

**LEASE AGREEMENT
CON23-0173**

THIS LEASE dated for reference February 5, 2024, is:

AMONG:

CITY OF LANGFORD
877 Goldstream Avenue
2nd Floor
Victoria, B.C., V9B 2X8

(the “**Landlord**”)

AND:

1392180 BC Ltd.
776 Treanor Ave
Victoria, BC, V9B 5V5

(the “**Tenant**”)

WHEREAS the Landlord has established a building for retail tenants called the Jordie Lunn Bike Park Clubhouse (the “**Clubhouse**”) and the Tenant has agreed to locate and operate a business in the Clubhouse on the terms and conditions set forth in this Lease.

SUMMARY OF CERTAIN BASIC LEASE PROVISIONS

The following is a summary of certain basic Lease provisions, which are referred to in subsequent provisions of this Lease. In the event of any conflict between the contents of this summary and the remaining provisions of this Lease, the remaining provisions will govern.

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|-----|----------------------|---|
| (a) | Name of Landlord: | City of Langford |
| | Address of Landlord: | 877 Goldstream Avenue, 2nd Floor
Victoria, B.C., V9B 2X8 |
| (b) | Name of Tenant: | 1392180 BC Ltd. |
| | Address of Tenant: | 111-2840 Peatt Road
Langford, BC, V9B 3V5 |

(c) Tenant's Trade Name: Rhino Coffee House

(d) Permitted Use

Coffee shop under the name and style of Rhino Coffee that is to provide food and beverage services. The shop shall serve high quality hot and cold in house made breakfast and lunch items, including donuts, cookies, muffins, scones, coffee, tea, specialty drinks and a liquor menu consisting of local beers and custom cocktails. When requested, the coffee shop shall also offer catering services to events occurring upstairs in the community use space (however, public users of the community users may choose to bring in off-site food and non-alcoholic beverages as an alternative). The coffee shop shall be sufficiently staffed by skilled and competent employees during all operating hours.

(e) Premises – Description

That area shown outlined in heavy blue line on the sketch attached hereto as Schedule B, which is part of the area at the civic address known as Jordie Lunn Bike Park, 2990 Irwin Road, Langford, B.C., V9B 5Y6

(f) Rentable Area

Approximately 1,154 square feet, which is the sum of approximately 736 square foot food and beverage area, and 418 square foot kitchen area (see Schedule B).

(g) Term

3 years

(h) Term Commencement Date

April 1, 2024.

(i) Fixturing Period

That period of time beginning once:

- a) this Lease has been fully executed and approved by Council;

- b) the Tenant has obtained and provided to the Landlord proof of the Tenant's insurance as required by section 10.1 of this Lease, and
- c) following the issuance of an occupancy permit for the Clubhouse.

The Fixturing Period shall end on the Term Commencement Date.

(j) Basic Rent

\$23,080.00 per annum during the Term, monthly payments of \$1,923.33

(k) Security Deposit

\$1,923.33

(l) Parking

2-3 designated 15-minute parking spaces at the rear of the Clubhouse to be determined by the Landlord

1. SCHEDULES

1.1 The schedules forming part of this Lease consist of:

Schedule A—Definitions

Schedule B— Description of Landlord's Work and Tenant's Work

Schedule C – Procedure for Landlord's Work and Tenant's Work

Schedule D – Plan of Premises

Schedule E - Rules and Regulations

2. CONSTRUCTION AND FIXTURING OF PREMISES

2.1 Landlord's Work and Tenant's Work

The Tenant acknowledges that it has entered into this Lease on the express understanding that the Landlord's Work in the Premises is limited to the scope of construction described as Landlord's Work in Part A of Schedule B.

2.2 As Is/Where Is

The Tenant agrees that it has accepted the Premises on an “as is/where is” basis, and that the cost of any renovations, improvements, or fixturing required by the Tenant will be payable by the Tenant as provided for under Schedule B. The Landlord makes no representations or warranties as to the condition of the Premises and Common Areas, or any part thereof, including, but not limited to, the HVAC System and other building systems, the indoor air quality within the Premises and Common Areas, and the environmental condition of the Premises and Common Areas.

2.3 Fixturing Period and Early Occupancy

Provided that the Premises are ready for occupancy as determined by the Landlord in its sole discretion, the Tenant will have possession of the Premises for the Fixturing Period (or for any other early occupancy period permitted by the Landlord in its sole discretion prior to the Term Commencement Date) provided that:

- (a) during such period of early occupancy all provisions of this Lease will apply;
- (b) the payment of Rent will begin on the Term Commencement Date; and
- (c) the Term will not commence to run until the Term Commencement Date.

3. LEASE OF PREMISES

3.1 Demise

In consideration of the Rent, covenants, and agreements reserved and contained in this Lease, which Rent, covenants, and agreements are to be paid, observed, and performed by the Tenant, the Landlord does hereby demise and lease unto the Tenant the Premises and the Tenant does hereby lease from the Landlord the Premises, TO HAVE AND TO HOLD from the Term Commencement Date for and during the Term, unless sooner terminated as hereinafter provided.

3.2 Patio Licence

In connection with the lease of the Premises granted by section 3.1 above, the Landlord further grants to the Tenant a non-exclusive licence to use and occupy the Patio Licence Area during the Term, provided that the Tenant is not at any time in material default of this Lease. The Tenant shall allow access to and over the Patio Licence Area as may be reasonably required for pedestrians and the public to move freely and easily to and from the Premises and across such common areas and facilities. The Tenant acknowledges and

agrees that the Patio Licence Area is a public space and that all members of the public have access without being required to purchase any product from the Tenant. To the extent applicable, all provisions of this Lease apply to the Patio Licence Area and the licence granted by this section 3.2, except for the payment of Basic Rent and Additional Rent. For certainty, the Tenant shall not be required to pay Basic Rent or Additional Rent for the Patio Licence Area during the Term or any renewals thereof. Without limiting the foregoing, in connection with the licence of the Patio Licence Area granted by this section 3.2, the Tenant acknowledges and will allow the Landlord to use the Patio Licence Area at the Landlord's request for purposes that include, but are not limited to, community gatherings, programming, and events. The Landlord and the Tenant agree that the Landlord will be responsible for purchasing any tables, umbrellas, and any other furnishings (the "**Patio Furniture**") that the Landlord in its sole discretion places onto the Patio Licence Area, and that the Landlord allows the Tenant to use the Patio Furniture during the Term, and, in consideration of the Tenant's use of the Patio Furniture, the Tenant will be responsible for the daily set-up and take-down of the Patio Furniture. The Tenant will not install or place any railings, furniture, signage, or other items onto the Patio Licence Area without the Landlord's prior written approval.

3.3 Parking

In connection with the lease of the Premises granted by section 3.1 above, the Landlord further grants to the Tenant a licence to use the parking spaces set out in Item (I) of the Summary of Certain Basic Lease Provisions during the Term and any renewal terms, provided that the Tenant is not at any time in material default of this Lease.

4. TERM

4.1 Term

The Term of this Lease shall be for the initial term of three (3) years, beginning on the Term Commencement Date, and subject to earlier termination or renewal on the terms and conditions as set out herein.

4.2 Option to Renew

The Landlord covenants with the Tenant that if:

- (a) the Tenant gives notice to the Landlord that the Tenant wishes to obtain renewal of this Lease, such notice to be given not later than 6 months prior to the expiration of the initial Term of 3 years;
- (b) at the time of giving such notice, the Tenant is not in breach of any covenant or condition herein contained and which has not been remedied; and

- (c) the Tenant has duly and regularly throughout the initial Term of 3 years observed and performed the covenants and conditions herein contained,

then the Landlord may at its sole discretion grant to the Tenant at the Tenant's expense one renewal of the Premises for the renewal term of 5 years (the "**Renewal Term**"), upon the same terms and conditions, not including Basic Rent as is herein contained. The Basic Rent payable during any Renewal Term shall be the greater of the Basic Rent payable during the preceding 12 months of the Term and the then fair market rental value of the Premises as at the commencement of the Renewal Term having regard to the rent payable for similar premises of a similar design, age, and nature in Langford, British Columbia. In the event that the Landlord and the Tenant are unable to agree upon the fair market rental value of the Premises as at the commencement of a Renewal Term within 90 days prior to the commencement of that Renewal Term, either the Landlord or the Tenant may, by notice in writing to the other, require that such fair market rental value be determined by arbitration conducted by a single arbitrator pursuant to the *Arbitration Act* (British Columbia).

The lease may be renewed twice for a total of 13 years including the original Term.

5. RENT

5.1 Tenant to Pay Basic Rent and Additional Rent

The Tenant covenants and agrees to pay to the Landlord notwithstanding the provisions to the contrary herein, 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 will include the aggregate of the sums required to be paid under sections 5.1(a) and 5.1(b);

- (a) Basic Rent

The Tenant will pay the Basic Rent.

- (b) Additional Rent

In addition to the Basic Rent, the Tenant will pay for those costs that directly relate to the Tenant's use of the Premises, which include the cost, charge, or expense for utilities including water, garbage collection, gas, telephone, internet, electricity, and any other like service rendered to the Premises for the benefit of the Tenant and paid by the Landlord.

5.2 Basis of Determining Additional Rent Payments

- (a) As soon as reasonably possible after the Term Commencement Date and after the start of each Lease Year, the Landlord will furnish to the Tenant an estimate of the Additional Rent to be paid by the Tenant under sections 5.1(a) and 5.1(b) for the balance of the then-ensuing Lease Year in the case of the Term Commencement Date and for each Lease Year thereafter.
- (b) All calculations referred to herein will be made in accordance with generally accepted accounting principles and practices applicable to the real estate development industry and applied on a consistent basis.

5.3 Procedure for Payment of Rent

The Tenant will pay the Rent provided for in this Article 5 promptly and punctually as follows:

- (a) Payment of Basic Rent and Additional Rent

Basic Rent and Additional Rent instalments described in sections 5.1 and 5.2 will be paid on a monthly basis. The Tenant will pay the first monthly instalments of Basic Rent and Additional Rent on the Term Commencement Date. Where such Term Commencement Date is the first day of a month, such instalments will be in respect of such month. Where such Term Commencement Date is not the first day of a calendar month, Basic Rent and Additional Rent (where not already adjusted under section 5.2(a)) for the period from such Term Commencement Date to the first day of the next calendar month will be pro-rated on a per diem basis and paid on the first day of the next month, and thereafter, subsequent monthly instalments will each be in advance on the first day of each ensuing calendar month.

- (b) Post-dated Cheques or Electronic Debit

The Landlord may require the Tenant from time to time to furnish the Landlord with a series of post-dated cheques covering the next 12 instalments of Rent and the Tenant will, forthwith upon request, deliver such cheques to the Landlord. At the Landlord's request the Tenant will participate in a pre-authorized payment plan whereby the Landlord will be authorized to debit the Tenant's bank account each month and from time to time during the Lease Year in an amount equal to the Basic Rent and Additional Rent payable on a monthly basis, and, if applicable, generally any amount payable provisionally pursuant to the provisions of this Lease on an estimated basis.

5.4 Rent for Irregular Periods

All Rent reserved herein will be deemed to accrue from day to day, and if for any reason it will become necessary to calculate Rent for irregular periods of less than one year, an appropriate pro-rata adjustment will be made on a daily basis in order to compute Rent for that irregular period.

5.5 Place of Payment

All payments required to be made to the Landlord under this Lease will be made to the Landlord or the Landlord's agent at the address referred to in Item (a) of the Summary of Certain Basic Lease Provisions, unless otherwise directed by the Landlord.

5.6 Security Deposit

The Tenant has deposited, or forthwith following execution and delivery of this Lease by the Landlord will deposit, with the Landlord the Security Deposit. The Security Deposit will be held by the Landlord as security for the faithful performance by the Tenant of all of the provisions of this Lease to be performed or observed by the Tenant. If the Tenant fails to pay Rent or otherwise defaults with respect to any provision of this Lease, the Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any Rent in default, or for the payment of any other expense that the Landlord may incur by reason of the Tenant's default, or to compensate the Landlord for any loss or damage that the Landlord may suffer thereby. If the Landlord so uses or applies all or any portion of the Security Deposit, the Tenant will within 10 days after demand therefor deposit cash with the Landlord in an amount sufficient to restore the Security Deposit to the full amount thereof. The Landlord will not be required to keep the Security Deposit separate from its general accounts. If the Tenant performs all of the Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not theretofore been applied by the Landlord, will be returned, without payment of interest or other increment for its use, to the Tenant at the expiration of the Term, and after the Tenant has vacated the Premises in accordance with the provisions of this Lease. No trust relationship is created herein between the Landlord and the Tenant with respect to the Security Deposit.

5.7 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease will be a completely carefree net lease for the Landlord except as otherwise provided in the specific provisions contained in this Lease, and that the Landlord will not be responsible during the Term for any costs, charges, expenses, and outlays of any nature whatsoever arising from or relating to the Premises or the Clubhouse, and the Tenant, except as otherwise provided in the specific provisions contained in this Lease, will pay all, or a proportionate part of, as the case may be, charges, impositions, and costs of every nature

and kind relating to the Premises and the Clubhouse, whether or not referred to herein and whether or not within the contemplation of the Landlord and the Tenant.

6. CONDUCT OF BUSINESS

6.1 Use and Operation of Premises

The Tenant covenants with the Landlord that:

(a) Use of Premises

The Tenant will not use or occupy the Premises or any part thereof for any purpose other than the operation of the retail business described in Item (d) of the Summary of Certain Basic Lease Provisions without the prior written consent of the Landlord. The Tenant will only conduct its business under the name referred to in Item (c) of the Summary of Certain Basic Lease Provisions and will not change the name of the business or practice to be conducted from or in the Premises without the prior written consent of the Landlord, which consent will not be unreasonably withheld.

(b) No Representations as to Use

Notwithstanding Landlord consent or agreement to an application or request to the City to use the Premises for a particular use, or for permits, including development, building, and occupancy for such use, the Landlord makes no representations or warranties, express or implied, as to the condition or suitability of the Premises, including fixtures, for the Tenant's use or intended use, and as to whether necessary approvals can be obtained for the Tenant's use or intended use, and the Tenant acknowledges and agrees that the Landlord makes no such representations or warranties and no representations or warranties as to the condition of the Premises and common areas, or any part thereof, including, but not limited to, the HVAC and other building systems, the indoor air quality within the Premises and common areas, and the environmental condition of the Premises and common areas. The Tenant accepts the Premises in its condition at the commencement of the Term and on an "as is/where is" basis and agrees that the use of the Premises and all appurtenances thereto are at the sole risk of the Tenant without any recourse against the Landlord.

(c) Prohibited Uses

The Tenant, at any time, unless expressly consented to in writing in advance by the Landlord (and without limiting the generality of section 6.1(a)):

- (i) will not conduct on the Premises an auction sale, nor any “distress sale”, “bankruptcy sale”, “going out of business sale”, “bulk sale”, or any other sale designed to convey to the public that business operations are to be discontinued; and
- (ii) will only provide services and sell merchandise, if merchandise is being offered for sale, in the regular course of trade as a retail merchant for the purpose for which the Premises are leased.

(d) To Operate During the Term

The Tenant will not during the Term vacate the Premises either in whole or in part, whether actually or constructively, but will:

- (i) commence and conduct its business from the entire Premises no later than 30 days after the Term Commencement Date; and
- (ii) continuously, actively, and diligently carry on in the Premises the type of business for which the Premises are leased to the Tenant.

(e) Signs and Advertising

Except as approved as part of the Tenant’s Work or otherwise approved by the Landlord, the Tenant will not erect or place, or permit to be erected or placed, or maintain any signs of any nature or kind whatsoever either on the exterior walls of the Premises or on the walls of the Clubhouse, if applicable, or elsewhere in the Clubhouse; nor will the Tenant erect or place, or permit to be erected or placed in the display windows any travelling or flashing lights, sign, decoration, lettering, or advertising matter of any kind, including signs placed in the interior of the Premises for exterior view, without first obtaining the Landlord’s written consent in each instance; and provided further all approved signs will comply with the Landlord’s signage policy in effect from time to time and all Applicable Laws.

(f) Name of Clubhouse

The Tenant will, in referring to the Clubhouse, use only the name designated from time to time by the Landlord.

(g) Advertising Assignment of Lease

The Tenant will not print, publish, post, display, or broadcast any notice or advertisement with respect to the assignment of this Lease, the subletting or licensing of the Premises in whole or in part, or the sale of the business conducted thereon, nor permit any broker or other person to do any of the foregoing, without first getting the consent in writing of the Landlord.

(h) Liquor Licence

The Tenant will ensure its liquor service is fully compliant under the rules of the *Liquor Act* and are in accordance with its valid liquor licence. It is the Tenant's sole responsibility to obtain its liquor licence at their own expense.

7. REPAIRS

7.1 Covenants

The Tenant covenants with the Landlord that:

(a) Tenant's Repairs

The Tenant will at all times during the Term at its own cost and expense:

(i) repair, maintain, and keep the Premises in good order and repair, as a prudent owner would do; and

(iii) repair, maintain, and keep all equipment, furniture, and fixtures, including attached and unattached trade fixtures, in the Premises in good order and repair and replace the same when necessary, as a prudent owner would do, including, without limitation, any improvements now or hereafter made to the Premises. Responsibility for any repairs over \$1,000.00 of any equipment, furniture, and fixtures to be negotiated between the parties

(b) Painting

The Tenant will keep well painted at all times the interior of the Premises in accordance with the reasonable requests of the Landlord from time to time in such colours as will have first been approved in writing by the Landlord, such approval not to be unreasonably withheld or delayed.

(c) Landlord's Examination of Premises

The Landlord and any employee, servant, or agent of the Landlord will be entitled, at any reasonable time during normal business hours and during any emergency, to enter upon the Premises and examine the state of maintenance, repair, and order of the Premises, all equipment and fixtures within the Premises, and any improvements now or hereafter made to the Premises, and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs or replacements as may be found necessary from such examination. The failure of the Landlord to give such notice will not relieve the Tenant from its obligation to maintain, repair, and keep the Premises and appurtenances in good order and repair as aforesaid and to make such replacements as may be necessary.

(d) Tenant's Fixtures and Improvements

The Tenant agrees that any goods, alterations, additions, improvements, and fixtures made to or installed upon or in the Premises, whether before or after the Term Commencement Date, other than unattached movable goods and trade fixtures, will immediately upon affixation become the property of the Landlord and remain upon and be surrendered to the Landlord with the Premises as part thereof upon the expiration or earlier termination of this Lease, unless the Landlord will by notice in writing require the Tenant to remove all or some in accordance with section (e) below. The Tenant represents and warrants that it will have legal and beneficial title to such goods, alterations, additions, improvements, and fixtures and that such title will pass to the Landlord free and clear of all leases, liens, mortgages, charges, security interests, and encumbrances. For greater certainty, the Tenant's trade fixtures will not include any heating, ventilating, or air-conditioning systems, facilities, and equipment in or serving the Premises, floor coverings affixed to the floor of the Premises either by cement or perimeter fastenings, light fixtures, storefront, doors, plumbing equipment and fixtures, and internal stairways, all of which are deemed to be leasehold improvements.

(e) Repair and Restoration at the End of Term

At the end of the Term or earlier termination of the Lease, the Tenant will, at its expense, make good any damage or injury caused to the Premises or the Clubhouse caused by the Tenant during the Term, reasonable wear and tear only excepted.

(f) Landlord's Right to Enter for Repairs

The agents and representatives of the Landlord will have the right to enter the Premises at all times during business hours to examine the same, to make alterations or repairs as they will deem necessary for the safety, preservation, proper administration, or improvement of the Premises, the Clubhouse, and any premises adjoining the Premises.

(g) Repair Where the Tenant Is at Fault

If the Clubhouse, or any part of it, requires repair, replacement, or alteration:

- (i) because of the negligence, fault, omission, want of skill, act, or misconduct of the Tenant or its officers, agents, employees, contractors, invitees, or licensees;
- (ii) due to the requirements of government authorities relating to the Tenant's conduct of business; or
- (iii) as a result of the Tenant stopping up or damaging the heating apparatus, water pipes, drainage pipes, or other equipment or facilities or parts of the Clubhouse,

the cost of the repairs, replacements, or alterations will be paid by the Tenant to the Landlord on demand as Additional Rent.

(h) Tenant Not to Overload

The Tenant will not install equipment that overloads the capacity of a utility, electrical, or mechanical facility in the Premises and will not:

- (i) bring into the Premises any utility, electrical or mechanical facility or service of which the Landlord does not approve; or
- (ii) bring upon the Premises anything that might damage them or overload the floors.

If damage is caused to the Premises or to the Clubhouse as a result of the installation of such equipment or contravention of the provisions of subsections (i) or (ii) of this section 7.1(h) by the act, neglect, fault, want of skill, or misuse of or by the Tenant or its officers, agents, servants, employees, contractors, invitees, licensees, or persons for whom the

Tenant is responsible in law or over whom the Tenant may reasonably be expected to exercise control, or by any person having business with the Tenant, the Tenant will repair the damage or, at the Landlord's option, pay to the Landlord on demand the cost of repairing the damage plus a sum equal to 15% of the costs of the Landlord's overhead.

7.2 Landlord's Repair Covenants

So long as the Landlord does not terminate this Lease or elect not to rebuild the Clubhouse under section 7.3, the Landlord covenants with the Tenant as follows:

(a) Landlord's Repairs

To maintain and repair at its own expense the structure of the foundations, sub-floors, and outer walls (excluding exterior storefronts and the glass component thereof) of the buildings comprising the Clubhouse.

(c) Common Areas and Common Facilities

To maintain in good order and repair the Common Areas and Common Facilities, normal wear and tear only excepted.

(d) Heating, Ventilating, and Air-conditioning

To maintain and operate the HVAC System, and to supply from the HVAC System to the Premises, provided that if the Premises contains an independent heating, ventilating, and air-conditioning system as so designated by the Landlord, the responsibility and expense for maintaining, operating, and replacing that system will rest with the Tenant.

7.3 Damage or Destruction

The Landlord and the Tenant agree that:

(a) Damage or Destruction

(i) Subject to the Landlord's right of termination contained in section 7.3(a)(ii) and subject to this section 7.3, if the Premises or any part thereof will at any time during the Term be destroyed or damaged as a result of a casualty fully insured against by the Landlord, the Landlord will rebuild, repair, and make the Premises fit for the purpose of the Tenant. If such damage or destruction is not caused by or resulting from any act, omission, default, or negligence of the Tenant, or persons for whom the Tenant is in law responsible, and

if as a result of such occurrence the Premises are rendered unfit either in whole or in part for the business of the Tenant, then the Basic Rent hereby reserved, or a proportionate share thereof according to the nature and extent of the destruction or damage sustained, will be suspended and abated until the Landlord will have rebuilt, repaired, or made fit the Premises for the purpose of the Tenant.

- (ii) In the event of the substantial destruction of the Clubhouse (whether or not the Premises are damaged), the Landlord will, at its option to be exercised within 90 days after the occurrence of such damage or destruction, by notice in writing to the Tenant, have the right to terminate this Lease, and upon the giving of such notice the Term will forthwith cease and terminate. If the Premises are unfit either in whole or in part for the business of the Tenant, then, provided such damage or destruction is as a result of a casualty fully insured against by the Landlord and not caused by or resulting from any act, omission, default, or negligence of the Tenant, or persons for whom the Tenant is in law responsible, including, without limitation, its servants, agents, employees, and contractors, the Basic Rent hereby reserved, or a proportionate share thereof according to the extent to which the Premises cannot be used for the business of the Tenant, will be suspended and abated until the Landlord has rebuilt, repaired, or made fit the Premises for the purpose of the Tenant, provided that the Landlord has not exercised its aforesaid right of termination. If the Landlord has exercised its right of termination, the Tenant, after receipt of such notice of termination, will forthwith deliver up possession of the Premises to the Landlord and make payment of the Rent in the manner required by sections 7.3(a)(i) and 7.3(a)(ii), depending on the circumstances of the damage and destruction as provided for therein. Any Basic Rent that will have continued unabated or partially abated, and all Additional Rent, will be apportioned to the date of such termination.

- (iii) If the damage or destruction referred to in section 7.3(a) is caused by or resulting from any act, omission, default, or negligence of the Tenant, or persons for whom the Tenant is in law responsible, and the Landlord exercises its right in section 7.3(a)(ii) to terminate this Lease, the Tenant will pay to the Landlord on the date of termination that fraction of the Tenant Inducements, if any, that has as its numerator the number of days remaining in the Term; and has as its denominator the number of days in the Term as originally provided herein.

(b) Tenant's Obligation to Rebuild

Subject to section 7.3(a)(iii), in the event of damage or destruction as contemplated by this section, the Tenant will at its sole expense, at the request of the Landlord, repair and rebuild that part of the Premises so damaged or destroyed but without the benefit of any Tenant Inducements.

(c) Landlord's Obligation to Rebuild

Nothing in this Article 7 will obligate the Landlord to rebuild the Clubhouse or any part thereof, and if the Landlord elects to rebuild or repair the Clubhouse it may make such changes, alterations, modifications, adaptations, or extensions in, to, or of the original buildings or structures forming part of the Clubhouse, including the location of the Premises, as it in its unfettered discretion will see fit.

8. COMMON AREAS

8.1 Use of Common Areas

The Landlord hereby grants to the Tenant, its agents, employees, invitees, and other persons transacting business with it, in common with all others entitled thereto, a licence to have the use of certain Common Areas as designated from time to time by the Landlord; provided, however, that such use will be subject to all other provisions contained in this Lease including the Rules and Regulations in Schedule C.

8.2 Regulation of Common Areas

The Tenant acknowledges and agrees with the Landlord that the Landlord will, at all times, have the exclusive right of control over the Common Areas and the Common Facilities. Without limitation, the Landlord may in its operation of the Clubhouse:

- (i) temporarily obstruct or close off or shut down parts of the Clubhouse for inspection, maintenance, construction, or safety reasons;
- (ii) use parts of the Common Areas for merchandising, display, decorations, entertainment, and structures, permanent or otherwise, designed for retail selling or special features or promotional activities;
- (iii) regulate, acting reasonably, all aspects of loading and unloading, delivery and shipping of fixtures, equipment, and merchandise, and all aspects of garbage collection and disposal;

- (iv) impose or permit to be imposed reasonable charges for the use of parking facilities that may at any time be part of the Common Areas; and
- (v) make alterations of, additions to, subtractions from, or rearrangements of the Clubhouse, build additional stores in any part of the Clubhouse, and construct additional stories, buildings, or facilities adjoining or near the Clubhouse.

Despite anything else in this Lease, the Landlord has no liability for diminution or alteration of the Common Areas or Common Facilities that occurs as a result of the Landlord's exercise of its rights under this section 8.2 or elsewhere under this Lease, and the Tenant will not be entitled to compensation or a reduction or abatement of Rent, and no such diminution or alteration of the Common Areas or Common Facilities will be deemed to be a constructive or actual eviction of the Tenant or a default by the Landlord of any obligation for quiet enjoyment contained in this Lease or provided at law.

8.3 Health Emergency

If a Health Emergency exists, the Landlord may amend, supplement, or otherwise enforce any existing Health Emergency rules or regulations in existence, impose additional rules and regulations, and impose restrictions to mitigate or minimize the effects of the Health Emergency. Without limiting the generality of the foregoing, during a Health Emergency the Landlord will be entitled to:

- (a) restrict or limit access to the Premises and the Clubhouse to employees of the Tenant only, and/or to prohibit entry by visitors or invitees for a reasonable period of time during such event;
- (b) require the Tenant to decontaminate all or any part of the Premises, in a manner reasonably approved by the Landlord, failing which the Landlord will be entitled to enter the Premises and do so at the Tenant's expense. Any steps that the Landlord may choose to take are in its sole and unfettered discretion and nothing herein will obligate the Landlord to effect any such decontamination;
- (c) close all or any part of the Premises or the Clubhouse if it determines that it is not safe to continue to operate the Premises or the Clubhouse or certain parts of the Clubhouse; and
- (d) specify specific modes of ingress and egress from and to the Clubhouse and the Premises for tenants generally, or for specific tenants, occupants, or invitees who may have a heightened risk of either exposure to a health threat or a heightened risk of transfer of unhealthy condition to other tenants, invitees, or visitors in the Clubhouse or the Premises. The Tenant

will, immediately upon becoming aware of same, inform the Landlord of any outbreak of an infectious disease amongst its employees where such outbreak may impact the health and/or safety of other tenants in the Clubhouse or lead to a Health Emergency.

Notwithstanding this section 8.3, the Landlord agrees that in its exercise of any rights or entitlements under this section 8.3, it will act reasonably.

9. ACCESS

9.1 Access

The Landlord, its servants, agents, contractors, and representatives will be entitled at all times, except when there would be an unreasonable interference or disturbance with the Tenant's use of the Premises, to enter upon the Premises for any of the following purposes:

- (a) inspecting same and carrying out the rights of the Landlord under section 7.1(c);
- (b) inspecting the performance by the Tenant of the terms, covenants, agreements, and conditions of this Lease;
- (c) carrying out any obligations of the Tenant that the Tenant has failed to observe;
- (d) exhibiting the Premises to prospective lessees, purchasers, lenders, or their respective agents; or
- (e) any other reasonable purpose,

but no such entry will constitute an eviction or a breach of the Landlord's covenant for quiet enjoyment or entitle the Tenant to any abatement of rent provided that the Landlord will use commercially reasonable efforts to minimize interference with the Tenant's use of the Premises. The Landlord will be provided with a set of keys to the Premises for the purposes in this section 10.1.

10. INSURANCE

10.1 Tenant to Insure

The Tenant covenants with the Landlord that it will, at the Tenant's cost and expense, take out and keep in force the insurance described below throughout the Term and any period when it is in possession of the Premises. The Tenant covenants to maintain insurance as follows:

- (a) all risks (including flood and earthquake) property insurance in an amount equal to 100% of the full replacement cost:
 - (i) insuring all property owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and located within the Clubhouse, including, but not limited to, fittings, installations, alterations, additions, partitions, and all other leasehold improvements; and
 - (ii) naming the Landlord as a loss payee as their respective interests may appear;
- (b) commercial general liability insurance including coverage for death, personal injury liability, contractual liability, non-owned automobile liability, employers' liability, and owners' and contractors' protective insurance coverage, with respect to the Premises and the Tenant's use of the Common Areas and Common Facilities, with coverage including the activities and operations conducted by the Tenant and any other person on the Premises and by the Tenant and other person performing work on behalf of the Tenant and those for whom the Tenant is in law responsible, in any other part of the Clubhouse. These policies will:
 - (i) be written on a comprehensive basis with inclusive limits of at least \$5,000,000 per occurrence for bodily injury for any one or more persons, or property damage (but the Landlord acting reasonably may require higher limits from time to time);
 - (ii) name the Landlord as an additional insured;
- (c) any other form of insurance and with whatever higher limits that the Landlord, acting reasonably, may require from time to time.

All policies will:

- (a) be taken out with insurers acceptable to the Landlord;
- (b) be in a form satisfactory to the Landlord;
- (c) be non-contributing with, and will apply only as primary and not in excess to any other insurance available to the Landlord;
- (d) not be invalidated with respect to the interests of the Landlord by reason of any breach or violation of warranties, representations, declarations, or conditions contained in the policies; and

- (e) contain an undertaking by the insurers to notify the Landlord in writing not less than 30 days before any material change, cancellation, or termination.

The Tenant will deliver certificates of insurance duly executed by the Tenant's insurers evidencing that the required insurance is in force, or, if required by the Landlord, the Tenant will deliver certified copies of each insurance policy as soon as possible after the placing of the insurance. No review or approval of any insurance certificate or insurance policy by the Landlord derogates from or diminishes the Landlord's rights under this Lease.

10.2 Not to Affect Landlord's Insurance

The Tenant will not do or permit anything to be done that results in the cancellation or threatened cancellation or the reduction or threatened reduction of coverage under any insurance policy on the Clubhouse or any part of it. The Tenant will not do or permit to be done, or omit to do, anything that will cause or have the effect of causing the rate of insurance upon the Clubhouse or any part thereof to be increased, and if the insurance rate will be thereby increased the Tenant will pay to the Landlord as Additional Rent the amount by which the insurance premiums will be so increased. The Tenant will not store or permit to be stored upon or in the Premises anything that is of a dangerous, inflammable, or explosive nature nor anything that would have the effect of increasing the Landlord's insurance costs or of leading to the cancellation of such insurance. If any insurance policy upon the Premises or the Clubhouse is cancelled or threatened to be cancelled by the insurer by reason of the use and occupation of the Premises 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 Premises, the Landlord may, at its option upon giving the Tenant 24 hours' notice, terminate this Lease by notice in writing, and the Tenant will immediately deliver up vacant possession of the Premises to the Landlord or the Landlord may, at its option and at the expense of the Tenant, enter upon the Premises and rectify the situation causing such actual or threatened cancellation or rate increase. If the occupancy of the Premises, the conduct of business in the Premises, or anything done or omitted by the Tenant results in an increase in premiums for the insurance carried by the Landlord with respect to the Clubhouse, the Tenant will pay the increase to the Landlord immediately on demand. In determining whether the Tenant is responsible for increased premiums and the amount for which the Tenant is responsible, a schedule issued by the organization that computes the insurance rate on the Clubhouse showing the components of the rate will be conclusive evidence of the items that make up the rate.

10.3 Workers' Compensation

If the nature of the Tenant's operations is such as to place all or any of its employees under the coverage of local workers' compensation or similar insurance, the Tenant will

also keep in force at its expense, so long as this Lease remains in effect, workers' compensation or similar insurance according to Applicable Laws and will provide evidence of same to the Landlord.

10.4 No Insurable Interest in Landlord's Insurance

Notwithstanding the Landlord's covenant contained in this section and notwithstanding any contribution by the Tenant to the cost of the Landlord's insurance premiums, the Tenant acknowledges and agrees that: (i) the Tenant is not relieved from liability arising from or contributed to by its acts, fault, negligence, or omissions; (ii) no insurable interest is conferred on the Tenant under any policies of insurance carried by the Landlord; and (iii) the Tenant has no right to receive any proceeds of any insurance policies carried by the Landlord.

11. EXCLUSION OF LIABILITY AND INDEMNITY

11.1 Liability

It is agreed between the Landlord and Tenant that:

(a) Interruptions

The Landlord will not be liable for any interruption of access to the Premises or of the beneficial use of the Premises or of any services or utilities when such interruption is caused by natural occurrences, riots, civil disturbances, insurrection, terrorism, war, court orders, government acts or orders, public enemy, accidents, epidemics, pandemics, outbreaks of communicable disease, quarantines, Health Emergencies, or other public or national or regional emergencies, breakage, repairs, electrical voltage fluctuations, strikes, lockouts, other labour disputes, the making of inspections, repairs, alterations, renovations, or improvements to the Premises or the Clubhouse, the inability to obtain an adequate supply of fuel, gas, steam, water, electricity, labour, or other supplies or if required by insurers or if caused by any other condition beyond the Landlord's reasonable control, or by delays in the performance of any work for which the Landlord is responsible under this Lease, and the Tenant will not be entitled to any damages resulting from such failure, nor will failure relieve the Tenant from its obligation to pay all sums due hereunder or constitute or be construed as a constructive or other eviction of the Tenant. If any government entity promulgates or revises any statute or ordinance or building, fire, or other code, or imposes mandatory or voluntary controls or guidelines on the Landlord or the Clubhouse or any part thereof, relating to the use or conservation of energy, water, gas, steam, light, or electricity or the provision of any other utility or service provided with respect to the

Premises, or if the Landlord is required or elects to make alterations to the Clubhouse in order to comply therewith, the Landlord may do so; and neither such compliance nor the making of such alterations will in any event entitle the Tenant to any damages, relieve the Tenant of the obligation to pay any of the sums due hereunder, or constitute or be construed as a constructive or other eviction of the Tenant; and the Landlord will not be in breach of its covenant for quiet enjoyment or liable for any loss, costs or damages, whether direct or indirect, incurred by the Tenant due to any of the foregoing, but the Landlord will make commercially reasonable efforts to restore the services, utilities or systems so stopped, interrupted or reduced. The Landlord will not be liable for damages, direct, indirect, or consequential or for damages for personal discomfort, illness, or inconvenience of the Tenant or the Tenant's servants, employees, invitees, or other persons by reason of the failure of the Common Facilities or any of them including, without limitation, the elevators and HVAC Systems or by reason of reasonable delays in the performance of the obligations of the Landlord hereunder, whether or not such equipment failure or delays are caused by the deliberate act or omission or the negligence of the Landlord, its servants, agents, or employees.

(b) Waiver of Liability

The Landlord will not be liable or responsible in any way for, and the Tenant hereby waives all claims against the Landlord with respect to or arising out of:

- (i) any death or injury of any nature whatsoever that may be suffered or sustained by the Tenant or by any employee, licensee, invitee, guest, agent, or customer of the Tenant or by any other person upon the Premises, from any causes whatsoever; or for any loss or damage or injury to any property outside or within the Premises belonging to the Tenant or its employees, agents, customers, licensees, invitees, guests, or any other person, whether or not such damage, loss, injury, or death results from the negligence of the Landlord, its agents, servants, or employees, or others for whom the Landlord is, in law, responsible;
- (ii) any injury or damages of any nature whatsoever to persons or property caused by explosion, fire, theft, or breakage, by the failure of or defect in sprinkler, drainage, or plumbing systems, by failure for any cause to supply adequate drainage, by the interruption of any public utility or service, by steam, gas, water, rain, snow, or other substances leaking, issuing, or flowing into any part of the

Premises, or by natural occurrence, acts of the public enemy, riot, strike, insurrection, war, court order, requisition, or order of government body or authority;

- (iii) any damage or inconvenience that may arise from repair, maintenance, or alteration of any part of the Clubhouse, or anything done or omitted to be done by any tenant, occupant, or person in the Clubhouse, or by an occupant of adjacent property, or by the public, or by construction of any private, public, or quasi-public work;
- (iv) the occurrence of any of the perils covered by, or that would be covered by, the insurance policies that the Tenant is obliged to obtain and maintain in force under the terms of this Lease;
- (v) any act or omission (including theft, malfeasance, or negligence) on the part of any agent, contractor, or person from time to time employed by the Landlord to perform any services including, without limitation, janitorial or security services, in or about the Premises or the Clubhouse;
- (vi) any loss or damage, however caused, to money, securities, negotiable instruments, papers, or other valuables of or held by the Tenant or any employee, licensee, invitee, guest, agent, or customer of the Tenant or by any other person upon the Premises; or
- (vii) theft or vandalism;

whether caused by the act, omission, or negligence of the Landlord or of any other person for whom the Landlord is in law responsible or otherwise.

(c) Landlord Entering Premises

Neither the Landlord nor its agents, servants, employees, or contractors will be liable for any damage suffered to the Premises or the contents thereof by reason of the Landlord, its agents, employees, or contractors entering upon the Premises to undertake any examination thereof or any work therein or in the case of any emergency, and the Landlord will not be in breach of its covenant for quiet enjoyment or liable for any loss, costs, or damages, whether direct or indirect, incurred by the Tenant due to any of the foregoing.

11.2 Indemnity

The Tenant hereby covenants to save harmless and indemnify the Landlord from and against all liability, expenses, costs (including legal fees on a full indemnity basis), damages, losses, claims, actions, causes of action, and fines incurred or suffered by the Landlord:

- (a) by reason of any breach, violation, non-observance, or non-performance by the Tenant, its servants, agents or others for whom the Tenant is, in law, responsible of any covenant, agreement, provision, or condition of this Lease to be performed or observed by the Tenant including, without limitation, the Rules and Regulations in Schedule C; or
- (b) by reason of any damage to or loss of any property, or injury, illness, or death to any person (including, without limitation, the Tenant):
 - (i) occurring in, on, or about the Premises, or any part thereof, arising at any time from any cause whatsoever other than solely by reason of the gross negligence or wilful misconduct of the Landlord, its employees or agents; and
 - (ii) occurring in, on, or about any part of the Clubhouse other than the Premises, when such damage, loss, injury, illness, or death is caused in whole or in part by the negligence or wilful misconduct of the Tenant, its agents, servants, employees, invitees, or licensees (including, without limitation, when such damage, injury, illness, or death has been caused in part by the Landlord, its employees or agents).

11.3 Survival of Covenants

The provisions of this Article 12 will survive the termination of this Lease with respect to any damage, injury, illness, or death or other event occurring prior to such termination.

12. TENANT ALTERATIONS

12.1 Tenant Improvements

The Tenant may, with the prior written consent of the Landlord, such consent not to be unreasonably withheld, at any time and from time to time at the Tenant's expense make such changes, alterations, additions, and improvements in and to the Premises (collectively "**improvements**" for the purposes of this subsection) provided such improvements will better adapt the Premises for the purpose of the Tenant's business and will equal or exceed the then-standard of the Clubhouse; and provided further that no changes, alterations, additions or improvements to the structure, any perimeter wall,

the storefront, the sprinkler system, the HVAC System, plumbing, electrical or mechanical equipment, the concrete floor, columns or the roof are made without submission of architectural or engineering plans or specifications to the Landlord and the prior written consent of the Landlord and without the use of contractors or other qualified workers designated or approved by the Landlord in writing. The Tenant will pay all of the Landlord's reasonable costs with respect to such improvements. All such improvements, whether structural or otherwise, will comply with Applicable Laws.

12.2 No Charges

The Tenant will not permit, do, or cause anything to be done to the Premises during the period of construction and fixturing of the Premises or at any other time that would allow any lien, certificate of pending litigation, judgment, or certificate of any court, or any mortgage, charge, conditional sale agreement, personal property security, or encumbrance of any nature whatsoever, to be imposed or to remain upon the title to the Property, the Premises or the Tenant's fixtures, trade fixtures, personal property, or leasehold improvements therein. In the event of the registration of any lien, charge, conditional sale agreement, personal property security, or other encumbrance against the Property in the appropriate land title office or other government office, the Tenant will, within 10 days' notice thereof, at its own expense immediately cause the same to be discharged whether by payment or giving security or in such other manner as may be permitted by law, and failing which the Landlord may, but will not be required to, make any payments required to procure the discharge of such lien, charge, or encumbrance and the Tenant will forthwith reimburse the Landlord for all expenses (including legal fees on a full indemnity basis) in connection therewith, together with interest thereon at the Prime Rate plus 5% from the date such expenses are incurred until paid.

13. TAXES AND OTHER COSTS

13.1 Tenant Tax Obligation

The Tenant covenants with the Landlord that the Tenant will pay for its electricity, gas, other fuel, telephone, water, and other similar utilities consumed on the Premises and all business taxes, garbage taxes, licences, rates, and other charges, taxes, licences, or rates levied or assessed on or in respect of or in relation to the Tenant, the business carried on by the Tenant, and the assets of the Tenant within the Premises, or in respect of any fixtures, machinery, equipment, or apparatus installed in the Premises or elsewhere in the Clubhouse by the Tenant, including taxes that in the Landlord's opinion are attributable to improvements made by the Tenant whether such taxes, licences, charges, or rates are charged to the Landlord or to the Tenant. The Tenant will, upon request by the Landlord, deliver to the Landlord notices of assessments of such rates, levies, charges, and taxes and receipts for payment of the same.

13.2 Goods and Services Tax

In accordance with the applicable legislation the Goods and Services Tax applies to this Lease as per the terms contained herein.

14. ASSIGNMENT AND SUBLETTING

14.1 Not to Assign

The Tenant covenants with the Landlord that it will not enter into a Transfer of this Lease in whole or in part, nor part with possession of all or any part of the Premises, without the prior written consent of the Landlord, which consent may be unreasonably withheld.

14.2 Change of Control of Tenant

If the Tenant is a private corporation, any transfer, creation, issuance, sale, assignment, bequest, inheritance, trust, or other disposition or dealing with the shares or voting rights or amalgamation or other reorganization that results in a change in the control of the corporation by reason of ownership of greater than 50% of the voting shares of the corporation being held by a person or group of persons will be deemed for the purposes hereof to be a Transfer. This section 14.2 will not apply with respect to the change of control of a corporation whose shares are listed on a recognized security exchange.

14.3 Landlord's Costs

In the event of a Transfer under this Article 14, the Tenant will forthwith pay to the Landlord, as Additional Rent, the Landlord's administrative fees and all legal fees, disbursements, and expenses (on a full indemnity basis) in connection therewith.

14.4 No Release

Notwithstanding any Transfer, the Tenant will remain fully liable under this Lease and will not be released from performing any of the terms, covenants, and conditions of this Lease.

14.5 Operation of Law

The prohibition against a Transfer, without the consent required by this Article 14, will be construed to include a prohibition against:

- (a) any amalgamation, corporate merger, or Transfer by operation of law; and
- (b) a mortgage of this Lease by the Tenant either by way of assignment or sublease and in such event, the provisions of this Article 14 will, *mutatis mutandis*, apply to such mortgage.

14.6 No Waiver

The consent by the Landlord to any Transfer will not constitute a waiver of the necessity for such consent to any subsequent Transfer.

15. Tenant's Right to Early Termination

Prior to the commencement of the Lease, both parties agree to establish a specific threshold for gross sales per fiscal quarter. In the event that the Tenant's gross sales fall below the specified threshold for two consecutive fiscal quarters, the Tenant reserves the right to terminate this Lease upon providing 90 days written notice to the Landlord. Such termination shall be effective at the end of the notice period, and the Tenant shall be responsible for any outstanding obligations up to the termination date.

16. LANDLORD'S RIGHTS AND REMEDIES

16.1 Default

If and whenever the Rent hereby reserved, or any part thereof, will not be paid on the day appointed for payment thereof, whether demanded or not, or in the case of breach or non-observance or non-performance of any of the covenants, agreements, provisos, conditions, or rules and regulations on the part of the Tenant to be kept, observed, or performed, or in case the Premises will be vacated or remain unoccupied for 5 days, or if, without the written consent of the Landlord, the Premises will be used by any person other than the Tenant, or for any purpose other than that for which the same was let, or in case the Term will be taken in execution or attachment for any cause whatever, then and in every such case it will be lawful for the Landlord at any time thereafter to enter into and upon the 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. Whenever the Landlord is entitled to re-enter the Premises it may, at its option and without limiting its other remedies, terminate the Lease. If this Lease is so terminated, the Landlord, to the extent permitted by law, may immediately repossess the Premises, sell or dispose of such Tenant's fixtures, trade fixtures, personal property, or leasehold improvements therein as the Landlord considers appropriate, or store any of the Tenant's fixtures, trade fixtures, personal property, or leasehold improvements therein in a public warehouse or elsewhere at the cost of the Tenant, all without service of notice, without legal proceedings, and without liability for loss or damage and wholly without prejudice to the rights of the Landlord to recover arrears of Rent or damages for any default by the Tenant of its obligations or agreements under this Lease or of any term or condition of this Lease, and wholly without prejudice to the rights of the Landlord to recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been prematurely terminated, including prospective

damages, and the Landlord reserves a right to claim all costs (including legal fees on a full indemnity basis), losses, damages, and expenses arising from the Tenant's breach.

16.2 Right of Landlord to Relet

If and when the Landlord is entitled to re-enter the Premises, the Landlord will have the right, if it thinks fit, to enter the same as the agent of the Tenant either by force or otherwise, without being liable to any prosecution therefor and without terminating this Lease, to make such alterations and repairs as in the Landlord's opinion are necessary to facilitate a reletting of the Premises, and to relet the Premises as the agent of and at the risk of the Tenant and to receive the Rent therefor. Upon each such reletting, all Rent received by the Landlord from such reletting will be applied: first, to the payment of any indebtedness other than Rent due hereunder from the Tenant to the Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage and solicitor's fees, and of costs of any alterations and repairs; and third, to the payment of Rent due and unpaid hereunder. The residue, if any, will be held by the Landlord and applied in payment of future Rent as the same becomes due and payable hereunder. If such Rent received from such reletting during any month is less than that to be paid during that month by the Tenant hereunder, the Tenant will pay any such deficiency, which will be calculated and paid monthly in advance on or before the first day of each and every month. No such re-entry or taking possession of the Premises by the Landlord pursuant to this section 16.2 will be construed as an election on its part to terminate this Lease, unless a written notice of such intention is given to the Tenant.

16.3 Bankruptcy, Reorganization of Debts, and Winding Up

If, during the Term:

- (a) any of the goods or chattels of the Tenant are at any time seized in execution or attachment by any creditor of the Tenant, or if a receiver or receiver-manager is appointed in respect of any property of the Tenant or the Tenant will make any assignment for the benefit of creditors or will make any bulk sale or become bankrupt or insolvent or take the benefit of any Applicable Law now or hereafter in force for bankrupt or insolvent debtors, or if the Tenant receives from any of its secured creditors a notice under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as modified, amended, or replaced from time to time, advising the Tenant that the secured creditor intends to realize upon security located at the Premises;
- (b) the Tenant takes any action or commences any proceeding, or any action or proceeding is being taken or commenced by another person or persons against the Tenant relating to the reorganization, readjustments, compromise, or settlement of the debts owed by the Tenant to its creditors, including, without limitation, the filing of a notice of intention to

make a proposal or the filing of a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as modified, amended, or replaced from time to time, the making of an order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as modified, amended, or replaced from time to time, or the commencement of any similar action or proceeding by the Tenant or such person or persons; or

- (c) the Tenant takes any action or commences any proceeding, or any action or proceeding is being taken or commenced by another person or persons against the Tenant in respect of the liquidation, dissolution, or winding up of the Tenant or other termination of the corporate existence of the Tenant, including without limitation, any action or proceeding under the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, the *Business Corporations Act*, S.B.C. 2002, c. 57, the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, all as modified, amended, or replaced from time to time, or other similar legislation,

then in any such case at the option of the Landlord this Lease will cease and determine and the Term will immediately become forfeited and void and the then-current month's Rent and the next ensuing three months' Rent will immediately 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 Premises and become the owner of and remove the Tenant's effects therefrom, any statute or law to the contrary notwithstanding, the whole without prejudice to and under reserve of all other rights, remedies, and recourses of the Landlord.

16.4 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 (either by public or private sale) all of the Tenant's goods and property that at any time have been located within the Premises, and apply the proceeds of such sale upon Rent outstanding 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 Premises, leaving any Rent unpaid, the Landlord, in addition to any remedy otherwise provided by law, may follow, seize, and sell such goods and property 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 property had remained upon the Premises.

16.5 Right of Landlord to Perform Tenant's Covenants

If at any time the Tenant defaults in the observance or performance of any obligation herein contained on its part to be observed or performed and so often as the default happens, then the Landlord may, but will not be obligated so to do, without waiving or releasing the Tenant from its obligations under this Lease, itself observe and perform the covenant or covenants in respect of which the Tenant has made default or make payment of the amounts the Tenant has failed to pay, and all costs and expenses incurred by the Landlord in the observance or performance of such covenant or covenants, including, without limitation, legal fees on a full indemnity basis.

16.6 Payment of Landlord's Expenses

If at any time an action is brought or the Landlord is otherwise required to employ the services of a bailiff, an agent, or its solicitors for recovery of possession of the Premises, recovery of Rent or any part thereof, or because of a breach by act or omission of any covenant herein contained on the part of the Tenant, the Tenant will pay to the Landlord all expenses incurred by the Landlord in the enforcement of its rights and remedies hereunder (including the Landlord's administrative costs in connection therewith and legal fees on a full indemnity basis) together with interest thereon at the Prime Rate plus 5% from the date such expenses are incurred until paid, whether or not any formal proceedings in or before any court, arbitrator, or other tribunal will have been initiated.

16.7 Interest

The Tenant will pay to the Landlord interest at the rate equal to 5% per annum above the prevailing Prime Rate on all payments of Rent that have become overdue so long as such payments remain unpaid. Notwithstanding anything else in this Lease, such interest will not be considered Rent, but the Landlord will have all the same remedies for and rights of recovery with respect to such amounts as it has for non-payment of Rent under this Lease or at law.

16.8 Non-waiver

No condoning, excusing, or overlooking by the Landlord of any default, breach, or non-observance by the Tenant at any time or times in respect of any covenant, proviso, or condition herein contained will 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 rights of the Landlord herein in respect of any such continuing or subsequent default or breach, and no waiver will be inferred from or implied by anything done or omitted by the Landlord save only express waiver in writing.

16.9 Remedies Cumulative

All rights and remedies of the Landlord in this Lease will be cumulative and not alternative. No remedy is exclusive or dependent upon any other remedy. Any one or more remedies

may be exercised generally or in combination. The specifying or use of a remedy under this Lease does not limit the right to use other remedies available at law generally.

17. MORTGAGES AND ASSIGNMENTS BY LANDLORD

17.1 Sale or Financing of Clubhouse

The rights of the Landlord under this Lease may be mortgaged, charged, transferred, or assigned at any time and from time to time to a purchaser or to a mortgagee or trustee for bond holders, and in the event of a sale or 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 Clubhouse or the Premises, the Tenant agrees to attorn to and become the tenant of such purchaser, mortgagee, or trustee, under the terms of this Lease.

17.2 Subordination

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

17.3 Estoppel Certificate

Within 10 days after written request therefor by the Landlord, or if upon any sale, assignment, lease, or mortgage of the Premises or the Clubhouse by the Landlord an estoppel certificate is required from the Tenant, the Tenant will deliver, in a form supplied by the Landlord, an estoppel certificate to any proposed mortgagee, assignee, lessee, or purchaser, or to the Landlord, confirming the basic terms of the Lease and stating any modification or defaults under the Lease by either party and such other information as reasonably required by the Landlord.

17.4 Assignment by Landlord

Nothing in this Lease will restrict the Landlord's right to sell, convey, assign, or otherwise deal with all or any part of the Clubhouse, subject to the rights of the Tenant under this Lease.

In the event of the sale or lease by the Landlord of the Clubhouse or a portion thereof containing the 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 will, without further written agreement, be freed and relieved of liability upon such covenants and obligations.

18. OVERHOLDING TENANT

If the Tenant remains in possession of the Premises after the end of the Term and without the execution and delivery of a new lease, there will be no tacit renewal or extension of this Lease or the Term hereby granted, despite any statutory provision or legal presumption to the contrary, and the Tenant will be deemed to be occupying the 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) one-tenth of the Basic Rent payable during the last 12 months of the Term;
and
- (b) one-tenth of the Additional Rent, payable hereunder during the last 12 months of the Term,

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

19. ENVIRONMENT

19.1 Compliance with Environmental Laws

The Tenant will, at the Tenant's expense, comply and cause any other person acting under its authority or control to comply with all Applicable Laws (including, but not limited to, obtaining any required permits or similar authorizations) pertaining to protection, conservation, utilization, impairment, or degradation of the environment (which includes air, land, ground water, surface water, oceans, lakes, rivers, and streams) relating to the Premises or the use of the Premises by the Tenant or those acting under its authority or control. The Tenant will not use or permit to be used the Premises for the sale, storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or any other dealing with any Hazardous Substances without the prior written consent of the Landlord, which may be unreasonably withheld. Without limiting the generality of the foregoing, the Tenant will, at the Tenant's expense, comply with all Applicable Laws

regulating the manufacture, use, storage, transportation, sale, handling, remediation, release, and disposal of Hazardous Substances and will make, obtain, and deliver all reports and studies required by government or regulatory authorities having jurisdiction.

19.2 Removal of Hazardous Substances

- (a) If any government authority having jurisdiction will require the clean-up of any Hazardous Substances held, released, spilled, abandoned, or placed upon the Premises or the Clubhouse or released into the environment in the course of business being carried on from the Premises by or on behalf of the Tenant or as a result of the use or occupancy of the Premises by or on behalf of the Tenant and the land thereunder the Tenant will, at its own expense and in compliance with all Applicable Laws and all requirements of governmental authorities having jurisdiction, carry out the work required for the remediation of such Hazardous Substances and will keep the Landlord fully informed of all of its actions in respect thereof; and
- (b) The Tenant will, prior to the expiry or termination of this Lease or any renewal or extension thereof, or upon the Tenant vacating a portion of the Premises, at the Tenant's sole expense and in accordance with Applicable Laws, promptly remove or remediate, at the Landlord's option, all Hazardous Substances and any harmful moulds or harmful airborne substances generated by the Tenant or by the Tenant's use or occupancy of the Premises or brought onto the Premises or part thereof vacated by the Tenant or those acting under its authority or control. For greater certainty, the foregoing obligation of the Tenant will include, without limitation, the responsibility to, at the Landlord's option, remove or remediate any Hazardous Substances, harmful moulds, or other harmful airborne substances that have as a result of the operations of the Tenant or the occupancy of the Premises by the Tenant, or any other person acting under its authority or control, become affixed to, permeated within or accumulated on or within the Clubhouse. The Tenant will obtain and provide to the Landlord a copy of the Tenant's environmental consultant's report or reports with respect to such removal of Hazardous Substances and harmful moulds and other harmful airborne substances.

19.3 Ownership of Hazardous Substances

If the Tenant creates or brings to the Clubhouse or the Premises any Hazardous Substance or if the Tenant will cause there to be any Hazardous Substance at the Clubhouse or the Premises then, notwithstanding any rule of law to the contrary or anything to the contrary contained in this Lease, such Hazardous Substance will be and remain the sole and exclusive property of the Tenant and will not become the property of the Landlord, notwithstanding the degree of affixation to the Premises or the Clubhouse of the

Hazardous Substance or the goods containing the Hazardous Substance, and notwithstanding the expiry or earlier termination of this Lease.

19.4 Survival

The obligations of the Tenant under this Article 18 will survive the expiry or earlier termination of this Lease.

20. QUIET ENJOYMENT

The Landlord covenants with the Tenant that if the Tenant duly and punctually pays the Rent hereby reserved, and duly and punctually performs the covenants herein on its part contained, it will, subject to the terms of this Lease, peaceably possess and enjoy the 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 it, except as set out in this Lease.

21. NOTICE

Any notice, demand, request, consent, or objection required or contemplated to be given or made by any provision of the Lease will be given or made in writing, and either delivered personally or sent by fax or other electronic means or registered mail, postage prepaid, addressed to the Landlord at the address referred to in Item (a) of the Summary of Certain Basic Lease Provisions; and if to the Tenant, addressed to the address referred to in Item (b) of the Summary of Certain Basic Lease Provisions or to such other address and fax number in Canada of which either Party may from time to time notify the other in writing.

The time of giving or making such notice, demand, request, consent, or objection will be, if delivered, emailed, or faxed, when delivered or received, as the case may be, and if mailed, then on the fourth Business Day after the day of the mailing thereof; provided that, if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slowdown, or other labour dispute that might affect delivery of such notice, then such notice will only be effective if actually delivered. If in this Lease two or more Persons are named as Tenant, such notice, demand, request, consent, or objection is sufficiently given or made if and when the same is given or made to any one of such Persons.

22. GENERAL CONDITIONS

22.1 Compliance with Laws

At the sole cost and expense of the Tenant, the Tenant will comply with and abide by all Applicable Laws in connection with the Premises, and all equipment, machinery, and

other facilities therein, and the Tenant's use, occupation, condition, maintenance, alterations, and repairs thereof, and the Tenant's use, storage, disposal, and clean-up of Hazardous Substances, whether or not in force at the date hereof and in accordance with all directions, rules, and regulations of the health officer, fire marshal, building inspector, or other proper officers of the City or other agencies, whether municipal, federal, or provincial, having jurisdiction, or the insurers of the Landlord. In the event that the Tenant fails to comply with the foregoing provisions, the Landlord may comply on behalf of the Tenant and collect the expense for such work from the Tenant in the same manner as arrears of Additional Rent.

22.2 Rules and Regulations

The Tenant covenants that it will observe and perform, and will cause its employees, agents, invitees, and others over whom the Tenant can reasonably be expected to exercise control, to observe and perform any and all Rules and Regulations that may from time to time be established by the Landlord for the Clubhouse. The Rules and Regulations set forth in Schedule C will be the Rules and Regulations in force until amended by the Landlord. The Landlord will communicate any amendments or changes in such Rules and Regulations to the Tenant in writing, and after communication such changed or amended Rules and Regulations will be in force until further amendment and notice thereof. The Landlord will not be responsible to the Tenant for the non-observance or violation by any other tenant of any such Rules and Regulations.

22.3 Several Tenants

Should the Tenant comprise two or more Persons, each of them will be jointly and severally bound with the other or others for the due performance of the obligations of the Tenant hereunder.

22.4 Successors and Assigns

Subject to the provisions of this Lease respecting assignment, this Lease will enure to the benefit of and be binding upon the Landlord, its successors and assigns, and the heirs, executors, administrators, and other personal legal representatives, successors, and permitted assigns of the Tenant. No rights will enure to the benefit of any assignee of the Tenant unless the assignment of such rights has been first approved by the Landlord.

22.5 Apportionment of Rent

If this Lease is terminated prior to the end of the Term, then without prejudice to the other rights of the Landlord contained herein or at law, the Rent will be apportioned and paid in full to the date of such termination, and the Tenant will immediately deliver up vacant possession of the Premises to the Landlord; provided that, and notwithstanding such termination, if at the date of such termination the actual amount of the Rent cannot

be exactly ascertained, the Tenant will pay to the Landlord the amount of the Rent as estimated by the Landlord and forthwith upon the exact amount of such sum being ascertained, the Landlord and the Tenant will make any readjustments if required.

22.6 No Offer

The Landlord will 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 Rent may be received by the Landlord, no contractual or other rights will exist or be created between the Landlord and Tenant until all Parties to this Lease have executed and delivered the same.

22.7 Force Majeure

Despite anything contained in this Lease to the contrary, if the Landlord or the Tenant is, in good faith, delayed or prevented from doing anything required by this Lease because of a strike, labour trouble, inability to obtain materials or services, power failure, restrictive government laws, orders, decrees, or regulations, riots, insurrection, sabotage, rebellion, war, act of God, terrorism, epidemics, pandemics, or outbreaks of communicable disease, quarantines, Health Emergencies, or other public or national or regional emergencies, or any other similar reason that is not the fault of the Party delayed, the doing of the thing is excused for the period of the delay and the Party delayed will do what was delayed or prevented within the appropriate period after the delay to the extent possible. The preceding sentence does not excuse the Tenant from payment of Rent or the Landlord from payment of amounts that it is required to pay, in the amounts and at the times specified in this Lease.

22.8 Time of the Essence

Time will be of the essence of this Lease.

22.9 Captions

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

22.10 Governing Law

This Lease will be construed and governed by the laws of the province of British Columbia and the laws of Canada as are applicable therein, and the Tenant will attorn to the exclusive jurisdiction of the courts of British Columbia.

22.11 Covenants

All of the provisions of this Lease will be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate paragraph.

22.12 Survival of Covenants

All obligations of the Tenant that by their nature require all or part of their performance or fulfilment after the expiry or termination of the Lease will (whether specifically provided for in this Lease or not) survive the expiry or termination of the Lease.

22.13 Severability

Should any provision or provisions of this Lease or its conditions be illegal or not enforceable, it or they will be considered separate and severable from this Lease, and its remaining provisions and conditions will remain in force and be binding upon the Parties as though the said provision or provisions or conditions had never been included.

22.14 Entire Agreement

This Lease 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.

22.15 Registration of Lease

Unless required by the Landlord, the Landlord will not be obliged to deliver this Lease in registrable form, despite the *Land Title Act*, R.S.B.C. 1996, c. 250, and the *Property Law Act*, R.S.B.C. 1996, c. 377, both as modified, amended, or replaced from time to time, and the Tenant will not register or attempt to register this Lease.

22.16 Schedules

The Parties acknowledge and agree that all Schedules attached and any further Schedule(s) agreed to by the Parties will form part of and be incorporated in this Lease.

22.18 Counterparts and Electronic Delivery

This Lease may be executed in one or more counterparts, each of which will be an original, and all of which together will constitute a single instrument. Further, the parties agree that this Lease may be signed by electronic signature (e.g., DocuSign or similar electronic signature technology) and/or transmitted by electronic means, and thereafter maintained in electronic form, and that such electronic record will be valid, and effective to bind the party so signing, as a paper copy bearing such party's hand-written signature. The parties further consent and agree that the electronic signatures appearing on this Lease will be treated, for the purposes of validity, enforceability, and admissibility, the same as hand-written signatures.

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

CITY OF LANGFORD, by its Authorized Signatory(ies):

Name:

Name:

RHINO COFFEE HOUSE., by its Authorized Signatory(ies):

Name:

Name:

SCHEDULE A

DEFINITIONS

In this Lease unless there is something in the context inconsistent therewith, the Parties agree that:

- (a) **“Additional Rent”** means the monies payable under section 5.1(b) together with all other sums of money, whether or not designated as Additional Rent, to be paid by the Tenant, whether to the Landlord or otherwise, under this Lease save and except Basic Rent and Additional Rent;
- (b) **“Applicable Laws”** means statutes, regulations, orders, rules, notices, policies, guidelines, codes, certificates of authorization, permits, or directives and other requirements of a government or quasi-governmental authority with jurisdiction over any matter;
- (c) **“Basic Rent”** means the minimum annual rent reserved hereunder payable by the Tenant as set forth in Item (j) of the Summary of Certain Basic Lease Provisions;
- (d) **“Business Day”** means a day that is not a Saturday or Sunday nor defined as a “holiday” under the *Interpretation Act*, R.S.B.C. 1996, c. 238, as modified, amended, or replaced from time to time, as amended or replaced from time to time;
- (e) **“Clubhouse”** means the Property, together with the buildings, improvements, facilities, air rights, and underground, overhead walkways and easements and appurtenances, from time to time located thereon or therein or contiguous thereto or for the benefit thereof and as they are altered, reduced, or expanded from time to time including, without limitation, the Common Areas and Common Facilities serving them or located on or in them from time to time;
- (f) **“City”** means the City of Langford, British Columbia;
- (g) **“Common Areas”** means those areas of the Clubhouse that, from time to time, are not intended to be leased to the tenants of the Clubhouse or are designated from time to time by the Landlord as common areas (whether located within or near the Clubhouse, provided that if outside the Clubhouse, the same serve or are for the benefit of the Clubhouse), which designation may be changed by the Landlord from time to time, including but not limited to the roof, exterior walls, exterior and interior structural elements and bearing walls, exterior and interior landscaped areas, parking areas (including

roof and below-grade parking, if any), roadways, driveways, truck courts, parcel pick-up facilities, common loading areas, sidewalks (moving or otherwise), tunnels, pedestrian bridges, all enclosed or open centres, courts, arcades, fountains, public hallways, service and fire corridors, stairways, escalators, ramps, elevators, public washrooms, administration offices, amenity rooms, meeting rooms, recreational facilities, and any other public facilities if and when provided, and electrical, telephone communications, meter, valve, mechanical, mail and janitor rooms, and storage areas;

- (h) **“Common Facilities”** means those facilities designated by the Landlord as common facilities, which designation may be changed by the Landlord from time to time, including but not limited to the electrical, communications, mechanical, heating, ventilating and air-conditioning, plumbing and drainage, lighting, fire prevention, security, music and public address systems, equipment, and installations, and any enclosures constructed therefor, together with all signage including pylon signs, directional signs, sign bands, and all signs identifying the Clubhouse and leasable premises located therein;
- (i) **“Fixturing Period”** will have the meaning set forth in Item (i) of the Summary of Certain Basic Lease Provisions, as such period may be extended under the terms of this Lease;
- (j) **“Hazardous Substances”** means any substance or material whose discharge, release, use, storage, handling or disposal is regulated, prohibited, or controlled, either generally or specifically, by any government authority or quasi-governmental authority pursuant to or under any Applicable Laws, including, but not limited to, any contaminant, pollutant, deleterious substance, or material that may impair the environment, petroleum and other hydrocarbons and their derivatives and by-products, dangerous substances or goods, asbestos, PCBs, gaseous, solid and liquid waste, special waste, toxic substance, hazardous or toxic chemicals, hazardous waste, hazardous material or hazardous substances, either in fact or as defined in or pursuant to any Applicable Laws;
- (k) **“Health Emergency”** means a situation in which the Landlord receives a directive, bulletin, notice, or other form of communication from a governmental authority, that occupants, tenants, invitees, or contractors working in the Clubhouse are or may be exposed to imminent danger from a disease, virus, or other biological or physical agents that may be detrimental to human health, including, by way of example, Severe Acute Respiratory Syndrome (“SARS”), Avian Flu (H5N1), Swine Flu (H1N1), and Coronavirus (COVID-19);

- (l) **“HVAC System”** means the heating, ventilating, and air-conditioning plants and systems necessary to heat, ventilate, and air-condition the Common Areas and the premises within the Clubhouse and those premises from time to time as having entirely separate plants and systems and includes, without limitation, the chilled and heated water systems, freon systems or air generating facilities and any storage and distribution systems leading therefrom, together with any cooling towers, thermostats, fans, pumps, and all other equipment and facilities connected therewith;
- (m) **“Landlord”** means the Party set forth in Item (a) of the Summary of Certain Basic Lease Provisions and any extension thereof and its authorized representatives. In sections that contain a release or other exculpatory provision or an indemnity in favour of the Landlord, “Landlord” includes the directors, officers, employees, and agents of the Landlord;
- (n) **“Landlord’s Work”** means the work to be performed by the Landlord at its cost and expense more particularly set forth in Part A of Schedule B;
- (o) **“Lease”** means this Lease, all Schedules, and the Rules and Regulations made from time to time by the Landlord under the provisions of this Lease;
- (p) **“Lease Year”** means a 12-month period commencing with the first day of January in one calendar year and ending on the last day of December of that year, providing that the first Lease Year will commence on the Term Commencement Date and end on the last day of December next following the Term Commencement Date and the last Lease Year will end on the last day of the Term and commence on the first day of January preceding that date. If the Landlord considers it necessary or convenient for the Landlord’s accounting purposes, the Landlord may at any time and from time to time, by written notice to the Tenant, specify an annual date from which each subsequent Lease Year is to commence and, in such event, the then-current Lease Year will terminate on the day preceding the commencement of such new Lease Year and each succeeding Lease Year will terminate on the day preceding such annual date;
- (q) **“Parties”** means the parties to this Lease and their successors and permitted assigns;
- (r) **“Patio Licence Area”** means those approximately 800 square foot premises constructed or to be constructed by the Landlord on the Property and shown outlined and marked “Shared Patio”, on the sketch attached hereto as Schedule D.

- (s) **“Person”** means, if the context allows, a person, firm, partnership or corporation, group of persons, firms, partnerships or corporations, or any combination of them;
- (t) **“Premises”** means those premises constructed or to be constructed by the Landlord on the Property, having a Rentable Area set out in Item (f) of the Summary of Certain Basic Lease Provisions and shown outlined in heavy blue line on the sketch attached hereto as Schedule B, including the area marked “WC” and “Storage”;
- (u) **“Prime Rate”** means the annual rate of interest announced from time to time by the Landlord’s bank as a reference rate then in effect for determining interest rates on Canadian dollar denominated commercial loans made in Canada;
- (v) **“Property”** means the lands situate in the City of Langford, and civically described as 2980 Irwin Road, Langford, B.C., V9B 5Y6 and more particularly described as:

PID:	024-763-594
Legal Description:	LOT D SECTION 26 GOLDSTREAM DISTRICT PLAN VIP70452 EXCEPT PLAN EPP127942;

- (w) **“Province”** means the Province of British Columbia;
- (x) **“Rent”** means Additional Rent and Basic Rent;
- (y) **“Rentable Area”** means the area of the Premises measured from: (a) the exterior face of exterior walls, doors, and windows; (b) the exterior face of interior walls, doors, and windows separating the Premises from Common Areas and/or Common Facilities; (c) the exterior face of interior walls that are not party walls, separating the Premises from adjoining premises; and (d) the centre line of interior party walls separating the Premises from adjoining premises. Rentable Area includes interior space even if it is occupied by projections, structures or columns, structural or non-structural, and if a storefront is recessed from the lease line, the area of the recess is included within the Rentable Area of the Premises;
- (z) **“Rules and Regulations”** means the Rules and Regulations set out in Schedule C adopted, promulgated, revised or amended by the Landlord from time to time;
- (aa) **“Security Deposit”** means the amount, if any, set forth in Item (k) of the Summary of Certain Basic Lease Provisions and any extension thereof;

- (bb) **“Summary of Certain Basic Lease Provisions”** means the summary contained in the first pages of this Lease;
- (cc) **“Tenant”** means the Party set forth in Item (b) of the Summary of Certain Basic Lease Provisions and any extension thereof and any Person mentioned as Tenant in this Lease;
- (dd) **“Tenant Inducements”** means any allowances, inducements, or rent-free periods;
- (ee) **“Tenant Improvements”** means all fixtures, improvements, installations, alterations, and additions now and from time to time hereafter made, erected or installed, by the Tenant in the Premises;
- (ff) **“Tenant’s Work”** means the work to be performed by the Tenant at its cost and expense more particularly set forth in Part B of Schedule B;
- (gg) **“Term”** means the term of this Lease as set forth in Item (g) of the Summary of Certain Basic Lease Provisions and any extension thereof;
- (hh) **“Term Commencement Date”** means the day referred to in Item (h) of the Summary of Certain Basic Lease Provisions and any extension thereof;
- (ii) **“Transfer”** means and includes an assignment of this Lease or a sublease or a licence of all or part of the Premises or any other occupation of the Premises except by the Tenant, as the case may be;
- (jj) **“Transferee”** means and includes an assignee or a subtenant or licensee, as the case may be.

SCHEDULE B

DESCRIPTION OF LANDLORD'S WORK AND TENANT'S WORK

A. Landlord's Work

Under the terms and conditions of this Lease, the Landlord will provide, construct, and install, all at the Landlord's sole cost and expense, including all necessary permits, a basic building containing the Premises on the Property, with the kitchen area of the Premises containing the following:

- (i) 10-foot-wide commercial kitchen exhaust hood, exhaust duct, and commercial kitchen exhaust fan;
- (ii) a kitchen hood fire suppression system suitable for two deep fryers and a 4- or 6-burner range;
- (iii) a kitchen makeup air unit, ductwork, and supply grilles;
- (iv) a natural gas connection suitable for commercial kitchen appliances with a maximum load of 800,000 Btu/h;
- (v) a 50 USGPM grease interceptor serving existing floor drains, and a plumbing rough-in for a dishwasher and sink; and
- (vi) a plumbing rough-in for a hand washing sink.

B. Tenant's Work

The Tenant will provide, furnish, and install all of the Tenant Improvements and other work not included in Part A hereof and that is required for the Tenant's permitted use of the Premises.

The Landlord will reimburse the Tenant up to \$75,000.00 towards the purchase and installation of equipment which may include but is not limited to kitchen appliances, furniture, lighting, décor, etc. The Tenant will submit receipts to the City for all expenditures up to the allotted \$75,000.00. The City will issue payments up to twice per month within 2 weeks of submission of any receipts. The Tenant and the Landlord will collaborate on the design of the space and all fixtures will remain the property of the City.

SCHEDULE C

PROCEDURE FOR LANDLORD'S WORK AND TENANT'S WORK

1. Tenant's Work

Other than the \$75,000.00 budget towards Tenancy Improvements outlined in Schedule B, all work or equipment, other than those items specifically enumerated as Landlord's Work, will be performed and supplied by the Tenant at its own cost and expense, and the Tenant will fully equip the Premises with all modern and first class trade equipment, lighting fixtures, furniture, operating equipment, furnishings, fixtures, floor coverings, heating, ventilating, and air-conditioning equipment and any other equipment necessary for the proper operation of the Tenant's business and such installation will be completed without damage to the structure of the Premises or to the heating, ventilating, air-conditioning, sprinkler, plumbing, electrical, and other mechanical systems of the Clubhouse. The Tenant will provide proper hoarding to the satisfaction of the Landlord in front of the Premises during any construction.

2. Acceptance of Premises

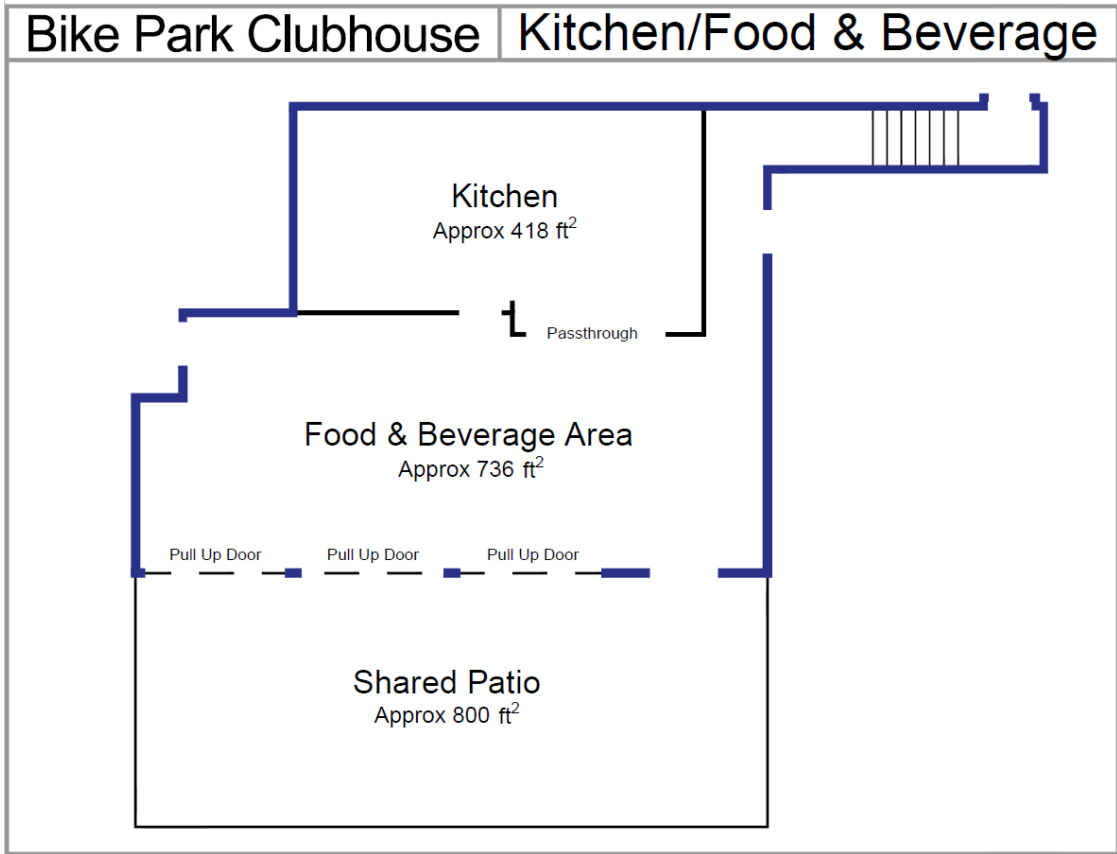
The opening by the Tenant of its business in the Clubhouse will constitute an acknowledgement by the Tenant that the Premises are in the condition called for by this Lease, that the Landlord has performed all of the Landlord's Work with respect thereto, and that the Tenant reserves or asserts no rights for claims, offsets, or back charges except for any latent defects discovered within 90 days of the opening by the Tenant of its business in the Clubhouse.

3. Liens

The Tenant will pay before delinquency for all materials supplied and work done in respect of the Tenant's Work so as to ensure that no lien or claim of lien is registered against any portion of the Property or against the Landlord's or Tenant's interest in the Property. If a lien or claim of lien is registered or filed, the Tenant will discharge it at its expense within five Business Days after written notice from the Landlord (or sooner if such lien or claim is delaying a financing or sale of all or any part of the Property), failing which the Landlord may at its option discharge the lien or claim of lien by paying the amount claimed to be due into court and the amount so paid and all expenses of the Landlord including legal fees (on a full indemnity basis) will be paid by the Tenant to the Landlord.

SCHEDULE D

Floor Plan of the Demised Premises



SCHEDULE E

RULES AND REGULATIONS

- (1) The Tenant will not perform any acts or carry on any practice that may injure the Common Areas or Common Facilities or be a nuisance to any other tenants of premises situated in the Clubhouse.
- (2) The Tenant will not burn any trash or garbage in or about the Premises or anywhere within the confines of the Clubhouse.
- (3) The entrances, lobbies, elevators, escalators, staircases, and other facilities of the Clubhouse are for use only for access to the Premises and other parts of the Clubhouse, and the Tenant will not obstruct or misuse such facilities or permit them to be obstructed or misused by its agents, employees, invitees, or others under its control.
- (4) No safes or other heavy equipment will be moved by or for the Tenant unless the consent of the Landlord is first obtained and unless all due care is taken. Such equipment will be moved upon the appropriate steel-bearing plates, skids, or platforms and subject to the Landlord's direction, and at such times and by such persons as the Landlord will have approved. No fixtures, freight, or bulky matter of any description will be moved in or out of the Premises or carried in the elevators of the Clubhouse except during such hours as the Landlord has approved. Hand-trucks and similar appliances will be equipped with rubber tires and other safeguards approved by the Landlord and will be used only by prior arrangement with the Landlord.
- (5) The Tenant will permit and facilitate the entry of the Landlord, or those designated by it, into the Premises for the purpose of inspection, repair, and other proper purposes, and will not permit access to main header ducts, janitor and electrical closets, and other necessary means of access to mechanical, electrical, and other facilities to be obstructed by the placement of fixtures or otherwise. The Tenant will not place any additional locks or other security devices upon any doors of the Premises without the prior written approval of the Landlord. The Landlord's approval will be subject to any conditions imposed by the Landlord for the maintenance of necessary access.
- (6) At any time other than during normal business hours the Landlord may require that all or any persons entering and leaving the Clubhouse satisfactorily identify themselves and register in books kept for the purpose, may prevent any person from entering the Premises unless provided with a key thereto and a pass or other authorization from the Tenant in a form satisfactory to the Landlord, and may prevent any person removing any goods therefrom without written authorization.

- (7) The Tenant will receive, ship, and take delivery of, and allow and require suppliers and others to deliver and take delivery of, supplies, fixtures, equipment, furnishings, and merchandise only through the appropriate service and delivery facilities provided in the Clubhouse and subject to such further and other regulations as the Landlord may from time to time impose.
- (8) At the sole cost and expense of the Tenant, the Premises will be kept by the Tenant in a clean, tidy, and sanitary condition and free from rodents, vermin, and the like, and no debris, garbage, trash, or refuse will be placed or left, or be permitted to be placed or left in, on, or upon any part of the Clubhouse, but will be deposited by the Tenant in areas and at times and in a manner designated by the Landlord from time to time. Should any of the items herein mentioned be of a perishable nature, the same will be kept in a properly refrigerated area provided at the cost of the Tenant. Should there be costs for removal of said items additional to the removal service provided by the Landlord or by the City or should the City charge for such service then the Tenant will pay for such costs. If such costs are billed to and paid by the Landlord, the Tenant will pay such costs to the Landlord on demand.
- (9) The Tenant will not permit the Premises to be used for sleeping.
- (10) The Tenant will keep the display windows of the Premises suitably illuminated during the business hours of the Clubhouse, such hours as may be determined from time to time by the Landlord and during such other reasonable hours as the Landlord may determine.
- (11) In order to maintain satisfactory and uniform pest control throughout the Clubhouse, the Tenant will engage for the Premises at its sole cost and expense such pest extermination contractor from time to time as the Landlord directs.
- (12) Should the Tenant wish to install drapes or blinds in the exterior windows of the Premises, the Tenant will first have them approved by the Landlord as to colour and design.
- (13) The Tenant will keep all windows of the Premises closed at all times both day and night unless the air-conditioning or ventilating systems are not operating.
- (14) The Tenant will not change any locks to the Premises and all such locks and keys including electronic key cards or systems for such locks will be installed, cut, and made by the Landlord, and any locks installed by the Tenant contrary to this Section may be removed and otherwise changed by the Landlord at the cost of the Tenant and such action on the part of the Landlord will not be deemed to be re-entry on the part of the Landlord.

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