conditions herein contained; and/or
B. exercise any option(s) herein contained.

40A. RESTRICTION ON ASSIGNMENT OF CONTRACT: The Buyer and the Seller agree that this Contract: (a) must not be assigned without the written consent of the Seller; and (b) the Seller is entitled to any profit resulting from an assignment of the Contract by the Buyer or any subsequent assignee.

41. ADDITIONAL TERMS: The additional terms set out in Schedule 41 are hereby incorporated into and form a part of this Contract.

42. THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.

43. OFFER: This offer, or counter-offer, will be open for acceptance until the time and date specified in Clause 11.1 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

X WITNESS [Signature]

BUYER [Signature]

SEAL 1158233 B.C. Ltd PRINT NAME

X WITNESS

BUYER

SEAL or nominee PRINT NAME

44. ACCEPTANCE: The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the cash proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested, forthwith after completion.

Seller's acceptance is dated NOV. 9, yr. 2018

The Seller declares their residency:

RESIDENT OF CANADA [Initials]

NON-RESIDENT OF CANADA [Initials]

as defined under the Income Tax Act.

X WITNESS [Signature]

SELLER [Signature]

SEAL CG(Hastings&Beta)Properties PRINT NAME

X WITNESS

SELLER

SEAL PRINT NAME

*PREC represents Personal Real Estate Corporation
Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR®) and/or the quality of services they provide (MLS®).

CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE SCHEDULE



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
British Columbia Branch

MLS® NO.:

DATE: October 29, 2018

PAGE ____ of ____ PAGES

RE: ADDRESS 4723 Hastings Street Burnaby, BC V5C 2K8

STRATA LOT 11, DISTRICT LOT 122, GROUP 1, NWD, Strata Plan EPS2787 together with an interest in the common property in proportion to the unit entitlement of the strata lots on form V

LEGAL DESCRIPTION

PID: 029-636-892

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED Oct. 29, 2018

MADE BETWEEN 1158233 B.C. Ltd or nominee AS BUYER, AND

CG(HASTINGS & BETA) Properties Ltd AS SELLER AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

- Removal of all prior encumbrances, liens, CPL at subject removal date
- Review of all leases, maintenance contracts, strata reports and/or building maintenance reports.
- Renegotiate lease of office tenant
- Subject to financing approval on or before November 15, 2018
- Can be assigned at no fee's at the purchaser's discretion

X					1158233 B.C. Ltd
WITNESS		BUYER			PRINT NAME
X					or nominee
WITNESS		BUYER			PRINT NAME
X					CG(HASTINGS & BETA)
WITNESS		SELLER			PRINT NAME
X					
WITNESS		SELLER			PRINT NAME

*PREC represents Personal Real Estate Corporation
Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR®) and/or the quality of services they provide (MLS®).

This is Exhibit "C" referred to in the affidavit
of Peter Censorio
sworn before me at Vancouver, BC this
6th day of December, 2018
.....
A Commissioner for taking Affidavits for
British Columbia

CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE SCHEDULE



THE BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
British Columbia Branch

MLS® NO.:

DATE: November 27, 2018

PAGE ___ of ___ PAGES

RE: ADDRESS 4723 Hastings Street Burnaby, BC V5C 2K8

STRATA LOT 11, DISTRICT LOT 122, GROUP 1, NWD, Strata Plan EPS2787 together with an interest in the common property in proportion to the unit entitlement of the strata lots on form V

LEGAL DESCRIPTION


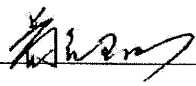




PID: 029-636-892

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED Oct. 29, 2018

MADE BETWEEN 1158233 B.C. Ltd or nominee AS BUYER, AND
CG(HASTINGS & BETA) Properties Ltd AS SELLER AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

Subject removals are hereby removed for all items listed on November 15, 2018. Upon confirmation of CPL discharge in hand of lawyers prior to execution of legal documents.

<u>X</u>					<u>1158233 B.C. Ltd</u>
WITNESS		BUYER			PRINT NAME
<u>X</u>					<u>or nominee</u>
WITNESS		BUYER			PRINT NAME
<u>X</u>					<u>CG(HASTINGS & BETA)</u>
WITNESS		SELLER			PRINT NAME
<u>X</u>					
WITNESS		SELLER			PRINT NAME

*PREC represents Personal Real Estate Corporation
Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR®) and/or the quality of services they provide (MLS®).

This is Exhibit "D" referred to in the affidavit
of Peter Cason
sworn before me at Vancouver, BC this
6th day of December, 2018
A Commissioner for taking Affidavits for
British Columbia



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BC Company Summary

For

1158233 B.C. LTD.

Date and Time of Search: December 03, 2018 09:33 AM Pacific Time
Currency Date: November 08, 2018

ACTIVE

Incorporation Number: BC1158233
Name of Company: 1158233 B.C. LTD.
Recognition Date and Time: Incorporated on March 26, 2018 02:52 PM Pacific Time In Liquidation: No
Last Annual Report Filed: Not Available Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address: #2008 - 5511 HOLLYBRIDGE WAY
RICHMOND BC V7C 0A3
CANADA
Delivery Address: #2008 - 5511 HOLLYBRIDGE WAY
RICHMOND BC V7C 0A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address: #2008 - 5511 HOLLYBRIDGE WAY
RICHMOND BC V7C 0A3
CANADA
Delivery Address: #2008 - 5511 HOLLYBRIDGE WAY
RICHMOND BC V7C 0A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
GOU, HONG LIN

Mailing Address: 1607 EAST 55TH AVENUE
VANCOUVER BC V5P 1Z4
CANADA
Delivery Address: 1607 EAST 55TH AVENUE
VANCOUVER BC V5P 1Z4
CANADA

NO OFFICER INFORMATION FILED .

This is Exhibit "E" referred to in the affidavit
of Peter Gensorio

sworn before me at Vancouver, BC this
6th day of December, 2018

A Commissioner for taking Affidavits for
British Columbia

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ISSUED June 22, 2015

L E A S E

between

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD

LANDLORD

AND

CENSORIO CONSTRUCTION GROUP LTD
dba Censorio Group of Companies

TENANT

AND

PETER CENSORIO

COVENANTOR

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THIS LEASE made as of the 18th day of June, 2015.

BETWEEN:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD,

a company duly incorporated under the laws of the Province of British Columbia, having an office at 2410 Charles Street, Vancouver, B.C. V5K 2Z9

(the "Landlord")

AND:

CENSORIO CONSTRUCTION GROUP LTD

a company duly incorporated under the laws of the Province of British Columbia, having an office at 4723 Hastings Street, Burnaby, B.C. V5C 2K7

(the "Tenant")

AND:

PETER CENSORIO,

residing at 186 MacDonald Ave, Burnaby, B.C. V5C 4M5

(the "Covenantor")

For premises located at 4723 Hastings Street, Burnaby, B.C. as shown outlined in Schedule A

WITNESSES THAT FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

**ARTICLE 1
DEMISE AND TERM**

1.1 Demise and Term. In consideration of the rents, covenants and agreements contained in this Lease which rents, covenants and agreements are to be paid, observed and performed by the Tenant, the Landlord does hereby demise and lease unto the Tenant the Leased Premises to have and to hold for and during the Term of ten (10) years from the Commencement Date of the Term or unless sooner terminated as hereinafter provided. In addition, the Tenant shall be entitled, for the benefit of the Leased Premises, to enjoy upon the terms and conditions set out in this Lease the use in common with others entitled thereto of the Common Area and Facilities.

1.2 Commencement. The Commencement Date of the Term is October 1, 2015.

1.3 Early Occupancy/Fixturing Period. During the Fixturing Period the Tenant may occupy the Leased Premises jointly with the Landlord and the Landlord’s contractor and agents for the purposes of completing the Tenant’s Work. All of the Tenant’s Work will be completed prior to the expiry of the Fixturing Period. During the Fixturing Period, the Tenant will not be responsible for Base Rent, Additional Rent or other Tenant’s expenses, but will be responsible for the Tenant’s utilities and will be bound by all other terms of this Lease from the date of first occupancy of the Leased Premises by the Tenant for the purpose of fixturing the Leased Premises and opening for business. Upon execution of this Lease, the Tenant will be entitled to the use and possession of the Leased Premises, in common with the Landlord, for the purposes of renovation and remodelling as part of the Tenant’s Work. The Tenant acknowledges and agrees that the Tenant’s ability to use and possess the Leased Premises during the Fixturing Period is expressly subject to the Tenant not interfering with the Landlord’s ability to complete the Landlord’s Work.

Upon the execution of this Lease, the Tenant covenants to use diligent commercially reasonable efforts to obtain all approvals and permits required in accordance with Applicable Laws for Tenant’s permitted use of the Premises.

1.4 Net Lease. The Tenant acknowledges and agrees that it is intended by both parties that this Lease shall be a completely carefree net lease for the Landlord, except as expressly hereinafter set out, that the Landlord shall not be responsible for any costs, charges, expenses, and outlays of any nature whatsoever arising from or related to the Leased Premises, or the contents thereof and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Leased Premises and a proportionate share of charges, impositions, costs and expenses in connection with the Building as set out in Article 2 hereunder, and the Tenant covenants with the Landlord accordingly.

ARTICLE 2
RENT

2.1 Deposit. A deposit of SIX THOUSAND DOLLARS (\$6,000.00) has been received. This shall be held as security and credited towards the last month’s gross Rent due in the Term. In the event of default under the terms hereof, the Landlord may terminate this agreement and retain the deposit in full satisfaction of any remedies available to the Landlord.

2.2 Rent. The Tenant covenants and agrees to pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada, without any set-off, compensation or deduction whatsoever on the days and at the times hereinafter specified, rent which shall be the aggregate of the sums specified in clauses (a), (b), and (c) below:



- (a) **Base Rent.** Base Rent per annum during each year of the Term beginning from the Commencement Date of Term, payable in equal monthly instalments on the first day of each month in advance, all as set out in the table below:

(a)	<u>Year of Term</u>	(b)	<u>Base Annual Rent</u>	(c)	<u>Monthly Instalment of Base Rent</u>	(d)	<u>Per Sq. Ft. Per Annum</u>
(e)	1 – 5	(g)	\$137,200.00	(i)	\$11,433.33	(k)	\$25.00
(f)	6-10	(h)	\$153,664.00	(j)	\$12,805.33	(l)	\$28.00

- (b) **Additional Rent.** Together with the Tenant’s share for the duration of the Term of the aggregate of the following:

- (i) Strata Assessments;
- (ii) all costs and expenses incurred by the Landlord in connection with the Building; and
- (iii) Municipal Taxes applicable to the Leased Premises; and

- (c) **Further Additional Rent.** Together with:

- (i) taxes levied on rents or other amounts collectible by the Landlord hereunder or other amounts payable by the Tenant hereunder that are in addition to or not in the nature of income or profit taxes;
- (ii) all costs and expenses incurred by the Landlord in connection with the Leased Premises; and
- (iii) all other costs, charges, amounts and expenses as are required to be paid by the Tenant to the Landlord under this Lease.

2.3 Payment of Rent. The items of rent provided for in this Article 2 shall be paid by the Tenant as follows:

- (a) **Base Rent.** Unless otherwise provided herein, the first monthly instalment of Base Rent shall be paid by the Tenant on the Commencement Date of Term. Where the Commencement Date of Term is the first day of a calendar month such instalment shall be in respect of such month, where the Commencement Date of Term is not the first day of a calendar month, rent for the period from the Commencement Date of Term to the first day of the next ensuing calendar month shall be prorated on a per diem basis and paid on the first day of such month and the instalment of Base Rent paid upon the Commencement Date of Term shall be in respect of the Base Rent for the first full calendar month of the

Term; thereafter in either case subsequent monthly instalments shall be paid in advance on the first day of each ensuing calendar month during the Term.

- (b) **Additional Rent Payments.** The amount of Additional Rent which the Tenant is to pay shall be estimated by the Landlord for such period as the Landlord may determine from time to time. The Tenant agrees to pay to the Landlord such amount in monthly instalments in advance during each period on the dates and at times for payment of Base Rent provided for in this Lease; payments on account of Additional Rent shall be accounted for, and an adjustment made, if necessary, in accordance with Article 2.4.

2.4 Reporting of Costs. Within ninety (90) days after the end of the Lease Year, the Landlord shall furnish to the Tenant a statement of the actual Strata Assessments, Municipal Tax Cost and any additional costs incurred by the Landlord in connection with the Leased Premises and the Building during the Lease Year and the Tenant's portion thereof determined pursuant to this Article showing in reasonable detail the information relevant and necessary to the exact calculation of these amounts. If the amount payable by the Tenant as shown on such statement is greater or less than the aggregate of amounts paid on account of Additional Rent by the Tenant to the Landlord for such Lease Year pursuant to Article 2.3(b) the proper adjustment shall be made within 21 days after delivery of the statement. Any payment made by the Landlord or made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, shall be without prejudice to the right of the Landlord to claim a re-adjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this paragraph. If for any reason beyond the Landlord's control the Landlord is unable to deliver the statement hereinbefore referred to within the said period of ninety (90) days, the Landlord shall take all reasonable steps as may be necessary to deliver such statement as soon thereafter as is reasonably possible and the failure to provide such statement within the said period shall not entitle the Tenant to withhold any sum payable to the Landlord hereunder, or to claim damages from the Landlord.

2.5 Rent for Irregular Periods. All rent reserved herein, including, without limiting the generality of foregoing the Additional Rent shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate rent for irregular periods of less than one year an appropriate pro-rata adjustment shall be made on a daily basis in order to compute rent for such irregular period.

2.6 Waiver of Offset. The Tenant hereby waives and renounces any and all existing and future claims, offsets and compensation against any rent or other amounts due hereunder and agrees to pay such rent and other amounts regardless of any claim, offset or compensation which may be asserted by the Tenant or on its behalf.

2.7 Base Rent Calculation. The Base Rent set out in Article 2.2(a) has been calculated on the basis that the Leased Premises comprises 5488 square feet and the parties agree that the actual Base Rent payable hereunder shall be determined by multiplying the Area of the Leased Premises by the annual Base Rent rate per square foot for each year of the term as shown in Article 2.2(a).

ARTICLE 3
ACCEPTANCE OF LEASED PREMISES

3.1 Acceptance of Leased Premises. The opening by the Tenant of its business in the Leased Premises shall constitute an acknowledgement by the Tenant that the Leased Premises are in the condition called for by this Lease and that the Landlord has performed all of the Landlord's Work, if any, with respect thereto.

3.2 Installation of Signs and Operation of Signs. The Tenant after first obtaining the written approval of the Landlord acting reasonably and the Strata Corporation to the specifications, design, location and method of installations (which matters shall be established in part by the Strata Corporation by-laws, rules and regulations) may, at the expense of the Tenant, install, maintain and operate during such reasonable hours as the Landlord and the Strata Corporation or the Commercial Section of the Strata Corporation may determine, a suitable sign. Any sign of the Tenant must fully comply with:

- (a) all Strata Corporation by-laws, rules and regulations and all amendments or replacements thereto;
- (b) all rules and regulations of the Commercial Section of the Strata Corporation; and
- (c) all Applicable Laws.

Notwithstanding anything to the contrary contained herein, if the Tenant has first obtained the written approval of the Strata Corporation for the following and has confirmed the following complies with all Applicable Laws, then the Landlord will provide at the Landlord's cost a suspended metal mesh sign with a metal front plate that will have an electrical supply that will enable illumination. The Tenant acknowledges and agrees that the Tenant is responsible for providing at the Tenant's cost the insert solid metal sign plate to be attached to the woven steel backing cut through lettering.

ARTICLE 4
CONDUCT OF BUSINESS

4.1 Conduct of Business. The Tenant covenants with the Landlord that:

- (a) **Use of Leased Premises.** The Tenant will not use or occupy the Leased Premises or any part thereof for any purpose other than the operation of the business of the a Real Estate Development Company and for no other purpose unless approved in writing in advance by the Landlord;
- (b) **Prohibited Uses.** The Tenant shall not, at any time, carry on or suffer, permit or allow to be carried on in the Leased Premises any business or occupation which shall be deemed by the Landlord or the Strata Corporation to be a nuisance to the Landlord or to neighbours or other occupants of the Building, or to the public;

- (c) **To Operate During the Term.** The Tenant will not during the Term vacate the Leased Premises either in whole or part (whether actually or constructively) but shall:
 - (i) actively carry on in the entire Leased Premises the type of business for which the Leased Premises are leased to the Tenant; and

- (d) **Signs.** Without in any way limiting Article 3.2, the Tenant will not erect or place, or suffer to be erected or placed, or maintain any signs of any nature or kind whatsoever on the exterior walls of the Leased Premises, on or visible from the exterior through the display windows of the Leased Premises, or on the walls or elsewhere in the Building, without first obtaining the Landlord's written approval and consent in each instance.

ARTICLE 5
REPAIRS

5.1 Tenant's Repairs. The Tenant covenants with the Landlord that:

- (a) **Tenant's Repairs.** The Tenant shall at all times during the Term at its own cost and expense, repair, maintain and keep the Leased Premises, all equipment, fixtures and mechanical systems within the Leased Premises or elsewhere if such equipment, fixtures or system are provided exclusively for the use or benefit of the Leased Premises and any improvements now or hereafter made to the Leased Premises in good order and repair, as a careful owner would do, reasonable wear and tear, repairs for which the Strata Corporation is responsible under the *Strata Property Act* only excepted, and the Tenant covenants to perform such maintenance, to effect such repairs and replacements and to decorate at its own cost and expense as and when necessary or reasonably required so to do by the Landlord;

- (b) **Plate Glass.** That the Tenant shall promptly repair, or cover the cost of repairing if such repair is conducted by the Strata Corporation, with materials of at least equivalent quality all damaged glass, plate glass, doors and windows in the Leased Premises unless such damage is caused by the Landlord, its servants or agents;

- (c) **Landlord's Examination of Leased Premises.** The Landlord and any employee, servant or agent of the Landlord shall be entitled, at any reasonable time during business hours and during an emergency, from time to time, to enter and examine the state of maintenance, repair, decoration and order of the Leased Premises, all equipment and fixtures within the Leased Premises and any improvements now or hereafter made to the Leased Premises and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs, replacements or decorations as may be found necessary from such examination;

- (d) **Repair at End of Term.** At the termination of this Lease (unless the Term is terminated by the Landlord pursuant to Article 5.2(b)) the Tenant will deliver to the Landlord vacant possession of the Leased Premises in the condition in which the Tenant is required to maintain the Leased Premises; and
- (e) **Landlord's Right to Enter for Repairs.** The servants, agents or representatives of the Landlord shall have the right to enter the Leased Premises at all times during business hours to make alterations or repairs as they shall deem necessary for the safety or preservation or proper administration or improvement of the Leased Premises, the Building, or any premises adjoining the Leased Premises and at all times to perform and if it sees fit, to maintain and repair the Landlord's Work.

5.2 Damage or Destruction.

- (a) **Partial.** In the event of damage to or destruction of the Building so that the Leased Premises are wholly unfit for the business of the Tenant or partially unfit for the business of the Tenant the Lease shall not be rescinded or terminated but the Base Rent provided to be paid hereunder or a proportionate part thereof shall be abated until the Building shall have been rebuilt or the Leased Premises made fit for the business of the Tenant, whichever is earlier. Such abatement shall be in an amount to be reasonably decided by the Landlord having regard to the nature and extent of such damage or destruction.
- (b) **Total.** In the event of destruction of the Building or damage to fifty per cent (50%) or more of the floor area of the building, whether or not the Leased Premises are damaged, the Lease may be terminated, at the option of the Landlord, by the Landlord giving to the Tenant, within ninety (90) days after the occurrence of such damage to or destruction of the Building notice in writing of the termination of the Lease and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of termination and the Tenant shall immediately upon receipt of such notice make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord arising from obligations of the Tenant existing prior to the date such notice of termination is given.
- (c) **Cancellation of Strata Plan.** If the Strata Corporation resolves to cancel Strata Plan EPS [redacted] pursuant to the provisions of the *Strata Property Act* then this Lease will terminate as of the date of such resolution to cancel Strata Plan EPS [redacted] and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of such resolution and the Tenant shall immediately upon receipt of notice of such resolution make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord

arising from obligations of the Tenant existing prior to the date notice of such resolution is given.

- (d) **Building Does Not Include Improvements.** The Building, for the purpose of this Article 5.2 shall be deemed not to include the improvements installed in the Leased Premises by the Tenant.

5.3 Expropriation. In the event that at any time prior to or during the Term of the Lease more than ten per cent (10%) of the Leased Premises are acquired or expropriated by any lawful expropriating authority or authorities, then, in any such events, at the option of the Landlord, this Lease shall cease and terminate as of the title vesting in such proceeding and the Tenant shall have no claim against the Landlord for the value of any unexpired Term of this Lease or for damages or for any reason whatsoever. In the event that the Landlord does not so elect to cancel this Lease by notice as aforesaid, this Lease shall continue in full force and effect. Both the Landlord and the Tenant agree to co-operate one with the other in respect of any expropriation of all or any part of the Leased Premises or the Common Area and Facilities, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled in law. In the event and to the extent that any portion or portions of the Building other than the Leased Premises shall be expropriated as aforesaid, then any proceeds accruing therefrom or awarded as a result thereof, shall enure to the benefit of, and belong to the Landlord.

ARTICLE 6
COMMON AREAS

6.1 Common Areas. The Tenant covenants with the Landlord that:

- (a) **Tenant's Use of Parking Areas.** The Landlord will make six parking stalls available for the use of the Tenant (the "Secured Stall"). The Landlord will make eight parking stalls available for the use of the Tenant and its employees, suppliers, agents, invitees and customers in common with the other tenant(s) of the commercial strata lots within the Building and their employees, suppliers, agents, invitees and customers (the "Commercial Parking Stalls" and together with the Secured Stall, the "Parking Stalls"). The location of the Parking Stalls will be at the sole discretion of the Landlord, and the Landlord at its option may change the location of the Parking Stalls from time to time. The Tenant acknowledges and agrees that, except for the Secured Stall noted above, the Landlord is not making any other parking stalls available for the exclusive use of the Tenant or its employees, suppliers, agents, invitees and customers. Save and except for the Parking Stalls, the Tenant and its employees, suppliers, agents, invitees and customers shall be prohibited from using for parking of vehicles and loading and unloading of vehicles any part of the parking areas within the Building. If requested by the Landlord the Tenant shall supply its employee's automobile licence numbers to the Landlord.
- (b) **Landlord's Right to Remove Vehicles.** Should the Tenant, its employees, suppliers or other persons having business with the Tenant park vehicles in areas

not allocated for the purpose of such person or persons, the Landlord shall have the right to remove the said trespassing vehicles from time to time and the Tenant will save harmless the Landlord from any and all damages arising therefrom and the Tenant will pay the costs of such removal.

- (c) **Control of Common Areas and Facilities.** The Strata Corporation will, at all times, have the right of control over the Common Area and Facilities. Such control applies to signs, use of show windows, and the Tenant's publicity visible from the exterior of the Leased Premises, as well as to the use made by the Tenant and the public of the Common Area and Facilities.
- (d) **Merchandise on Common Areas.** In particular, but without in any way limiting the generality of the provisions of Article 6.1(c), the Tenant shall not keep, display or sell any merchandise on or otherwise obstruct or use any part of the Common Area and Facilities unless otherwise approved by the strata.

6.2 No Landlord Liability for Common Areas and Facilities. The Tenant acknowledges and agrees that the Strata Corporation has the right of control over the Common Area and Facilities and that the Landlord will not be liable for any failure of the Strata Corporation to keep the parking lot reasonably clear of snow and in suitable condition for the purposes of the Tenant and other tenants of the Building, to adequately light the parking lot, or for any failure by the Strata Corporation to operate, maintain, repair or alter the Common Area and Facilities.

ARTICLE 7
ASSIGNMENT AND SUB-LETTING

7.1 Assignment and Sub-Letting. The Tenant covenants with the Landlord that:

- (a) **Not to Assign.** The rights of the Tenant under this Lease shall not be transferred, assigned or sold and the Tenant shall not sublet the whole or any part of the Leased Premises nor grant any concession or licence within or with respect to the Leased Premises to any party without in either case the prior written consent of the Landlord which consent the Landlord will not unreasonably withhold. The Landlord may require as a condition of its consent that the party to whom rights are to be granted enter into a covenant with, and in form satisfactory to, the Landlord to perform, observe, keep and fulfil each of the obligations of the Tenant hereunder. Notwithstanding any such consent being given by the Landlord and such transfer, assignment, sale, subletting or grant being effected, the original Tenant hereunder shall remain bound to the Landlord for the fulfilment of all of its obligations hereunder. No consent by the Landlord hereunder shall be construed to mean that the Landlord has consented or will consent to any further transfer, assignment, sale, subletting or grant, and the acceptance of rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be construed, in the absence of an express consent of the Landlord, as an admission by the Landlord of any right, title or interest of such person as a transferee, assignee, sub-tenant or otherwise in the place of or from the Tenant.

- (b) **Change in Control of Tenant.** If the Tenant is a private corporation and if by the sale or other disposition of its shares or securities the control or the beneficial ownership of such corporation is changed at any time after the execution of this Lease or during the Term, such change shall be deemed to be in assignment of the Lease within the meaning of this Article 7. If such control or beneficial ownership is changed without the prior written consent of the Landlord, the Landlord may, at its option, cancel the Lease and the Term hereby granted upon the giving of sixty (60) days' notice to the Tenant of its intention to cancel and this Lease and the Term shall thereupon be cancelled.

- (c) **Right to Terminate.** If the Tenant requests the Landlord's consent to an assignment of this Lease or to a subleasing of the whole or any part of the Leased Premises, the Tenant shall submit to the Landlord the name of the proposed assignee or sub-tenant, the terms and conditions of such assignment or subletting, and any further information as to the nature of its business and its financial responsibility and standing as the Landlord may reasonably require. Upon the receipt of such request and all of such information from the Tenant, the Landlord shall have the right, exercisable in writing within fourteen (14) days after such receipt, to cancel and terminate this Lease if the request is to assign this Lease or to sublet all of the Leased Premises or, if the request is to sublet a portion of the Leased Premises only, to cancel and terminate this Lease with respect to such portion, in each case as of the date set forth in the Landlord's notice of exercise of such right, which shall be neither less than sixty (60) days nor more than one-hundred and twenty (120) days following the service of such notice. For further clarity, if the Tenant desires to sell its business, it will be able to assign the lease as long as the purchaser can satisfy the Financial and Use requirements of the Landlord, reasonably applied.

- (d) **Surrender.** If the Landlord shall exercise the right set forth in the previous paragraph, the Tenant shall surrender possession of the entire Leased Premises or the portion which is the subject of the right, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Leased Premises at the expiration of the Term. If this Lease shall be cancelled as to a portion of the Leased Premises only, the Base Rent shall be abated proportionately.

ARTICLE 8
INSURANCE

8.1 Insurance. The Tenant covenants with the Landlord that:

- (a) **Tenant to Insure.** The Tenant shall take out and keep in force during the Term:
 - (i) fire insurance with extended coverage endorsements and vandalism and malicious damages endorsements, including sprinkler leakage, plus such additional coverage as the Tenant may deem necessary; to cover the stock-in trade, furniture, fixtures, equipment, machinery, improvements and all

other contents of the Leased Premises, for amounts sufficient to replace these items; and

- (ii) comprehensive general liability insurance in an amount not less than \$3,000,000 inclusive limits;

and if the Landlord shall require the same from time to time then also:

- (iii) tenant's fire legal liability insurance in an amount not less than the actual cash value of the Leased Premises; and
- (iv) insurance upon all plate glass in or which forms a boundary of the Leased Premises in an amount sufficient to replace all such glass;

all in amounts, with insurers and with policies satisfactory to the Landlord from time to time. Each such policy shall provide that the insurer shall not have any right of subrogation against the Landlord on account of any loss or damage covered by such insurance or on account of payments made to discharge claims against or liabilities of the Tenant covered by such insurance. The cost or premium for each and every such policy shall be paid by the Tenant. The Tenant shall obtain from the insurers under such policies, undertakings to notify the Landlord in writing at least thirty (30) days prior to any cancellation thereof. The Tenant agrees that if the Tenant fails to take out or keep in force such insurance the Landlord will have the right to do so and to pay the premium therefor and in such event the Tenant shall repay to the Landlord the amount paid as premium, which repayment shall be deemed to be additional rent payable on the first day of the next month following the said payment by the Landlord. The Tenant agrees to provide the Landlord with certificates of such insurance policies as described herein and each renewal and replacement thereof and each endorsement thereto.

- (b) **Not to Affect Landlord or Strata Corporation's Insurance.** The Tenant will not upon the Leased Premises do or permit to be done, or omit to do anything which shall cause or have the effect of causing the rate of insurance upon the Building or any part thereof to be increased and if the insurance rate shall be thereby increased the Tenant shall pay to the Landlord, or at the Landlord's direction, to the Strata Corporation, as additional rent the amount by which the insurance premiums shall be so increased. The Tenant will not store or permit to be stored upon or in the Leased Premises anything of a dangerous, inflammable or explosive nature nor anything which would have the effect of increasing the Landlord or the Strata Corporation's insurance costs or of leading to the cancellation of such insurance. It is agreed that if any insurance policy upon the Leased Premises or the Building shall be cancelled by the insurer by reason of the use or occupation of the Leased Premises, the Building or any part thereof by the Tenant or by any assignee, sub-tenant, concessionaire or licensee of the Tenant, or by anyone permitted by the Tenant to be upon the Leased Premises or the Building, the Landlord may at its option terminate this Lease by notice in writing of such termination and thereupon rent and any other payments for which the

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Tenant is liable under this Lease shall be apportioned and paid in full to the date of such notice of termination of the Lease and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord. The Landlord may at any time and at the expense of the Tenant enter upon the Leased Premises and rectify the situation causing such cancellation or rate increase whether notice of termination of this Lease has been given or not.

8.2 Strata Corporation Insurance. The Tenant acknowledges and agrees that the Strata Corporation is responsible for maintaining insurance in respect of the Building to its full replacement value in accordance with the provisions of the Strata Property Act and that the Landlord will not be liable in any way if the Strata Corporation fails to do so.

ARTICLE 9
TENANT ALTERATIONS

9.1 Painting and Decorating. The Tenant may at any time and from time to time at its expense, paint and decorate the interior of the Leased Premises, install trade fixtures and equipment, and make such changes, alterations, additions and improvements in and to the Leased Premises, all as will in the judgement of the Tenant better adapt the Leased Premises for the purposes of which the same are permitted to be used hereunder and the Tenant will build, install and complete in the Leased Premises by the Commencement Date of Term, those items listed in Schedule "B" hereto as being the Tenant's responsibility; provided, however, that no changes, alterations, additions or improvements to the structure, any perimeter wall, the store front, the sprinkler systems, the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment or the concrete floor or the roof shall be made without the prior written consent of the Landlord and the Strata Corporation, and without the use of contractors or other qualified workmen to be approved by the Landlord and the Strata Corporation as necessary. All changes, alterations, additions and improvements, whether structural or otherwise, shall comply with all applicable statutes, regulations or by-laws of any municipal, provincial or other governmental authority and with all bylaws, rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant shall pay to the Landlord, or at the direction of the Landlord to the Strata Corporation, the amount of the increase for any insurance coverage and/or Municipal Taxes to the extent that such increase is directly attributable to any action by the Tenant pursuant to this paragraph; and the Tenant covenants that such insurance shall not thereby be made liable to avoidance or cancellation by the insurer by reason of such changes, alterations, additions or improvements.

9.2 Landlord's Property. The Tenant agrees that at the expiration or earlier termination of this Lease all changes, alterations, additions and improvements made to or installed upon or in the Leased Premises whether made pursuant to this Article 9 or otherwise and which in any manner are attached in, on or under the floors, walls or ceilings other than unattached movable trade fixtures shall remain upon and be surrendered to the Landlord with the Leased Premises as a part thereof, without disturbance, molestation or injury and shall be and become the absolute property of the Landlord without any payment or indemnity by the Landlord or any third party to the Tenant, unless the Landlord shall by notice in writing require the Tenant to remove all or part thereof, in which event the Tenant covenants and agrees to promptly remove the same in accordance with such notice, and to restore the Leased Premises to the state in which they were



prior to commencing any of the Tenant's work as permitted under Article 9.1 save for items not required by the Landlord to be removed, and shall make good any damage or injury caused to the Leased Premises or the Building resulting from such installation or removal, reasonable wear and tear and damage by Insurable Hazards only excepted.

9.3 Prohibitions. The Tenant, its employees, agents and representatives, are expressly prohibited from entering upon the roof of the Building for any reason whatsoever. Without limiting the foregoing, the Tenant shall not make any repairs, openings or additions to any part of the exterior of the Leased Premises, nor place any attachments, decorations, signs or displays in or upon any Common Area and Facilities or on the roof, without the written consent of the Landlord and the Strata Corporation and/or the Commercial Section of the Strata Corporation as necessary, failing which the Tenant will be held responsible for all ensuing costs and damages whether to remove such items or to effect repairs needed as a result of such acts.

9.4 No Liens. The Tenant covenants with the Landlord that it will not permit, do or cause anything to be done to the Leased Premises and the Building during the period of construction and fixturing of the Leased Premises or at any time which would allow any liens, lis pendens, judgement or certificate of any court or any mortgage, charge or encumbrance of any nature whatsoever to be imposed and to remain upon the Leased Premises or the Building or any part thereof. In the event of the registration of any lien or other encumbrance by a contractor or sub-contractor of the Tenant, the Tenant shall at its own expense immediately cause the same to be discharged.

ARTICLE 10
PUBLIC UTILITIES AND TAXES

10.1 Public Utilities, Business Tax and Machinery Tax. The Tenant covenants with the Landlord that the Tenant shall pay promptly for its gas, other fuel, electricity and water consumed on the Leased Premises, for its telephone, for all business taxes, water and garbage rates, licence fees, and all other charges, taxes, licence fees and rates levied or assessed on or in respect of or in relation to the business carried on by and/or the assets of the Tenant within the Leased Premises, or in respect of any fixtures, machinery, equipment or apparatus installed in the Leased Premises (or elsewhere in the Building) by the Tenant including Municipal Taxes on improvements made by the Tenant to the Leased Premises whether such taxes, licences, charges or rates are charged to the Landlord or to the Tenant.

10.2 Allocation of Taxes. If a separate allocation of Municipal Taxes is not issued by the relevant Taxing Authority with respect to any Tenant improvement to the Leased Premises, the Landlord or the Tenant with the prior written approval of the Landlord may from time to time apply to the Taxing Authority for a determination of the portion of Municipal Taxes attributable to such Tenant improvement, which determination shall be conclusive for the purpose of this Article. In the event that no such determination may be obtained from the Taxing Authority, the Landlord shall establish the portion of Municipal Taxes attributable to such Tenant improvement using the then current established principles of assessment used by the Taxing Authority.

ARTICLE 11
EXCLUSION OF LIABILITY AND INDEMNITY

11.1 Exclusion of Liability. It is agreed between the Landlord and Tenant that notwithstanding any negligence on the part of the Landlord or any person for whom the Landlord is responsible:

- (a) **Tenant's Property.** The Landlord, its agents, servants and employees shall not be liable for damage or injury to any property of the Tenant within the Building, including the Leased Premises, even if such property is entrusted to the care or control of the Landlord or any person for whom the Landlord is responsible.

- (b) **Personal or Consequential Injury.** The Landlord, its agents, servants and employees shall not be liable nor responsible in any way for any personal or consequential injury of any nature whatsoever, including death, that may be suffered or sustained by the Tenant or any other person arising out of or in connection with the Leased Premises or the operations of the Tenant within the Building, or for any loss or damage or injury to any property belonging to the Tenant or any other person while such property is on the Leased Premises and/or the Building. In particular (but without limiting the generality of the foregoing) the Landlord shall not be liable for any damage or damages of any nature whatsoever to any such person or property caused by the failure to supply adequate drainage or to remove snow or ice, or by the interruption of any public utility or service or by steam, water, rain or snow which may leak into, issue, or flow from any part of the Building or from any other place or quarter, or for any damage caused by anything done or omitted by any tenant or owner within the Building. The Tenant shall not be entitled to any abatement of rent in respect of any such condition, failure or interruption of service.

11.2 Indemnification. The Tenant covenants with the Landlord to indemnify and save harmless the Landlord against and from any and all claims, demands, causes of action, actions proceedings, losses, damages, expenses, costs, and legal fees on a solicitor and client basis which may arise out of or be in any way connected with a matter for which the Landlord's liability is excluded under Article 11.1.

ARTICLE 12
LANDLORD'S RIGHTS AND REMEDIES

12.1 Default. If and whenever:

- (a) the rent hereby reserved or any part thereof shall not be paid on the day appointed for payment thereof, whether lawfully demanded or not;

- (b) any of the covenants, agreements, provisos, conditions or rules and regulations on the part of the Tenant to be kept, observed or performed is not so kept, observed and performed;

- (c) the Leased Premises shall be vacated or remain unoccupied without the written consent of the Landlord;
- (d) the Leased Premises shall be used by any person other than the Tenant, the Tenant's permitted assigns or permitted sublessees, or for any other purpose than that for which the same were let;
- (e) the Term shall be taken in execution or attachment for any cause whatever; or
- (f) a receiver of the Tenant's leasehold interest hereunder shall be appointed;

then and in every such case, it shall be lawful for the Landlord at any time thereafter with or without process of law and by forcible entry if necessary, to levy distress against the goods and chattels of the Tenant, and to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this Lease contained to the contrary notwithstanding.

12.2 Bankruptcy. If the Term or any of the goods and chattels of the Tenant shall be at any time seized in execution or attachment by any creditor of the Tenant; or if a receiver of the Tenant's leasehold interest hereunder is appointed; or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or become bankrupt or insolvent, or take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or, if the Tenant is a corporation and any order shall be made for the winding-up of the Tenant, or other termination of the corporate existence of the Tenant; then in any such case this Lease, shall immediately cease and determine and the Term shall immediately become forfeited and void and the then current month's rent and the next ensuing three (3) months' Base Rent shall become due and be paid and the Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to the Landlord by the Tenant, and the Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Leased Premises and remove the Tenant's effects therefrom, any statute or law to the contrary notwithstanding.

Notwithstanding the foregoing, the Landlord may waive such automatic termination by notice in writing within ten (10) days after notice to it of such seizure, appointment, assignment, bulk sale, bankruptcy, solvency, winding-up or dissolution. Any such waiver shall be without prejudice to any and all rights and remedies of the Landlord hereunder, all of which are expressly reserved.

The Tenant hereby waives the benefit of section 65.2(1) of the Bankruptcy and Insolvency Act (Canada).

12.3 Payment of Landlord's Expenses. The Tenant shall pay to the Landlord on demand all costs and expenses, including lawyers fees and disbursements (calculated on a solicitor and own client basis), incurred by the Landlord in any steps taken to enforce any of the obligations of the Tenant under this Lease. All such costs and expenses shall be deemed to be rent hereunder.

12.4 Landlord's Right to Relet in Case of Vacancy. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted or vacated, then despite whether or not Rent has been paid in accordance with this

Lease, the Landlord shall have the right, if it thinks fit, to enter the same, as the agent of either by force or otherwise without being liable for any prosecution therefor and without determining this Lease thereby, and to relet the Leased Premises or any part or parts thereof as the agent and at the risk of the said Tenant and to receive the rent therefor. Such rent shall be allocated first to the Landlord's costs of so entering and reletting, then to interest on sums due by the Tenant to the Landlord hereunder and unpaid, if any, and then to the payment of any such unpaid sums. The balance of such rent, if any, may be held by the Landlord as security for the fulfilment of the Tenant's obligation hereunder.

12.5 Landlord's Right in case of Desertion. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted, or vacated, at the option of the Landlord and in addition to any other rights which the Landlord may have hereunder or by operation of law or otherwise, expressly including injunction and specific performance, the Tenant shall pay to the Landlord daily for each day such breach continues as further additional rent a sum equal to the Base Rent otherwise payable hereunder, calculated on a per diem basis.

12.6 Right of Landlord to Perform Tenant's Covenants. It is hereby expressly understood and agreed that if at any time and so often as the same shall happen, the Tenant shall make default in the observance or performance of any of the Tenant's covenants herein contained, then the Landlord may, but shall not be obligated so to do, without waiving or releasing the Tenant from its obligations under the terms of this Lease, itself observe and perform the covenant or covenants in respect of which the Tenant has made default, and in that connection may pay such monies as may be required or as the Landlord may reasonably deem expedient, and the Landlord may thereupon charge all monies so paid out and expended by it to the Tenant together with interest thereon from the date upon which the Landlord shall have paid out the same at a rate equal to five percent (5%) per annum above the Prime Rate at the time the Landlord shall have paid out the same, and the Tenant covenants to repay any such monies paid out by the Landlord as aforesaid, together with interest thereon forthwith on demand as additional rent, and the Tenant hereby covenants and agrees with the Landlord that the Landlord shall have the same right and remedies and may take the same steps for the recovery of monies so paid out by the Landlord, together with interest as aforesaid as the Landlord could have or might have taken for the recovery of rent in arrears.

12.7 Interest on Arrears. The Tenant shall pay to the Landlord interest at a rate equal to five percent (5%) per annum above the Prime Rate on all payments of rent and other sums to be paid to the Landlord under the provisions of this Lease from the date such money becomes payable hereunder until the Landlord is fully paid therefore.

12.8 Right of Landlord to Seize. The Tenant waives and renounces the benefit of any present or future law taking away or limiting the Landlord's rights against the property of the Tenant and notwithstanding any such law, the Landlord may seize and sell all the Tenant's goods and property, whether within the Leased Premises or not and apply the proceeds of such sale upon rent and all other amounts outstanding hereunder and upon the costs of the seizure and sale in the same manner as might have been done if such law had not been passed. The Tenant further agrees that if it leaves the Leased Premises leaving any rent or other amounts provided to be paid under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law,

may seize and sell the goods and chattels of the Tenant at any place to which the Tenant or any other person may have removed them, in the same manner as if such goods and chattels had remained upon the Leased Premises.

12.9 Non-Waiver. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the right of the Landlord herein in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only express waiver in writing. The acceptance by the Landlord of a part payment of any sum required to be paid hereunder shall not constitute a waiver or release of its right to payment in full of each sum.

12.10 Remedies Cumulative. All rights and remedies of the Landlord in this Lease contained, or conferred by statute or common law, shall be cumulative and not alternative.

ARTICLE 13
MORTGAGES AND ASSIGNMENT BY LANDLORD

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

13.2 Subordination. This Lease is subject and subordinate to all mortgages, trust deeds or trust indentures granted by the Landlord which may now or at any time hereafter affect in whole or in part the Leased Premises and whether not any such mortgage, trust deed or trust indenture shall affect only the Leased Premises or shall be a blanket mortgage, trust deed or trust indenture affecting other premises as well. This Lease shall also be subject and subordinate to all renewals, modifications, consolidations, replacements and extensions of each such mortgage, trust deed, or trust indenture. In confirmation of such subordination and agreement to attorn, the Tenant shall execute promptly upon request by the Landlord any certificate, instruments of postponement or attornment or other instruments which may from time to time be requested to give effect thereto; the Tenant hereby irrevocably appoints the Landlord as the Attorney for the Tenant with full power and authority to execute and deliver such instruments for and in the name of the Tenant.

13.3 Offset Statement. Within ten days after request therefor by the Landlord, or in the event that upon any sale, assignment, hypothecation or mortgaging of the Leased Premises by the Landlord an offset statement shall be required from the Tenant, the Tenant covenants and agrees with the Landlord to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to the Landlord, certifying (if such be the case) that this Lease is in full force and effect and that there are no defences, offsets or prepayments.

13.4 **Registration.** The Tenant covenants and agrees with the Landlord that the Landlord shall not be obliged to deliver this Lease in registrable form and this Lease shall not be registered at the applicable Land Title Office, but at the request of the Tenant or the Landlord and at the cost and expense of the Tenant, the Tenant will cause this Lease to be so registered.

13.5 **Assignment By Landlord.** In the event of the sale or lease by the Landlord of the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that such purchaser, lessee under such lease or assignee has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall, without further written agreement, be freed and relieved of liability upon such covenants and obligations. The Tenant shall, from time to time at the request of the Landlord, certify or acknowledge to any mortgagee, purchaser, lessee or assignee or proposed mortgagee, purchaser, lessee or assignee, the status and validity of this Lease, and the state of the account between the Landlord and the Tenant hereunder.

ARTICLE 14
OVERHOLDING TENANT

14.1 **No Tacit Renewal.** In the event the Tenant remains in possession of the Leased Premises after the end of the Term without the written consent of the Landlord and without the execution and delivery of a new lease and the Landlord accepts rent, there shall be no tacit renewal of this Lease or the Term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a tenant from month to month, at a monthly rent payable in advance on the first day of each month equal to the sum of:

- (a) double the portion of Base Rent payable during the last month of the Term; and
- (b) a proportionate part of the Additional Rent;

and otherwise upon the same terms, conditions and provisos as are set forth in this Lease insofar as the same are applicable to a month to month tenancy.

ARTICLE 15
LANDLORD'S COVENANTS

15.1 **Landlord's Covenants.** The Landlord covenants with the Tenant:

- (a) **Construction.** That subject to the provisions of Article 3.1, the Landlord will, at its own expense and cost, carry out and complete the Landlord's Work, if any; and
- (b) **Quiet Enjoyment.** That if the Tenant pays the rent hereby reserved and performs the covenants herein on its part contained, it shall peaceably possess and enjoy the Leased Premises for the Term hereby granted without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under the Landlord.

and agrees with the Landlord for the duration of the Term, as such Term may be extended or renewed from time to time, to make or cause to be made due payment to the Landlord of Rent in accordance with this Lease, including any release in Rent under this Lease from time to time, whether resulting from any extension of this Lease or otherwise, and to observe and perform or cause to be observed and performed all the obligations of the Tenant under this Lease as if the Covenantor was the Tenant named in this Lease and in connection therewith the Covenantor hereby jointly and severally agrees with the Landlord to indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Tenant to pay the aforesaid Rent, money, charges or other amounts due under this Lease or resulting from any failure by the Tenant to observe or perform any of the Tenant's obligations under this Lease.

In the event of a default by the Tenant under this Lease, the Covenantor waives any right to require the Landlord to:

- (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease;
- (b) proceed against or exhaust any security of the Tenant held by the Landlord; or
- (c) pursue any other remedy whatsoever in the Landlord's power.

The Landlord has the right to enforce the indemnity provided in this Article regardless of the acceptance of additional security from the Tenant and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.

ARTICLE 19

GENERAL CONDITIONS

19.1 Garbage, Debris, Refuse. No debris, garbage, trash or refuse shall be placed or left, or be permitted to be placed or left in, or upon any part of the Building outside of the Leased Premises, but shall be deposited by the Tenant in areas and at times and in a manner specifically designated by the Landlord from time to time. Should any of the items herein mentioned be of a perishable nature the same shall be kept in a properly refrigerated area provided at its cost by the Tenant. Should there be costs for removal of said items additional to the removal service provided by the municipality in which the Building is located or should that municipality charge for such service, then the Tenant shall pay for such costs.

19.2 Compliance With Laws. At the sole cost and expense of the Tenant, the Leased Premises shall be kept by the Tenant in a clean and sanitary condition in accordance with the laws of the municipality in which the Building is located and in accordance with all directions, bylaws rules and regulations of the health officer, fire marshal, building inspector or other proper officers of that municipality, other agencies having jurisdiction, the Strata Corporation and the insurers of the Landlord; in the event that the Tenant fails to comply with the foregoing provisions the Landlord may rectify the situation and collect the expense for such work from the Tenant in the same manner as arrears of rent.

19.3 Nuisance. The Tenant shall not use or permit any part of the Leased Premises to be used in such manner as to cause a nuisance nor to cause or permit annoying noises or vibrations or

offensive odours. The Tenant agrees that the Landlord shall determine in its own discretion if any such state or condition exists.

19.4 Rules and Regulations. The Tenant covenants that it will abide by any and all bylaws, rules and regulations which may from time to time be established by the Landlord, the Strata Corporation and the Commercial Section of the Strata Corporation. The Landlord shall communicate such rules and regulations to the Tenant in writing and after such communication such rules and regulations shall be deemed to be an integral part of the Lease. The rules and regulations set forth in Schedule "C" annexed hereto and the bylaws of the Strata Corporation shall be the rules and regulations in force until amended by the Landlord and notice thereof is given to the Tenant in writing.

19.5 Delivery of Possession. If this Lease is terminated prior to the end of the Term then the rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination, and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

19.6 Service Interruptions. The Landlord does not warrant that any service or facility provided by the Landlord hereunder will be free from interruptions caused or required by maintenance, repairs, renewals, modifications, strikes, riots, insurrections, labour controversies, force majeure, Acts of God or other cause or causes beyond the Landlord's care or control. No such interruption shall be deemed an eviction or disturbance of the Tenant's enjoyment of the demised premises or any other part of the Building nor render the Landlord liable in damages to the Tenant, nor relieve the parties from their obligations under this Lease, provided that the Landlord shall without delay take all reasonable and practical steps within its power to remove the cause of such interruptions.

19.7 Strata By-law and Rules and Regulations Compliance. The Tenant acknowledges receipt of a copy of the current bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and acknowledges and agrees that its use of the Premises may be limited by the bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant covenants to comply with and abide by the bylaws of the Strata Corporation and the rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation as the same may be amended or replaced from time to time.

19.8 Limitation of Landlord's Actions. The Tenant acknowledges and agrees that the Landlord's ability to:

- (a) make the Common Area and Facilities available to the Tenant;
- (b) to operate, maintain, repair and alter the Building and the Common Area and Facilities;
- (c) approve any alterations by the Tenant to the Leased Premises;
- (d) permit the Tenant to affix signage on or about the Leased Premises or the Building;

- (e) rebuild the Premises after damage or destruction; and
- (f) otherwise control or be responsible for those aspects of the Building under the management, maintenance and administration of the Strata Corporation,

is limited by the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation and rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and the authority of the Strata Corporation and the Commercial Section of the Strata Corporation over the Building and the Common Area and Facilities. The Tenant acknowledges and agrees that the Strata Corporation is responsible for the operation, maintenance, repair and alteration of the Common Area and Facilities, and that the Landlord will not be liable to the Tenant under this Lease for any obligation of the Landlord that is limited in any way by the rights of the Strata Corporation under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant acknowledges and agrees that the Landlord will not be liable to the Tenant for any failure by the Strata Corporation to fulfill its obligations under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant covenants not to communicate directly with the Strata Corporation without the Landlord's written consent, not to be unreasonably withheld. The Landlord will not be liable to the Tenant if the Strata Corporation or the Commercial Section of the Strata Corporation or the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation do not permit the Landlord to fulfil any of its obligations under this Lease.

19.9 Exclusivity. Landlord agrees not to lease any property owned or controlled by the Landlord within the Building now or at any time during the initial Term of this lease or any renewal thereof to any entity which provides similar Real Estate Development services as its primary business.

ARTICLE 20
MISCELLANEOUS PROVISIONS

20.1 No Offer. The Landlord shall not be deemed to have made an offer to the Tenant by furnishing to the Tenant a copy of this Lease with particulars inserted; notwithstanding that an instalment of Base Rent may be received by the Landlord, no option, reservation or other right shall be created for the benefit of the Tenant until such time as the Landlord shall have executed and delivered the Lease to the Tenant.

20.2 Showing Leased Premises. The Landlord may at any time within one hundred and eighty (180) days before the end of the Term enter the Leased Premises and bring others at all reasonable hours for the purposes of offering the same for rent and the Landlord may place upon the Leased Premises a notice that the Leased Premises are available for lease.

20.3 Time of Essence. Time shall be of the essence of this Lease.

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

20.5 Governing Law. The lease shall be construed and governed by the laws of the Province of British Columbia. Should any provision or provisions of the Lease and/or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions and conditions shall remain in force and be binding upon the parties hereto as though the said provision or provisions or conditions had never been included.

20.6 Entire Agreement. The Tenant acknowledges that there have been no representations made by the Landlord which are not set out in the Lease that the Lease, including schedules hereto, constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing duly signed by the Landlord and the Tenant.

20.7 Schedules. The Schedules attached hereto are hereby incorporated into this Agreement and form a part hereof. All terms defined in the body of this Agreement will have the same meaning in the Schedules attached hereto.

20.9 Temporary Interruptions. When necessary by reason of accident or other cause, or in order to make any repairs or alterations or improvements to the Leased Premises or to other portions of the Building or the Common Area and Facilities, the Landlord and the Strata Corporation may cause such reasonable and temporary obstruction of the parking and Common Area and Facilities as may be necessary, and may interrupt the supply to the Leased Premises of heat, electricity, water and other services when necessary and until such repairs, alterations or improvements have been completed. There shall be no abatement in rent because of any such obstruction, interruption or suspension, provided that such repairs, alterations or improvements are made as expeditiously as is reasonably possible.

20.10 Acknowledgement of Receipt of Disclosure Statement and Amendments. The Tenant acknowledges that the Tenant has received a copy of the disclosure statement dated April 16, 2014 for the development known as "Censorio Group (Hastings & Beta) Holdings Ltd" that the Leased Premises is part of, including all amendments to the disclosure statement, if any, filed up to the date hereof (collectively the "Disclosure Statement") and has been given a reasonable opportunity to read the Disclosure Statement and the execution by the Tenant of this Agreement will constitute a receipt in respect thereof.

 Tenant Initials

ARTICLE 21
DEFINITIONS

21.1 Definitions. In this Lease (including this Article) unless there is something in the subject manner or in the context inconsistent therewith, the parties hereto agree that:

- (a) "Additional Rent" means the rent payable pursuant to clauses 2.2(b) and 2.2(c).
- (b) "Applicable Laws" means all governing statutes, laws, by-laws, regulations, ordinances, orders and requirements of governmental or other public authorities having jurisdiction, and all amendments or replacements thereto.
- (c) "Area of the Leased Premises" means the area the Leased Premises, being 5488 square feet as shown on Schedule "A".
- (d) "Base Rent" means the minimum annual rent payable by the Tenant as set forth in sub-clause 2.2(a)(i), revised in accordance with Article 2.7.
- (e) "Building" means the building and all Common Area and Facilities on Strata Plan EPS_____.
- (f) "Common Area and Facilities" means those areas, facilities, improvements, installations and equipment that are designated as Common Property on Strata Plan EPS_____ or under the *Strata Property Act*.
- (g) "Commencement Date" means that date set out in Article 1.2.
- (h) "Fixturing Period" means the period from August 1, 2015 to the day immediately prior to the Commencement Date.
- (i) "Insurable Hazards" means fire and such other perils which are covered by insurance policies taken out by or on behalf of the Strata Corporation in connection with the Building and which policies are in force at the time of any incident in relation thereto.
- (j) "Landlord's Work" means the work, if any, to be performed by the Landlord at its cost and expense more particularly set forth in Schedule "B".
- (k) "Lease" means this Indenture and all Schedules attached hereto, and the rules and regulations made from time to time by the Landlord under the provisions of Article 19.5.
- (l) "Lease Year" means a 12 month period commencing with the first day of January in one particular year and ending on the last day of December in the same calendar year.
- (m) "Leased Premises" means a portion of Parcel Identifier: 029-125-626, Strata Lot A, District Lot 122 Group 1 New Westminster District Strata Plan EPS____,

which portion of strata lot is shown outlined in bold black line on the plan annexed hereto as Schedule "A". The Common Area and Facilities (including, but not limited to, columns and walls that form part of the Common Area and Facilities) that are within the space enclosed by the boundaries of the Leased Premises do not form part of the Leased Premises.

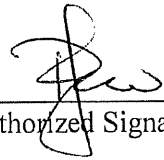
- (n) "Municipal Tax Cost" means the total, without duplication, of sums paid by the Landlord in respect of Municipal Taxes.
- (o) "Municipal Taxes" means the aggregate of all taxes, local improvement or similar rates, duties, assessments and charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments, both general and special, levied or imposed upon or in respect of the Building or any part thereof, including business taxes (if any) charged on the Common Areas, but not including business taxes charged on the Leased Premises.
- (p) "Prime Rate" means that variable annual rate of interest declared as such from time to time by the Royal Bank of Canada, Main Branch, Vancouver, British Columbia, of the Landlord's principal bank as the rate of interest used by it as a reference rate for commercial loans in Canadian dollars and commonly referred to by the bank as its "prime rate". As the Prime Rate increases and decreases, the rate of interest payable hereunder shall increase or decrease accordingly and without notice. The Tenant agrees that a certificate of any officer of such bank as to the Prime Rate in effect from time to time shall be conclusive evidence of the Prime Rate.
- (q) "Rent" means Base Rent and Additional Rent.
- (r) "Strata Assessments" means all sums assessed or levied by the Strata Corporation as against the Leased Premises, including but not limited to monthly maintenance charges, strata fees, fines, penalties, reserves and special assessments.
- (s) "Strata Corporation" means The Owners, Strata Plan EPS____, a strata corporation under the *Strata Property Act*.
- (t) "*Strata Property Act*" means the *Strata Property Act*, SBC 1998 c. 43, and all amendments and replacements thereto.
- (u) "Taxing Authority" means any duly constituted government authority whether federal, provincial, municipal or otherwise legally empowered to impose taxes, rates, assessments or charges on, upon or in respect of the Building.

(v) "Term" means the term of this Lease set forth in clause 1.1 and any renewal or extension thereof.

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

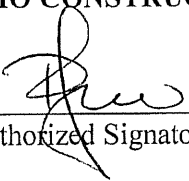
LANDLORD:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LIMITED

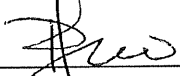
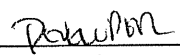
Per: 
Authorized Signatory



TENANT:

CENSORIO CONSTRUCTION GROUP LIMITED

Per: 
Authorized Signatory

COVENANTOR:

SIGNED, SEALED and DELIVERED by)
PETER CENSORIO in the presence of:)
)
Signature)
Peter Censorio.)
Print Name)
_____)
Address)
_____)
)
Occupation)

)
PETER CENSORIO) 

VALID ONLY WHEN COUNTERSIGNED BY LANDLORD

SCHEDULE "A"
LEASED PREMISES

Unit 4723 Hastings: plan showing the Area of the Leased Premises

SCHEDULE "B"

LANDLORD'S WORK AND TENANT'S WORK

1. Landlord provides the following:

Premises in an "as is where is" condition, with the exception that the Landlord will at its cost, prior to the Commencement Date, complete the following improvements to the Leased Premises:

- (a) Ceiling - A clear minimum ceiling height of approximately 12' except for the elevated area within the premises;
- (b) Perimeter Walls - All walls shall be drywalled to the underside of the roof decking, taped and sanded to an approximate height of 12';
- (c) Floor - Smooth troweled single plane concrete floor slab;
- (d) Plumbing - One fully fixtured and functional handicap equipped washroom, and two fully fixture standard washroom and rough-in plumbing brought to locations for sinks and dishwasher. The washroom to be located on the east wall. The sinks and plumbing for dishwasher to be located as defined by the floor plan. In addition, the Landlord will supply plumbing for two hand sinks and a mop sink. (as defined by the floor plan from the Tenant);
- (e) Electrical - Electrical panel board (minimum 24 breaker capacity) to be supplied and installed at a location to be determined by Landlord. The panel will be adequate to supply electrical service for 300 amp, 3 phase. An appropriate base connection for a B.C. Hydro Meter will be provided within the Premises or within an electrical room, such location to be determined by the Landlord. Tenants requiring service capacity in excess of the amount provided in each space will be provided additional service (if available) by the Landlord at the Tenant's expense. The Tenant will be billed directly by B.C. Hydro and Power Authority for power consumed and for connection and disconnection charges;
- (f) Telephone - Two conduit with wiring to a wall outlet for telephone service to a point within the leased premises designated by the Tenant;
- (g) Heating, Venting and Air Conditioning - Heating, Ventilating and Air-Conditioning Equipment, designed and selected by the Landlord shall be installed by Landlord. The HVAC system shall have an open-ended trunk duct at one location into the Premises from which interior distribution of ductwork may be taken. The landlord shall be responsible for all interior distribution and diffusers of heating, ventilating and air-conditioning system. In the event the additional zoned heating, ventilating or air-conditioning are required because of the Tenant's equipment, lighting or partitions, the additional mechanical work and/or equipment shall be installed at the Tenant's expense by the Landlord;

- (h) Bathroom Exhaust - The Landlord shall provide two 4 inch capped vents for bathroom fans. In the event the duct is penetrated through the rooftop, roof flashing and curbing will be provided;
- (i) Rear Service Door - One standard metal door to be installed by Landlord;
- (j) Sprinkler System - The Landlord shall provide a fire sprinkler system.

All Landlord's improvements will be to code and shall comply with all regulatory authorities. All building permits for the Landlord's work will be obtained by Landlord at its cost.

2. Tenant is responsible for the following:

- (a) All interior furniture, equipment and decor. The design and layout must be submitted to and approved by the Landlord prior to installation.
- (b) Storefront to Landlord's approval.
- (c) Identification signs to Landlord's approval.
- (d) Clean up and disposal of rubbish created by tenants work during fixturing and finishing.
- (e) The installation, operation and maintenance of any special equipment required by the Tenant's occupancy, including telephone, computers and special communications facilities.
- (f) Applying for and obtaining the occupancy permit from the City of Burnaby and all permits and licenses necessary to operate its business from the Leased Premises.

The Tenant shall be responsible for securing all the necessary building permit and approvals in accordance with Applicable Laws for the Tenant's improvements at the Tenant's cost prior to the commencement of any such work within the Leased Premises. All Tenant improvements must receive the prior approval of the Landlord, acting reasonably. The Tenant upon completion of its work or on earlier request of the Landlord shall provide the Landlord with copies of all permits, engineering reports, surveys, and applicable licenses in its possession.

3. Tenant's Improvement Allowance. The Landlord will provide the Tenant with a Tenant improvement allowance (the "Allowance"), to a maximum amount of \$54,880.00, four days following the expiration of the lien holdback period as defined by the *Builders Lien Act* (British Columbia), provided the following conditions have been met:

- (a) the Tenant's leasehold improvements to the Leased Premises have been completed to the satisfaction of the Landlord, acting reasonably;
- (b) no builders lien claims have been filed in connection with such work;

- (c) the Tenant has provided the Landlord with copies of all invoices and receipts in connection with such work;
- (d) the Tenant has delivered to the Landlord if requested by the Landlord a clearance certificate issued under the *Worker's Compensation Act* (British Columbia) or any other work place safety legislation in force in British Columbia in respect of the completion of the Tenant's Work; and
- (e) the Tenant is occupying and conducting business with the public from the Leased Premises.

SCHEDULE "A"**RULES AND REGULATIONS**

1. The Tenant shall not perform any acts or carry on any practice which may injure the Common Area and Facilities or be a nuisance to any other tenants or owners of premises situate in the Building.
2. The Tenant shall not burn any trash or garbage in or about the Leased Premises or anywhere within the confines of the Building.
3. The Tenant shall not keep or display any merchandise on or otherwise obstruct the sidewalks, malls, aisles or other areas adjacent to the Leased Premises.
4. The Tenant shall not overload any floor of the Leased Premises.
5. The Tenant shall at all times keep the Leased Premises in a clean and sanitary condition in accordance with the laws and directions, rules and regulations of any government or Municipal agency having jurisdiction and notwithstanding anything in this Lease contained shall replace or be responsible for the cost of replacing with glass of the same quality any broken glass in exterior and interior windows and doors in or upon the Leased Premises.
6. At the commencement and throughout the Term of this Lease the Tenant shall, at the expense of the Tenant, install and maintain all necessary lighting fixtures and store fixtures.
7. The Tenant shall not grant any concessions, licences or permits to any person, firm or corporation to sell or take orders for merchandise or services in the Leased Premises without the prior written approval of the Landlord.
8. The Tenant agrees that the Tenant will not carry on or permit to be carried on any business in the Leased Premises under a name or style other than the name of the Tenant and or Censorio Group of Companies, Censorio Realty Group Ltd, Censorio Development Corporation or i3 design group ltd.; or call or permit the Leased Premises or any business carried on therein to be called any name other than the name contained herein, without the prior written consent of the Landlord.
9. The Tenant shall keep all display windows well lighted after dusk until 11 o'clock in the evening, Vancouver time, in each day, unless prevented by cause beyond the control of the Tenants.

SCHEDULE "D"

OPTION TO RENEW

If the Tenant:

- (a) pays the Rent as and when due and punctually observes and performs its covenants, obligations and agreements under and in accordance with the terms of the Lease;
- (b) is not in default under the terms of the Lease;
- (c) gives the Landlord written notice of its intention to renew this Lease no more than eight months and no less than six months prior to the expiration of the then current Term; and
- (d) has not assigned this Lease and is itself in occupation of and conducting business in the whole of the Premises;

then the Tenant will have the right to extend the Term following the expiry of the initial Term for a further period of 5 years and a right to further extend the Term for an additional period of 5 years following the expiry of the first extension, if exercised and provided the foregoing conditions set out in paragraphs (a) to and including (d) above continue to be satisfied (each, an "Extended Term"), upon the same terms and conditions as are set out in this Lease, except that:

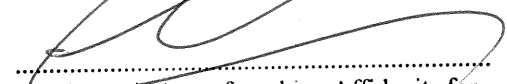
- (e) there will be no further rights to extend the Term;
- (f) any Fixturing Period or requirement on the Landlord's part to do any of the Landlord's Work or pay or make available to the Tenant any construction allowance, inducement, free rent, loan or other amount in connection with this Lease or improvements installed in the Premises, will not apply to an Extended Term;
- (g) if the Landlord requires, the Tenant will promptly execute an extension agreement prepared by the Landlord at the Tenant's expense, giving effect to such Extended Term; and
- (h) the annual Base Rent in respect of each Extended Term will be mutually agreed upon between the Landlord and the Tenant based upon the Fair Market Rent of the Premises as at the date three months prior to the commencement of such Extended Term, provided the Base Rent will in no event be less than the annual Base Rent payable by the Tenant for the last 12 months of the initial Term or Extended Term then expiring, as the case may be, and further provided that if the parties are unable to agree as to such Base Rent by no later than three months prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, then the Base Rent for such Extended Term will be determined by

arbitration in accordance with the *Commercial Arbitration Act* of British Columbia by a single arbitrator chosen by the Landlord and tenant acting reasonably. The cost of such arbitration shall be borne equally amongst the parties. If the annual Base Rent has not been determined by the commencement of such Extended Term, the Tenant will continue to pay Base Rent at the annual rate payable immediately prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, until such Base Rent is determined, and within 10 days after the Base Rent for such Extended Term is determined, the Tenant will pay to the Landlord any amount retroactively owing from the commencement of such Extended Term. **“Fair Market Rent”** means the fair market Base Rent for the Premises, having regard to renewal rents then being obtained for premises that are of similar size and quality to that of the Premises and which are similarly used, located and fixtured.

If the Tenant exercises this option to extend the Term within the time and in the manner as aforesaid, the Tenant will, prior to the commencement of the Extended Term, refurbish the Premises at its own cost in accordance with the Landlord’s (acting reasonably) then current standard construction requirements and design criteria for the Building.

This is Exhibit "F" referred to in the affidavit
of Peter Consonio

sworn before me at Vancouver, BC this
6th day of December, 2018


A Commissioner for taking Affidavits for
British Columbia

**CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE
INFORMATION ABOUT THIS CONTRACT**

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

- 1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.
- 2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.
- 3. **COMPLETION:** (Clauses 6.1 and 17) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the Purchase Price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:
 - a. The Buyer pays the Purchase Price or down payment in trust to the Buyer's Lawyer or Notary (who should advise the Buyer of the exact amount required) several days before the Completion Date, and the Buyer signs the documents.
 - b. The Buyer's Lawyer or Notary prepares the documents and forwards them for signature to the Seller's Lawyer or Notary who returns the documents to the Buyer's Lawyer or Notary.
 - c. The Buyer's Lawyer or Notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.
 - d. The Buyer's Lawyer or Notary releases the sale proceeds at the Buyer's Lawyer's or Notary's office.

Since the Seller is entitled to the Seller's proceeds on the Completion Date, and since the sequence described above takes a day or more, it is strongly recommended that the Buyer deposits the money and the signed documents AT LEAST TWO DAYS before the Completion Date, or at the request of the Conveyancer, and that the Seller delivers the signed transfer documents no later than the morning of the day before the Completion Date.

While it is possible to have a Saturday or Sunday Completion Date using the Land Title Office's Electronic Filing System, parties are strongly encouraged NOT to schedule a Saturday Completion Date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

- 4. **POSSESSION:** (Clauses 7.1 and 18) The Buyer should make arrangements through the real estate licensees for obtaining possession. The Seller will not generally let the Buyer move in before the Seller has actually received the sale proceeds. Where residential tenants are involved, Buyers and Sellers should consult the *Residential Tenancy Act*.
- 5. **ADJUSTMENT:** (Clauses 8.1 and 19) The Buyer and Seller should consider any additional adjustments that are necessary given the nature of the Property and how any costs are payable by tenants and whether the Seller holds any of the tenant's funds with respect to such costs.
- 6. **TITLE:** (Clause 22) It is up to the Buyer to satisfy the Buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the Property and any encumbrances which are staying on title before becoming legally bound. It is up to the Seller to specify in the Contract if there are any encumbrances, other than those listed in Clause 22 and Schedule 22, which are staying on title before becoming legally bound. If you as the Buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the Seller are allowing the Buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgage company.
- 7. **CUSTOMARY COSTS:** (Clause 31) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

Costs to be Borne by the Seller	Costs to be Borne by the Buyer
Lawyer or Notary Fees and Expenses:	Lawyer or Notary Fees and Expenses:
- attending to execution documents.	- appraisal (if applicable).
Costs of clearing title, including:	- searching title,
- discharge fees charged by encumbrance holders,	- investigating title,
- prepayment penalties.	- drafting documents.
Real Estate Commission (plus GST).	Land Title Registration fees.
Goods and Services Tax (if applicable).	Survey Certificate (if required).
	Costs of Mortgage, including:
	- mortgage company's Lawyer/Notary.

In addition to the above costs there maybe financial adjustments between the Seller and the Buyer pursuant to Clause 19.

- 8. **RISK:** (Clause 32) The Buyer should arrange for insurance to be effective as of 12:01 am on the earlier of the Completion Date. The Seller should maintain the Seller's insurance in effect until the later of the date the Seller receives the proceeds of sale, or the date the Seller vacates the property.
- 9. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold commercial real estate. If your transaction involves:
 - a building under construction
 - a sale and purchase of shares in the owner of the Property
 - an operating business with or without employees being hired
 - the purchase of a leasehold interest
 - other special circumstances
 additional provisions, not contained in this form, may be needed, and professional advice should be obtained.



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
British Columbia Branch

CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE

MLS® NO: _____ DATE: October 29, 2018

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

PART 1 - INFORMATION SUMMARY

1. Prepared By		
1.1 Name of Brokerage		
1.2 Brokerage Address		
1.3 Licensee's Name	Phone No.	
1.4 Personal Real Estate Corporation		
1.5 Licensee's Email Address	Fax No.	
1.6 Brokerage Phone No.	Fax No.	
2. Parties to the Contract		
2.1 Seller <u>CG(HASTINGS & BETA)Properties Ltd</u>		
Seller _____		
2.2 Seller's Address <u>4723 Hastings Street</u>	<u>Burnaby, BC</u>	<u>V5C 2K8</u>
2.3 Seller's Phone No.	Fax No.	
2.4 Seller's Email Address		
2.5 Seller's Incorporation No.	2.6 Seller's GST No.	
2.7 Buyer <u>1B Investments Ltd</u>		
Buyer <u>or nominee</u>		
2.8 Buyer's Address <u>4111 Hastings Street</u>	<u>Burnaby, B.C.</u>	<u>V5C 6T7</u>
2.9 Buyer's Phone No.	Fax No.	
2.10 Buyer's Email Address		
2.11 Buyer's Incorporation No.	2.12 Buyer's GST No.	
3. Property		
3.1 Civic Address of Property <u>4717 & 4725 Hastings Street</u>		<u>Burnaby, BC</u>
3.2 Legal Description of Property <u>STRATA LOT 9 & 10, DISTRICT LOT 122, GROUP 1,NWD, Strata Plan EPS2787 together with an interest in the common property in proportion to the unit entitlement of the strata lots on form V</u>		
PID <u>029-636-876 & 029-636-884</u>		2,600,000.00 <u>PC</u> <u>IB</u>
4. Purchase Price		Clause
<u>Two Million Two Hundred Thousand</u> <u>STY</u> <u>TWO</u> <u>FIFTY</u>		\$2,200,000.00- <u>0,250,000.00</u> Dollars <u>14</u>

IB PC
STY
TWO
FIFTY
IB
PC

PC IB IB IB

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5. Deposit		Clause	
5.1	Deposit To Be Provided By The Following Date: <input checked="" type="checkbox"/> within 48 hours of acceptance of offer or counter-offer <input type="checkbox"/> Date _____ <input type="checkbox"/> other _____	15	
5.2	Amount of Deposit \$10,000.00, balance to be paid upon removal of Conditions Precedent.	15	
5.3	Deposit To Be Paid In Trust To Kuhl Law Corporation	15	
6. Completion Date			
6.1	Completion Date December 11, 2018	17	
7. Possession Date			
7.1	Possession Date December 12, 2018	18	
7.2	Vacant Possession Yes <input type="checkbox"/> No <input type="checkbox"/>	18	
7.3	All Existing Tenancies Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
8. Adjustment Date			
8.1	Adjustment Date December 11, 2018	19	
9. Viewing Date			
9.1	Viewing Date October 27, 2018	21	
10. Agency Disclosure			
10.1	Seller's Designated Agent Licensee _____ Licensee _____ Brokerage _____	38A	
10.2	Buyer's Designated Agent Licensee _____ Licensee _____ Brokerage _____		
10.3	Limited Dual Agency Designated Agent Licensee _____ Licensee _____ Brokerage _____		
10.4	Date of Limited Dual Agency Agreement	38C	
11. Acceptance			
11.1	Offer Open Until - Date November 7, 2018 Time 12:00 PM	43	
12. Schedules			
15	Deposit \$10,000.00 within 48 hrs of acceptance	Attached Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	15
16A	Buyer's Conditions	Attached Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	16
16B	Seller's Conditions	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	16
18	Accepted Tenancies	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	18
20A	Additional Included Items	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	20
20B	Excluded Items	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	20
22	Additional Permitted Encumbrances	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	22
23	Additional Seller's Warranties and Representations	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	23
24	Additional Buyer's Warranties and Representations	Attached Yes <input type="checkbox"/> No <input type="checkbox"/>	24
41	Additional Terms	Attached Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	41

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PART 2 - TERMS

- 13. **INFORMATION SUMMARY:** The Information Summary being Part 1 to this Contract of Purchase and Sale for Commercial Real Estate and the Schedules attached to this Contract of Purchase and Sale for Commercial Real Estate, form an integral part of this offer. The Seller and Buyer acknowledge that they have read all of Part 1 and Part 2 and the Schedules to this Contract of Purchase and Sale for Commercial Real Estate.
- 14. **PURCHASE PRICE:** The purchase price of the Property will be the amount set out in Clause 4.1 (Purchase Price).
- 15. **DEPOSIT:** A deposit in the amount set out in Clause 5.2 which will form part of the Purchase Price, will be paid in accordance with Clause 26 except as otherwise set out in Schedule 15 and on the terms set out in Schedule 15. All monies paid pursuant to this Clause (the "Deposit") will be delivered in trust to the party identified in Clause 5.3 and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.
- 16. **CONDITIONS:** The obligations of the Buyer described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16A, if any (the "Buyer's Conditions"). The Buyer's Conditions are inserted for the sole benefit of the Buyer. The satisfaction or waiver of the Buyer's Conditions will be determined in the sole discretion of the Buyer and the Buyer agrees to use reasonable efforts to satisfy the Buyer's Conditions. The Buyer's Conditions may only be satisfied or waived by the Buyer giving written notice (the "Buyer's Notice") to the Seller on or before the time and date specified for each condition. Unless each Buyer's Condition is waived or declared fulfilled by delivery of the Buyer's Notice to the Seller on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

The obligations of the Seller described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16B, if any (the "Seller's Conditions"). The Seller's Conditions are inserted for the sole benefit of the Seller. The satisfaction or waiver of the Seller's Conditions will be determined in the sole discretion of the Seller and the Seller agrees to use reasonable efforts to satisfy the Seller's Conditions. These conditions may only be satisfied or waived by the Seller giving written notice (the "Seller's Notice") to the Buyer on or before the time and date specified for each condition. Unless each Seller's Condition is waived or declared fulfilled by delivery of the Seller's Notice to the Buyer on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.
- 17. **COMPLETION:** The sale will be completed on the date specified in Clause 6.1 (Completion Date) at the appropriate Land Title Office.
- 18. **POSSESSION:** The Buyer will have possession of the Property at the time and on the date specified in Clause 7.1 (Possession Date) with vacant possession if so indicated in Clause 7.2, or subject to all existing tenancies if so indicated in Clause 7.3; or subject to the specified tenancies set out in Schedule 18, if so indicated in Clause 12 (if Clause 7.3 or 12 is selected, such tenancies shall be the "Accepted Tenancies").
- 19. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel, utilities, insurance, rents, tenant deposits including interest, prepaid rents, and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of the date specified in Clause 8.1 (the "Adjustment Date").
- 20. **INCLUDED ITEMS:** The Purchase Price includes the Accepted Tenancies, any buildings, improvements, fixtures, appurtenances and attachments thereto, and all security systems, security bars, blinds, awnings, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, together with those items set out in Schedule 20A but excluding those items set out in Schedule 20B.
- 21. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on the date specified in Clause 9.1.

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- 22. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, the Accepted Tenancies and any additional permitted encumbrances set out in Schedule 22.
- 23. **ADDITIONAL SELLER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Seller makes the additional representations and warranties set out in Schedule 23 to the Buyer.
- 24. **ADDITIONAL BUYER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Buyer makes the additional representations and warranties set out in Schedule 24 to the Seller.
- 25. **GST:** In addition to the Purchase Price, the applicable Goods and Services Tax ("GST") imposed under the *Excise Tax Act* (Canada) (the "Act") will be paid by the Buyer. On or before the Completion Date, the Buyer may confirm to the Seller's Lawyer or Notary that it is registered for the purposes of Part IX of the Act and will provide its registration number. If the Buyer does not confirm that it is a registrant under Part IX of the Act on or before the Completion Date, then the Buyer will pay the applicable GST to the Seller on the Completion Date and the Seller will then remit the GST as required by the Act. All taxes payable pursuant to the *Social Service Tax Act* arising out the purchase of the Property, will be paid by the Buyer and evidence of such payment will be provided to the Seller.
- 26. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by bank draft, certified cheque, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.
- 27. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registerable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.
- 27A. **SELLER'S PARTICULARS AND RESIDENCY:** The Seller shall deliver to the Buyer on or before the Completion Date a statutory declaration of the Seller containing: (A) particulars regarding the Seller that are required to be included in the Buyer's Property Transfer Tax Return to be filed in connection with the completion of the transaction contemplated by this Contract (and the Seller hereby consents to the Buyer inserting such particulars on such return); and (B) if the Seller is not a non-resident of Canada as described in the non-residency provisions of the *Income Tax Act*, confirmation that the Seller is not then, and on the Completion Date will not be, a non-resident of Canada. If on the Completion Date the Seller is a non-resident of Canada as described in the residency provisions of the *Income Tax Act*, the Buyer shall be entitled to hold back from the Purchase Price the amount provided for under section 116 of the *Income Tax Act*.
- 28. **TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller, subject to the provisions of Section 28 of the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
- 29. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
- 30. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
- 31. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.

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INITIALS

PROPERTY ADDRESS

- 32. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.
- 33. **GOVERNING LAW:** This Contract will be governed by the laws of the Province of British Columbia. The parties submit to the exclusive jurisdiction of the courts in the Province of British Columbia regarding any dispute that may arise out of this transaction.
- 34. **CONFIDENTIALITY:** Unless the transaction contemplated by this Contract is completed, the Buyer and the Seller will keep all negotiations regarding the Property confidential, and the Buyer will not disclose to any third party the contents or effect of any documents, materials or information provided pursuant to or obtained in relation to this Contract without the prior written consent of the Seller, except that each of the Buyer and the Seller may disclose the same to its employees, inspectors, lenders, agents, advisors, consultants, potential investors and such other persons as may reasonably be required and except that the Buyer and the Seller may disclose the same as required by law or in connection with any regulatory disclosure requirements which must be satisfied in connection with the proposed sale and purchase of the Property.
- 35. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
- 36. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and any attached Schedules. All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Date, unless otherwise agreed in writing.
- 37. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "Licensee(s)") described in Clause 38, the real estate boards of which those Brokerages and Licensees are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates that Multiple Listing Service®, of personal information about the Buyer and the Seller:
 - A. for all purposes consistent with the transaction contemplated herein;
 - B. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;
 - C. for enforcing codes of professional conduct and ethics for members of real estate boards; and
 - D. for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Privacy Notice and Consent*.

The personal information provided by the Buyer and Seller may be stored on databases outside Canada, in which case it would be subject to the laws of the jurisdiction in which it is located.

- 38. **AGENCY DISCLOSURE:** The Seller and the Buyer acknowledge and confirm as follows (initial appropriate box(es) and complete details as applicable):

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INITIALS

- A. The Seller acknowledges having received, read and understood Real Estate Council of British Columbia (RECBC) form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Seller has an agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.1 who is/are licensed in relation to the brokerage specified in Clause 10.1.

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INITIALS

- B. The Buyer acknowledges having received, read and understood RECBC form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Buyer has an agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.2 who is/are licensed in relation to the brokerage specified in Clause 10.2.

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INITIALS

- C. The Seller and the Buyer each acknowledge having received, read and understood RECBC form entitled "*Disclosure of Risks Associated with Dual Agency*" and hereby confirm that they each consent to a dual agency relationship with the Designated Agent(s)/Licensee(s) specified in Clause 10.3 who is/are

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INITIALS

PROPERTY ADDRESS

licensed in relation to the brokerage specified in Clause 10.3, having signed a dual agency agreement with such Designated Agent(s)/Licensee(s) dated the date set out in Clause 10.4.

INITIALS

D. If only (A) has been completed, the Buyer acknowledges having received, read and understood RECBC form "Disclosure of Risks to Unrepresented Parties" from the Seller's agent listed in (A) and hereby confirms that the Buyer has no agency relationship.

INITIALS

E. If only (B) has been completed, the Seller acknowledges having received, read and understood RECBC form "Disclosure of Risks to Unrepresented Parties" from the Buyer's agent listed in (B) and hereby confirms that the Seller has no agency relationship.

39. ASSIGNMENT OF REMUNERATION: The Buyer and the Seller agree that the Seller's authorization and instruction set out in clause 44(c) below is a confirmation of the equitable assignment by the Seller in the Listing Contract and is notice of the equitable assignment to anyone acting on behalf of the Buyer or Seller.

40. ACCEPTANCE IRREVOCABLE (Buyer and Seller): The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified, for the Buyer to either:

- A. fulfill or waive the terms and conditions herein contained; and/or
B. exercise any option(s) herein contained.

40A. RESTRICTION ON ASSIGNMENT OF CONTRACT: The Buyer and the Seller agree that this Contract: (a) must not be assigned without the written consent of the Seller; and (b) the Seller is entitled to any profit resulting from an assignment of the Contract by the Buyer or any subsequent assignee.

41. ADDITIONAL TERMS: The additional terms set out in Schedule 41 are hereby incorporated into and form a part of this Contract.

42. THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.

43. OFFER: This offer, or counter-offer, will be open for acceptance until the time and date specified in Clause 11.1 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

Witness and Buyer signature lines with seal and print name for 1B Investments Ltd or nominee.

44. ACCEPTANCE: The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the cash proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested, forthwith after completion.

Seller's acceptance is dated November 9, yr. 2018

The Seller declares their residency:

RESIDENT OF CANADA [INITIALS] NON-RESIDENT OF CANADA [INITIALS] as defined under the Income Tax Act.

Witness and Seller signature lines with seal and print name for CG(Hastings&Beta)Properties.

This is Exhibit "G" referred to in the affidavit
of Peter Gensorio

sworn before me at Vancouver, BC this
6th day of December 2018

A Commissioner for taking Affidavits for
British Columbia

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CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE SCHEDULE



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
British Columbia Branch

MLS# NO.:

DATE: Nov 27, 2018

PAGE ____ of ____ PAGES

RE: ADDRESS 4717 & 4725 Hastings Street Burnaby, BC V5C 2K8

STRATA LOT 9 & 10, DISTRICT LOT 122, GROUP 1,NWD, Strata Plan EPS2787 together with an interest in the common property in proportion to the unit entitlement of the strata lots on form V

LEGAL DESCRIPTION

PID: 029-636-876 & 029-636-884

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED Oct.29, 2018

MADE BETWEEN 1B Investments Ltd or nominee AS BUYER, AND
CG(HASTINGS & BETA)Properties Ltd AS SELLER AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

Subject removals are hereby removed for all items listed on November 19, 2018. Upon confirmation of CPL discharge in hand of lawyers prior to execution of legal documents.

<u>X</u>				<u>1B Investments Ltd</u>
WITNESS		<u>BUYER</u>		PRINT NAME
<u>X</u>				<u>or nominee</u>
WITNESS		<u>BUYER</u>		PRINT NAME
<u>X</u>				<u>CG(HASTINGS & BETA)</u>
WITNESS		<u>SELLER</u>		PRINT NAME
<u>X</u>				<u>Properties Ltd</u>
WITNESS		<u>SELLER</u>		PRINT NAME

*PREC represents Personal Real Estate Corporation

Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR®) and/or the quality of services they provide (MLS®).

This is Exhibit "H" referred to in the affidavit
of Peter Censorio.....
sworn before me at Vancouver, BC this
6th day of December 2018
.....
A Commissioner for taking Affidavits for
British Columbia



BC Company Summary

For 1B INVESTMENTS LTD.

Date and Time of Search: December 03, 2018 09:29 AM Pacific Time
Currency Date: November 08, 2018

ACTIVE

Incorporation Number: BC0964803
Name of Company: 1B INVESTMENTS LTD.
Recognition Date and Time: Incorporated on March 12, 2013 12:43 PM Pacific Time **In Liquidation:** No
Last Annual Report Filed: March 12, 2018 **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address:

220 - 7565 - 132ND STREET
 SURREY BC V3W 1K5
 CANADA

Delivery Address:

220 - 7565 - 132ND STREET
 SURREY BC V3W 1K5
 CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

220 - 7565 - 132ND STREET
 SURREY BC V3W 1K5
 CANADA

Delivery Address:

220 - 7565 - 132ND STREET
 SURREY BC V3W 1K5
 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Batch, Jason John

Mailing Address:

#276 - 4111 HASTINGS STREET
 BURNABY BC V5C 6T7
 CANADA

Delivery Address:

#276 - 4111 HASTINGS STREET
 BURNABY BC V5C 6T7
 CANADA

OFFICER INFORMATION AS AT March 12, 2018

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Last Name, First Name, Middle Name:

Batch, Jason John

Office(s) Held: (President)

Mailing Address:

#276 - 4111 HASTINGS STREET
BURNABY BC V5C 6T7
CANADA

Delivery Address:

#276 - 4111 HASTINGS STREET
BURNABY BC V5C 6T7
CANADA

This is Exhibit "I" referred to in the affidavit
of Peter Lenson
sworn before me at Vancouver, BC this
6th day of December 2018
.....
A Commissioner for taking Affidavits for
British Columbia

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ISSUED June 10, 2015

L E A S E

between

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD

LANDLORD

AND

CHRISTOPHE CHOCOLAT LTD

TENANT

AND

CHRISTOPHE BONZON

COVENANTOR

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THIS LEASE made as of the 11th day of June, 2015.

BETWEEN:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD,

a company duly incorporated under the laws of the Province of British Columbia, having an office at 2410 Charles Street, Vancouver, B.C. V5K 2Z9

(the "Landlord")

AND:

CHRISTOPHE CHOCOLAT LTD

a company duly incorporated under the laws of the Province of British Columbia, having an office at 4712 Hastings Street, Burnaby, B.C. V5C 2K7

(the "Tenant")

AND:

CHRISTOPHE BONZON,

residing at 304-4710 Hastings Street, Burnaby, B.C. V5C 2K7

(the "Covenantor")

For premises located at 4717 Hastings Street, Burnaby, B.C. as shown outlined in Schedule A

WITNESSES THAT FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

**ARTICLE 1
DEMISE AND TERM**

1.1 Demise and Term. In consideration of the rents, covenants and agreements contained in this Lease which rents, covenants and agreements are to be paid, observed and performed by the Tenant, the Landlord does hereby demise and lease unto the Tenant the Leased Premises to have and to hold for and during the Term of ten (10) years from the Commencement Date of the Term or unless sooner terminated as hereinafter provided. In addition, the Tenant shall be entitled, for the benefit of the Leased Premises, to enjoy upon the terms and conditions set out in this Lease the use in common with others entitled thereto of the Common Area and Facilities.

1.2 Commencement. The Commencement Date of the Term is November 1, 2015.

CPX

1.3 Early Occupancy/Fixturing Period. During the Fixturing Period the Tenant may occupy the Leased Premises jointly with the Landlord and the Landlord's contractor and agents for the purposes of completing the Tenant's Work. All of the Tenant's Work will be completed prior to the expiry of the Fixturing Period. During the Fixturing Period, the Tenant will not be responsible for Base Rent, Additional Rent or other Tenant's expenses, but will be responsible for the Tenant's utilities and will be bound by all other terms of this Lease from the date of first occupancy of the Leased Premises by the Tenant for the purpose of fixturing the Leased Premises and opening for business. Upon execution of this Lease, the Tenant will be entitled to the use and possession of the Leased Premises, in common with the Landlord, for the purposes of renovation and remodelling as part of the Tenant's Work. The Tenant acknowledges and agrees that the Tenant's ability to use and possess the Leased Premises during the Fixturing Period is expressly subject to the Tenant not interfering with the Landlord's ability to complete the Landlord's Work.

Upon the execution of this Lease, the Tenant covenants to use diligent commercially reasonable efforts to obtain all approvals and permits required in accordance with Applicable Laws for Tenant's permitted use of the Premises.

1.4 Net Lease. The Tenant acknowledges and agrees that it is intended by both parties that this Lease shall be a completely carefree net lease for the Landlord, except as expressly hereinafter set out, that the Landlord shall not be responsible for any costs, charges, expenses, and outlays of any nature whatsoever arising from or related to the Leased Premises, or the contents thereof and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Leased Premises and a proportionate share of charges, impositions, costs and expenses in connection with the Building as set out in Article 2 hereunder, and the Tenant covenants with the Landlord accordingly.

ARTICLE 2
RENT

2.1 Deposit. A deposit of SIX THOUSAND FOUR HUNDRED AND FOURTEEN DOLLARS AND SIXTY-TWO CENTS (\$6,414.62) has been received. One-half shall be credited to the Tenant for its payment of the first monthly gross Rent due, plus Goods and Services Tax or Harmonized Sales Tax, as applicable. The balance shall be held as security and credited towards the last month's gross Rent due in the Term. In the event of default under the terms hereof, the Landlord may terminate this agreement and retain the deposit in full satisfaction of any remedies available to the Landlord.

2.2 Rent. The Tenant covenants and agrees to pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada, without any set-off, compensation or deduction whatsoever on the days and at the times hereinafter specified, rent which shall be the aggregate of the sums specified in clauses (a), (b), and (c) below:

- (a) **Base Rent.** Base Rent per annum during each year of the Term beginning from the Commencement Date of Term, payable in equal monthly instalments on the first day of each month in advance, all as set out in the table below:

CDA

(a) <u>Year of Term</u>	(b) <u>Base Annual Rent</u>	(c) <u>Monthly Instalment of Base Rent</u>	(d) <u>Per Sq. Ft. Per Annum</u>
(e) 1 – 5	(h) \$57,932.00	(k) \$4,827.67	(n) \$28.00
(f) 6-8	(i) \$62,070.00	(l) \$5,172.50	(o) \$30.00
(g) 9-10	(j) \$66,208.00	(m) \$5,517.33	(p) \$32.00

(b) **Additional Rent.** Together with the Tenant’s share for the duration of the Term of the aggregate of the following:

- (i) Strata Assessments;
- (ii) all costs and expenses incurred by the Landlord in connection with the Building; and
- (iii) Municipal Taxes applicable to the Leased Premises; and

(c) **Further Additional Rent.** Together with:

- (i) taxes levied on rents or other amounts collectible by the Landlord hereunder or other amounts payable by the Tenant hereunder that are in addition to or not in the nature of income or profit taxes;
- (ii) all costs and expenses incurred by the Landlord in connection with the Leased Premises; and
- (iii) all other costs, charges, amounts and expenses as are required to be paid by the Tenant to the Landlord under this Lease.

2.3 Payment of Rent. The items of rent provided for in this Article 2 shall be paid by the Tenant as follows:

- (a) **Base Rent.** Unless otherwise provided herein, the first monthly instalment of Base Rent shall be paid by the Tenant on the Commencement Date of Term. Where the Commencement Date of Term is the first day of a calendar month such instalment shall be in respect of such month, where the Commencement Date of Term is not the first day of a calendar month, rent for the period from the Commencement Date of Term to the first day of the next ensuing calendar month shall be prorated on a per diem basis and paid on the first day of such month and the instalment of Base Rent paid upon the Commencement Date of Term shall be in respect of the Base Rent for the first full calendar month of the Term; thereafter in either case subsequent monthly instalments shall be paid in advance on the first day of each ensuing calendar month during the Term.

CBA

(b) **Additional Rent Payments.** The amount of Additional Rent which the Tenant is to pay shall be estimated by the Landlord for such period as the Landlord may determine from time to time. The Tenant agrees to pay to the Landlord such amount in monthly instalments in advance during each period on the dates and at times for payment of Base Rent provided for in this Lease; payments on account of Additional Rent shall be accounted for, and an adjustment made, if necessary, in accordance with Article 2.4.

2.4 Reporting of Costs. Within ninety (90) days after the end of the Lease Year, the Landlord shall furnish to the Tenant a statement of the actual Strata Assessments, Municipal Tax Cost and any additional costs incurred by the Landlord in connection with the Leased Premises and the Building during the Lease Year and the Tenant's portion thereof determined pursuant to this Article showing in reasonable detail the information relevant and necessary to the exact calculation of these amounts. If the amount payable by the Tenant as shown on such statement is greater or less than the aggregate of amounts paid on account of Additional Rent by the Tenant to the Landlord for such Lease Year pursuant to Article 2.3(b) the proper adjustment shall be made within 21 days after delivery of the statement. Any payment made by the Landlord or made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, shall be without prejudice to the right of the Landlord to claim a re-adjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this paragraph. If for any reason beyond the Landlord's control the Landlord is unable to deliver the statement hereinbefore referred to within the said period of ninety (90) days, the Landlord shall take all reasonable steps as may be necessary to deliver such statement as soon thereafter as is reasonably possible and the failure to provide such statement within the said period shall not entitle the Tenant to withhold any sum payable to the Landlord hereunder, or to claim damages from the Landlord.

2.5 Rent for Irregular Periods. All rent reserved herein, including, without limiting the generality of foregoing the Additional Rent shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate rent for irregular periods of less than one year an appropriate pro-rata adjustment shall be made on a daily basis in order to compute rent for such irregular period.

2.6 Waiver of Offset. The Tenant hereby waives and renounces any and all existing and future claims, offsets and compensation against any rent or other amounts due hereunder and agrees to pay such rent and other amounts regardless of any claim, offset or compensation which may be asserted by the Tenant or on its behalf.

2.7 Base Rent Calculation. The Base Rent set out in Article 2.2(a) has been calculated on the basis that the Leased Premises comprises 2069 square feet and the parties agree that the actual Base Rent payable hereunder shall be determined by multiplying the Area of the Leased Premises by the annual Base Rent rate per square foot for each year of the term as shown in Article 2.2(a).

ARTICLE 3
ACCEPTANCE OF LEASED PREMISES

3.1 Acceptance of Leased Premises. The opening by the Tenant of its business in the Leased Premises shall constitute an acknowledgement by the Tenant that the Leased Premises are in the condition called for by this Lease and that the Landlord has performed all of the Landlord's Work, if any, with respect thereto.

3.2 Installation of Signs and Operation of Signs. The Tenant after first obtaining the written approval of the Landlord acting reasonably and the Strata Corporation to the specifications, design, location and method of installations (which matters shall be established in part by the Strata Corporation by-laws, rules and regulations) may, at the expense of the Tenant, install, maintain and operate during such reasonable hours as the Landlord and the Strata Corporation or the Commercial Section of the Strata Corporation may determine, a suitable sign. Any sign of the Tenant must fully comply with:

- (a) all Strata Corporation by-laws, rules and regulations and all amendments or replacements thereto;
- (b) all rules and regulations of the Commercial Section of the Strata Corporation; and
- (c) all Applicable Laws.

Notwithstanding anything to the contrary contained herein, if the Tenant has first obtained the written approval of the Strata Corporation for the following and has confirmed the following complies with all Applicable Laws, then the Landlord will provide at the Landlord's cost a suspended metal mesh sign with a metal front plate that will have an electrical supply that will enable illumination. The Tenant acknowledges and agrees that the Tenant is responsible for providing at the Tenant's cost the insert solid metal sign plate to be attached to the woven steel backing cut through lettering.

ARTICLE 4
CONDUCT OF BUSINESS

4.1 Conduct of Business. The Tenant covenants with the Landlord that:

- (a) **Use of Leased Premises.** The Tenant will not use or occupy the Leased Premises or any part thereof for any purpose other than the operation of the business of the manufacture sale of chocolate, pastry, general baking, and for the manufacture and sale of coffee, tea and cold beverages and for no other purpose unless approved in writing in advance by the Landlord;
- (b) **Prohibited Uses.** The Tenant shall not, at any time, carry on or suffer, permit or allow to be carried on in the Leased Premises any business or occupation which shall be deemed by the Landlord or the Strata Corporation to be a nuisance to the Landlord or to neighbours or other occupants of the Building, or to the public;

- (c) **To Operate During the Term.** The Tenant will not during the Term vacate the Leased Premises either in whole or part (whether actually or constructively) but shall:
 - (i) actively carry on in the entire Leased Premises the type of business for which the Leased Premises are leased to the Tenant; and
- (d) **Signs.** Without in any way limiting Article 3.2, the Tenant will not erect or place, or suffer to be erected or placed, or maintain any signs of any nature or kind whatsoever on the exterior walls of the Leased Premises, on or visible from the exterior through the display windows of the Leased Premises, or on the walls or elsewhere in the Building, without first obtaining the Landlord's written approval and consent in each instance.

ARTICLE 5
REPAIRS

5.1 Tenant's Repairs. The Tenant covenants with the Landlord that:

- (a) **Tenant's Repairs.** The Tenant shall at all times during the Term at its own cost and expense, repair, maintain and keep the Leased Premises, all equipment, fixtures and mechanical systems within the Leased Premises or elsewhere if such equipment, fixtures or system are provided exclusively for the use or benefit of the Leased Premises and any improvements now or hereafter made to the Leased Premises in good order and repair, as a careful owner would do, reasonable wear and tear, repairs for which the Strata Corporation is responsible under the *Strata Property Act* only excepted, and the Tenant covenants to perform such maintenance, to effect such repairs and replacements and to decorate at its own cost and expense as and when necessary or reasonably required so to do by the Landlord;
- (b) **Plate Glass.** That the Tenant shall promptly repair, or cover the cost of repairing if such repair is conducted by the Strata Corporation, with materials of at least equivalent quality all damaged glass, plate glass, doors and windows in the Leased Premises unless such damage is caused by the Landlord, its servants or agents;
- (c) **Landlord's Examination of Leased Premises.** The Landlord and any employee, servant or agent of the Landlord shall be entitled, at any reasonable time during business hours and during an emergency, from time to time, to enter and examine the state of maintenance, repair, decoration and order of the Leased Premises, all equipment and fixtures within the Leased Premises and any improvements now or hereafter made to the Leased Premises and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs, replacements or decorations as may be found necessary from such examination;

- (d) **Repair at End of Term.** At the termination of this Lease (unless the Term is terminated by the Landlord pursuant to Article 5.2(b)) the Tenant will deliver to the Landlord vacant possession of the Leased Premises in the condition in which the Tenant is required to maintain the Leased Premises; and
- (e) **Landlord's Right to Enter for Repairs.** The servants, agents or representatives of the Landlord shall have the right to enter the Leased Premises at all times during business hours to make alterations or repairs as they shall deem necessary for the safety or preservation or proper administration or improvement of the Leased Premises, the Building, or any premises adjoining the Leased Premises and at all times to perform and if it sees fit, to maintain and repair the Landlord's Work.

5.2 Damage or Destruction.

- (a) **Partial.** In the event of damage to or destruction of the Building so that the Leased Premises are wholly unfit for the business of the Tenant or partially unfit for the business of the Tenant the Lease shall not be rescinded or terminated but the Base Rent provided to be paid hereunder or a proportionate part thereof shall be abated until the Building shall have been rebuilt or the Leased Premises made fit for the business of the Tenant, whichever is earlier. Such abatement shall be in an amount to be reasonably decided by the Landlord having regard to the nature and extent of such damage or destruction.
- (b) **Total.** In the event of destruction of the Building or damage to fifty per cent (50%) or more of the floor area of the building, whether or not the Leased Premises are damaged, the Lease may be terminated, at the option of the Landlord, by the Landlord giving to the Tenant, within ninety (90) days after the occurrence of such damage to or destruction of the Building notice in writing of the termination of the Lease and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of termination and the Tenant shall immediately upon receipt of such notice make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord arising from obligations of the Tenant existing prior to the date such notice of termination is given.
- (c) **Cancellation of Strata Plan.** If the Strata Corporation resolves to cancel Strata Plan EPS [redacted] pursuant to the provisions of the *Strata Property Act* then this Lease will terminate as of the date of such resolution to cancel Strata Plan EPS [redacted] and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of such resolution and the Tenant shall immediately upon receipt of notice of such resolution make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord

arising from obligations of the Tenant existing prior to the date notice of such resolution is given.

- (d) **Building Does Not Include Improvements.** The Building, for the purpose of this Article 5.2 shall be deemed not to include the improvements installed in the Leased Premises by the Tenant.

5.3 Expropriation. In the event that at any time prior to or during the Term of the Lease more than ten per cent (10%) of the Leased Premises are acquired or expropriated by any lawful expropriating authority or authorities, then, in any such events, at the option of the Landlord, this Lease shall cease and terminate as of the title vesting in such proceeding and the Tenant shall have no claim against the Landlord for the value of any unexpired Term of this Lease or for damages or for any reason whatsoever. In the event that the Landlord does not so elect to cancel this Lease by notice as aforesaid, this Lease shall continue in full force and effect. Both the Landlord and the Tenant agree to co-operate one with the other in respect of any expropriation of all or any part of the Leased Premises or the Common Area and Facilities, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled in law. In the event and to the extent that any portion or portions of the Building other than the Leased Premises shall be expropriated as aforesaid, then any proceeds accruing therefrom or awarded as a result thereof, shall enure to the benefit of, and belong to the Landlord.

ARTICLE 6
COMMON AREAS

6.1 Common Areas. The Tenant covenants with the Landlord that:

- (a) **Tenant's Use of Parking Areas.** The Landlord will make one parking stall available for the use of the Tenant (the "Secured Stall"). The Landlord will make eight parking stalls available for the use of the Tenant and its employees, suppliers, agents, invitees and customers in common with the other tenant(s) of the commercial strata lots within the Building and their employees, suppliers, agents, invitees and customers (the "Commercial Parking Stalls" and together with the Secured Stall, the "Parking Stalls"). The location of the Parking Stalls will be at the sole discretion of the Landlord, and the Landlord at its option may change the location of the Parking Stalls from time to time. The Tenant acknowledges and agrees that, except for the Secured Stall noted above, the Landlord is not making any other parking stalls available for the exclusive use of the Tenant or its employees, suppliers, agents, invitees and customers. Save and except for the Parking Stalls, the Tenant and its employees, suppliers, agents, invitees and customers shall be prohibited from using for parking of vehicles and loading and unloading of vehicles any part of the parking areas within the Building. If requested by the Landlord the Tenant shall supply its employee's automobile licence numbers to the Landlord.
- (b) **Landlord's Right to Remove Vehicles.** Should the Tenant, its employees, suppliers or other persons having business with the Tenant park vehicles in areas

not allocated for the purpose of such person or persons, the Landlord shall have the right to remove the said trespassing vehicles from time to time and the Tenant will save harmless the Landlord from any and all damages arising therefrom and the Tenant will pay the costs of such removal.

- (c) **Control of Common Areas and Facilities.** The Strata Corporation will, at all times, have the right of control over the Common Area and Facilities. Such control applies to signs, use of show windows, and the Tenant's publicity visible from the exterior of the Leased Premises, as well as to the use made by the Tenant and the public of the Common Area and Facilities.
- (d) **Merchandise on Common Areas.** In particular, but without in any way limiting the generality of the provisions of Article 6.1(c), the Tenant shall not keep, display or sell any merchandise on or otherwise obstruct or use any part of the Common Area and Facilities unless otherwise approved by the strata.

6.2 No Landlord Liability for Common Areas and Facilities. The Tenant acknowledges and agrees that the Strata Corporation has the right of control over the Common Area and Facilities and that the Landlord will not be liable for any failure of the Strata Corporation to keep the parking lot reasonably clear of snow and in suitable condition for the purposes of the Tenant and other tenants of the Building, to adequately light the parking lot, or for any failure by the Strata Corporation to operate, maintain, repair or alter the Common Area and Facilities.

ARTICLE 7
ASSIGNMENT AND SUB-LETTING

7.1 Assignment and Sub-Letting. The Tenant covenants with the Landlord that:

- (a) **Not to Assign.** The rights of the Tenant under this Lease shall not be transferred, assigned or sold and the Tenant shall not sublet the whole or any part of the Leased Premises nor grant any concession or licence within or with respect to the Leased Premises to any party without in either case the prior written consent of the Landlord which consent the Landlord will not unreasonably withhold. The Landlord may require as a condition of its consent that the party to whom rights are to be granted enter into a covenant with, and in form satisfactory to, the Landlord to perform, observe, keep and fulfil each of the obligations of the Tenant hereunder. Notwithstanding any such consent being given by the Landlord and such transfer, assignment, sale, subletting or grant being effected, the original Tenant hereunder shall remain bound to the Landlord for the fulfilment of all of its obligations hereunder. No consent by the Landlord hereunder shall be construed to mean that the Landlord has consented or will consent to any further transfer, assignment, sale, subletting or grant, and the acceptance of rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be construed, in the absence of an express consent of the Landlord, as an admission by the Landlord of any right, title or interest of such person as a transferee, assignee, sub-tenant or otherwise in the place of or from the Tenant.

- (b) **Change in Control of Tenant.** If the Tenant is a private corporation and if by the sale or other disposition of its shares or securities the control or the beneficial ownership of such corporation is changed at any time after the execution of this Lease or during the Term, such change shall be deemed to be in assignment of the Lease within the meaning of this Article 7. If such control or beneficial ownership is changed without the prior written consent of the Landlord, the Landlord may, at its option, cancel the Lease and the Term hereby granted upon the giving of sixty (60) days' notice to the Tenant of its intention to cancel and this Lease and the Term shall thereupon be cancelled.
- (c) **Right to Terminate.** If the Tenant requests the Landlord's consent to an assignment of this Lease or to a subleasing of the whole or any part of the Leased Premises, the Tenant shall submit to the Landlord the name of the proposed assignee or sub-tenant, the terms and conditions of such assignment or subletting, and any further information as to the nature of its business and its financial responsibility and standing as the Landlord may reasonably require. Upon the receipt of such request and all of such information from the Tenant, the Landlord shall have the right, exercisable in writing within fourteen (14) days after such receipt, to cancel and terminate this Lease if the request is to assign this Lease or to sublet all of the Leased Premises or, if the request is to sublet a portion of the Leased Premises only, to cancel and terminate this Lease with respect to such portion, in each case as of the date set forth in the Landlord's notice of exercise of such right, which shall be neither less than sixty (60) days nor more than one-hundred and twenty (120) days following the service of such notice. For further clarity, if the Tenant desires to sell its business, it will be able to assign the lease as long as the purchaser can satisfy the Financial and Use requirements of the Landlord, reasonably applied.
- (d) **Surrender.** If the Landlord shall exercise the right set forth in the previous paragraph, the Tenant shall surrender possession of the entire Leased Premises or the portion which is the subject of the right, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Leased Premises at the expiration of the Term. If this Lease shall be cancelled as to a portion of the Leased Premises only, the Base Rent shall be abated proportionately.

ARTICLE 8
INSURANCE

8.1 Insurance. The Tenant covenants with the Landlord that:

- (a) **Tenant to Insure.** The Tenant shall take out and keep in force during the Term:
 - (i) fire insurance with extended coverage endorsements and vandalism and malicious damages endorsements, including sprinkler leakage, plus such additional coverage as the Tenant may deem necessary; to cover the stock-in trade, furniture, fixtures, equipment, machinery, improvements and all

other contents of the Leased Premises, for amounts sufficient to replace these items; and

- (ii) comprehensive general liability insurance in an amount not less than \$3,000,000 inclusive limits;

and if the Landlord shall require the same from time to time then also:

- (iii) tenant's fire legal liability insurance in an amount not less than the actual cash value of the Leased Premises; and
- (iv) insurance upon all plate glass in or which forms a boundary of the Leased Premises in an amount sufficient to replace all such glass;

all in amounts, with insurers and with policies satisfactory to the Landlord from time to time. Each such policy shall provide that the insurer shall not have any right of subrogation against the Landlord on account of any loss or damage covered by such insurance or on account of payments made to discharge claims against or liabilities of the Tenant covered by such insurance. The cost or premium for each and every such policy shall be paid by the Tenant. The Tenant shall obtain from the insurers under such policies, undertakings to notify the Landlord in writing at least thirty (30) days prior to any cancellation thereof. The Tenant agrees that if the Tenant fails to take out or keep in force such insurance the Landlord will have the right to do so and to pay the premium therefor and in such event the Tenant shall repay to the Landlord the amount paid as premium, which repayment shall be deemed to be additional rent payable on the first day of the next month following the said payment by the Landlord. The Tenant agrees to provide the Landlord with certificates of such insurance policies as described herein and each renewal and replacement thereof and each endorsement thereto.

- (b) **Not to Affect Landlord or Strata Corporation's Insurance.** The Tenant will not upon the Leased Premises do or permit to be done, or omit to do anything which shall cause or have the effect of causing the rate of insurance upon the Building or any part thereof to be increased and if the insurance rate shall be thereby increased the Tenant shall pay to the Landlord, or at the Landlord's direction, to the Strata Corporation, as additional rent the amount by which the insurance premiums shall be so increased. The Tenant will not store or permit to be stored upon or in the Leased Premises anything of a dangerous, inflammable or explosive nature nor anything which would have the effect of increasing the Landlord or the Strata Corporation's insurance costs or of leading to the cancellation of such insurance. It is agreed that if any insurance policy upon the Leased Premises or the Building shall be cancelled by the insurer by reason of the use or occupation of the Leased Premises, the Building or any part thereof by the Tenant or by any assignee, sub-tenant, concessionaire or licensee of the Tenant, or by anyone permitted by the Tenant to be upon the Leased Premises or the Building, the Landlord may at its option terminate this Lease by notice in writing of such termination and thereupon rent and any other payments for which the

Tenant is liable under this Lease shall be apportioned and paid in full to the date of such notice of termination of the Lease and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord. The Landlord may at any time and at the expense of the Tenant enter upon the Leased Premises and rectify the situation causing such cancellation or rate increase whether notice of termination of this Lease has been given or not.

8.2 Strata Corporation Insurance. The Tenant acknowledges and agrees that the Strata Corporation is responsible for maintaining insurance in respect of the Building to its full replacement value in accordance with the provisions of the Strata Property Act and that the Landlord will not be liable in any way if the Strata Corporation fails to do so.

ARTICLE 9
TENANT ALTERATIONS

9.1 Painting and Decorating. The Tenant may at any time and from time to time at its expense, paint and decorate the interior of the Leased Premises, install trade fixtures and equipment, and make such changes, alterations, additions and improvements in and to the Leased Premises, all as will in the judgement of the Tenant better adapt the Leased Premises for the purposes of which the same are permitted to be used hereunder and the Tenant will build, install and complete in the Leased Premises by the Commencement Date of Term, those items listed in Schedule "B" hereto as being the Tenant's responsibility; provided, however, that no changes, alterations, additions or improvements to the structure, any perimeter wall, the store front, the sprinkler systems, the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment or the concrete floor or the roof shall be made without the prior written consent of the Landlord and the Strata Corporation, and without the use of contractors or other qualified workmen to be approved by the Landlord and the Strata Corporation as necessary. All changes, alterations, additions and improvements, whether structural or otherwise, shall comply with all applicable statutes, regulations or by-laws of any municipal, provincial or other governmental authority and with all bylaws, rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant shall pay to the Landlord, or at the direction of the Landlord to the Strata Corporation, the amount of the increase for any insurance coverage and/or Municipal Taxes to the extent that such increase is directly attributable to any action by the Tenant pursuant to this paragraph; and the Tenant covenants that such insurance shall not thereby be made liable to avoidance or cancellation by the insurer by reason of such changes, alterations, additions or improvements.

9.2 Landlord's Property. The Tenant agrees that at the expiration or earlier termination of this Lease all changes, alterations, additions and improvements made to or installed upon or in the Leased Premises whether made pursuant to this Article 9 or otherwise and which in any manner are attached in, on or under the floors, walls or ceilings other than unattached movable trade fixtures shall remain upon and be surrendered to the Landlord with the Leased Premises as a part thereof, without disturbance, molestation or injury and shall be and become the absolute property of the Landlord without any payment or indemnity by the Landlord or any third party to the Tenant, unless the Landlord shall by notice in writing require the Tenant to remove all or part thereof, in which event the Tenant covenants and agrees to promptly remove the same in accordance with such notice, and to restore the Leased Premises to the state in which they were

prior to commencing any of the Tenant's work as permitted under Article 9.1 save for items not required by the Landlord to be removed, and shall make good any damage or injury caused to the Leased Premises or the Building resulting from such installation or removal, reasonable wear and tear and damage by Insurable Hazards only excepted.

9.3 Prohibitions. The Tenant, its employees, agents and representatives, are expressly prohibited from entering upon the roof of the Building for any reason whatsoever. Without limiting the foregoing, the Tenant shall not make any repairs, openings or additions to any part of the exterior of the Leased Premises, nor place any attachments, decorations, signs or displays in or upon any Common Area and Facilities or on the roof, without the written consent of the Landlord and the Strata Corporation and/or the Commercial Section of the Strata Corporation as necessary, failing which the Tenant will be held responsible for all ensuing costs and damages whether to remove such items or to effect repairs needed as a result of such acts.

9.4 No Liens. The Tenant covenants with the Landlord that it will not permit, do or cause anything to be done to the Leased Premises and the Building during the period of construction and fixturing of the Leased Premises or at any time which would allow any liens, lis pendens, judgement or certificate of any court or any mortgage, charge or encumbrance of any nature whatsoever to be imposed and to remain upon the Leased Premises or the Building or any part thereof. In the event of the registration of any lien or other encumbrance by a contractor or sub-contractor of the Tenant, the Tenant shall at its own expense immediately cause the same to be discharged.

ARTICLE 10
PUBLIC UTILITIES AND TAXES

10.1 Public Utilities, Business Tax and Machinery Tax. The Tenant covenants with the Landlord that the Tenant shall pay promptly for its gas, other fuel, electricity and water consumed on the Leased Premises, for its telephone, for all business taxes, water and garbage rates, licence fees, and all other charges, taxes, licence fees and rates levied or assessed on or in respect of or in relation to the business carried on by and/or the assets of the Tenant within the Leased Premises, or in respect of any fixtures, machinery, equipment or apparatus installed in the Leased Premises (or elsewhere in the Building) by the Tenant including Municipal Taxes on improvements made by the Tenant to the Leased Premises whether such taxes, licences, charges or rates are charged to the Landlord or to the Tenant.

10.2 Allocation of Taxes. If a separate allocation of Municipal Taxes is not issued by the relevant Taxing Authority with respect to any Tenant improvement to the Leased Premises, the Landlord or the Tenant with the prior written approval of the Landlord may from time to time apply to the Taxing Authority for a determination of the portion of Municipal Taxes attributable to such Tenant improvement, which determination shall be conclusive for the purpose of this Article. In the event that no such determination may be obtained from the Taxing Authority, the Landlord shall establish the portion of Municipal Taxes attributable to such Tenant improvement using the then current established principles of assessment used by the Taxing Authority.

ARTICLE 11
EXCLUSION OF LIABILITY AND INDEMNITY

11.1 Exclusion of Liability. It is agreed between the Landlord and Tenant that notwithstanding any negligence on the part of the Landlord or any person for whom the Landlord is responsible:

- (a) **Tenant's Property.** The Landlord, its agents, servants and employees shall not be liable for damage or injury to any property of the Tenant within the Building, including the Leased Premises, even if such property is entrusted to the care or control of the Landlord or any person for whom the Landlord is responsible.
- (b) **Personal or Consequential Injury.** The Landlord, its agents, servants and employees shall not be liable nor responsible in any way for any personal or consequential injury of any nature whatsoever, including death, that may be suffered or sustained by the Tenant or any other person arising out of or in connection with the Leased Premises or the operations of the Tenant within the Building, or for any loss or damage or injury to any property belonging to the Tenant or any other person while such property is on the Leased Premises and/or the Building. In particular (but without limiting the generality of the foregoing) the Landlord shall not be liable for any damage or damages of any nature whatsoever to any such person or property caused by the failure to supply adequate drainage or to remove snow or ice, or by the interruption of any public utility or service or by steam, water, rain or snow which may leak into, issue, or flow from any part of the Building or from any other place or quarter, or for any damage caused by anything done or omitted by any tenant or owner within the Building. The Tenant shall not be entitled to any abatement of rent in respect of any such condition, failure or interruption of service.

11.2 Indemnification. The Tenant covenants with the Landlord to indemnify and save harmless the Landlord against and from any and all claims, demands, causes of action, actions proceedings, losses, damages, expenses, costs, and legal fees on a solicitor and client basis which may arise out of or be in any way connected with a matter for which the Landlord's liability is excluded under Article 11.1.

ARTICLE 12
LANDLORD'S RIGHTS AND REMEDIES

12.1 Default. If and whenever:

- (a) the rent hereby reserved or any part thereof shall not be paid on the day appointed for payment thereof, whether lawfully demanded or not;
- (b) any of the covenants, agreements, provisos, conditions or rules and regulations on the part of the Tenant to be kept, observed or performed is not so kept, observed and performed;

- (c) the Leased Premises shall be vacated or remain unoccupied without the written consent of the Landlord;
- (d) the Leased Premises shall be used by any person other than the Tenant, the Tenant's permitted assigns or permitted sublessees, or for any other purpose than that for which the same were let;
- (e) the Term shall be taken in execution or attachment for any cause whatever; or
- (f) a receiver of the Tenant's leasehold interest hereunder shall be appointed;

then and in every such case, it shall be lawful for the Landlord at any time thereafter with or without process of law and by forcible entry if necessary, to levy distress against the goods and chattels of the Tenant, and to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this Lease contained to the contrary notwithstanding.

12.2 Bankruptcy. If the Term or any of the goods and chattels of the Tenant shall be at any time seized in execution or attachment by any creditor of the Tenant; or if a receiver of the Tenant's leasehold interest hereunder is appointed; or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or become bankrupt or insolvent, or take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or, if the Tenant is a corporation and any order shall be made for the winding-up of the Tenant, or other termination of the corporate existence of the Tenant; then in any such case this Lease, shall immediately cease and determine and the Term shall immediately become forfeited and void and the then current month's rent and the next ensuing three (3) months' Base Rent shall become due and be paid and the Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to the Landlord by the Tenant, and the Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Leased Premises and remove the Tenant's effects therefrom, any statute or law to the contrary notwithstanding.

Notwithstanding the foregoing, the Landlord may waive such automatic termination by notice in writing within ten (10) days after notice to it of such seizure, appointment, assignment, bulk sale, bankruptcy, solvency, winding-up or dissolution. Any such waiver shall be without prejudice to any and all rights and remedies of the Landlord hereunder, all of which are expressly reserved.

The Tenant hereby waives the benefit of section 65.2(1) of the Bankruptcy and Insolvency Act (Canada).

12.3 Payment of Landlord's Expenses. The Tenant shall pay to the Landlord on demand all costs and expenses, including lawyers fees and disbursements (calculated on a solicitor and own client basis), incurred by the Landlord in any steps taken to enforce any of the obligations of the Tenant under this Lease. All such costs and expenses shall be deemed to be rent hereunder.

12.4 Landlord's Right to Relet in Case of Vacancy. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted or vacated, then despite whether or not Rent has been paid in accordance with this

Lease, the Landlord shall have the right, if it thinks fit, to enter the same, as the agent of either by force or otherwise without being liable for any prosecution therefor and without determining this Lease thereby, and to relet the Leased Premises or any part or parts thereof as the agent and at the risk of the said Tenant and to receive the rent therefor. Such rent shall be allocated first to the Landlord's costs of so entering and reletting, then to interest on sums due by the Tenant to the Landlord hereunder and unpaid, if any, and then to the payment of any such unpaid sums. The balance of such rent, if any, may be held by the Landlord as security for the fulfilment of the Tenant's obligation hereunder.

12.5 Landlord's Right in case of Desertion. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted, or vacated, at the option of the Landlord and in addition to any other rights which the Landlord may have hereunder or by operation of law or otherwise, expressly including injunction and specific performance, the Tenant shall pay to the Landlord daily for each day such breach continues as further additional rent a sum equal to the Base Rent otherwise payable hereunder, calculated on a per diem basis.

12.6 Right of Landlord to Perform Tenant's Covenants. It is hereby expressly understood and agreed that if at any time and so often as the same shall happen, the Tenant shall make default in the observance or performance of any of the Tenant's covenants herein contained, then the Landlord may, but shall not be obligated so to do, without waiving or releasing the Tenant from its obligations under the terms of this Lease, itself observe and perform the covenant or covenants in respect of which the Tenant has made default, and in that connection may pay such monies as may be required or as the Landlord may reasonably deem expedient, and the Landlord may thereupon charge all monies so paid out and expended by it to the Tenant together with interest thereon from the date upon which the Landlord shall have paid out the same at a rate equal to five percent (5%) per annum above the Prime Rate at the time the Landlord shall have paid out the same, and the Tenant covenants to repay any such monies paid out by the Landlord as aforesaid, together with interest thereon forthwith on demand as additional rent, and the Tenant hereby covenants and agrees with the Landlord that the Landlord shall have the same right and remedies and may take the same steps for the recovery of monies so paid out by the Landlord, together with interest as aforesaid as the Landlord could have or might have taken for the recovery of rent in arrears.

12.7 Interest on Arrears. The Tenant shall pay to the Landlord interest at a rate equal to five percent (5%) per annum above the Prime Rate on all payments of rent and other sums to be paid to the Landlord under the provisions of this Lease from the date such money becomes payable hereunder until the Landlord is fully paid therefore.

12.8 Right of Landlord to Seize. The Tenant waives and renounces the benefit of any present or future law taking away or limiting the Landlord's rights against the property of the Tenant and notwithstanding any such law, the Landlord may seize and sell all the Tenant's goods and property, whether within the Leased Premises or not and apply the proceeds of such sale upon rent and all other amounts outstanding hereunder and upon the costs of the seizure and sale in the same manner as might have been done if such law had not been passed. The Tenant further agrees that if it leaves the Leased Premises leaving any rent or other amounts provided to be paid under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law,

may seize and sell the goods and chattels of the Tenant at any place to which the Tenant or any other person may have removed them, in the same manner as if such goods and chattels had remained upon the Leased Premises.

12.9 Non-Waiver. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the right of the Landlord herein in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only express waiver in writing. The acceptance by the Landlord of a part payment of any sum required to be paid hereunder shall not constitute a waiver or release of its right to payment in full of each sum.

12.10 Remedies Cumulative. All rights and remedies of the Landlord in this Lease contained, or conferred by statute or common law, shall be cumulative and not alternative.

ARTICLE 13
MORTGAGES AND ASSIGNMENT BY LANDLORD

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

13.2 Subordination. This Lease is subject and subordinate to all mortgages, trust deeds or trust indentures granted by the Landlord which may now or at any time hereafter affect in whole or in part the Leased Premises and whether not any such mortgage, trust deed or trust indenture shall affect only the Leased Premises or shall be a blanket mortgage, trust deed or trust indenture affecting other premises as well. This Lease shall also be subject and subordinate to all renewals, modifications, consolidations, replacements and extensions of each such mortgage, trust deed, or trust indenture. In confirmation of such subordination and agreement to attorn, the Tenant shall execute promptly upon request by the Landlord any certificate, instruments of postponement or attornment or other instruments which may from time to time be requested to give effect thereto; the Tenant hereby irrevocably appoints the Landlord as the Attorney for the Tenant with full power and authority to execute and deliver such instruments for and in the name of the Tenant.

13.3 Offset Statement. Within ten days after request therefor by the Landlord, or in the event that upon any sale, assignment, hypothecation or mortgaging of the Leased Premises by the Landlord an offset statement shall be required from the Tenant, the Tenant covenants and agrees with the Landlord to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to the Landlord, certifying (if such be the case) that this Lease is in full force and effect and that there are no defences, offsets or prepayments.

13.4 Registration. The Tenant covenants and agrees with the Landlord that the Landlord shall not be obliged to deliver this Lease in registrable form and this Lease shall not be registered at the applicable Land Title Office, but at the request of the Tenant or the Landlord and at the cost and expense of the Tenant, the Tenant will cause this Lease to be so registered.

13.5 Assignment By Landlord. In the event of the sale or lease by the Landlord of the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that such purchaser, lessee under such lease or assignee has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall, without further written agreement, be freed and relieved of liability upon such covenants and obligations. The Tenant shall, from time to time at the request of the Landlord, certify or acknowledge to any mortgagee, purchaser, lessee or assignee or proposed mortgagee, purchaser, lessee or assignee, the status and validity of this Lease, and the state of the account between the Landlord and the Tenant hereunder.

**ARTICLE 14
OVERHOLDING TENANT**

14.1 No Tacit Renewal. In the event the Tenant remains in possession of the Leased Premises after the end of the Term without the written consent of the Landlord and without the execution and delivery of a new lease and the Landlord accepts rent, there shall be no tacit renewal of this Lease or the Term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a tenant from month to month, at a monthly rent payable in advance on the first day of each month equal to the sum of:

- (a) double the portion of Base Rent payable during the last month of the Term; and
- (b) a proportionate part of the Additional Rent;

and otherwise upon the same terms, conditions and provisos as are set forth in this Lease insofar as the same are applicable to a month to month tenancy.

**ARTICLE 15
LANDLORD'S COVENANTS**

15.1 Landlord's Covenants. The Landlord covenants with the Tenant:

- (a) **Construction.** That subject to the provisions of Article 3.1, the Landlord will, at its own expense and cost, carry out and complete the Landlord's Work, if any; and
- (b) **Quiet Enjoyment.** That if the Tenant pays the rent hereby reserved and performs the covenants herein on its part contained, it shall peaceably possess and enjoy the Leased Premises for the Term hereby granted without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under the Landlord.

and agrees with the Landlord for the duration of the Term, as such Term may be extended or renewed from time to time, to make or cause to be made due payment to the Landlord of Rent in accordance with this Lease, including any release in Rent under this Lease from time to time, whether resulting from any extension of this Lease or otherwise, and to observe and perform or cause to be observed and performed all the obligations of the Tenant under this Lease as if the Covenantor was the Tenant named in this Lease and in connection therewith the Covenantor hereby jointly and severally agrees with the Landlord to indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Tenant to pay the aforesaid Rent, money, charges or other amounts due under this Lease or resulting from any failure by the Tenant to observe or perform any of the Tenant's obligations under this Lease.

In the event of a default by the Tenant under this Lease, the Covenantor waives any right to require the Landlord to:

- (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease;
- (b) proceed against or exhaust any security of the Tenant held by the Landlord; or
- (c) pursue any other remedy whatsoever in the Landlord's power.

The Landlord has the right to enforce the indemnity provided in this Article regardless of the acceptance of additional security from the Tenant and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.

ARTICLE 19
GENERAL CONDITIONS

19.1 Garbage, Debris, Refuse. No debris, garbage, trash or refuse shall be placed or left, or be permitted to be placed or left in, or upon any part of the Building outside of the Leased Premises, but shall be deposited by the Tenant in areas and at times and in a manner specifically designated by the Landlord from time to time. Should any of the items herein mentioned be of a perishable nature the same shall be kept in a properly refrigerated area provided at its cost by the Tenant. Should there be costs for removal of said items additional to the removal service provided by the municipality in which the Building is located or should that municipality charge for such service, then the Tenant shall pay for such costs.

19.2 Compliance With Laws. At the sole cost and expense of the Tenant, the Leased Premises shall be kept by the Tenant in a clean and sanitary condition in accordance with the laws of the municipality in which the Building is located and in accordance with all directions, bylaws rules and regulations of the health officer, fire marshal, building inspector or other proper officers of that municipality, other agencies having jurisdiction, the Strata Corporation and the insurers of the Landlord; in the event that the Tenant fails to comply with the foregoing provisions the Landlord may rectify the situation and collect the expense for such work from the Tenant in the same manner as arrears of rent.

19.3 Nuisance. The Tenant shall not use or permit any part of the Leased Premises to be used in such manner as to cause a nuisance nor to cause or permit annoying noises or vibrations or

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offensive odours. The Tenant agrees that the Landlord shall determine in its own discretion if any such state or condition exists.

19.4 Rules and Regulations. The Tenant covenants that it will abide by any and all bylaws, rules and regulations which may from time to time be established by the Landlord, the Strata Corporation and the Commercial Section of the Strata Corporation. The Landlord shall communicate such rules and regulations to the Tenant in writing and after such communication such rules and regulations shall be deemed to be an integral part of the Lease. The rules and regulations set forth in Schedule "C" annexed hereto and the bylaws of the Strata Corporation shall be the rules and regulations in force until amended by the Landlord and notice thereof is given to the Tenant in writing.

19.5 Delivery of Possession. If this Lease is terminated prior to the end of the Term then the rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination, and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

19.6 Service Interruptions. The Landlord does not warrant that any service or facility provided by the Landlord hereunder will be free from interruptions caused or required by maintenance, repairs, renewals, modifications, strikes, riots, insurrections, labour controversies, force majeure, Acts of God or other cause or causes beyond the Landlord's care or control. No such interruption shall be deemed an eviction or disturbance of the Tenant's enjoyment of the demised premises or any other part of the Building nor render the Landlord liable in damages to the Tenant, nor relieve the parties from their obligations under this Lease, provided that the Landlord shall without delay take all reasonable and practical steps within its power to remove the cause of such interruptions.

19.7 Strata By-law and Rules and Regulations Compliance. The Tenant acknowledges receipt of a copy of the current bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and acknowledges and agrees that its use of the Premises may be limited by the bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant covenants to comply with and abide by the bylaws of the Strata Corporation and the rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation as the same may be amended or replaced from time to time.

19.8 Limitation of Landlord's Actions. The Tenant acknowledges and agrees that the Landlord's ability to:

- (a) make the Common Area and Facilities available to the Tenant;
- (b) to operate, maintain, repair and alter the Building and the Common Area and Facilities;
- (c) approve any alterations by the Tenant to the Leased Premises;
- (d) permit the Tenant to affix signage on or about the Leased Premises or the Building;

- (e) rebuild the Premises after damage or destruction; and
- (f) otherwise control or be responsible for those aspects of the Building under the management, maintenance and administration of the Strata Corporation,

is limited by the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation and rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and the authority of the Strata Corporation and the Commercial Section of the Strata Corporation over the Building and the Common Area and Facilities. The Tenant acknowledges and agrees that the Strata Corporation is responsible for the operation, maintenance, repair and alteration of the Common Area and Facilities, and that the Landlord will not be liable to the Tenant under this Lease for any obligation of the Landlord that is limited in any way by the rights of the Strata Corporation under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant acknowledges and agrees that the Landlord will not be liable to the Tenant for any failure by the Strata Corporation to fulfill its obligations under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant covenants not to communicate directly with the Strata Corporation without the Landlord's written consent, not to be unreasonably withheld. The Landlord will not be liable to the Tenant if the Strata Corporation or the Commercial Section of the Strata Corporation or the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation do not permit the Landlord to fulfil any of its obligations under this Lease.

19.9 Exclusivity. Landlord agrees not to lease any property owned or controlled by the Landlord within the Building now or at any time during the initial Term of this lease or any renewal thereof to any entity which manufactures or produces chocolate and pastry as its primary business. For greater clarity, the parties acknowledge and agree that the Landlord is not prohibited from leasing any property owned or controlled by the Landlord within the Building now or at any time during the initial Term of this lease or any renewal thereof to a coffee shop, convenience store or any other business that may sell chocolate and/or pastry in the normal course of business.

ARTICLE 20
MISCELLANEOUS PROVISIONS

20.1 No Offer. The Landlord shall not be deemed to have made an offer to the Tenant by furnishing to the Tenant a copy of this Lease with particulars inserted; notwithstanding that an instalment of Base Rent may be received by the Landlord, no option, reservation or other right shall be created for the benefit of the Tenant until such time as the Landlord shall have executed and delivered the Lease to the Tenant.

20.2 Showing Leased Premises. The Landlord may at any time within one hundred and eighty (180) days before the end of the Term enter the Leased Premises and bring others at all reasonable hours for the purposes of offering the same for rent and the Landlord may place upon the Leased Premises a notice that the Leased Premises are available for lease.

20.3 **Time of Essence.** Time shall be of the essence of this Lease.

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

20.5 **Governing Law.** The lease shall be construed and governed by the laws of the Province of British Columbia. Should any provision or provisions of the Lease and/or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions and conditions shall remain in force and be binding upon the parties hereto as though the said provision or provisions or conditions had never been included.

20.6 **Entire Agreement.** The Tenant acknowledges that there have been no representations made by the Landlord which are not set out in the Lease that the Lease, including schedules hereto, constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing duly signed by the Landlord and the Tenant.

20.7 **Schedules.** The Schedules attached hereto are hereby incorporated into this Agreement and form a part hereof. All terms defined in the body of this Agreement will have the same meaning in the Schedules attached hereto.

20.9 **Temporary Interruptions.** When necessary by reason of accident or other cause, or in order to make any repairs or alterations or improvements to the Leased Premises or to other portions of the Building or the Common Area and Facilities, the Landlord and the Strata Corporation may cause such reasonable and temporary obstruction of the parking and Common Area and Facilities as may be necessary, and may interrupt the supply to the Leased Premises of heat, electricity, water and other services when necessary and until such repairs, alterations or improvements have been completed. There shall be no abatement in rent because of any such obstruction, interruption or suspension, provided that such repairs, alterations or improvements are made as expeditiously as is reasonably possible.

20.10 **Acknowledgement of Receipt of Disclosure Statement and Amendments.** The Tenant acknowledges that the Tenant has received a copy of the disclosure statement dated April 16, 2014 for the development known as "Censorio Group (Hastings & Beta) Holdings Ltd" that the Leased Premises is part of, including all amendments to the disclosure statement, if any, filed up to the date hereof (collectively the "Disclosure Statement") and has been given a reasonable opportunity to read the Disclosure Statement and the execution by the Tenant of this Agreement will constitute a receipt in respect thereof.

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Tenant
Initials

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ARTICLE 21
DEFINITIONS

21.1 Definitions. In this Lease (including this Article) unless there is something in the subject manner or in the context inconsistent therewith, the parties hereto agree that:

- (a) "Additional Rent" means the rent payable pursuant to clauses 2.2(b) and 2.2(c).
- (b) "Applicable Laws" means all governing statutes, laws, by-laws, regulations, ordinances, orders and requirements of governmental or other public authorities having jurisdiction, and all amendments or replacements thereto.
- (c) "Area of the Leased Premises" means the area the Leased Premises, being 2069 square feet as shown on Schedule "A".
- (d) "Base Rent" means the minimum annual rent payable by the Tenant as set forth in sub-clause 2.2(a)(i), revised in accordance with Article 2.7.
- (e) "Building" means the building and all Common Area and Facilities on Strata Plan EPS_____.
- (f) "Common Area and Facilities" means those areas, facilities, improvements, installations and equipment that are designated as Common Property on Strata Plan EPS_____ or under the *Strata Property Act*.
- (g) "Commencement Date" means that date set out in Article 1.2.
- (h) "Fixturing Period" means the period from August 1, 2015 to the day immediately prior to the Commencement Date.
- (i) "Insurable Hazards" means fire and such other perils which are covered by insurance policies taken out by or on behalf of the Strata Corporation in connection with the Building and which policies are in force at the time of any incident in relation thereto.
- (j) "Landlord's Work" means the work, if any, to be performed by the Landlord at its cost and expense more particularly set forth in Schedule "B".
- (k) "Lease" means this Indenture and all Schedules attached hereto, and the rules and regulations made from time to time by the Landlord under the provisions of Article 19.5.
- (l) "Lease Year" means a 12 month period commencing with the first day of January in one particular year and ending on the last day of December in the same calendar year.
- (m) "Leased Premises" means a portion of Parcel Identifier: 029-125-626, Strata Lot A, District Lot 122 Group 1 New Westminster District Strata Plan EPS_____.

which portion of strata lot is shown outlined in bold black line on the plan annexed hereto as Schedule "A". The Common Area and Facilities (including, but not limited to, columns and walls that form part of the Common Area and Facilities) that are within the space enclosed by the boundaries of the Leased Premises do not form part of the Leased Premises.

- (n) "Municipal Tax Cost" means the total, without duplication, of sums paid by the Landlord in respect of Municipal Taxes.
- (o) "Municipal Taxes" means the aggregate of all taxes, local improvement or similar rates, duties, assessments and charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments, both general and special, levied or imposed upon or in respect of the Building or any part thereof, including business taxes (if any) charged on the Common Areas, but not including business taxes charged on the Leased Premises.
- (p) "Prime Rate" means that variable annual rate of interest declared as such from time to time by the Royal Bank of Canada, Main Branch, Vancouver, British Columbia, of the Landlord's principal bank as the rate of interest used by it as a reference rate for commercial loans in Canadian dollars and commonly referred to by the bank as its "prime rate". As the Prime Rate increases and decreases, the rate of interest payable hereunder shall increase or decrease accordingly and without notice. The Tenant agrees that a certificate of any officer of such bank as to the Prime Rate in effect from time to time shall be conclusive evidence of the Prime Rate.
- (q) "Rent" means Base Rent and Additional Rent.
- (r) "Strata Assessments" means all sums assessed or levied by the Strata Corporation as against the Leased Premises, including but not limited to monthly maintenance charges, strata fees, fines, penalties, reserves and special assessments.
- (s) "Strata Corporation" means The Owners, Strata Plan EPS____, a strata corporation under the *Strata Property Act*.
- (t) "*Strata Property Act*" means the *Strata Property Act*, SBC 1998 c. 43, and all amendments and replacements thereto.
- (u) "Taxing Authority" means any duly constituted government authority whether federal, provincial, municipal or otherwise legally empowered to impose taxes, rates, assessments or charges on, upon or in respect of the Building.

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(v) "Term" means the term of this Lease set forth in clause 1.1 and any renewal or extension thereof.

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

LANDLORD:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LIMITED

Per: [Signature]
Authorized Signatory

TENANT:

CHRISTOPHE CHOCOLAT LIMITED

Per: [Signature]
Authorized Signatory

COVENANTOR:

SIGNED, SEALED and DELIVERED by)
CHRISTOPHE BONZON in the presence)
of:)

[Signature]

Signature)
Christophe Bonzon)
Print Name)

Address)
4710 Hastings street)

Burnaby VSC 2K7)
Occupation)

Pastry Chef

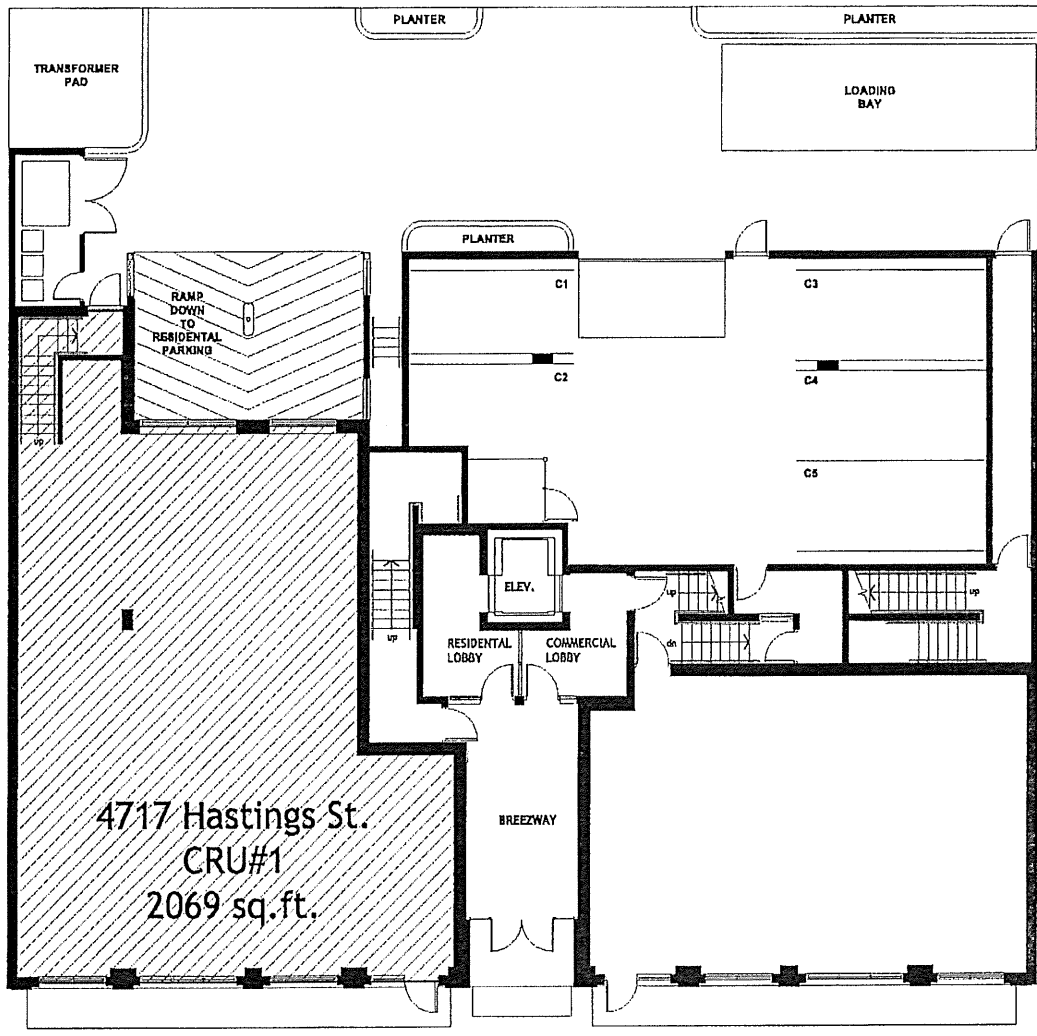
[Signature])
CHRISTOPHE BONZON)



VALID ONLY WHEN COUNTERSIGNED BY LANDLORD

SCHEDULE "A"
LEASED PREMISES

Unit 4717 Hastings: plan showing the Area of the Leased Premises



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SCHEDULE "B"**LANDLORD'S WORK AND TENANT'S WORK****1. Landlord provides the following:**

Premises in an "as is where is" condition, with the exception that the Landlord will at its cost, prior to the Commencement Date, complete the following improvements to the Leased Premises:

- (a) Ceiling - A clear minimum ceiling height of approximately 12' except for the elevated area within the premises;
- (b) Perimeter Walls - All walls shall be drywalled to the underside of the roof decking, taped and sanded to an approximate height of 12';
- (c) Floor - Smooth troweled single plane concrete floor slab;
- (d) Plumbing - One fully fixtured and functional handicap equipped washroom, and one fully fixture standard washroom and rough-in plumbing brought to locations for sinks and dishwasher. The washroom to be located on the west wall. The sinks and plumbing for dishwasher to be located as defined by the floor plan. In addition, the Landlord will supply plumbing for two hand sinks and a mop sink. (as defined by the floor plan from the Tenant);
- (e) Electrical - Electrical panel board (minimum 24 breaker capacity) to be supplied and installed at a location to be determined by Landlord. The panel will be adequate to supply electrical service for 300 amp, 3 phase. An appropriate base connection for a B.C. Hydro Meter will be provided within the Premises or within an electrical room, such location to be determined by the Landlord. Tenants requiring service capacity in excess of the amount provided in each space will be provided additional service (if available) by the Landlord at the Tenant's expense. The Tenant will be billed directly by B.C. Hydro and Power Authority for power consumed and for connection and disconnection charges;
- (f) Telephone - Two conduit with wiring to a wall outlet for telephone service to a point within the leased premises designated by the Tenant;
- (g) Heating, Venting and Air Conditioning - Heating, Ventilating and Air-Conditioning Equipment, designed and selected by the Landlord shall be installed by Landlord. The HVAC system shall have an open-ended trunk duct at one location into the Premises from which interior distribution of ductwork may be taken. The Tenant shall be responsible for all interior distribution and diffusers of heating, ventilating and air-conditioning system. In the event the additional zoned heating, ventilating or air-conditioning are required because of the Tenant's equipment, lighting or partitions, the additional mechanical work and/or equipment shall be installed at the Tenant's expense by the Landlord;

- (h) Bathroom Exhaust - The Landlord shall provide two 4 inch capped vents for bathroom fans. In the event the duct is penetrated through the rooftop, roof flashing and curbing will be provided;
- (i) Rear Service Door - One standard metal door to be installed by Landlord;
- (j) Exhaust - Opening for oven exhaust (designed to NFPA 96); and
- (k) Sprinkler System - The Landlord shall provide a fire sprinkler system.

All Landlord's improvements will be to code and shall comply with all regulatory authorities. All building permits for the Landlord's work will be obtained by Landlord at its cost.

2. Tenant is responsible for the following:

- (a) All interior furniture, equipment and decor. The design and layout must be submitted to and approved by the Landlord prior to installation.
- (b) Storefront to Landlord's approval.
- (c) Identification signs to Landlord's approval.
- (d) Clean up and disposal of rubbish created by tenants work during fixturing and finishing.
- (e) The installation, operation and maintenance of any special equipment required by the Tenant's occupancy, including telephone, computers and special communications facilities.
- (f) Applying for and obtaining the occupancy permit from the City of Burnaby and all permits and licenses necessary to operate its business from the Leased Premises.

The Tenant shall be responsible for securing all the necessary building permit and approvals in accordance with Applicable Laws for the Tenant's improvements at the Tenant's cost prior to the commencement of any such work within the Leased Premises. All Tenant improvements must receive the prior approval of the Landlord, acting reasonably. The Tenant upon completion of its work or on earlier request of the Landlord shall provide the Landlord with copies of all permits, engineering reports, surveys, and applicable licenses in its possession.

3. Tenant's Improvement Allowance. The Landlord will provide the Tenant with a Tenant improvement allowance (the "Allowance"), to a maximum amount of \$20,069.00, four days following the expiration of the lien holdback period as defined by the *Builders Lien Act* (British Columbia), provided the following conditions have been met:

- (a) the Tenant's leasehold improvements to the Leased Premises have been completed to the satisfaction of the Landlord, acting reasonably;

- (b) no builders lien claims have been filed in connection with such work;
- (c) the Tenant has provided the Landlord with copies of all invoices and receipts in connection with such work;
- (d) the Tenant has delivered to the Landlord if requested by the Landlord a clearance certificate issued under the *Worker's Compensation Act* (British Columbia) or any other work place safety legislation in force in British Columbia in respect of the completion of the Tenant's Work; and
- (e) the Tenant is occupying and conducting business with the public from the Leased Premises.

SCHEDULE "A"

RULES AND REGULATIONS

1. The Tenant shall not perform any acts or carry on any practice which may injure the Common Area and Facilities or be a nuisance to any other tenants or owners of premises situate in the Building.
2. The Tenant shall not burn any trash or garbage in or about the Leased Premises or anywhere within the confines of the Building.
3. The Tenant shall not keep or display any merchandise on or otherwise obstruct the sidewalks, malls, aisles or other areas adjacent to the Leased Premises.
4. The Tenant shall not overload any floor of the Leased Premises.
5. The Tenant shall at all times keep the Leased Premises in a clean and sanitary condition in accordance with the laws and directions, rules and regulations of any government or Municipal agency having jurisdiction and notwithstanding anything in this Lease contained shall replace or be responsible for the cost of replacing with glass of the same quality any broken glass in exterior and interior windows and doors in or upon the Leased Premises.
6. At the commencement and throughout the Term of this Lease the Tenant shall, at the expense of the Tenant, install and maintain all necessary lighting fixtures and store fixtures.
7. The Tenant shall not grant any concessions, licences or permits to any person, firm or corporation to sell or take orders for merchandise or services in the Leased Premises without the prior written approval of the Landlord.
8. The Tenant agrees that the Tenant will not carry on or permit to be carried on any business in the Leased Premises under a name or style other than the name of the Tenant and or Chez Christophe: Chocolaterie Patisserie; or call or permit the Leased Premises or any business carried on therein to be called any name other than the name contained herein, without the prior written consent of the Landlord.
9. The Tenant shall keep all display windows well lighted after dusk until 11 o'clock in the evening, Vancouver time, in each day, unless prevented by cause beyond the control of the Tenants.

SCHEDULE "D"

OPTION TO RENEW

If the Tenant:

- (a) pays the Rent as and when due and punctually observes and performs its covenants, obligations and agreements under and in accordance with the terms of the Lease;
- (b) is not in default under the terms of the Lease;
- (c) gives the Landlord written notice of its intention to renew this Lease no more than eight months and no less than six months prior to the expiration of the then current Term; and
- (d) has not assigned this Lease and is itself in occupation of and conducting business in the whole of the Premises;

then the Tenant will have the right to extend the Term following the expiry of the initial Term for a further period of 5 years and a right to further extend the Term for an additional period of 5 years following the expiry of the first extension, if exercised and provided the foregoing conditions set out in paragraphs (a) to and including (d) above continue to be satisfied (each, an "Extended Term"), upon the same terms and conditions as are set out in this Lease, except that:

- (e) there will be no further rights to extend the Term;
- (f) any Fixturing Period or requirement on the Landlord's part to do any of the Landlord's Work or pay or make available to the Tenant any construction allowance, inducement, free rent, loan or other amount in connection with this Lease or improvements installed in the Premises, will not apply to an Extended Term;
- (g) if the Landlord requires, the Tenant will promptly execute an extension agreement prepared by the Landlord at the Tenant's expense, giving effect to such Extended Term; and
- (h) the annual Base Rent in respect of each Extended Term will be mutually agreed upon between the Landlord and the Tenant based upon the Fair Market Rent of the Premises as at the date three months prior to the commencement of such Extended Term, provided the Base Rent will in no event be less than the annual Base Rent payable by the Tenant for the last 12 months of the initial Term or Extended Term then expiring, as the case may be, and further provided that if the parties are unable to agree as to such Base Rent by no later than three months prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, then the Base Rent for such Extended Term will be determined by

arbitration in accordance with the *Commercial Arbitration Act* of British Columbia by a single arbitrator chosen by the Landlord and tenant acting reasonably. The cost of such arbitration shall be borne equally amongst the parties. If the annual Base Rent has not been determined by the commencement of such Extended Term, the Tenant will continue to pay Base Rent at the annual rate payable immediately prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, until such Base Rent is determined, and within 10 days after the Base Rent for such Extended Term is determined, the Tenant will pay to the Landlord any amount retroactively owing from the commencement of such Extended Term. **“Fair Market Rent”** means the fair market Base Rent for the Premises, having regard to renewal rents then being obtained for premises that are of similar size and quality to that of the Premises and which are similarly used, located and fixtured.

If the Tenant exercises this option to extend the Term within the time and in the manner as aforesaid, the Tenant will, prior to the commencement of the Extended Term, refurbish the Premises at its own cost in accordance with the Landlord’s (acting reasonably) then current standard construction requirements and design criteria for the Building.

This is Exhibit "J" referred to in the affidavit
of Peter Censorio

sworn before me at Vancouver, BC this
6th day of December, 2018

.....
A Commissioner for taking Affidavits for
British Columbia

ISSUED July 7, 2015

LEASE

between

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD

LANDLORD

AND

BURNABY HEIGHTS MATH & READING INC.

TENANT

AND

ELIZA LAM

COVENANTOR

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THIS LEASE made as of the 6th day of July, 2015.

BETWEEN:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LTD,

a company duly incorporated under the laws of the Province of British Columbia, having an office at 2410 Charles Street, Vancouver, B.C. V5K 2Z9

(the "Landlord")

AND:

BURNABY HEIGHTS MATH & READING INC.

a company duly incorporated under the laws of the Province of British Columbia, having an records office at 220-7565 132nd St. Surrey, B.C.

(the "Tenant")

AND:

ELIZA LAM,

residing at 4107 Frances Street, Burnaby, B.C. V5C 2P8

(the "Covenantor")

For premises located at 4725 Hastings Street, Burnaby, B.C. as shown outlined in Schedule A

WITNESSES THAT FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

**ARTICLE 1
DEMISE AND TERM**

1.1 Demise and Term. In consideration of the rents, covenants and agreements contained in this Lease which rents, covenants and agreements are to be paid, observed and performed by the Tenant, the Landlord does hereby demise and lease unto the Tenant the Leased Premises to have and to hold for and during the Term of five (5) years from the Commencement Date of the Term or unless sooner terminated as hereinafter provided. In addition, the Tenant shall be entitled, for the benefit of the Leased Premises, to enjoy upon the terms and conditions set out in this Lease the use in common with others entitled thereto of the Common Area and Facilities.

1.2 Commencement. The Commencement Date of the Term is October 1, 2015.

1.3 Early Occupancy/Fixturing Period. During the Fixturing Period the Tenant may occupy the Leased Premises jointly with the Landlord and the Landlord's contractor and agents for the purposes of completing the Tenant's Work. All of the Tenant's Work will be completed prior to the expiry of the Fixturing Period. During the Fixturing Period, the Tenant will not be responsible for Base Rent, Additional Rent or other Tenant's expenses, but will be responsible for the Tenant's utilities and will be bound by all other terms of this Lease from the date of first occupancy of the Leased Premises by the Tenant for the purpose of fixturing the Leased Premises and opening for business. Upon execution of this Lease, the Tenant will be entitled to the use and possession of the Leased Premises, in common with the Landlord, for the purposes of renovation and remodelling as part of the Tenant's Work. The Tenant acknowledges and agrees that the Tenant's ability to use and possess the Leased Premises during the Fixturing Period is expressly subject to the Tenant not interfering with the Landlord's ability to complete the Landlord's Work.

Upon the execution of this Lease, the Tenant covenants to use diligent commercially reasonable efforts to obtain all approvals and permits required in accordance with Applicable Laws for Tenant's permitted use of the Premises.

1.4 Net Lease. The Tenant acknowledges and agrees that it is intended by both parties that this Lease shall be a completely carefree net lease for the Landlord, except as expressly hereinafter set out, that the Landlord shall not be responsible for any costs, charges, expenses, and outlays of any nature whatsoever arising from or related to the Leased Premises, or the contents thereof and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Leased Premises and a proportionate share of charges, impositions, costs and expenses in connection with the Building as set out in Article 2 hereunder, and the Tenant covenants with the Landlord accordingly.

ARTICLE 2
RENT

2.1 Deposit. A deposit of SIX THOUSAND AND THIRTY-SIX DOLLARS AND SEVENTY-NINE CENTS (\$6,036.79) has been received. One-half shall be credited to the Tenant for its payment of the first monthly base Rent due, plus Goods and Services Tax or Harmonized Sales Tax, as applicable. The balance shall be held as security and credited towards the last month's base Rent due in the Term. The additional shall be paid according to terms of the lease. In the event of default under the terms hereof, the Landlord may terminate this agreement and retain the deposit in full satisfaction of any remedies available to the Landlord.

2.2 Rent. The Tenant covenants and agrees to pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada, without any set-off, compensation or deduction whatsoever on the days and at the times hereinafter specified, rent which shall be the aggregate of the sums specified in clauses (a), (b), and (c) below:

- (a) **Base Rent.** Base Rent per annum during each year of the Term beginning from the Commencement Date of Term, payable in equal monthly instalments on the first day of each month in advance, all as set out in the table below:

(a)	<u>Year of Term</u>	(b)	<u>Base Annual Rent</u>	(c)	<u>Monthly Instalment of Base Rent</u>	(d)	<u>Per Sq. Ft. Per Annum</u>
(e)	1 - 3	(g)	\$34,496.00	(i)	\$2,874.66	(k)	\$28.00
(f)	4-5	(h)	\$36,960.00	(j)	\$3,080.00	(l)	\$30.00

(b) **Additional Rent.** Together with the Tenant's share for the duration of the Term of the aggregate of the following:

- (i) Strata Assessments;
- (ii) all costs and expenses incurred by the Landlord in connection with the Building; and
- (iii) Municipal Taxes applicable to the Leased Premises; and

(c) **Further Additional Rent.** Together with:

- (i) taxes levied on rents or other amounts collectible by the Landlord hereunder or other amounts payable by the Tenant hereunder that are in addition to or not in the nature of income or profit taxes;
- (ii) all costs and expenses incurred by the Landlord in connection with the Leased Premises; and
- (iii) all other costs, charges, amounts and expenses as are required to be paid by the Tenant to the Landlord under this Lease.

2.3 Payment of Rent. The items of rent provided for in this Article 2 shall be paid by the Tenant as follows:

(a) **Base Rent.** Unless otherwise provided herein, the first monthly instalment of Base Rent shall be paid by the Tenant on the Commencement Date of Term. Where the Commencement Date of Term is the first day of a calendar month such instalment shall be in respect of such month, where the Commencement Date of Term is not the first day of a calendar month, rent for the period from the Commencement Date of Term to the first day of the next ensuing calendar month shall be prorated on a per diem basis and paid on the first day of such month and the instalment of Base Rent paid upon the Commencement Date of Term shall be in respect of the Base Rent for the first full calendar month of the Term; thereafter in either case subsequent monthly instalments shall be paid in advance on the first day of each ensuing calendar month during the Term.

- (b) **Additional Rent Payments.** The amount of Additional Rent which the Tenant is to pay shall be estimated by the Landlord for such period as the Landlord may determine from time to time. The Tenant agrees to pay to the Landlord such amount in monthly instalments in advance during each period on the dates and at times for payment of Base Rent provided for in this Lease; payments on account of Additional Rent shall be accounted for, and an adjustment made, if necessary, in accordance with Article 2.4.
- (c) **Free Rent.** The Tenant will be granted five (5) months free of Base Rent being January 2016, September 2016, January 2017, September 2017 and January 2018. During this period the Tenant shall be responsible for Additional Rent.

2.4 Reporting of Costs. Within ninety (90) days after the end of the Lease Year, the Landlord shall furnish to the Tenant a statement of the actual Strata Assessments, Municipal Tax Cost and any additional costs incurred by the Landlord in connection with the Leased Premises and the Building during the Lease Year and the Tenant's portion thereof determined pursuant to this Article showing in reasonable detail the information relevant and necessary to the exact calculation of these amounts. If the amount payable by the Tenant as shown on such statement is greater or less than the aggregate of amounts paid on account of Additional Rent by the Tenant to the Landlord for such Lease Year pursuant to Article 2.3(b) the proper adjustment shall be made within 21 days after delivery of the statement. Any payment made by the Landlord or made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, shall be without prejudice to the right of the Landlord to claim a re-adjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this paragraph. If for any reason beyond the Landlord's control the Landlord is unable to deliver the statement hereinbefore referred to within the said period of ninety (90) days, the Landlord shall take all reasonable steps as may be necessary to deliver such statement as soon thereafter as is reasonably possible and the failure to provide such statement within the said period shall not entitle the Tenant to withhold any sum payable to the Landlord hereunder, or to claim damages from the Landlord.

2.5 Rent for Irregular Periods. All rent reserved herein, including, without limiting the generality of foregoing the Additional Rent shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate rent for irregular periods of less than one year an appropriate pro-rata adjustment shall be made on a daily basis in order to compute rent for such irregular period.

2.6 Waiver of Offset. The Tenant hereby waives and renounces any and all existing and future claims, offsets and compensation against any rent or other amounts due hereunder and agrees to pay such rent and other amounts regardless of any claim, offset or compensation which may be asserted by the Tenant or on its behalf.

2.7 Base Rent Calculation. The Base Rent set out in Article 2.2(a) has been calculated on the basis that the Leased Premises comprises 1,232 square feet and the parties agree that the actual Base Rent payable hereunder shall be determined by multiplying the Area of the Leased

Premises by the annual Base Rent rate per square foot for each year of the term as shown in Article 2.2(a).

ARTICLE 3
ACCEPTANCE OF LEASED PREMISES

3.1 Acceptance of Leased Premises. The opening by the Tenant of its business in the Leased Premises shall constitute an acknowledgement by the Tenant that the Leased Premises are in the condition called for by this Lease and that the Landlord has performed all of the Landlord's Work, if any, with respect thereto.

3.2 Installation of Signs and Operation of Signs. The Tenant after first obtaining the written approval of the Landlord acting reasonably and the Strata Corporation to the specifications, design, location and method of installations (which matters shall be established in part by the Strata Corporation by-laws, rules and regulations) may, at the expense of the Tenant, install, maintain and operate during such reasonable hours as the Landlord and the Strata Corporation or the Commercial Section of the Strata Corporation may determine, a suitable sign. Any sign of the Tenant must fully comply with:

- (a) all Strata Corporation by-laws, rules and regulations and all amendments or replacements thereto;
- (b) all rules and regulations of the Commercial Section of the Strata Corporation; and
- (c) all Applicable Laws.

Notwithstanding any other provisions contained herein, Tenant shall be permitted, at Tenant's cost and expense, to install and display the logo of Tenant's Franchisor, Kumon Canada, Inc. ("Franchisor"), pursuant to Tenant's Franchise Agreement and Operations Manual, in proper nationally trademarked form and color, provided that same is permitted by the applicable zoning authority. Furthermore, Landlord shall have no interest in signs provided and Tenant or Tenant's agent may remove the sign in the event the Franchise Agreement is terminated, or at the end of the lease term, and any extensions or renewals thereof. Notwithstanding anything to the contrary contained herein, if the Tenant has first obtained the written approval of the Strata Corporation for the following and has confirmed the following complies with all Applicable Laws, then the Landlord will provide at the Landlord's cost a suspended metal mesh sign with a metal front plate that will have an electrical supply that will enable illumination. The Tenant acknowledges and agrees that the Tenant is responsible for providing at the Tenant's cost the insert solid metal sign plate to be attached to the woven steel backing cut through lettering.

ARTICLE 4
CONDUCT OF BUSINESS

4.1 Conduct of Business. The Tenant covenants with the Landlord that:

- (a) **Use of Leased Premises.** The Tenant will not use or occupy the Leased Premises or any part thereof for any purpose other than the operation of the business of the tutoring of math and reading, and for no other purpose unless approved in writing in advance by the Landlord;
- (b) **Prohibited Uses.** The Tenant shall not, at any time, carry on or suffer, permit or allow to be carried on in the Leased Premises any business or occupation which shall be deemed by the Landlord or the Strata Corporation to be a nuisance to the Landlord or to neighbours or other occupants of the Building, or to the public;
- (c) **To Operate During the Term.** The Tenant will not during the Term vacate the Leased Premises either in whole or part (whether actually or constructively) but shall:
 - (i) actively carry on in the entire Leased Premises the type of business for which the Leased Premises are leased to the Tenant; and
- (d) **Signs.** Without in any way limiting Article 3.2, the Tenant will not erect or place, or suffer to be erected or placed, or maintain any signs of any nature or kind whatsoever on the exterior walls of the Leased Premises, on or visible from the exterior through the display windows of the Leased Premises, or on the walls or elsewhere in the Building, without first obtaining the Landlord's written approval and consent in each instance.

ARTICLE 5
REPAIRS

5.1 Tenant's Repairs. The Tenant covenants with the Landlord that:

- (a) **Tenant's Repairs.** The Tenant shall at all times during the Term at its own cost and expense, repair, maintain and keep the Leased Premises, all equipment, fixtures and mechanical systems within the Leased Premises or elsewhere if such equipment, fixtures or system are provided exclusively for the use or benefit of the Leased Premises and any improvements now or hereafter made to the Leased Premises in good order and repair, as a careful owner would do, reasonable wear and tear, repairs for which the Strata Corporation is responsible under the *Strata Property Act* only excepted, and the Tenant covenants to perform such maintenance, to effect such repairs and replacements and to decorate at its own cost and expense as and when necessary or reasonably required so to do by the Landlord;
- (b) **Plate Glass.** That the Tenant shall promptly repair, or cover the cost of repairing if such repair is conducted by the Strata Corporation, with materials of at least

equivalent quality all damaged glass, plate glass, doors and windows in the Leased Premises unless such damage is caused by the Landlord, its servants or agents;

- (c) **Landlord's Examination of Leased Premises.** The Landlord and any employee, servant or agent of the Landlord shall be entitled, at any reasonable time during business hours and during an emergency, from time to time, to enter and examine the state of maintenance, repair, decoration and order of the Leased Premises, all equipment and fixtures within the Leased Premises and any improvements now or hereafter made to the Leased Premises and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs, replacements or decorations as may be found necessary from such examination;
- (d) **Repair at End of Term.** At the termination of this Lease (unless the Term is terminated by the Landlord pursuant to Article 5.2(b)) the Tenant will deliver to the Landlord vacant possession of the Leased Premises in the condition in which the Tenant is required to maintain the Leased Premises; and
- (e) **Landlord's Right to Enter for Repairs.** The servants, agents or representatives of the Landlord shall have the right to enter the Leased Premises at all times during business hours to make alterations or repairs as they shall deem necessary for the safety or preservation or proper administration or improvement of the Leased Premises, the Building, or any premises adjoining the Leased Premises and at all times to perform and if it sees fit, to maintain and repair the Landlord's Work.

5.2 Damage or Destruction.

- (a) **Partial.** In the event of damage to or destruction of the Building so that the Leased Premises are wholly unfit for the business of the Tenant or partially unfit for the business of the Tenant the Lease shall not be rescinded or terminated but the Base Rent provided to be paid hereunder or a proportionate part thereof shall be abated until the Building shall have been rebuilt or the Leased Premises made fit for the business of the Tenant, whichever is earlier. Such abatement shall be in an amount to be reasonably decided by the Landlord having regard to the nature and extent of such damage or destruction.
- (b) **Total.** In the event of destruction of the Building or damage to fifty per cent (50%) or more of the floor area of the building, whether or not the Leased Premises are damaged, the Lease may be terminated, at the option of the Landlord, by the Landlord giving to the Tenant, within ninety (90) days after the occurrence of such damage to or destruction of the Building notice in writing of the termination of the Lease and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of termination and the Tenant shall immediately upon receipt of such notice make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations

of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord arising from obligations of the Tenant existing prior to the date such notice of termination is given.

- (c) **Cancellation of Strata Plan.** If the Strata Corporation resolves to cancel Strata Plan EPS [redacted] pursuant to the provisions of the *Strata Property Act* then this Lease will terminate as of the date of such resolution to cancel Strata Plan EPS [redacted] and thereupon rent and all other payments for which the Tenant is liable under the Lease shall be apportioned and paid to the date of such resolution and the Tenant shall immediately upon receipt of notice of such resolution make the payment required and deliver up possession of the Leased Premises to the Landlord; provided, however, that such termination shall not affect the obligations of the Tenant, or any guarantor of the obligations of the Tenant, to the Landlord arising from obligations of the Tenant existing prior to the date notice of such resolution is given.
- (d) **Building Does Not Include Improvements.** The Building, for the purpose of this Article 5.2 shall be deemed not to include the improvements installed in the Leased Premises by the Tenant.

5.3 Expropriation. In the event that at any time prior to or during the Term of the Lease more than ten per cent (10%) of the Leased Premises are acquired or expropriated by any lawful expropriating authority or authorities, then, in any such events, at the option of the Landlord, this Lease shall cease and terminate as of the title vesting in such proceeding and the Tenant shall have no claim against the Landlord for the value of any unexpired Term of this Lease or for damages or for any reason whatsoever. In the event that the Landlord does not so elect to cancel this Lease by notice as aforesaid, this Lease shall continue in full force and effect. Both the Landlord and the Tenant agree to co-operate one with the other in respect of any expropriation of all or any part of the Leased Premises or the Common Area and Facilities, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled in law. In the event and to the extent that any portion or portions of the Building other than the Leased Premises shall be expropriated as aforesaid, then any proceeds accruing therefrom or awarded as a result thereof, shall enure to the benefit of, and belong to the Landlord.

ARTICLE 6
COMMON AREAS

6.1 Common Areas. The Tenant covenants with the Landlord that:

- (a) **Tenant's Use of Parking Areas.** The Landlord will make one parking stall available for the use of the Tenant (the "Secured Stall"). The Landlord will make eight parking stalls available for the use of the Tenant and its employees, suppliers, agents, invitees and customers exclusively between the hours of 3:30-6:30 Monday to Friday, all other ours to be in common with the other tenant(s) of the commercial strata lots within the Building and their employees, suppliers, agents, invitees and customers (the "Commercial Parking Stalls" and together

Handwritten initials

with the Secured Stall, the "Parking Stalls"). The location of the Parking Stalls will be at the sole discretion of the Landlord, and the Landlord at its option may change the location of the Parking Stalls from time to time. The Tenant acknowledges and agrees that, except for the Secured Stall noted above, the Landlord is not making any other parking stalls available for the exclusive use of the Tenant or its employees, suppliers, agents, invitees and customers. Save and except for the Parking Stalls, the Tenant and its employees, suppliers, agents, invitees and customers shall be prohibited from using for parking of vehicles and loading and unloading of vehicles any part of the parking areas within the Building. If requested by the Landlord the Tenant shall supply its employee's automobile licence numbers to the Landlord.

- (b) **Landlord's Right to Remove Vehicles.** Should the Tenant, its employees, suppliers or other persons having business with the Tenant park vehicles in areas not allocated for the purpose of such person or persons, the Landlord shall have the right to remove the said trespassing vehicles from time to time and the Tenant will save harmless the Landlord from any and all damages arising therefrom and the Tenant will pay the costs of such removal.
- (c) **Control of Common Areas and Facilities.** The Strata Corporation will, at all times, have the right of control over the Common Area and Facilities. Such control applies to signs, use of show windows, and the Tenant's publicity visible from the exterior of the Leased Premises, as well as to the use made by the Tenant and the public of the Common Area and Facilities.
- (d) **Merchandise on Common Areas.** In particular, but without in any way limiting the generality of the provisions of Article 6.1(c), the Tenant shall not keep, display or sell any merchandise on or otherwise obstruct or use any part of the Common Area and Facilities unless otherwise approved by the strata.

6.2 No Landlord Liability for Common Areas and Facilities. The Tenant acknowledges and agrees that the Strata Corporation has the right of control over the Common Area and Facilities and that the Landlord will not be liable for any failure of the Strata Corporation to keep the parking lot reasonably clear of snow and in suitable condition for the purposes of the Tenant and other tenants of the Building, to adequately light the parking lot, or for any failure by the Strata Corporation to operate, maintain, repair or alter the Common Area and Facilities.

ARTICLE 7

ASSIGNMENT AND SUB-LETTING

7.1 Assignment and Sub-Letting. The Tenant covenants with the Landlord that:

- (a) **Not to Assign.** The rights of the Tenant under this Lease shall not be transferred, assigned or sold and the Tenant shall not sublet the whole or any part of the Leased Premises nor grant any concession or licence within or with respect to the Leased Premises to any party without in either case the prior written consent of the Landlord which consent the Landlord will not unreasonably withhold. The

Landlord may require as a condition of its consent that the party to whom rights are to be granted enter into a covenant with, and in form satisfactory to, the Landlord to perform, observe, keep and fulfil each of the obligations of the Tenant hereunder. Notwithstanding any such consent being given by the Landlord and such transfer, assignment, sale, subletting or grant being effected, the original Tenant hereunder shall remain bound to the Landlord for the fulfilment of all of its obligations hereunder. No consent by the Landlord hereunder shall be construed to mean that the Landlord has consented or will consent to any further transfer, assignment, sale, subletting or grant, and the acceptance of rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be construed, in the absence of an express consent of the Landlord, as an admission by the Landlord of any right, title or interest of such person as a transferee, assignee, sub-tenant or otherwise in the place of or from the Tenant.

(b) **Change in Control of Tenant.** If the Tenant is a private corporation and if by the sale or other disposition of its shares or securities the control or the beneficial ownership of such corporation is changed at any time after the execution of this Lease or during the Term, such change shall be deemed to be in assignment of the Lease within the meaning of this Article 7. If such control or beneficial ownership is changed without the prior written consent of the Landlord, the Landlord may, at its option, cancel the Lease and the Term hereby granted upon the giving of sixty (60) days' notice to the Tenant of its intention to cancel and this Lease and the Term shall thereupon be cancelled.

(c) **Right to Terminate.** If the Tenant requests the Landlord's consent to an assignment of this Lease or to a subleasing of the whole or any part of the Leased Premises, the Tenant shall submit to the Landlord the name of the proposed assignee or sub-tenant, the terms and conditions of such assignment or subletting, and any further information as to the nature of its business and its financial responsibility and standing as the Landlord may reasonably require. Upon the receipt of such request and all of such information from the Tenant, the Landlord shall have the right, exercisable in writing within fourteen (14) days after such receipt, to cancel and terminate this Lease if the request is to assign this Lease or to sublet all of the Leased Premises or, if the request is to sublet a portion of the Leased Premises only, to cancel and terminate this Lease with respect to such portion, in each case as of the date set forth in the Landlord's notice of exercise of such right, which shall be neither less than sixty (60) days nor more than one-hundred and twenty (120) days following the service of such notice. For further clarity, if the Tenant desires to sell its business, it will be able to assign the lease as long as the purchaser can satisfy the Financial and Use requirements of the Landlord, reasonably applied.

(d) **Surrender.** If the Landlord shall exercise the right set forth in the previous paragraph, the Tenant shall surrender possession of the entire Leased Premises or the portion which is the subject of the right, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to

surrender of the Leased Premises at the expiration of the Term. If this Lease shall be cancelled as to a portion of the Leased Premises only, the Base Rent shall be abated proportionately.

ARTICLE 8
INSURANCE

8.1 Insurance. The Tenant covenants with the Landlord that:

- (a) **Tenant to Insure.** The Tenant shall take out and keep in force during the Term:
 - (i) fire insurance with extended coverage endorsements and vandalism and malicious damages endorsements, including sprinkler leakage, plus such additional coverage as the Tenant may deem necessary; to cover the stock-in trade, furniture, fixtures, equipment, machinery, improvements and all other contents of the Leased Premises, for amounts sufficient to replace these items; and
 - (ii) comprehensive general liability insurance policy of its Franchisor, Kumon Canada Inc., in an amount not less than \$2,000,000 inclusive limits based on \$10,000,000 annual aggregate;

and if the Landlord shall require the same from time to time then also:

- (iii) tenant's fire legal liability insurance in an amount not less than the actual cash value of the Leased Premises; and
- (iv) insurance upon all plate glass in or which forms a boundary of the Leased Premises in an amount sufficient to replace all such glass;

all in amounts, with insurers and with policies satisfactory to the Landlord from time to time. Each such policy shall provide that the insurer shall not have any right of subrogation against the Landlord on account of any loss or damage covered by such insurance or on account of payments made to discharge claims against or liabilities of the Tenant covered by such insurance. The cost or premium for each and every such policy shall be paid by the Tenant. The Tenant shall obtain from the insurers under such policies, undertakings to notify the Landlord in writing at least thirty (30) days prior to any cancellation thereof. The Tenant agrees that if the Tenant fails to take out or keep in force such insurance the Landlord will have the right to do so and to pay the premium therefor and in such event the Tenant shall repay to the Landlord the amount paid as premium, which repayment shall be deemed to be additional rent payable on the first day of the next month following the said payment by the Landlord. The Tenant agrees to provide the Landlord with certificates of such insurance policies as described herein and each renewal and replacement thereof and each endorsement thereto.

- (b) **Not to Affect Landlord or Strata Corporation's Insurance.** The Tenant will not upon the Leased Premises do or permit to be done, or omit to do anything

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which shall cause or have the effect of causing the rate of insurance upon the Building or any part thereof to be increased and if the insurance rate shall be thereby increased the Tenant shall pay to the Landlord, or at the Landlord's direction, to the Strata Corporation, as additional rent the amount by which the insurance premiums shall be so increased. The Tenant will not store or permit to be stored upon or in the Leased Premises anything of a dangerous, inflammable or explosive nature nor anything which would have the effect of increasing the Landlord or the Strata Corporation's insurance costs or of leading to the cancellation of such insurance. It is agreed that if any insurance policy upon the Leased Premises or the Building shall be cancelled by the insurer by reason of the use or occupation of the Leased Premises, the Building or any part thereof by the Tenant or by any assignee, sub-tenant, concessionaire or licensee of the Tenant, or by anyone permitted by the Tenant to be upon the Leased Premises or the Building, the Landlord may at its option terminate this Lease by notice in writing of such termination and thereupon rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such notice of termination of the Lease and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord. The Landlord may at any time and at the expense of the Tenant enter upon the Leased Premises and rectify the situation causing such cancellation or rate increase whether notice of termination of this Lease has been given or not.

8.2 Strata Corporation Insurance. The Tenant acknowledges and agrees that the Strata Corporation is responsible for maintaining insurance in respect of the Building to its full replacement value in accordance with the provisions of the Strata Property Act and that the Landlord will not be liable in any way if the Strata Corporation fails to do so.

ARTICLE 9
TENANT ALTERATIONS

9.1 Painting and Decorating. The Tenant may at any time and from time to time at its expense, paint and decorate the interior of the Leased Premises, install trade fixtures and equipment, and make such changes, alterations, additions and improvements in and to the Leased Premises, all as will in the judgement of the Tenant better adapt the Leased Premises for the purposes of which the same are permitted to be used hereunder and the Tenant will build, install and complete in the Leased Premises by the Commencement Date of Term, those items listed in Schedule "B" hereto as being the Tenant's responsibility; provided, however, that no changes, alterations, additions or improvements to the structure, any perimeter wall, the store front, the sprinkler systems, the heating, ventilating, air-conditioning, plumbing, electrical or mechanical equipment or the concrete floor or the roof shall be made without the prior written consent of the Landlord and the Strata Corporation, and without the use of contractors or other qualified workmen to be approved by the Landlord and the Strata Corporation as necessary. All changes, alterations, additions and improvements, whether structural or otherwise, shall comply with all applicable statutes, regulations or by-laws of any municipal, provincial or other governmental authority and with all bylaws, rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant shall pay to the Landlord, or at the direction of the Landlord to the Strata Corporation, the amount of the increase for any insurance

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coverage and/or Municipal Taxes to the extent that such increase is directly attributable to any action by the Tenant pursuant to this paragraph; and the Tenant covenants that such insurance shall not thereby be made liable to avoidance or cancellation by the insurer by reason of such changes, alterations, additions or improvements.

9.2 Landlord's Property. The Tenant agrees that at the expiration or earlier termination of this Lease all changes, alterations, additions and improvements made to or installed upon or in the Leased Premises whether made pursuant to this Article 9 or otherwise and which in any manner are attached in, on or under the floors, walls or ceilings other than unattached movable trade fixtures shall remain upon and be surrendered to the Landlord with the Leased Premises as a part thereof, without disturbance, molestation or injury and shall be and become the absolute property of the Landlord without any payment or indemnity by the Landlord or any third party to the Tenant, unless the Landlord shall by notice in writing require the Tenant to remove all or part thereof, in which event the Tenant covenants and agrees to promptly remove the same in accordance with such notice, and to restore the Leased Premises to the state in which they were prior to commencing any of the Tenant's work as permitted under Article 9.1 save for items not required by the Landlord to be removed, and shall make good any damage or injury caused to the Leased Premises or the Building resulting from such installation or removal, reasonable wear and tear and damage by Insurable Hazards only excepted.

9.3 Prohibitions. The Tenant, its employees, agents and representatives, are expressly prohibited from entering upon the roof of the Building for any reason whatsoever. Without limiting the foregoing, the Tenant shall not make any repairs, openings or additions to any part of the exterior of the Leased Premises, nor place any attachments, decorations, signs or displays in or upon any Common Area and Facilities or on the roof, without the written consent of the Landlord and the Strata Corporation and/or the Commercial Section of the Strata Corporation as necessary, failing which the Tenant will be held responsible for all ensuing costs and damages whether to remove such items or to effect repairs needed as a result of such acts.

9.4 No Liens. The Tenant covenants with the Landlord that it will not permit, do or cause anything to be done to the Leased Premises and the Building during the period of construction and fixturing of the Leased Premises or at any time which would allow any liens, lis pendens, judgement or certificate of any court or any mortgage, charge or encumbrance of any nature whatsoever to be imposed and to remain upon the Leased Premises or the Building or any part thereof. In the event of the registration of any lien or other encumbrance by a contractor or sub-contractor of the Tenant, the Tenant shall at its own expense immediately cause the same to be discharged.

ARTICLE 10
PUBLIC UTILITIES AND TAXES

10.1 Public Utilities, Business Tax and Machinery Tax. The Tenant covenants with the Landlord that the Tenant shall pay promptly for its gas, other fuel, electricity and water consumed on the Leased Premises, for its telephone, for all business taxes, water and garbage rates, licence fees, and all other charges, taxes, licence fees and rates levied or assessed on or in respect of or in relation to the business carried on by and/or the assets of the Tenant within the Leased Premises, or in respect of any fixtures, machinery, equipment or apparatus installed in the

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Leased Premises (or elsewhere in the Building) by the Tenant including Municipal Taxes on improvements made by the Tenant to the Leased Premises whether such taxes, licences, charges or rates are charged to the Landlord or to the Tenant.

10.2 Allocation of Taxes. If a separate allocation of Municipal Taxes is not issued by the relevant Taxing Authority with respect to any Tenant improvement to the Leased Premises, the Landlord or the Tenant with the prior written approval of the Landlord may from time to time apply to the Taxing Authority for a determination of the portion of Municipal Taxes attributable to such Tenant improvement, which determination shall be conclusive for the purpose of this Article. In the event that no such determination may be obtained from the Taxing Authority, the Landlord shall establish the portion of Municipal Taxes attributable to such Tenant improvement using the then current established principles of assessment used by the Taxing Authority.

ARTICLE 11

EXCLUSION OF LIABILITY AND INDEMNITY

11.1 Exclusion of Liability. It is agreed between the Landlord and Tenant that notwithstanding any negligence on the part of the Landlord or any person for whom the Landlord is responsible:

- (a) **Tenant's Property.** The Landlord, its agents, servants and employees shall not be liable for damage or injury to any property of the Tenant within the Building, including the Leased Premises, even if such property is entrusted to the care or control of the Landlord or any person for whom the Landlord is responsible.
- (b) **Personal or Consequential Injury.** The Landlord, its agents, servants and employees shall not be liable nor responsible in any way for any personal or consequential injury of any nature whatsoever, including death, that may be suffered or sustained by the Tenant or any other person arising out of or in connection with the Leased Premises or the operations of the Tenant within the Building, or for any loss or damage or injury to any property belonging to the Tenant or any other person while such property is on the Leased Premises and/or the Building. In particular (but without limiting the generality of the foregoing) the Landlord shall not be liable for any damage or damages of any nature whatsoever to any such person or property caused by the failure to supply adequate drainage or to remove snow or ice, or by the interruption of any public utility or service or by steam, water, rain or snow which may leak into, issue, or flow from any part of the Building or from any other place or quarter, or for any damage caused by anything done or omitted by any tenant or owner within the Building. The Tenant shall not be entitled to any abatement of rent in respect of any such condition, failure or interruption of service.

11.2 Indemnification. The Tenant covenants with the Landlord to indemnify and save harmless the Landlord against and from any and all claims, demands, causes of action, actions proceedings, losses, damages, expenses, costs, and legal fees on a solicitor and client basis which may arise out of or be in any way connected with a matter for which the Landlord's liability is excluded under Article 11.1.

ARTICLE 12
LANDLORD'S RIGHTS AND REMEDIES

12.1 Default. If and whenever:

- (a) the rent hereby reserved or any part thereof shall not be paid on the day appointed for payment thereof, whether lawfully demanded or not;
- (b) any of the covenants, agreements, provisos, conditions or rules and regulations on the part of the Tenant to be kept, observed or performed is not so kept, observed and performed;
- (c) the Leased Premises shall be vacated or remain unoccupied without the written consent of the Landlord;
- (d) the Leased Premises shall be used by any person other than the Tenant, the Tenant's permitted assigns or permitted sublessees, or for any other purpose than that for which the same were let;
- (e) the Term shall be taken in execution or attachment for any cause whatever; or
- (f) a receiver of the Tenant's leasehold interest hereunder shall be appointed;

then and in every such case, it shall be lawful for the Landlord at any time thereafter with or without process of law and by forcible entry if necessary, to levy distress against the goods and chattels of the Tenant, and to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this Lease contained to the contrary notwithstanding.

12.2 Bankruptcy. If the Term or any of the goods and chattels of the Tenant shall be at any time seized in execution or attachment by any creditor of the Tenant; or if a receiver of the Tenant's leasehold interest hereunder is appointed; or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or become bankrupt or insolvent, or take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or, if the Tenant is a corporation and any order shall be made for the winding-up of the Tenant, or other termination of the corporate existence of the Tenant; then in any such case this Lease, shall immediately cease and determine and the Term shall immediately become forfeited and void and the then current month's rent and the next ensuing three (3) months' Base Rent shall become due and be paid and the Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to the Landlord by the Tenant, and the Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Leased Premises and remove the Tenant's effects therefrom, any statute or law to the contrary notwithstanding.

Notwithstanding the foregoing, the Landlord may waive such automatic termination by notice in writing within ten (10) days after notice to it of such seizure, appointment, assignment, bulk sale, bankruptcy, solvency, winding-up or dissolution. Any such waiver shall be without prejudice to any and all rights and remedies of the Landlord hereunder, all of which are expressly reserved.

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The Tenant hereby waives the benefit of section 65.2(1) of the Bankruptcy and Insolvency Act (Canada).

12.3 Payment of Landlord's Expenses. The Tenant shall pay to the Landlord on demand all costs and expenses, including lawyers fees and disbursements (calculated on a solicitor and own client basis), incurred by the Landlord in any steps taken to enforce any of the obligations of the Tenant under this Lease. All such costs and expenses shall be deemed to be rent hereunder.

12.4 Landlord's Right to Relet in Case of Vacancy. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted or vacated, then despite whether or not Rent has been paid in accordance with this Lease, the Landlord shall have the right, if it thinks fit, to enter the same, as the agent of either by force or otherwise without being liable for any prosecution therefor and without determining this Lease thereby, and to relet the Leased Premises or any part or parts thereof as the agent and at the risk of the said Tenant and to receive the rent therefor. Such rent shall be allocated first to the Landlord's costs of so entering and reletting, then to interest on sums due by the Tenant to the Landlord hereunder and unpaid, if any, and then to the payment of any such unpaid sums. The balance of such rent, if any, may be held by the Landlord as security for the fulfilment of the Tenant's obligation hereunder.

12.5 Landlord's Right in case of Desertion. If the Tenant fails to actively carry on business in the Leased Premises or if the Leased Premises shall remain unoccupied, or be deserted, or vacated, at the option of the Landlord and in addition to any other rights which the Landlord may have hereunder or by operation of law or otherwise, expressly including injunction and specific performance, the Tenant shall pay to the Landlord daily for each day such breach continues as further additional rent a sum equal to the Base Rent otherwise payable hereunder, calculated on a per diem basis.

12.6 Right of Landlord to Perform Tenant's Covenants. It is hereby expressly understood and agreed that if at any time and so often as the same shall happen, the Tenant shall make default in the observance or performance of any of the Tenant's covenants herein contained, then the Landlord may, but shall not be obligated so to do, without waiving or releasing the Tenant from its obligations under the terms of this Lease, itself observe and perform the covenant or covenants in respect of which the Tenant has made default, and in that connection may pay such monies as may be required or as the Landlord may reasonably deem expedient, and the Landlord may thereupon charge all monies so paid out and expended by it to the Tenant together with interest thereon from the date upon which the Landlord shall have paid out the same at a rate equal to five percent (5%) per annum above the Prime Rate at the time the Landlord shall have paid out the same, and the Tenant covenants to repay any such monies paid out by the Landlord as aforesaid, together with interest thereon forthwith on demand as additional rent, and the Tenant hereby covenants and agrees with the Landlord that the Landlord shall have the same right and remedies and may take the same steps for the recovery of monies so paid out by the Landlord, together with interest as aforesaid as the Landlord could have or might have taken for the recovery of rent in arrears.

12.7 Interest on Arrears. The Tenant shall pay to the Landlord interest at a rate equal to five percent (5%) per annum above the Prime Rate on all payments of rent and other sums to be paid

to the Landlord under the provisions of this Lease from the date such money becomes payable hereunder until the Landlord is fully paid therefore.

12.8 Right of Landlord to Seize. The Tenant waives and renounces the benefit of any present or future law taking away or limiting the Landlord's rights against the property of the Tenant and notwithstanding any such law, the Landlord may seize and sell all the Tenant's goods and property, whether within the Leased Premises or not and apply the proceeds of such sale upon rent and all other amounts outstanding hereunder and upon the costs of the seizure and sale in the same manner as might have been done if such law had not been passed. The Tenant further agrees that if it leaves the Leased Premises leaving any rent or other amounts provided to be paid under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law, may seize and sell the goods and chattels of the Tenant at any place to which the Tenant or any other person may have removed them, in the same manner as if such goods and chattels had remained upon the Leased Premises.

12.9 Non-Waiver. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the right of the Landlord herein in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only express waiver in writing. The acceptance by the Landlord of a part payment of any sum required to be paid hereunder shall not constitute a waiver or release of its right to payment in full of each sum.

12.10 Remedies Cumulative. All rights and remedies of the Landlord in this Lease contained, or conferred by statute or common law, shall be cumulative and not alternative.

ARTICLE 13
MORTGAGES AND ASSIGNMENT BY LANDLORD

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

13.2 Subordination. This Lease is subject and subordinate to all mortgages, trust deeds or trust indentures granted by the Landlord which may now or at any time hereafter affect in whole or in part the Leased Premises and whether not any such mortgage, trust deed or trust indenture shall affect only the Leased Premises or shall be a blanket mortgage, trust deed or trust indenture affecting other premises as well. This Lease shall also be subject and subordinate to all renewals, modifications, consolidations, replacements and extensions of each such mortgage, trust deed, or trust indenture. In confirmation of such subordination and agreement to attorn, the Tenant shall execute promptly upon request by the Landlord any certificate, instruments of postponement or attornment or other instruments which may from time to time be requested to

give effect thereto; the Tenant hereby irrevocably appoints the Landlord as the Attorney for the Tenant with full power and authority to execute and deliver such instruments for and in the name of the Tenant.

13.3 Offset Statement. Within ten days after request therefor by the Landlord, or in the event that upon any sale, assignment, hypothecation or mortgaging of the Leased Premises by the Landlord an offset statement shall be required from the Tenant, the Tenant covenants and agrees with the Landlord to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to the Landlord, certifying (if such be the case) that this Lease is in full force and effect and that there are no defences, offsets or prepayments.

13.4 Registration. The Tenant covenants and agrees with the Landlord that the Landlord shall not be obliged to deliver this Lease in registrable form and this Lease shall not be registered at the applicable Land Title Office, but at the request of the Tenant or the Landlord and at the cost and expense of the Tenant, the Tenant will cause this Lease to be so registered.

13.5 Assignment By Landlord. In the event of the sale or lease by the Landlord of the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that such purchaser, lessee under such lease or assignee has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall, without further written agreement, be freed and relieved of liability upon such covenants and obligations. The Tenant shall, from time to time at the request of the Landlord, certify or acknowledge to any mortgagee, purchaser, lessee or assignee or proposed mortgagee, purchaser, lessee or assignee, the status and validity of this Lease, and the state of the account between the Landlord and the Tenant hereunder.

**ARTICLE 14
OVERHOLDING TENANT**

14.1 No Tacit Renewal. In the event the Tenant remains in possession of the Leased Premises after the end of the Term without the written consent of the Landlord and without the execution and delivery of a new lease and the Landlord accepts rent, there shall be no tacit renewal of this Lease or the Term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a tenant from month to month, at a monthly rent payable in advance on the first day of each month equal to the sum of:

- (a) double the portion of Base Rent payable during the last month of the Term; and
- (b) a proportionate part of the Additional Rent;

and otherwise upon the same terms, conditions and provisos as are set forth in this Lease insofar as the same are applicable to a month to month tenancy.

**ARTICLE 15
LANDLORD'S COVENANTS**

15.1 Landlord's Covenants. The Landlord covenants with the Tenant:

demand, request, consent or objection shall be sufficiently given or made if and when the same shall be given to any one of such persons. All payments required to be made by this Lease shall be addressed as provided for in this Article unless otherwise directed by the Landlord.

ARTICLE 18
COVENANTOR

18.1 Covenantor. In consideration of \$1.00 of lawful money of Canada now paid by the Landlord to the Covenantor and other good and valuable consideration (the receipt and sufficiency of which the Covenantor hereby acknowledges) the Covenantor hereby covenants and agrees with the Landlord for the duration of the Term, as such Term may be extended or renewed from time to time, to make or cause to be made due payment to the Landlord of Rent in accordance with this Lease, including any release in Rent under this Lease from time to time, whether resulting from any extension of this Lease or otherwise, and to observe and perform or cause to be observed and performed all the obligations of the Tenant under this Lease as if the Covenantor was the Tenant named in this Lease and in connection therewith the Covenantor hereby jointly and severally agrees with the Landlord to indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Tenant to pay the aforesaid Rent, money, charges or other amounts due under this Lease or resulting from any failure by the Tenant to observe or perform any of the Tenant's obligations under this Lease.

In the event of a default by the Tenant under this Lease, the Covenantor waives any right to require the Landlord to:

- (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease;
- (b) proceed against or exhaust any security of the Tenant held by the Landlord; or
- (c) pursue any other remedy whatsoever in the Landlord's power.

The Landlord has the right to enforce the indemnity provided in this Article regardless of the acceptance of additional security from the Tenant and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.

ARTICLE 19
GENERAL CONDITIONS

19.1 Garbage, Debris, Refuse. No debris, garbage, trash or refuse shall be placed or left, or be permitted to be placed or left in, or upon any part of the Building outside of the Leased Premises, but shall be deposited by the Tenant in areas and at times and in a manner specifically designated by the Landlord from time to time. Should any of the items herein mentioned be of a perishable nature the same shall be kept in a properly refrigerated area provided at its cost by the Tenant. Should there be costs for removal of said items additional to the removal service provided by the municipality in which the Building is located or should that municipality charge for such service, then the Tenant shall pay for such costs.

19.2 Compliance With Laws. At the sole cost and expense of the Tenant, the Leased Premises shall be kept by the Tenant in a clean and sanitary condition in accordance with the laws of the municipality in which the Building is located and in accordance with all directions, bylaws rules and regulations of the health officer, fire marshal, building inspector or other proper officers of that municipality, other agencies having jurisdiction, the Strata Corporation and the insurers of the Landlord; in the event that the Tenant fails to comply with the foregoing provisions the Landlord may rectify the situation and collect the expense for such work from the Tenant in the same manner as arrears of rent.

19.3 Nuisance. The Tenant shall not use or permit any part of the Leased Premises to be used in such manner as to cause a nuisance nor to cause or permit annoying noises or vibrations or offensive odours. The Tenant agrees that the Landlord shall determine in its own discretion if any such state or condition exists.

19.4 Rules and Regulations. The Tenant covenants that it will abide by any and all bylaws, rules and regulations which may from time to time be established by the Landlord, the Strata Corporation and the Commercial Section of the Strata Corporation. The Landlord shall communicate such rules and regulations to the Tenant in writing and after such communication such rules and regulations shall be deemed to be an integral part of the Lease. The rules and regulations set forth in Schedule "C" annexed hereto and the bylaws of the Strata Corporation shall be the rules and regulations in force until amended by the Landlord and notice thereof is given to the Tenant in writing.

19.5 Delivery of Possession. If this Lease is terminated prior to the end of the Term then the rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination, and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord.

19.6 Service Interruptions. The Landlord does not warrant that any service or facility provided by the Landlord hereunder will be free from interruptions caused or required by maintenance, repairs, renewals, modifications, strikes, riots, insurrections, labour controversies, force majeure, Acts of God or other cause or causes beyond the Landlord's care or control. No such interruption shall be deemed an eviction or disturbance of the Tenant's enjoyment of the demised premises or any other part of the Building nor render the Landlord liable in damages to the Tenant, nor relieve the parties from their obligations under this Lease, provided that the Landlord shall without delay take all reasonable and practical steps within its power to remove the cause of such interruptions.

19.7 Strata By-law and Rules and Regulations Compliance. The Tenant acknowledges receipt of a copy of the current bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and acknowledges and agrees that its use of the Premises may be limited by the bylaws of the Strata Corporation and any rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation. The Tenant covenants to comply with and abide by the bylaws of the Strata Corporation and the rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation as the same may be amended or replaced from time to time.

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19.8 Limitation of Landlord's Actions. The Tenant acknowledges and agrees that the Landlord's ability to:

- (a) make the Common Area and Facilities available to the Tenant;
- (b) to operate, maintain, repair and alter the Building and the Common Area and Facilities;
- (c) approve any alterations by the Tenant to the Leased Premises;
- (d) permit the Tenant to affix signage on or about the Leased Premises or the Building;
- (e) rebuild the Premises after damage or destruction; and
- (f) otherwise control or be responsible for those aspects of the Building under the management, maintenance and administration of the Strata Corporation,

is limited by the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation and rules and regulations of the Strata Corporation and the Commercial Section of the Strata Corporation and the authority of the Strata Corporation and the Commercial Section of the Strata Corporation over the Building and the Common Area and Facilities. The Tenant acknowledges and agrees that the Strata Corporation is responsible for the operation, maintenance, repair and alteration of the Common Area and Facilities, and that the Landlord will not be liable to the Tenant under this Lease for any obligation of the Landlord that is limited in any way by the rights of the Strata Corporation under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant acknowledges and agrees that the Landlord will not be liable to the Tenant for any failure by the Strata Corporation to fulfill its obligations under the *Strata Property Act*, its regulations, the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation. The Tenant covenants not to communicate directly with the Strata Corporation without the Landlord's written consent, not to be unreasonably withheld. The Landlord will not be liable to the Tenant if the Strata Corporation or the Commercial Section of the Strata Corporation or the bylaws of the Strata Corporation or rules and regulations of the Strata Corporation or the Commercial Section of the Strata Corporation do not permit the Landlord to fulfil any of its obligations under this Lease.

19.9 Exclusivity. Landlord agrees not to lease any property owned or controlled by the Landlord within the Building now or at any time during the initial Term of this lease or any renewal thereof to any entity which caters to the educational requirement of Math & Reading skills currently offered by the lessee.

ARTICLE 20
MISCELLANEOUS PROVISIONS

20.1 No Offer. The Landlord shall not be deemed to have made an offer to the Tenant by furnishing to the Tenant a copy of this Lease with particulars inserted; notwithstanding that an instalment of Base Rent may be received by the Landlord, no option, reservation or other right shall be created for the benefit of the Tenant until such time as the Landlord shall have executed and delivered the Lease to the Tenant.

20.2 Showing Leased Premises. The Landlord may at any time within one hundred and eighty (180) days before the end of the Term enter the Leased Premises and bring others at all reasonable hours for the purposes of offering the same for rent and the Landlord may place upon the Leased Premises a notice that the Leased Premises are available for lease.

20.3 Time of Essence. Time shall be of the essence of this Lease.

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

20.5 Governing Law. The lease shall be construed and governed by the laws of the Province of British Columbia. Should any provision or provisions of the Lease and/or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions and conditions shall remain in force and be binding upon the parties hereto as though the said provision or provisions or conditions had never been included.

20.6 Entire Agreement. The Tenant acknowledges that there have been no representations made by the Landlord which are not set out in the Lease that the Lease, including schedules hereto, constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing duly signed by the Landlord and the Tenant.

20.7 Schedules. The Schedules attached hereto are hereby incorporated into this Agreement and form a part hereof. All terms defined in the body of this Agreement will have the same meaning in the Schedules attached hereto.

20.9 Temporary Interruptions. When necessary by reason of accident or other cause, or in order to make any repairs or alterations or improvements to the Leased Premises or to other portions of the Building or the Common Area and Facilities, the Landlord and the Strata Corporation may cause such reasonable and temporary obstruction of the parking and Common Area and Facilities as may be necessary, and may interrupt the supply to the Leased Premises of heat, electricity, water and other services when necessary and until such repairs, alterations or improvements have been completed. There shall be no abatement in rent because of any such obstruction, interruption or suspension, provided that such repairs, alterations or improvements are made as expeditiously as is reasonably possible.

20.10 **Acknowledgement of Receipt of Disclosure Statement and Amendments.** The Tenant acknowledges that the Tenant has received a copy of the disclosure statement dated April 16, 2014 for the development known as "Censorio Group (Hastings & Beta) Holdings Ltd" that the Leased Premises is part of, including all amendments to the disclosure statement, if any, filed up to the date hereof (collectively the "Disclosure Statement") and has been given a reasonable opportunity to read the Disclosure Statement and the execution by the Tenant of this Agreement will constitute a receipt in respect thereof.



ARTICLE 21
DEFINITIONS

21.1 **Definitions.** In this Lease (including this Article) unless there is something in the subject manner or in the context inconsistent therewith, the parties hereto agree that:

- (a) "Additional Rent" means the rent payable pursuant to clauses 2.2(b) and 2.2(c).
- (b) "Applicable Laws" means all governing statutes, laws, by-laws, regulations, ordinances, orders and requirements of governmental or other public authorities having jurisdiction, and all amendments or replacements thereto.
- (c) "Area of the Leased Premises" means the area the Leased Premises, being 1232 square feet as shown on Schedule "A".
- (d) "Base Rent" means the minimum annual rent payable by the Tenant as set forth in sub-clause 2.2(a)(i), revised in accordance with Article 2.7.
- (e) "Building" means the building and all Common Area and Facilities on Strata Plan EPS_____.
- (f) "Common Area and Facilities" means those areas, facilities, improvements, installations and equipment that are designated as Common Property on Strata Plan EPS_____ or under the *Strata Property Act*.
- (g) "Commencement Date" means that date set out in Article 1.2.
- (h) "Fixturing Period" means the period from August 1, 2015 to the day immediately prior to the Commencement Date.
- (i) "Insurable Hazards" means fire and such other perils which are covered by insurance policies taken out by or on behalf of the Strata Corporation in connection with the Building and which policies are in force at the time of any incident in relation thereto.

K [Signature]

- (j) "Landlord's Work" means the work, if any, to be performed by the Landlord at its cost and expense more particularly set forth in Schedule "B".
- (k) "Lease" means this Indenture and all Schedules attached hereto, and the rules and regulations made from time to time by the Landlord under the provisions of Article 19.5.
- (l) "Lease Year" means a 12 month period commencing with the first day of January in one particular year and ending on the last day of December in the same calendar year.
- (m) "Leased Premises" means a portion of Parcel Identifier: 029-125-626, Strata Lot A, District Lot 122 Group 1 New Westminster District Strata Plan EPS____, which portion of strata lot is shown outlined in bold black line on the plan annexed hereto as Schedule "A". The Common Area and Facilities (including, but not limited to, columns and walls that form part of the Common Area and Facilities) that are within the space enclosed by the boundaries of the Leased Premises do not form part of the Leased Premises.
- (n) "Municipal Tax Cost" means the total, without duplication, of sums paid by the Landlord in respect of Municipal Taxes.
- (o) "Municipal Taxes" means the aggregate of all taxes, local improvement or similar rates, duties, assessments and charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments, both general and special, levied or imposed upon or in respect of the Building or any part thereof, including business taxes (if any) charged on the Common Areas, but not including business taxes charged on the Leased Premises.
- (p) "Prime Rate" means that variable annual rate of interest declared as such from time to time by the Royal Bank of Canada, Main Branch, Vancouver, British Columbia, of the Landlord's principal bank as the rate of interest used by it as a reference rate for commercial loans in Canadian dollars and commonly referred to by the bank as its "prime rate". As the Prime Rate increases and decreases, the rate of interest payable hereunder shall increase or decrease accordingly and without notice. The Tenant agrees that a certificate of any officer of such bank as to the Prime Rate in effect from time to time shall be conclusive evidence of the Prime Rate.
- (q) "Rent" means Base Rent and Additional Rent.
- (r) "Strata Assessments" means all sums assessed or levied by the Strata Corporation as against the Leased Premises, including but not limited to monthly maintenance charges, strata fees, fines, penalties, reserves and special assessments.
- (s) "Strata Corporation" means The Owners, Strata Plan EPS____, a strata corporation under the *Strata Property Act*.

PC [Signature]

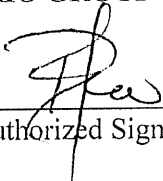
- (t) “*Strata Property Act*” means the *Strata Property Act*, SBC 1998 c. 43, and all amendments and replacements thereto.
- (u) “Taxing Authority” means any duly constituted government authority whether federal, provincial, municipal or otherwise legally empowered to impose taxes, rates, assessments or charges on, upon or in respect of the Building.

(v) "Term" means the term of this Lease set forth in clause 1.1 and any renewal or extension thereof.

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

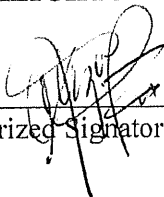
LANDLORD:

CENSORIO GROUP (HASTINGS & BETA) PROPERTIES LIMITED

Per: 
Authorized Signatory

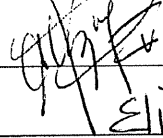
TENANT:

BURNABY HEIGHTS MATH & READING INC.

Per: 
Authorized Signatory

COVENANTOR:



SIGNED, SEALED and DELIVERED by)
ELIZA LAM in the presence of:)

)
Signature)

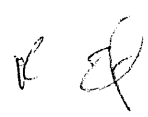
Eliza Lam)
Print Name)

4107 Frances St.)
Address)

Burnaby BC V5C 2P8)
Occupation)

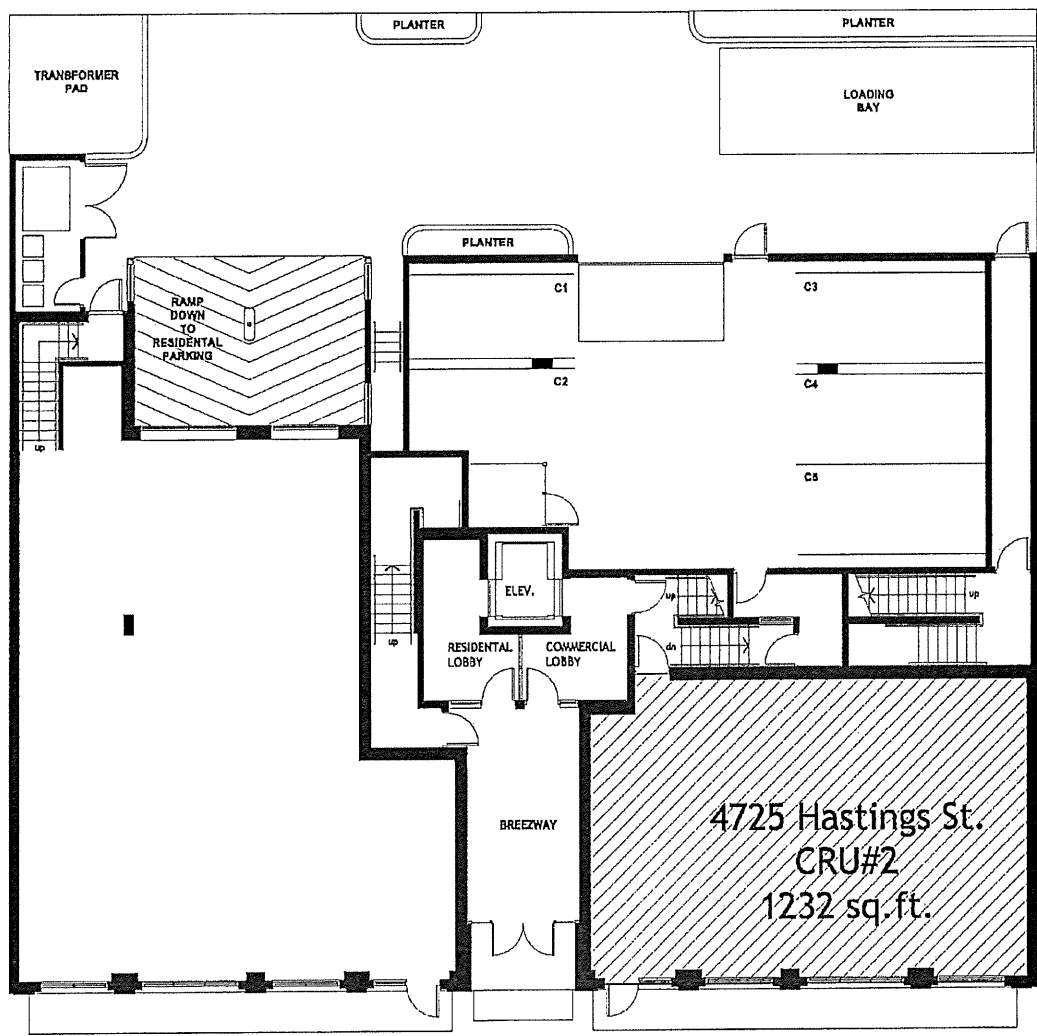
)
ELIZA LAM) 

VALID ONLY WHEN COUNTERSIGNED BY LANDLORD



SCHEDULE "A"
LEASED PREMISES

Unit 4725 Hastings: plan showing the Area of the Leased Premises



SCHEDULE "B"

LANDLORD'S WORK AND TENANT'S WORK

1. Landlord provides the following:

Premises in an "as is where is" condition, with the exception that the Landlord will at its cost, prior to the Commencement Date, complete the following improvements to the Leased Premises:

- (a) Ceiling - A clear minimum ceiling height of approximately 12' except for the elevated area within the premises; open or t-bar as determined by tenant.
- (b) Perimeter Walls - All walls shall be drywalled to the underside of the roof decking, taped and sanded to an approximate height of 12';
- (c) Floor - Smooth troweled single plane concrete floor slab; Carpet tile color as selected by tenant.
- (d) Plumbing - One fully fixtured and functional handicap equipped washroom, and one fully fixture standard washroom (as defined by the floor plan from the Tenant);
- (e) Electrical - Electrical panel board (minimum 24 breaker capacity) to be supplied and installed at a location to be determined by Landlord. The panel will be adequate to supply electrical service for 300 amp, 3 phase. An appropriate base connection for a B.C. Hydro Meter will be provided within the Premises or within an electrical room, such location to be determined by the Landlord. Tenants requiring service capacity in excess of the amount provided in each space will be provided additional service (if available) by the Landlord at the Tenant's expense. The Tenant will be billed directly by B.C. Hydro and Power Authority for power consumed and for connection and disconnection charges; Fluorescent tube fixtures.
- (f) Telephone - Two conduit with wiring to a wall outlet for telephone service to a point within the leased premises designated by the Tenant;
- (g) Heating, Venting and Air Conditioning - Heating, Ventilating and Air-Conditioning Equipment, designed and selected by the Landlord shall be installed by Landlord. The HVAC system shall have an open-ended trunk duct at one location into the Premises from which interior distribution of ductwork may be taken. In the event the additional zoned heating, ventilating or air-conditioning are required because of the Tenant's equipment, lighting or partitions, the additional mechanical work and/or equipment shall be installed at the Tenant's expense by the Landlord;

[Handwritten initials]

- (h) Bathroom Exhaust - The Landlord shall provide two 4 inch capped vents for bathroom fans. In the event the duct is penetrated through the rooftop, roof flashing and curbing will be provided;
- (i) Rear Service Door - One standard metal door to be installed by Landlord;
- (j) Sprinkler System - The Landlord shall provide a fire sprinkler system.

All Landlord's improvements will be to code and shall comply with all regulatory authorities. All building permits for the Landlord's work will be obtained by Landlord at its cost.

2. **Tenant is responsible for the following:**

- (a) All interior furniture, equipment and decor. The design and layout must be submitted to and approved by the Landlord prior to installation.
- (b) Storefront to Landlord's approval.
- (c) Identification signs to Landlord's approval.
- (d) The installation, operation and maintenance of any special equipment required by the Tenant's occupancy, including telephone, computers and special communications facilities.
- (e) Applying for and obtaining the occupancy permit from the City of Burnaby and all permits and licenses necessary to operate its business from the Leased Premises.

The Tenant shall be responsible for securing all the necessary building permit and approvals in accordance with Applicable Laws for the Tenant's improvements at the Tenant's cost prior to the commencement of any such work within the Leased Premises. All Tenant improvements must receive the prior approval of the Landlord, acting reasonably. The Tenant upon completion of its work or on earlier request of the Landlord shall provide the Landlord with copies of all permits, engineering reports, surveys, and applicable licenses in its possession.

3. **Tenant's Improvement Allowance.** There will be no Tenant improvement allowance (the "Allowance"). The landlord shall deliver the space to the tenant as per Schedule B attached.

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SCHEDULE "A"

RULES AND REGULATIONS

1. The Tenant shall not perform any acts or carry on any practice which may injure the Common Area and Facilities or be a nuisance to any other tenants or owners of premises situate in the Building.
2. The Tenant shall not burn any trash or garbage in or about the Leased Premises or anywhere within the confines of the Building.
3. The Tenant shall not keep or display any merchandise on or otherwise obstruct the sidewalks, malls, aisles or other areas adjacent to the Leased Premises.
4. The Tenant shall not overload any floor of the Leased Premises.
5. The Tenant shall at all times keep the Leased Premises in a clean and sanitary condition in accordance with the laws and directions, rules and regulations of any government or Municipal agency having jurisdiction and notwithstanding anything in this Lease contained shall replace or be responsible for the cost of replacing with glass of the same quality any broken glass in exterior and interior windows and doors in or upon the Leased Premises.
6. At the commencement and throughout the Term of this Lease the Tenant shall, at the expense of the Tenant, install and maintain all necessary lighting fixtures and store fixtures.
7. The Tenant shall not grant any concessions, licences or permits to any person, firm or corporation to sell or take orders for merchandise or services in the Leased Premises without the prior written approval of the Landlord.
8. The Tenant agrees that the Tenant will not carry on or permit to be carried on any business in the Leased Premises under a name or style other than the name of the Tenant and BURNABY HEIGHTS MATH & READING INC.; or call or permit the Leased Premises or any business carried on therein to be called any name other than the name contained herein, without the prior written consent of the Landlord.
9. The Tenant shall keep all display windows well lighted after dusk until 11 o'clock in the evening, Vancouver time, in each day, unless prevented by cause beyond the control of the Tenants.

SCHEDULE "D"

OPTION TO RENEW

If the Tenant:

- (a) pays the Rent as and when due and punctually observes and performs its covenants, obligations and agreements under and in accordance with the terms of the Lease;
- (b) is not in default under the terms of the Lease;
- (c) gives the Landlord written notice of its intention to renew this Lease no more than eight months and no less than six months prior to the expiration of the then current Term; and
- (d) has not assigned this Lease and is itself in occupation of and conducting business in the whole of the Premises;

then the Tenant will have the right to extend the Term following the expiry of the initial Term for a further period of 5 years and a right to further extend the Term for an additional period of 5 years following the expiry of the first extension, if exercised and provided the foregoing conditions set out in paragraphs (a) to and including (d) above continue to be satisfied (each, an "Extended Term"), upon the same terms and conditions as are set out in this Lease, except that:

- (e) there will be no further rights to extend the Term;
- (f) any Fixturing Period or requirement on the Landlord's part to do any of the Landlord's Work or pay or make available to the Tenant any construction allowance, inducement, free rent, loan or other amount in connection with this Lease or improvements installed in the Premises, will not apply to an Extended Term;
- (g) if the Landlord requires, the Tenant will promptly execute an extension agreement prepared by the Landlord at the Tenant's expense, giving effect to such Extended Term; and
- (h) the annual Base Rent in respect of each Extended Term will be mutually agreed upon between the Landlord and the Tenant based upon the Fair Market Rent of the Premises as at the date three months prior to the commencement of such Extended Term, provided the Base Rent will in no event be less than the annual Base Rent payable by the Tenant for the last 12 months of the initial Term or Extended Term then expiring, as the case may be, and further provided that if the parties are unable to agree as to such Base Rent by no later than three months prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, then the Base Rent for such Extended Term will be determined by

arbitration in accordance with the *Commercial Arbitration Act* of British Columbia by a single arbitrator chosen by the Landlord and tenant acting reasonably. The cost of such arbitration shall be borne equally amongst the parties. If the annual Base Rent has not been determined by the commencement of such Extended Term, the Tenant will continue to pay Base Rent at the annual rate payable immediately prior to the expiry of the initial Term or Extended Term then expiring, as the case may be, until such Base Rent is determined, and within 10 days after the Base Rent for such Extended Term is determined, the Tenant will pay to the Landlord any amount retroactively owing from the commencement of such Extended Term. **“Fair Market Rent”** means the fair market Base Rent for the Premises, having regard to renewal rents then being obtained for premises that are of similar size and quality to that of the Premises and which are similarly used, located and fixtured.

If the Tenant exercises this option to extend the Term within the time and in the manner as aforesaid, the Tenant will, prior to the commencement of the Extended Term, refurbish the Premises at its own cost in accordance with the Landlord’s (acting reasonably) then current standard construction requirements and design criteria for the Building.