

CRA: M51347
Building No.: B10991
Business Entity: N00665
Property Number: P00665

DATED: JUNE 14, 2017

OFFICE PREMISES NET LEASE

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO AS REPRESENTED BY THE
MINISTER OF INFRASTRUCTURE**

(the “Landlord”)

– and –

THE CORPORATION OF THE CITY OF KAWARTHA LAKES

(the “Tenant”)

M51347

TABLE OF CONTENTS

ARTICLE I - LEASE SUMMARY.....1

1.01 LEASE SUMMARY 1

ARTICLE II - DEFINITIONS3

ARTICLE III - INTENT6

3.01 NET LEASE6

ARTICLE IV - GRANT AND TERM6

4.01 PREMISES6

4.02 USE OF COMMON AREAS AND FACILITIES.....7

4.03 ARCHITECT’S CERTIFICATE.....7

4.04 PARKING7

ARTICLE V - RENT7

5.01 COVENANT TO PAY8

5.02 BASIC RENT8

5.03 FIXTURING PERIOD/BASIC RENT FREE PERIOD8

5.04 SALES TAXES8

5.05 OVERDUE RENT8

5.06 LATE PAYMENT CHARGE8

5.07 POST-DATED CHEQUES8

ARTICLE VI – TAXES.....9

6.01 TAXES PAYABLE BY THE TENANT9

6.02 BUSINESS AND OTHER TAXES10

ARTICLE VII - LANDLORD'S COVENANTS AND BUILDING CONTROL AND PAYMENT10

7.01 LANDLORD'S COVENANT FOR QUIET ENJOYMENT10

7.02 CONTROL OF THE PROJECT BY THE LANDLORD10

7.03 RIGHT TO RELOCATE.....10

7.04 TENANT TO PAY OPERATING COSTS AND TAXES11

7.05 VACANCY14

7.06 RENT DISPUTES.....15

ARTICLE VIII - UTILITIES AND LANDLORD’S SERVICES.....15

8.01 UTILITIES15

8.02 INTERRUPTION OF SUPPLY OF UTILITIES15

8.03 REPLACEMENT OF BULBS.....15

8.04 ADDITIONAL SERVICES16

8.05 CARETAKING.....16

ARTICLE IX - USE OF THE PREMISES16

9.01 USE OF THE PREMISES16

9.02 TENANT’S FIXTURES17

9.03 PREMISES SIGNAGE17

9.04 WASTE REMOVAL17

9.05 NO WASTE, ENVIRONMENTAL CONTAMINATION OR OVERLOADING17

9.06 LANDLORD’S REQUIREMENTS.....18

9.07 GOVERNMENTAL REQUIREMENTS.....18

9.08 ENVIRONMENTAL COVENANTS18

9.09 ENVIRONMENTAL INDEMNIFICATION18

9.10 COMPLIANCE WITH LAWS19

9.11 DELIVERIES19

9.12 SECURITY DEVICES19

9.13 TELECOMMUNICATIONS19

ARTICLE X - INSURANCE AND INDEMNITY21

10.01 LANDLORD’S INSURANCE21

10.02 TENANT'S INSURANCE.....21

10.03 LANDLORD'S NON-LIABILITY22

10.04 INDEMNIFICATION OF THE LANDLORD22

10.05 BENEFIT OF EXCULPATORY AND INDEMNITY PROVISIONS22

ARTICLE XI - MAINTENANCE, REPAIRS AND IMPROVEMENTS23

11.01 MAINTENANCE AND REPAIRS BY THE TENANT.....23

11.02 LANDLORD’S APPROVAL OF THE TENANT’S IMPROVEMENTS.....23

11.03 REPAIR ACCORDING TO THE LANDLORD’S NOTICE.....24

11.04 NOTICE BY TENANT25

11.05 OWNERSHIP OF IMPROVEMENTS.....25

11.06 CONSTRUCTION LIENS25

11.07 MAINTENANCE AND REPAIRS BY THE LANDLORD.....25

11.08 REPAIR WHERE THE TENANT IS AT FAULT26

ARTICLE XII - END OF TERM.....26

12.01 VACATING OF POSSESSION26

12.02 REMOVAL OF TRADE FIXTURES26

12.03 REMOVAL OF IMPROVEMENTS26

ARTICLE XIII - DAMAGE AND DESTRUCTION26

13.01 DAMAGE TO PREMISES.....26

13.02 RESTORATION OF PREMISES27

13.03 DAMAGE TO BUILDING28

13.04 DECISION OF ARCHITECT BINDING.....28

ARTICLE XIV - ASSIGNMENT AND SUBLETTING28

14.01 TENANT NOT TO TRANSFER.....28

14.02 LANDLORD’S OPTION.....30

14.03 NO ADVERTISING OF PREMISES.....30

14.04 ASSIGNMENT BY THE LANDLORD.....30

14.05 CORPORATE OWNERSHIP30

ARTICLE XV - REGISTRATION, STATUS STATEMENT, ATTORNMENT AND SUBORDINATION...31

15.01 REGISTRATION31

15.02 STATUS STATEMENT31

15.03 SUBORDINATION AND ATTORNMENT31

15.04 ATTORNEY31

ARTICLE XVI - DEFAULT31

16.01 RIGHT TO RE-ENTER31

16.02 RIGHT TO RELET32

16.03 RIGHT TO TERMINATE.....33

16.04 LANDLORD MAY CURE THE TENANT’S DEFAULT OR PERFORM THE TENANT’S COVENANTS33

16.05 COSTS33

16.06 CHARGES COLLECTIBLE AS RENT33

ARTICLE XVII - MISCELLANEOUS.....33

17.01 RULES AND REGULATIONS33

17.02 OPTION(S) TO EXTEND33

17.03 ACCESS TO PREMISES.....34

17.04 CANCELLATION.....35

17.05 REMEDIES TO SUBSIST35

17.06 IMPOSSIBILITY OF PERFORMANCE.....35

17.07 NOTICES.....35

17.08 COMPLETE AGREEMENT36

17.09 COLLATERAL RIGHTS.....36

17.10 TIME OF THE ESSENCE.....36

17.11 APPLICABLE LAW36

17.12 SEVERABILITY36

17.13 NO PARTNERSHIP OR AGENCY36

17.14 SECTION NUMBERS AND HEADINGS.....36

17.15 INTERPRETATION36

17.16 SUCCESSORS36

17.17 NOT BINDING ON THE LANDLORD.....37

17.18 FREEDOM OF INFORMATION37

17.19 CONFLICT OF INTEREST.....38

SCHEDULE “A” LEGAL DESCRIPTION

SCHEDULE “B” FLOOR PLAN

SCHEDULE “C” ENVIRONMENTAL CONTAMINANTS

OFFICE PREMISES NET LEASE

THIS LEASE is made in triplicate as of June 14, 2017, with effect April 1, 2016.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO AS REPRESENTED BY THE
MINISTER OF INFRASTRUCTURE**

(hereinafter referred to as the "Landlord")

- and -

**THE CORPORATION OF THE CITY OF
KAWARTHA LAKES**

(hereinafter referred to as the "Tenant")

ARTICLE I - LEASE SUMMARY

1.01 Lease Summary

The following is a summary of some of the basic terms of this Lease, which are elaborated upon in this Lease.

- (a) Premises: a portion of the second floor of the building, as shown cross hatched on the floor plan attached hereto as Schedule "B".
- (b) Rentable Area of the Premises: approximately two thousand, one hundred and eighty-two (2,182) square feet, to be confirmed by an Architect's certificate provided in accordance with Section 4.03 hereof and measured in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings (BOMA) Standards approved June 7, 1996.
- (c) Building: having a municipal address of 440 Kent Street West, Lindsay, Ontario, located on the Lands having the legal description set out in Schedule "A" attached hereto.
- (d) Rentable Area of the Building: has been measured in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings (BOMA Standards approved June 7, 1996) to comprise approximately sixty-three thousand, four hundred and forty-six (63,446) square feet, subject to Section 4.03 hereof.
- (e) Term: five (5) years.
- (f) Commencement Date: April 1, 2016.
- (g) Expiry Date: March 31, 2021.
- (h) Rent Free Fixturing Period/Basic Rent Free Period: INTENTIONALLY DELETED.
- (i) Basic Rent: the Tenant shall pay to the Landlord, Twenty One Thousand, Two Hundred and Nine Dollars and Four Cents (\$21,209.04) per annum, Sales Taxes to be added, payable in equal monthly instalments of One Thousand, Seven Hundred and Sixty-Seven Dollars and Forty-Two Cents (\$1,767.42) per month, calculated at a rate of Nine Dollars and Seventy-Two Cents (\$9.72) per square foot of the Rentable Area of the Premises, the

first of such monthly payments to be due and payable on April 1, 2016.

- (j) Additional Rent: Additional Rent for the year 2016 has been estimated by the Landlord to be Seven Dollars and Fifty-Two Cents (\$11.53) per square foot of the Rentable Area of the Premises and is subject to annual adjustments in accordance with the terms and provisions of this Lease. The annual Additional Rent in the amount of Twenty-Five Thousand, One Hundred and Fifty-Eight Dollars and Forty-Six Cents (\$25,158.46) shall be payable in advance in equal monthly instalments of Two Thousand and Ninety-Six Dollars and Fifty-Four Cents (\$2,096.54), plus Sales Taxes on the first day of each month during the Term.
- (k) Use of the Premises permitted by this Lease: office and for no other purpose whatsoever.
- (l) Parking: as further provided in Section 4.04 of this Lease.
- (m) Extension Option(s): two (2) extension term(s) of five (5) years each (each an "Extension Term"), each exercisable upon six (6) months' prior written notice to the Landlord, subject to Section 17.02 hereof.
- (n) Address for Service of Notice on Tenant:

The Corporation of the City of Kawartha Lakes
440 Kent Street
Lindsay, Ontario K9V 5R8
Attention: Manager
Fax: (705) 324-7991

With a copy to:

The Corporation of the City of Kawartha Lakes
26 Francis Street
Lindsay, Ontario K9V 5R8
Attention: Clerk's Office
Fax: 705-324-8110

- (o) Address for Service of Notice on Landlord:

Ontario Infrastructure and Lands Corporation
333 Preston Street, 10th Floor, Suite 1010
Ottawa, Ontario K1S 5N4
Attention: Vice President, Asset Management
Fax: (613) 738-4106

With a copy to:

Ontario Infrastructure and Lands Corporation
777 Bay Street, Suite 900
Toronto, Ontario M5G 2C8
Attention: Director, Legal Services (Real Estate and Leasing)
Fax: 416-326-2854

And an additional copy to:

CBRE Limited
Global Workplace Solutions
18 King Street East, Suite 1100
Toronto, Ontario M5C 1C4
Attention: Director, Lease Administration – OILC
Fax: (416) 775-3989

(p) Payment of Rent:

Ontario Infrastructure and Lands Corporation
c/o CBRE Limited
18 King Street East, Suite 1100
Toronto, Ontario M5C 1C4
Attention: IO PLMS Accounts Receivable
Fax: (416) 775-3989

All Cheques are payable to Ontario Infrastructure and Lands Corporation.

ARTICLE II - DEFINITIONS

When used in this Lease, the following words or expressions have the meaning hereinafter set forth:

- 2.01 “Additional Rent”** means any and all sums of money or charges required to be paid by the Tenant under this Lease (except Basic Rent) whether or not the same are designated “Additional Rent” or whether or not the same are payable to the Landlord or otherwise. Additional Rent is due and payable with the next monthly instalment of Basic Rent unless otherwise provided herein. Additional Rent is payable to the Landlord at the address set out in Subsection 1.01(q).
- 2.02 “Additional Services”** means all services supplied by the Landlord or by anyone authorized by the Landlord in addition to those required to be supplied by the Landlord to the Tenant as a standard service pursuant to this Lease (except for any services which the Landlord elects to supply to all of the tenants of the Building), the cost of which is included in Operating Costs at rates and charges determined by the Landlord; by way of example and without limitation, adjusting and balancing heating, ventilation and air-conditioning facilities, cleaning of carpets, moving furniture, construction, installation and alterations to or removal of Improvements, providing access and connection to fibre optics or other enhanced information technology, are each Additional Services. “Additional Service” shall have a corresponding meaning.
- 2.03 “Basic Rent”** means the annual rent payable by the Tenant pursuant to and in the manner set out in Section 5.02.
- 2.04 “Architect”** means an architect, Ontario Land Surveyor, professional engineer or other person from time to time named by the Landlord. The decision of the Architect whenever required hereunder and any certificate related thereto shall be final and binding on the parties hereto.
- 2.05 “Authority”** means any governmental authority, quasi-governmental authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Premises or the Building or the use thereof, and “Authorities” means all such authorities, agencies, bodies and departments.
- 2.06 “Building”** means buildings, structures and Improvements from time to time erected on the Lands municipally identified in subsection 1.01(c) and all alterations and additions thereto and replacements thereof, as same may be altered, expanded or reduced from time to time.
- 2.07 “Business Day”** means Mondays through Fridays, inclusive, but excluding any statutory holidays.
- 2.08 “Commencement Date”** means the date referred to in Subsection 1.01(f).
- 2.09 “Common Areas and Facilities”** means those lands, areas, facilities, utilities, improvements, equipment and installations designated from time to time by the Landlord which serve or are for the benefit of the Building, whether or not located within, adjacent to, or near the Building, including access roads, parking areas, lobbies, foyers and vestibules, sidewalks, storage and mechanical areas, Mechanical and Electrical Services,

janitor rooms, mail rooms, telephone rooms, rooms for the Mechanical and Electrical Services, stairways, escalators, elevators, truck and receiving areas, driveways, loading docks and corridors.

- 2.10 “Contemplated Use”** has the meaning ascribed to it in Section 9.01.
- 2.11 “Environmental Contaminants”** means (a) any substance which, when it exists in the Project or the water supplied to or in the Project, or when it is released into the Premises, the Project or any part thereof, or into the water or the natural environment, is likely to cause, at any time, material harm or degradation to the Project or any part thereof, or to the natural environmental or material risk to human health, and includes, without limitation, any flammables, explosives, radioactive materials, asbestos, lead paint, PCBs, fungal contaminants (including, without limitation, *stachybotrys chartarum* and other moulds), mercury and its compounds, dioxins and furans, chlordane (DDT), polychlorinated biphenyls, chlorofluorocarbons (CFCs), hydro-chlorofluorocarbons (HCFCs), volatile organic compounds (VOCs), urea formaldehyde foam insulation, radon gas, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic or noxious substances or related materials, petroleum and petroleum products, or (b) any substance declared to be hazardous or toxic under any Environmental Laws now or hereafter enacted or promulgated by any authorities, or (c) both (a) and (b).
- 2.12 “Environmental Laws”** means any federal, provincial or local law, statute, ordinance, regulation, policy, guideline or order and all amendments thereto pertaining to health, industrial hygiene, environmental conditions or Environmental Contaminants, including, without limitation, the Environmental Protection Act, R.S.O. 1990, c.E.19 (the “EPA”), the Environmental Assessment Act, R.S.O. 1990, c. E.18, the Ontario Water Resources Act, R.S.O. 1990, c. O.40, the Occupational Health and Safety Act, R.S.O. 1990, c.O.1, Ontario Regulation 153/04 under Part XV.1 of the Environmental Protection Act (2004), as amended by Ontario Regulation 511/09 (2009), the Safe Drinking Water Act, 2002, S.O. 2002, c.32 and applicable air quality guidelines (including, without limitation, Ontario Regulation 127/01-“Airborne Contaminant Discharge-Monitoring and Reporting” under the EPA), as such statutes, regulations and guidelines may be amended from time to time.
- 2.13 “Improvements”** means without limitation, all fixtures, installations, alterations and additions from time to time made, erected or installed in or about the Premises, whether or not they are trade fixtures or easily removable and whether or not installed by or on behalf the Tenant or a prior occupant, including without limitation, all of the following: doors, partitions and hardware, mechanical, electrical and utility installations, lighting fixtures and built-in furniture and any repairs, replacements, changes, additions or alterations.
- 2.14 “Lands”** means those lands upon which the Building is located, having the legal description set out in Schedule “A” attached hereto, as same may be altered, expanded or reduced from time to time.
- 2.15 “Laws”** means any enactments, by-laws, statutes, ordinances, regulations, guidelines, codes, orders and policies and all amendments thereto and any successor legislation, of any Authority.
- 2.16 “Mechanical and Electrical Services”** include, but are not limited to, all mechanical, electrical, drainage, lighting, incinerating, ventilation, air-conditioning, elevating, heating, pumping, sprinkling, alarm, plumbing and other mechanical and electrical systems installed in or used in the operation of the Building and the Lands.
- 2.17 “Normal Business Hours”** means the hours between 8:00 a.m. and 6:00 p.m., Monday through Friday.
- 2.18 “OILC”** means the Ontario Infrastructure and Lands Corporation.

- 2.19 **“Operating Costs”** has the meaning provided in Subsection 7.04 (b) of this Lease.
- 2.20 **“Parking Areas”** means the improvements constructed from time to time, in or as part of the Building and the Lands for use as parking facilities for the tenants of the Building and their employees, servants and invitees, and the areas and facilities that are appurtenant solely to those improvements, but excluding the parking areas, driveways, loading areas and other parts of the service area forming part of the Premises and available exclusively to the Tenant or other tenants in the Building. The Landlord shall designate the minimum number of the parking spaces comprising the Parking Areas prescribed by the relevant Authority for the sole and exclusive use of people with disabilities.
- 2.21 **“Person”** if the context allows, includes any person, firm, partnership or corporation, or any group of persons, firms, partnerships or corporations or any combination thereof.
- 2.22 **“Premises”** means the premises identified in Subsection 1.01(a).
- 2.23 **“Prime Rate”** means the rate of interest per annum from time to time publicly quoted by the Royal Bank of Canada as the reference rate of interest (commonly known as its “prime rate”) used by it to determine rates of interest chargeable in Canada on Canadian dollar demand loans to its commercial customers.
- 2.24 **“Project”** means the Lands and Building and includes, without limitation, the Common Areas and Facilities, as same may be altered, expanded or reduced from time to time.
- 2.25 **“Proportionate Share”** means the fraction which has: (i) as its numerator the Rentable Area of the Premises; and (ii) as its denominator the Rentable Area of the Building less the Rentable Area of the Building which is not leased at the time of the calculation.
- 2.26 **“Rent”** means the aggregate of Basic Rent, Additional Rent and all other sums of money payable by the Tenant pursuant to this Lease.
- 2.27 **“Rentable Area”** means in the case of the Premises or any other premises in the Building the area expressed in square feet, of all floors of the premises, measured in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings (BOMA Standards approved June 7, 1996). The Landlord shall be entitled at any time, but without retroactive effect, to revise the Rentable Area in accordance with a more recent BOMA Standard.
- 2.28 **“Rentable Area of the Building”** has been measured in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings (BOMA Standards approved June 7, 1996) to comprise sixty-three thousand, four hundred and forty-six (63,446) square feet. The Landlord shall be entitled at any time, but without retroactive effect, to revise the Rentable Area of the Building in accordance with a more recent BOMA Standard.
- 2.29 **“Rentable Area of the Premises”** has been estimated to comprise approximately two thousand, one hundred and eighty-two (2,182) square feet and shall be measured in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings (BOMA Standards approved June 7, 1996), as confirmed by an Architect’s certificate to be provided by the Landlord pursuant to Section 4.03 of this Lease. The Landlord shall be entitled at any time, but without retroactive effect, to revise the Rentable Area of the Premises in accordance with a more recent BOMA Standard.
- 2.30 **“Rental Year”** means a period of time for the first Rental Year commencing as of the Commencement Date and ending on March 31 of the following calendar year and, thereafter, each Rental Year shall consist of consecutive periods of twelve (12) calendar months commencing on April 1 and ending on March 31 of the following calendar year, except in respect of the last Rental Year, which shall terminate on the expiration or earlier termination of this Lease, as the case may be.
- 2.31 **“Sales Taxes”** means collectively and individually, all business transfer, multi-usage sales, sales, goods and services, harmonized sales, use, consumption, value-added or

other similar taxes imposed by any Authority upon the Landlord, or the Tenant, or in respect of this Lease, or the payments made by the Tenant hereunder or the goods and services provided by the Landlord hereunder including, without limitation, the rental of the Premises and the provision of administrative services to the Tenant hereunder.

- 2.32 **"Service Provider"** means any Person retained by the Landlord to provide to the Landlord services in respect of the administration and operations under this Lease.
- 2.33 **"Structure"** means the foundation, roof (excluding roof membrane), exterior wall assemblies, including weather walls and bearing walls, subfloor and structural columns and beams of the Building and all plumbing, drainage and equipment leading up to, from and under the Building.
- 2.34 **"Taxes"** means the total of: (a) all taxes, rates, levies, duties and assessments whatsoever levied, charged, imposed or assessed against the Project or upon the Landlord in respect thereto or from time to time by a taxing Authority, and any taxes or other amounts that are imposed or paid in lieu thereof (including payments in lieu of Taxes) or in addition thereto, including, without limitation, taxes levied, charged, imposed or assessed for education, school and local improvements and all business taxes, if any, from time to time payable by the Landlord or levied against the Landlord on account of its ownership or interest in or the operation of the Project; and, (b) all costs and expenses incurred by the Landlord in good faith in contesting, resisting or appealing any such taxes, rates, duties, levies or assessments including, without limitation, legal fees on a solicitor and client basis. Taxes shall also include any professional fees and interest and penalties on deferred payments but excluding income or profits taxes upon the income of the Landlord. If any portion of the Project is assessed or taxed other than at the prevailing commercial assessment rates and mill rates due to the occupancy of any tenants or the nature of any tenant's operation, then the amount of such taxes, rates, levies, duties or assessments shall be adjusted to be an amount equal to the amount which would have been incurred had such portion of the Project been assessed and taxed at the prevailing commercial assessment rates and mill rates throughout the entire period for which the calculation is being made.
- 2.35 **"Taxes for the Common Areas and Facilities"** means the portion of the Taxes, if any, allocated by the Landlord on a reasonable basis to the non-rentable parts of the Project and to the area or areas within the Project occupied by the Landlord for the management and operation of the Project.
- 2.36 **"Tenant's Share of Taxes"** means the Tenant's share (calculated in accordance with Section 6.01) of Taxes, provided that the Tenant shall be solely responsible for any increase in Taxes resulting from any act or election of the Tenant or from any Improvements in or to the Premises.
- 2.37 **"Term"** means the period of time referred to and described in Subsection 1.01(e).
- 2.38 **"Utilities"** means all gas, electricity, water, sewer, steam, fuel oil, power, signal equipment and other utilities used in or for the Building or the Premises, as applicable.

ARTICLE III - INTENT

3.01 Net Lease

This Lease is a completely net and carefree lease to the Landlord, and except as expressly set out herein, during the Term the Landlord is not responsible for any expense or obligation of any nature whatsoever arising from or relating to the Premises or the Project.

ARTICLE IV - GRANT AND TERM

4.01 Premises

- (a) In consideration of the rents, covenants and agreements herein contained on the part of the Tenant to be paid, observed and performed, the Landlord leases to the Tenant, and the

Tenant leases from the Landlord, the Premises for and during the Term, commencing on the Commencement Date.

(b) The Tenant acknowledges and agrees that:

- (i) it shall accept the Premises in an “as is” condition;
- (ii) the Landlord shall have no obligations with respect to any Improvements, including any alterations, decorations, or with respect to any renovations or repairs of or to any portion of the Premises, all of which shall be completed by the Tenant at its sole cost and expense in accordance with the provisions of this Lease; and
- (iii) the Landlord has made no representations and warranties relating to the Premises or the Project and the Landlord does not make any representation or warranty whatsoever to the Tenant that the permitted use of the Premises as set out in Subsection 1.01(k) herein is permitted under applicable Laws or any applicable zoning by-laws.

4.02 Use of Common Areas and Facilities

The use and occupation by the Tenant of the Premises includes the non-exclusive and non-transferable right to use the Common Areas and Facilities in common with others entitled thereto, for the purposes for which they are intended and during such hours and days as the Building is open for business, subject to provisions of this Lease. The Tenant and its employees and invitees shall not obstruct the Common Areas and Facilities or use the Common Areas and Facilities other than for their intended purposes and then only in accordance with the rules and regulations set by the Landlord from time to time.

4.03 Architect's Certificate

At any time on or after the Commencement Date, the Landlord shall deliver to the Tenant an Architect's certificate certifying the Rentable Area of the Premises. The Basic Rent and the Proportionate Share shall be adjusted accordingly, retroactive to the Commencement Date.

Notwithstanding anything in this Lease to the contrary, the Landlord may from time to time, as it deems necessary, cause the Rentable Area of the Premises, the Building or any part thereof to be recalculated or remeasured and the cost thereof shall be included in Operating Costs (except as otherwise provided in this Section 4.03). Upon any such recalculation or remeasurement, Rent shall be adjusted accordingly. If any calculation or determination by the Landlord of the Rentable Area of any premises (including the Premises) is disputed, it shall be calculated or determined by the Architect, whose certificate shall be conclusive and binding upon the parties hereto. The cost of such calculation or determination shall be included in Operating Costs; provided that if the Tenant disputes the Landlord's calculation or determination and the calculation or determination by the Architect agrees with the Landlord's calculation or determination within a two percent (2%) variance, the Tenant shall pay the full cost of such calculation or determination forthwith upon demand. If the Tenant and any one or more of the other tenants in the Building are responsible to pay such costs, the Tenant shall be jointly and severally liable with such other tenant or tenants.

If any error shall be found in the calculation of the Rentable Area of the Premises or in the calculation of the Tenant's Proportionate Share, Rent shall be adjusted for the Rentable Year in which that error is discovered and for the Rental Year preceding the Rental Year in which the error was discovered, if any, and thereafter but not for any prior period.

4.04 Parking

The Tenant, and persons utilizing the services of the Tenant is/are entitled, in common with other tenants of the Building, to use any Parking Areas, at no cost to the Tenant.

ARTICLE V - RENT

5.01 Covenant to Pay

The Tenant shall pay the Rent in Canadian funds, without deduction, abatement, set-off or compensation whatsoever, as herein further provided.

5.02 Basic Rent

- (a) Subject to Section 5.03 hereof, The Tenant shall pay, from and after the Commencement Date, to the Landlord at the address set out in Subsection 1.01(p), or at such other place as designated by the Landlord, as Basic Rent, the annual amount payable in equal and consecutive monthly instalments as set out in Subsection 1.01(i), in advance on the first day of each calendar month during the Term, based upon the annual rental rate set out in Subsection 1.01(i). Following the certification of the Rentable Area of the Premises by the Architect pursuant to Section 4.03 of this Lease, the Basic Rent shall, if necessary, be adjusted accordingly.
- (b) If the Commencement Date is on a day other than the first day of a calendar month, the Tenant shall pay, upon the Commencement Date, a portion of the Basic Rent pro-rated on a per diem basis from the Commencement Date to the end of the month in which the Commencement Date occurs.

5.03 Fixturing Period/Basic Rent Free Period

INTENTIONALLY DELETED

5.04 Sales Taxes

In addition to the Rent payable hereunder, the Tenant will pay to the Landlord (acting as agent for the taxing Authority if applicable) or directly to the taxing Authority (if required by the applicable legislation) the full amount of all Sales Taxes. The Sales Taxes payable by the Tenant will be calculated and paid in accordance with the applicable legislation. Notwithstanding any other provisions contained in this Lease, Sales Taxes will not be considered Rent, but the Landlord shall have all of 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.

5.05 Overdue Rent

If the Tenant defaults in the payment of Rent, the unpaid Rent shall bear interest from the due date to the date of payment at an interest rate equal to the Prime Rate in force on the due date plus five percent (5%).

5.06 Late Payment Charge

The Tenant hereby acknowledges that late payment by the Tenant to the Landlord of Basic Rent or Additional Rent due hereunder will cause the Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult or impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on the Landlord. Accordingly, if any Basic Rent or Additional Rent is not received by the Landlord or the Landlord's designee within five (5) days after such amount is due, the Tenant shall pay to the Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs the Landlord will incur by reason of late payment by the Tenant. Acceptance of such late charge by the Landlord shall in no event constitute a waiver of the Tenant's default with respect to such overdue amount, nor prevent the Landlord from exercising any of the other rights and remedies granted hereunder. The foregoing shall be without prejudice to any other right or remedy available to the Landlord under or pursuant to this Lease by reason of a monetary default by the Tenant.

5.07 Post-dated Cheques

The Tenant shall deliver to the Landlord thirty (30) days' prior to the commencement of each Rental Year throughout the Term, a series of monthly post-dated cheques for each such year

of the Term in respect of the aggregate of the monthly payments of Basic Rent and any payments of Additional Rent estimated by the Landlord in advance, and any other payments required by this Lease to be paid by the Tenant monthly in advance. If the Tenant changes its bank or financial institution upon which such post-dated cheques are drawn, the Tenant shall immediately notify the Landlord in writing and provide the Landlord with new post-dated cheques to replace those in the Landlord's possession at that time, so that there is no gap in the continuity of such cheques to the Landlord. At the Landlord's option, the Tenant shall enable the Landlord to electronically debit the Tenant's bank account and to adjust the amount being debited, from time to time.

ARTICLE VI – TAXES

6.01 Taxes Payable by the Tenant

- (a) Commencing on the Commencement Date and thereafter throughout the Term, the Tenant shall pay, as Additional Rent, when due to the taxing Authority or the Landlord at the Landlord's direction, Taxes upon or on account of the following:
 - (i) in the event that a separate tax bill is issued by a taxing Authority for the Premises, then the Taxes payable by the Tenant in respect of the Premises will be determined on the basis of such separate tax bill and shall be paid by the Tenant when due directly to the taxing Authority having jurisdiction, and the Taxes payable by the Tenant in respect of the Common Areas and Facilities shall be the Tenant's Proportionate Share of all Taxes for the Common Areas and Facilities; or,
 - (ii) if there is no such separate tax bill, then at the Landlord's option: (A) the Taxes payable by the Tenant in respect of the Premises shall be calculated on the basis of the assessed value of the Premises, and the Taxes payable by the Tenant in respect of the Common Areas and Facilities shall be the Tenant's Proportionate Share of all Taxes for the Common Areas and Facilities; or (B) if the Landlord elects or is not able to charge on the basis of assessed value, then the Tenant shall pay in lieu thereof (AA) its Proportionate Share, prior to deducting any discounts on account of vacancies in the Project, of all Taxes levied, rated, charged or assessed from time to time against the Project, including the Common Areas and Facilities; or (BB) (if applicable) such amount as is allocated to the Tenant with respect to the Premises and Common Areas and Facilities by the Landlord, acting fairly and reasonably, taking into account practices relevant to multi-use developments consistent with benefits derived by the tenants of each component of the Project.

The Tenant agrees to provide to the Landlord within three (3) days of receipt thereof, an original or duplicate copy of any separate bill for Taxes levied in respect of the Premises. The Tenant shall deliver promptly, upon request of the Landlord, receipts for all such payments and will furnish such other information as the Landlord may require.

Any amounts payable by the Tenant on account of Taxes shall be adjusted on a per diem basis in respect of any period not falling wholly within the Term.

- (b) Notwithstanding the foregoing or Section 2.34, and notwithstanding that any Taxes may be separately imposed, levied, assessed or charged by the appropriate Authority for or in respect of the Premises and other portions of the Project, the Landlord may elect that such Taxes shall be added to Operating Costs and the Landlord may in its absolute discretion allocate such amount among tenants of the Building.
- (c) The Tenant may, at its expense, appeal or contest the Taxes as described in Section 6.01(a)(i) if there is a separate assessment and separate tax bill for the Premises, but such appeal or contest shall be limited to the assessment of the Premises alone and not to any other part of the Building or the Lands and provided that the Tenant first gives the Landlord written notice of its intention to do so, and consults with the Landlord, and provides such security as the Landlord reasonably requires and obtains the Landlord's

prior written approval. The Landlord reserves the exclusive right to appeal or contest any Taxes payable by the Landlord.

6.02 Business and Other Taxes

The Tenant shall pay to the relevant taxing Authority, as and when the same are due and payable, all Taxes charged in respect of the personal property and Improvements, or if applicable, in respect of any business conducted on or any use or occupancy of the Premises.

The Tenant agrees to provide to the Landlord within three (3) days of receipt thereof, an original or duplicate copy of any separate bill for Taxes levied in respect of the Premises. The Tenant shall furnish promptly, upon request of the Landlord, such other information related to Taxes levied in respect of the Premises as the Landlord may require.

ARTICLE VII - LANDLORD'S COVENANTS AND BUILDING CONTROL AND PAYMENT

7.01 Landlord's Covenant for Quiet Enjoyment

If the Tenant performs its obligations under this Lease, it may hold and use the Premises without interference by the Landlord or any other Person claiming by, through or under the Landlord, subject to the terms of this Lease.

7.02 Control of the Project by the Landlord

The Project, the Building and the Common Areas and Facilities are at all times subject to the exclusive control and management of the Landlord. Without limiting the generality of the foregoing, the Landlord has the right, in its sole discretion, to:

- (a) obstruct or close off all or any part of the Project for the purpose of maintenance, repair, alteration or construction;
- (b) make such use of the Common Areas and Facilities and permit others to make such use of the Common Areas and Facilities as the Landlord may from time to time determine subject, in the case of use by others, to such terms and conditions and for such consideration as the Landlord may in its discretion determine, provided that such uses do not materially obstruct access to the Premises;
- (c) close all or any part or parts of the Building or the Common Areas and Facilities to such extent as may, in the opinion of the Landlord be legally sufficient to prevent a dedication thereof or the accrual of rights therein to any Person;
- (d) dictate, impose and/or control the security requirements and procedures and the emergency evacuation procedures for the Building;
- (e) regulate the delivery or shipping of supplies and fixtures to the Premises;
- (f) construct other buildings, structures or improvements in the Building and make alterations, reductions and additions to the Project, the Building and the Common Areas and Facilities; and
- (g) relocate or modify the Common Areas and Facilities.

Notwithstanding anything contained in this Lease to the contrary, the Landlord is not liable if as a result of the Landlord's exercise of its rights set out in this Section 7.02 or elsewhere in this Lease, the Common Areas and Facilities in, or improvements to, the Project are diminished or altered, nor is the Tenant entitled to any compensation or damages for loss of services or repayment or abatement of Rent, nor any diminution or alteration of the Common Areas and Facilities in, or improvements to, the Project be considered a re-entry or a breach of the Landlord's covenant for quiet enjoyment contained in this Lease or implied by law.

7.03 Right to Relocate

The Tenant agrees that, notwithstanding any other provision contained in this Lease, the Landlord has the right at any time and from time to time, during the Term or any extension or renewal thereof, as the case may be, to rearrange the Premises, or to change the location of the Premises to comparable space in the Building. If the Landlord exercises its right to rearrange the Premises or change its location, the appropriate modifications will be made to Sections 1.01(a) and 1.01(b) and Section 4.03 will apply and, if applicable, Basic Rent and Additional Rent identified in Subsection 1.01(h) will be adjusted accordingly. The Landlord's exercise of its rights under this Section does not constitute a re-entry or a breach of the Landlord's covenant for quiet enjoyment contained in this Lease or implied by law. If the Landlord exercises its right to rearrange the Premises or to change the location of the Premises after the date on which the Landlord notifies the Tenant that the Premises are ready for installation of Improvements, the Landlord will reimburse the Tenant for the Tenant's reasonable costs it reasonably incurred as a result of the rearrangement or relocation of the Premises. The Landlord also reserves the right on single tenant floors to rearrange any demising walls for purposes of providing the required fire or emergency corridors, or to comply with the Laws from time to time.

7.04 Tenant to Pay Operating Costs and Taxes

- (a) In each Rental Year, the Tenant shall pay to the Landlord, or to the supplier or relevant taxing Authority as the Landlord so directs, as Additional Rent, the Tenant's Proportionate Share of Operating Costs and the Tenant's Proportionate Share of Taxes.
- (b) "Operating Costs" includes the total of all costs, expenses and amounts, incurred or accrued for or with respect to ownership, management, operation, maintenance, repairs, upkeep, insurance, supervision, decoration, cleaning, and upgrading of the Project and the determination and allocation of such costs, expenses and amounts, whether incurred or accrued by or on behalf of the Landlord or by or on behalf of the Services Provider (or any other manager or agent of the Landlord) including, without limitation and without duplication, the aggregate of:
 - (i) the cost of all insurance taken out and maintained by the Landlord under Section 10.01 and the cost of any deductible amount paid by the Landlord in connection with a claim under its insurance and should the Landlord choose in whole or in part to self-insure, the amount of reasonable contingency reserves not exceeding the amount of premiums that would otherwise have been incurred in respect of the risks undertaken;
 - (ii) landscaping, gardening, cleaning, removal of rubbish, dirt and debris, window and sign washing, painting, snow and ice removal, sanding, salting, repaving parking areas and other paved areas (including, without limitation, line painting and curb installations), garbage and waste collection and disposal;
 - (iii) lighting (including the replacement of, from time to time, either by way of group relamping or otherwise, electrical lightbulbs, tubes and ballasts) except to the extent separately invoiced to tenants under clauses similar to Section 8.03 below), directory boards, information kiosks, any telephone answering service and the cost of all Utilities used or consumed either within the Project or the Common Areas and Facilities and the cost of all Utilities used or consumed in connection with any signs designated by the Landlord as part of the Common Areas and Facilities;
 - (iv) policing, security, security systems (including, without limitation, remote control cameras and security patrols), supervision and traffic control;
 - (v) salaries, wages and other amounts paid or payable for and in relation to, all personnel, including management, supervisory and administrative personnel employed to carry out the maintenance, management and operation of the Project, including the cost of purchasing, cleaning or replacing uniforms, work clothes and equipment for such personnel and all rentals or other amounts payable in respect of any offices maintained or used by such personnel, including the manager of the Project, and all contributions and premiums towards fringe benefits,

unemployment and Worker's Compensation insurance, pension plan contributions and similar premiums and contributions and all costs of any independent contractors employed in the repair, care, maintenance, management, supervision, operation and cleaning of the Building or any part thereof, and the Common Areas and Facilities;

- (vi) the cost of the rental of any equipment and signs and the cost of all building and clean-up supplies, tools, materials and equipment used by the Landlord in the operation and maintenance of the Project;
- (vii) the cost of all auditing, accounting, bookkeeping, legal, architectural, surveying and other professional and consulting services and expenses incurred by or on behalf of the Landlord with respect or which relate to the Project or any part thereof, including, without limitation, any leases or agreements therein;
- (viii) the cost of all repairs (including, without limitation, major repairs and all repairs and replacements necessary to observe and comply with the requirements of any Authority in respect of the Project, the Building and the Common Areas and Facilities) and all alterations to, in or for, and the maintenance and operation of, the Building or any part thereof (including the Common Areas and Facilities), and the systems, facilities and equipment serving the Building (including, without limitation, the Mechanical and Electrical Services, all escalators, elevators and other transportation equipment and systems and any signs designated by the Landlord as part of the Common Areas and Facilities);
- (ix) all costs incurred in acquiring, installing, operating, maintaining, revising, repairing, restoring, renewing and replacing any energy conservation, fire safety, sprinkler and life safety systems and equipment for the Building, and for effecting any improvements to the Building made to comply with air pollution, air quality and environmental control standards, and for investigating, testing, monitoring, removing, enclosing, encapsulating or abating any material or substance in, on, under, above or which serves, the Building or any part thereof which, in the opinion of the Landlord, is harmful or hazardous to any Person or to the Building or any part thereof including, without limitation, any costs incurred by the Landlord in complying with Environmental Laws (including Ontario Regulation 127/01-Airborne Contaminant Discharge-Monitoring and Reporting or any similar legislation or regulations thereunder from time to time (the "Regulation"));
- (x) all expenses incurred by the Landlord in respect of the installation or removal of any Improvements;
- (xi) all municipal improvement charges and costs incurred by the Landlord and paid to any Authority in connection with the development of the Project, and the cost of providing additional parking or other Common Areas and Facilities for the benefit of the Building;
- (xii) all costs and expenses of a capital nature as determined in accordance with generally accepted accounting principles or other similar principles as are in standard use in the Ontario commercial leasing industry;
- (xiii) at the Landlord's election (such election to be evidenced by the method of calculating Operating Costs for each Rental Year), either amortization, in an amount determined by the Landlord's accountant, of the cost (whether incurred before or during the Term and whether or not incurred by the party constituting the Landlord at any time or its predecessor in title or interest) of any repair, replacement, decoration or improvement of the Project not expensed within the Rental Year in which the expenditure was incurred and of all equipment required for the operation and maintenance of the Project not included within Operating Costs for the Rental year in which the expenditure occurred, or depreciation in an amount determined by the Landlord's accountant based on the cost (whether

incurred before or during the Term and whether or not incurred by the party constituting the Landlord at any time or its predecessor in title or interest) of any of those items which the Landlord in its absolute discretion has elected to treat as capital in nature together with, in each case, an amount equal to interest at the Prime Rate plus three percent (3%) per annum on the undepreciated or unamortized amount thereof;

- (xiv) contributions towards a capital reserve fund established in order to pay for any future costs incurred by or on behalf of the Landlord for repairing or replacing all or any portion of the Premises, the Common Areas and Facilities and the Project which are not charged fully in the Rental Year in which they are incurred in accordance with generally accepted accounting principles or other similar principles as are in standard use in the Ontario commercial leasing industry;
 - (xv) Taxes for Common Areas and Facilities and all costs incurred by the Landlord, acting reasonably, in contesting, appealing or resisting the business taxes or Taxes or related assessments on all or any part of the Project;
 - (xvi) the cost of investigating, testing, monitoring, removing, enclosing, encapsulating or abating any Environmental Contaminants which is in or about the Project or any part thereof or which has entered the environment from the Project, if the Landlord is required to do so or if, in the Landlord's opinion, it is harmful or hazardous to any Person or to the Project or any part thereof or to the environment;
 - (xvii) all other expenses of every nature incurred in connection with the maintenance and operation of the Project;
 - (xviii) the costs of enforcing and collecting payment of tenant charges and tenants' shares of Operating Costs and Taxes, whether actual or estimated;
 - (xix) interest on a deposit paid by the Landlord to the supplier of a Utility at a rate which shall be one percent (1%) per annum in excess of the Prime Rate;
 - (xx) the amount of any deposits paid to a Utility supplier lost by the Landlord as a result of any bankruptcy of any Utility supplier amortized over a period of three (3) years from the date of such bankruptcy and interest thereon at a rate of two percent (2%) in excess of the Prime Rate;
 - (xxi) the fair rental value (having regard to the rentals prevailing from time to time for similar space) of space in the Project used by the Landlord, acting reasonably, in connection with the maintenance, repair, operation, administration or management of the Project;
 - (xxii) Utilities for the Premises, to the extent charged as part of Operating Costs, as set out in Section 8.01(b) and (c);
 - (xxiii) Utilities consumed in connection with the Common Areas and Facilities of the Building; and
 - (xxiv) an administration fee in the amount of fifteen percent (15%) of the aggregate of the costs referred to in subparagraphs (i) to (xxiii) inclusive hereof.
- (c) Exclusions – Operating Costs shall exclude, without duplication and without limiting the generality of the foregoing, and except to the extent expressly included above:
- (i) debt service in respect of financing secured by or related to the Project;
 - (ii) costs determined by the Landlord from time to time to be fairly allocable to the correction of initial construction faults or initial maladjustments in operating equipment but only to the extent that such costs are recovered from the contractor or others responsible;

- (iii) any ground rent payable by the Landlord in respect of a lease of the Lands or part thereof; and
 - (iv) tenant improvement allowances, leasing commissions and leasing costs.
- (d) Deductions – There shall be deducted from Operating Costs:
 - (i) the proceeds of insurance recovered by the Landlord applicable to damage, the cost of repair of which was included in the calculation of Operating Costs paid by the Tenant; and
 - (ii) amounts recovered as a result of direct charges to the Tenant and other tenants to the extent that the cost thereof was included in the calculation of Operating Costs.
- (e) Within sixty (60) days before the expiry of each Rental Year, the Landlord shall provide the Tenant with a budget outlining the estimated Operating Costs and Taxes for the next succeeding Rental Year, indicating therein the estimates for such Rental Year of: (i) the Tenant's Proportionate Share of Operating Costs; and (ii) the Tenant's Share of Taxes. The Landlord may, at its option, revise the estimated Operating Costs and Taxes for the next succeeding Rental Year at any time or times during the Rental Year as the Landlord deems appropriate.
- (f) The Tenant shall pay, in equal monthly instalments, for each Rental Year one twelfth (1/12th) of the aggregate of the estimates for such Rental Year of: (i) the Proportionate Share of Operating Costs; and (ii) the Tenant's Share of Taxes, each commencing on the first day of such Rental Year.
- (g) Notwithstanding anything in this Lease to the contrary, the Landlord shall always have the right:
 - (i) to revise the amount of instalments on account of Taxes payable by the Tenant to an amount that allows the Landlord to collect all Taxes payable by the Tenant by the final due date of Taxes for the calendar year; and/or,
 - (ii) to schedule and require payment by the Tenant of instalments on account of Taxes payable by the Tenant such that by the final due date of Taxes for any calendar year, the Tenant shall have paid the Landlord the full amount of Taxes payable by the Tenant for such calendar year, which arrangement may include payment of instalments by the Tenant in a calendar year on account of Taxes payable by the Tenant for the next calendar year; and/or,
 - (iii) (but not the obligation) to allocate Taxes among categories of rentable premises in the Project on the basis of such factors as the Landlord determines to be relevant, such as, by way of example, the types of business or activity carried on therein, the locations in the Project, costs of construction, relative benefits derived by rentable premises, relative assessment values, non-public school support designations and vacancies. The Landlord shall be entitled to adjust the Tenant's Share of Taxes having regard to the category in which the Tenant is placed by the Landlord.
- (h) Within a reasonable time after the expiry of each Rental Year, the Landlord shall deliver a statement to the Tenant showing: (i) the actual Operating Costs and Taxes for such Rental Year; (ii) the actual Proportionate Share of Operating Costs; and (iii) the actual Tenant's Share of Taxes, and any adjustments or reimbursements shall be paid within thirty (30) days thereafter.

7.05 Vacancy

If any part of the Building available for leasing is not occupied, the Landlord shall have the right, in respect of amounts forming part of Operating Costs which vary with occupancy, to include in Operating Costs a larger amount of costs, which larger amount shall be based on a reasonable estimate of the actual cost which would have been incurred if the unoccupied parts of

the Building available for leasing were occupied, it being intended hereby that the Landlord shall obtain, to the extent reasonably possible, full reimbursement of Operating Costs attributable to or in respect of occupied premises, and not that: (a) the Tenant shall subsidize Operating Costs incurred by the Landlord attributable to or in respect of vacant premises; or (b) the Landlord shall recover more than actual Operating Costs.

In determining the share of Taxes which is payable by the Tenant pursuant to this Lease, Taxes shall include such additional amounts as would have formed part of the Taxes had the Project been fully assessed during the whole of the relevant period as fully completed and fully occupied by tenants, with no special exemptions or reductions, and without taking into account any actual or potential reduction of Taxes or change of assessment category or class for rentable premises within the Project which are vacant.

7.06 Rent Disputes

The Tenant may dispute an invoice or statement in respect of Operating Costs or the Tenant's Share of Taxes only by giving written notice to the Landlord specifying the basis of the dispute within six (6) months after delivery of the invoice or statement. The Tenant will, in any event, continue to pay its share of Operating Costs and Taxes in accordance with the Landlord's invoice or statement until the dispute is resolved.

ARTICLE VIII - UTILITIES AND LANDLORD'S SERVICES

8.01 Utilities

The Tenant shall be responsible and liable for costs of its Utilities consumed on the Premises and the following conditions shall also apply:

- (a) If the Premises are separately metered or if the Tenant, at its sole cost, installs a hydro electric meter, the Tenant shall pay its hydro electric bills directly to the supplier for all hydro electricity consumed and as determined from the reading of the Tenant's meter; and
- (b) If the Tenant, at its sole cost, and subject to the Landlord's prior written approval, installs sub-meters for water and gas, the Landlord or its Service Provider shall invoice the Tenant for its share of the water and gas consumed as determined from the reading of the sub-meters, either by separate invoice or as part of the Operating Costs as set out in Section 7.04. Upon receipt of a separate invoice from the Landlord or its Service Provider, the Tenant shall promptly pay for the water and gas consumed, as invoiced.
- (c) For all Utilities that are not separately metered, the Tenant shall pay the Tenant's Proportionate Share of such Utilities as part of Operating Costs as set out in Section 7.04.

In addition to the foregoing, the Tenant shall pay its Proportionate Share of Utilities consumed in connection with the Common Areas and Facilities of the Building as part of Operating Costs as set out in Section 7.04.

8.02 Interruption of Supply of Utilities

The Landlord may in its sole discretion, without any obligation or liability to the Tenant, and without such action constituting an eviction of the Tenant, discontinue or modify any services, systems or Utilities as a result of the Landlord's exercise of the rights conferred under Section 7.02 hereof.

The Landlord is not liable for interruption or cessation of, or failure in, the supply of Utilities, services or systems in, to or serving the Building or the Premises, whether they are supplied by the Landlord or others and whether the interruption or cessation is caused by the Landlord's negligence or otherwise.

8.03 Replacement of Bulbs

As Additional Services, at the request of the Tenant or as otherwise determined by the

Landlord at all times during the Term or any extension or renewal thereof, as the case may be, the Landlord shall replace all starters, fluorescent tubes and light bulbs located within the Premises at the sole cost and expense of the Tenant.

8.04 Additional Services

If the Tenant requires any Additional Services to be performed in or relating to the Premises, it shall advise the Landlord in writing of the required Additional Services and the Landlord may, at its option, perform or provide any such Additional Services. Provided however, that the Landlord shall not be required to provide such Additional Services if to do so would:

- (a) interfere with the reasonable enjoyment of the other tenants of their respective premises or the Common Areas and Facilities;
- (b) jeopardize or impede the Landlord's financing of the Building and/or Lands; or
- (c) cause the Building or its services and Common Areas and Facilities not to be of the Building standard.

The cost of any Additional Services provided by the Landlord pursuant to this Section shall be determined mutually by both the Landlord and the Tenant in advance of the provision of such service(s). The cost of providing such service(s) shall be paid by the Tenant to the Landlord forthwith upon receipt of an invoice for such Additional Services.

8.05 Caretaking

Subject to the payment by the Tenant of the Operating Costs and subject to access being granted to the person or persons employed or retained by the Landlord to perform such work, the Landlord covenants to cause the floors of the Premises to be swept, the interior surface of the exterior windows to be cleaned, the desks, tables, other furniture and venetian blinds to be dusted, wastepaper baskets to be emptied and any carpeting to be vacuumed, all in accordance with normal office cleaning standards. Any cleaning services provided by the Landlord in excess of those described herein shall be charged to the Tenant in accordance with Section 8.04 above.

The Tenant shall leave the Premises in a reasonably tidy state at the end of each Business Day to facilitate the janitorial services provided by or on behalf of the Landlord.

ARTICLE IX - USE OF THE PREMISES

9.01 Use of the Premises

The Tenant shall continuously, actively and diligently use the Premises solely for the purpose stated in Subsection 1.01(k), in a first class and reputable manner and for no other purpose whatsoever.

The Tenant acknowledges that its continued occupancy of the Premises and the continuous and active conduct of its business in the Premises are of the utmost importance to the Landlord in:

- (a) avoiding the appearance and impression generally created by vacant space;
- (b) facilitating the leasing of vacant space in the Building and the lease extensions or renewals of existing tenants;
- (c) maximizing the rents payable to the Landlord both by existing tenants and new tenants of the Building; and
- (d) maintaining the character, quality and image of the Building.

The Tenant acknowledges that the Landlord shall suffer substantial damage and serious

and irreparable injury if the Premises are left vacant or are abandoned during the Term or if the Tenant does not comply with the provisions of this Section 9.01, even in the event that the Tenant pays all Rent required hereunder.

9.02 Tenant's Fixtures

The Tenant shall install and maintain in the Premises at all times during the Term first-class trade fixtures, including furnishings and equipment, adequate and appropriate for the business to be conducted on the Premises, all of which shall be kept in good order and condition. The Tenant shall not remove any trade fixtures or other contents from the Premises during the Term except in the ordinary course of business in the event such items become obsolete or for the purpose of replacing them with others at least equal in value and function to those being removed, and shall promptly repair any damage to the Premises or the Building resulting from such removal.

9.03 Premises Signage

The Landlord shall at the request of the Tenant install on or near the entrance door of the Premises in accordance with the Landlord's uniform scheme for the Project, a sign bearing the name of the Tenant and the cost to the Landlord of any such sign and installation shall be payable by the Tenant to the Landlord in accordance with Section 8.04.

The Tenant shall not erect, install or display any sign, advertisement, notice or display on the exterior of the Premises or anywhere within the Premises which is visible from the exterior of the Premises without the prior written approval of the Landlord, in its sole discretion, as to size, design, location, content, method of installation and any other specifications.

9.04 Waste Removal

- (a) The Tenant shall not allow any garbage or any objectionable material to accumulate in or about the Premises, the Common Areas and Facilities or the Building.
- (b) The Tenant shall, at its cost, comply with the Landlord's waste management program in force from time to time.

9.05 No Waste, Environmental Contamination or Overloading

- (a) The Tenant shall not: (i) cause or permit any waste or damage to the Premises or Improvements, or to the fixtures or equipment contained therein; (ii) permit any overloading of the floors thereof; (iii) use or permit to be used any part of the Premises for any dangerous, noxious or offensive activity; and (iv) do or bring anything or permit anything to be done or brought on or about the Lands which the Landlord may reasonably deem to be hazardous or a nuisance to any other tenants or any other persons permitted to be in the Building.
- (b) The Tenant shall not itself, and shall not permit any of its employees, servants, agents, or contractors, to obstruct the Common Areas and Facilities or use or permit to be used any part of the Common Areas and Facilities for other than its intended purpose.
- (c) The Tenant shall not store, bring in or permit to be placed, any Environmental Contaminants in the Common Areas and Facilities, the Building or the Project.
- (d) The Tenant shall not permit the presence of any Environmental Contaminants in the Premises, except if such is required for the Contemplated Use and then only if the Tenant is in strict compliance with all relevant Authorities, including, without limitation, Environmental Laws.
- (e) The Tenant shall diligently comply with all applicable reporting requirements under the Regulation and under the EPA and shall provide the Landlord with copies of all reports submitted to the Ministry of the Environment. The Tenant shall indemnify the Landlord from all loss, costs and liabilities, including all legal expenses, incurred by the Landlord as a result of the Tenant's failure to comply with the Regulation. The Tenant shall permit

the Landlord to inspect the Premises at all reasonable times to conduct air emission testing, as required by the Regulation.

9.06 Landlord's Requirements

The Tenant shall not bring into or allow to be present in the Premises or the Project any Environmental Contaminants except such as are disclosed in Schedule "C" attached hereto. If the Tenant brings or creates upon the Project, including the Premises, any Environmental Contaminants, then such Environmental Contaminants shall be and remain the sole property of the Tenant and the Tenant shall remove same, at its sole cost and expense, at the expiration or early termination of this Lease or sooner if so directed by any Authority, or if required to effect compliance with any Environmental Laws, or if required by the Landlord.

9.07 Governmental Requirements

If, during the Term or any extension thereof, any Authority shall require the clean-up of any Environmental Contaminants:

- (a) held in, released from, abandoned in, or placed upon the Premises or the Project by the Tenant or its employees or those for whom the Tenant is in law responsible; or
- (b) released or disposed of by the Tenant or its employees or those for whom the Tenant is in law responsible;

then, the Tenant shall, at its own expense, carry out all required work including preparing all necessary studies, plans and approvals and providing all bonds and other security required and shall provide full information with respect to all such work to the Landlord provided that the Landlord may, at its sole option, perform any such work at the Tenant's sole cost and expense, which cost and expense shall be payable by the Tenant on demand as Additional Rent.

9.08 Environmental Covenants

In addition, to and without restricting any other obligations or covenants herein, the Tenant covenants that it shall:

- (a) comply in all respects with all Environmental Laws relating to the Premises or the use of the Premises;
- (b) promptly notify the Landlord in writing of any notice by any Authority alleging a possible violation of or with respect to any other matter involving any Environmental Laws relating to operations in the Premises or relating to any Person for whom the Tenant is in law responsible, or any notice from any other party concerning any release or alleged release of any Environmental Contaminants; and
- (c) permit the Landlord to:
 - (i) enter and inspect the Premises and the operations conducted therein;
 - (ii) conduct tests and environmental assessments or appraisals;
 - (iii) remove samples from the Premises;
 - (iv) examine and make copies of any documents or records relating to the Premises and interview the Tenant's employees as necessary; and
- (d) promptly notify the Landlord of the existence of any Environmental Contaminants in the Project.

9.09 Environmental Indemnification

In addition to and without restricting any other obligations or covenants contained herein, the Tenant shall indemnify and hold the Landlord harmless at all times from and against any and all losses, damages, penalties, fines, costs, fees and expenses (including legal fees on a

solicitor and client basis and consultants' fees and expenses) resulting from:

- (a) any breach of or non-compliance with the foregoing environmental covenants of the Tenant; and
- (b) any legal or administrative action commenced by, or claim made or notice from, any third party, including, without limitation, any Authority, to or against the Landlord and pursuant to or under any Environmental Laws or concerning a release or alleged release of Environmental Contaminants at the Premises into the environment and related to or as a result of the operations of the Tenant or those acting under its authority or control at the Premises, and any and all costs associated with air quality issues, if any.

9.10 Compliance with Laws

The Tenant shall be solely responsible for obtaining all necessary permits, licenses and approvals from all relevant Authorities to permit the Tenant to occupy the Premises and conduct its business thereon. The Tenant shall, at its sole cost and expense, comply with all applicable Laws respecting the use, access of services and facilities in the Premises, the condition and occupation of the Premises, any Environmental Contaminants, and all fixtures, equipment and Improvements located therein and thereon.

If any alterations or improvements to the Improvements or to the Premises are necessary to comply with any of the provisions of this Lease or with the requirements of insurance carriers, the Tenant shall forthwith complete such work, complying always with the applicable provisions of this Lease, to the extent that it can be done within the Premises and in any event, shall pay the entire cost of all of the alterations and improvements so required.

The Tenant agrees that if the Landlord determines in its sole discretion that the Landlord, its property, its reputation or the Premises or any one or more of the foregoing is placed in any jeopardy, as determined by the Landlord, by the requirements for any work required to ensure compliance with the provisions of this Lease, or the Tenant is unable to fulfil its obligations under this Section, the Landlord may, at its sole option, undertake such work or any part thereof at the Tenant's sole cost and expense as an Additional Service, payable on demand as Additional Rent. In the event that structural repairs or upgrading of the Building, is or are required to permit the Tenant's Contemplated Use, including but not limited to seismic upgrading, the Landlord may, at its sole discretion, terminate this Lease.

9.11 Deliveries

All deliveries to and from the Premises and loading and unloading of goods, refuse and any other items shall be made only by way of such access routes, doorways, corridors and loading docks as the Landlord may, from time to time, designate and shall be subject to all applicable rules and regulations made by the Landlord from time to time pursuant to Section 17.01.

9.12 Security Devices

The Tenant shall obtain, at its expense, additional keys, photo identification cards and other similar security devices from the Landlord or the Landlord's agent as required.

9.13 Telecommunications

- (a) Provided that the Tenant has obtained the Landlord's prior written approval, which approval the Landlord may withhold in its sole discretion, the Tenant may utilize a telecommunication service provider of its choice for the supply and installation of telephone, computer and other communication equipment and systems, and related wiring within the Premises, subject to the provisions of this Lease, including but not limited to the following:
 - (i) prior to commencing any work in the Project, the telecommunication service provider shall execute and deliver to the Landlord, the Landlord's standard form of license agreement, which shall include a provision for the Landlord to receive

compensation for the use of the space for the telecommunication service provider's equipment and materials;

- (ii) the Landlord shall incur no expense or liability whatsoever with respect to any aspect of the provision of telecommunication services, including without limitation, the cost of installation, service, materials, repairs, maintenance, removal, interruption or loss of telecommunication service;
 - (iii) the Landlord must first reasonably determine that there is sufficient space in the risers of the Building for the installation of the telecommunication service provider's wiring and cross connect;
 - (iv) the Tenant shall indemnify and hold harmless the Landlord for all losses, claims, demands, expenses and judgments against the Landlord caused by or arising out of, either directly or indirectly, any acts or omissions by the telecommunication service provider, its contractors or the Tenant or those for whom they are responsible at law; and
 - (v) the Tenant shall incorporate in its agreement with its telecommunication service provider a provision granting the Tenant the right to terminate the telecommunication service provider's agreement if required to do so by the Landlord and the Landlord shall have the right at any time and from time to time during the Term to require the Tenant, at its expense, to exercise the termination right and to contract for telecommunication service with a different telecommunication service provider. The Landlord shall have no obligation to ensure continuation of service by the Tenant's telecommunication service provider.
- (b) The Tenant shall be responsible for the costs associated with the supply and installation of telephone, computer and other communication equipment and systems and related wiring within the Premises to the boundary of the Premises for hook-up or other integration with telephone and other communication equipment and systems of a telephone or other communication service provider, which equipment and systems of the telephone or other communication service provider are located or are to be located in the Building, pursuant to the Landlord's standard form of license agreement and, subject to the provisions of Article XII, for the removal of same.
- (c) The Landlord shall supply space in the risers of the Building and space on the floor(s) of the Building in which the Premises are located., the location of which shall be designated by the Landlord in its sole discretion, to telecommunication service providers who have entered into the Landlord's standard form of license agreement for the purpose, without any cost or expense to the Landlord therefore, of permitting installation in such risers and on such floor(s) of telephone and other communication services and systems (including data cable patch panels) to the Premises at a point designated by the Landlord.
- (d) The Landlord shall have the right to assume control of wiring, cables and other telecommunication equipment in the Building and may designate them as part of the Common Areas and Facilities.
- (e) The Tenant releases the Landlord from all claims for loss or damage which it might suffer as the result of any interruption of telecommunication service regardless of how it occurs and regardless of negligence on the part of the Landlord, any contractor of the Landlord, and any person for whom they are responsible at law. The Tenant shall indemnify the Landlord against all claims by third parties related to interruption of telecommunication services with the Tenant, or any other occupant of the Premises, regardless of how caused and regardless of negligence on the part of the Landlord, its contractors and those for whom they are responsible at law.

ARTICLE X - INSURANCE AND INDEMNITY

10.01 Landlord's Insurance

- (a) Subject to its general availability and Subsection 10.01(b) herein, the Landlord shall effect and maintain during the Term:
- (i) "all risks" insurance which shall insure the Building for not less than the full replacement cost thereof against loss or damage by perils now or hereafter, from time to time embraced by or defined in a standard all risks insurance policy;
 - (ii) boiler and machinery insurance for not less than the full replacement cost thereof on objects defined in a standard comprehensive boiler and machinery policy against accidents as defined therein;
 - (iii) loss of rental income insurance in an amount sufficient to replace all Basic Rent and Additional Rent payable under this Lease for an indemnity period of a reasonable period of time (not to be less than twelve (12) months);
 - (iv) comprehensive general liability insurance covering claims for personal injury and property damage arising out of all operations in connection with the management and administration of the Project; and
 - (v) such other coverages, or increases in the amount of coverage, as the Landlord or its mortgagee may reasonably consider necessary.

For greater certainty, the Tenant acknowledges that the Landlord is not obligated to insure Improvements in the Premises. The insurance to be maintained by the Landlord shall be that which would be carried by reasonably prudent owners of properties similar to the Building.

- (b) Notwithstanding the foregoing, so long as Her Majesty the Queen in right of Ontario is the Landlord, the provisions contained in Subsection 10.01(a) of this Lease shall not apply and the Landlord shall be self-insured with respect of damage to the Building and the Premises and will maintain during the Term coverage with respect to commercial general liability risks as a 'Protected Person' under the Government of Ontario General and Road Liability Protection Program, which is funded by Her Majesty the Queen in right of Ontario. The coverage shall provide limits of at least Five Million Dollars (\$5,000,000) per occurrence.

10.02 Tenant's Insurance

- (a) The Tenant shall, at all times throughout the Term and any extension or renewal thereof, as the case may be, at its sole cost and expense, take out and keep in full force and effect the following insurance:
- (i) "all risk" insurance covering the Improvements, trade fixtures and contents on or about the Premises and all portions of the Premises, for not less than the full replacement cost thereof (with a replacement cost endorsement);
 - (ii) comprehensive general liability insurance on an occurrence basis with respect to any use and occupancy of or things on the Premises and with respect to the use and occupancy of any other part of the Building by the Tenant or any of its servants, agents, employees, invitees, licensees, subtenants, contractors or persons for whom the Tenant is in law responsible, with coverage of not less than Five Million Dollars (\$5,000,000.00) per occurrence or such higher amount as the Landlord may reasonably require from time to time;
 - (iii) plate glass insurance;
 - (iv) boiler and machinery insurance, if applicable, including repair or replacement endorsement in an amount satisfactory to the Landlord and providing coverage

with respect to all objects introduced into the Premises by or on behalf of the Tenant or otherwise constituting Improvements;

- (v) business interruption insurance on the profit from providing all risks coverage with a period of indemnity of not less than twelve (12) months and subject to a stated amount co-insurance clause; and
- (vi) any other form of insurance as the Landlord, acting reasonably, or its mortgagee requires from time to time, in the form, amounts and for insurance risks against which a prudent tenant would insure.

All such policies shall be primary, non-contributing with, and not in excess of any proceeds or other insurance available to the Landlord.

- (b) Each of the Tenant's insurance policies shall note the Landlord and any mortgagee designated by notice of the Landlord as an additional insured, as their respective interests may appear, and shall contain:
 - (i) a waiver by the insurer of any rights of subrogation to which such insurer might otherwise be entitled against the Landlord or any person for whom the Landlord is, in law, responsible;
 - (ii) an undertaking by the insurer that no material change adverse to the Landlord or the Tenant will be made and the policy will not lapse or be terminated, except after not less than thirty (30) days' prior written notice to the Landlord; and
 - (iii) a severability of interests clause, a cross-liability clause and a stated amount for a co-insurance endorsement.
- (c) The Tenant shall ensure that the Landlord shall, at all times, be in possession of certificates of the Tenant's insurance policies executed by the underwriting insurance company which are in good standing and in compliance with the Tenant's obligations hereunder. At the Landlord's request, the Tenant shall provide the Landlord with a certified copy of its insurance policy or policies, as the case may be.
- (d) If the Tenant fails to maintain in force, or pay any premiums for any insurance required to be maintained by the Tenant hereunder, or if the Tenant fails from time to time to deliver to the Landlord satisfactory proof that any such insurance is in good standing, including the payment of premiums therefore, then the Landlord, without prejudice to any of its other rights and remedies hereunder, shall have the option, at the Landlord's sole discretion, but shall not be obligated, to effect such insurance on behalf of the Tenant. In the event that the Landlord effects such insurance, the cost thereof and all other reasonable expenses incurred by the Landlord in that regard, including the Landlord's administrative fee of fifteen percent (15%) of such premium, shall be paid by the Tenant to the Landlord as Additional Rent forthwith upon demand.

10.03 Landlord's Non-Liability

The Tenant agrees that the Landlord shall not be liable or responsible in any way for any injury or death to any person or for any loss or damage to any property, at any time on or about the Premises, no matter how the same shall be caused and whether or not resulting from or contributed to by the fault of the Landlord, its servants, agents, employees, contractors or persons for whom the Landlord is in law responsible. Without limiting the generality of the foregoing, the Landlord shall not be liable or responsible for any such injury, death, loss or damage to any persons or property, caused or contributed to by fire, explosion, steam, water, rain, snow, dampness, leakage, electricity or gas, and the Landlord shall in no event be liable for any indirect or consequential damages suffered by the Tenant.

10.04 Indemnification of the Landlord

The Tenant shall indemnify and save harmless the Landlord and its agent Ontario Infrastructure and Lands Corporation, and each of their agents, officers, directors, employees,

contractors, Service Providers and those for whom the Landlord is in law responsible, from and against any and all loss, claims, actions, damages, liability and expenses in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, or any occurrence at the Premises, or the occupancy or use by the Tenant of the Premises, or any part thereof. If the Landlord shall be made a party to any litigation commenced by or against the Tenant, then the Tenant shall protect, indemnify and hold the Landlord harmless and shall pay all costs, expenses and legal fees incurred or paid by the Landlord in connection with such litigation on a solicitor and client basis.

10.05 Benefit of Exculpatory and Indemnity Provisions

For the purpose of every exculpatory clause and indemnity included in this Lease in favour of the Landlord, the word "Landlord" shall be considered to include OILC, the Service Provider, any property management company employed to manage the Building, the owner or owners from time to time of the Building and the officers, directors, employees, agents and contractors of the Landlord and the other parties listed in this Section 10.05. Each of OILC, the Service Provider, the management company and the owner or owners from time to time respectively, and the Landlord, for the purpose of enabling each of those other persons and entities to enforce the benefit of the exculpatory clause or indemnity as the case may be, acts as agent for or trustee for the benefit of each of them.

ARTICLE XI - MAINTENANCE, REPAIRS AND IMPROVEMENTS

11.01 Maintenance and Repairs by the Tenant

The Landlord and the Tenant agree that the Tenant shall, at its sole cost and expense, be responsible for the maintenance and operation of the Premises. Without limiting the generality of the foregoing, the Tenant shall, at all times during the Term, at its sole cost and expense: (i) keep and maintain the Premises, the Improvements and the Tenant's trade fixtures, exterior signs and floor coverings in a clean and first-class condition and repair as would a prudent owner (which shall include, without limitation, periodic painting and decorating); and (ii) make all needed repairs and replacements in a good and workmanlike manner with due diligence, in accordance with all applicable requirements of any relevant Authority. If the Tenant fails to perform any obligation under this Article XI, then on not less than five (5) days' prior written notice to the Tenant, the Landlord may enter the Premises and perform the Tenant's maintenance and repair obligation, at the Tenant's sole cost and expense, and without any liability to the Tenant for any loss or damage that may arise. Upon receipt of the Landlord's invoice the Tenant shall promptly reimburse the Landlord, as Additional Rent, for all costs incurred by the Landlord in performing the Tenant's obligations plus fifteen percent (15%) of the costs for overhead and supervision.

11.02 Landlord's Approval of the Tenant's Improvements

- (a) The Tenant shall not install any Improvements in or to the Premises without the Landlord's prior written consent, which consent shall not be unreasonably withheld, provided such Improvements do not affect the Structure or the Mechanical and Electrical Services.
- (b) With its request for consent, the Tenant shall submit to the Landlord details of the proposed Improvements, including plans and specifications prepared by qualified architects or engineers.
- (c) Under the provisions of the "Ministry of Infrastructure Public Work Class Environmental Assessment (Office Consolidation)" (the "Class EA"), as approved and ordered April 28, 2004, by Order-in-Council No. 913/2004 and amended on September 11, 2009 and on October 31, 2012, as approved, amended, or renewed from time to time by the Minister of the Environment pursuant to section 14 of the Environmental Assessment Act, R.S.O. 1990, c. E.18, the Landlord is obliged to consider the potential for environmental effects and Environmental Contaminants in respect of any Improvements to the Premises. The Tenant acknowledges that any request for consent for proposed Improvements will be

subject to the Landlord's obligations to comply with any applicable requirements of the Class EA. The timing of the Landlord's response to the Tenant's request for consent will vary, depending on the nature of the proposed Improvements and the requirements of the Class EA.

- (d) If and when approved by the Landlord, the Improvements shall be completed at the Tenant's sole cost and expense and shall be performed:
 - (i) by such contractor(s) or sub-contractor(s) as the Tenant may select and the Landlord may approve, provided however that the Landlord shall not be liable for any damage or other loss or deficiency arising from or through such work. Each such contractor and sub-contractor shall be the Tenant's contractor and sub-contractor and shall not be deemed to be a contractor or sub-contractor of the Landlord. The Tenant hereby undertakes that there shall be no conflict caused with any union or other contract to which the Landlord, its contractor(s), or any sub-contractor(s) may be a party to, and in the event of any such conflict, the Tenant shall forthwith remove from the Building the Tenant's conflicting contractor(s) or sub-contractor(s);
 - (ii) in a good and workmanlike manner and in compliance with the highest standards including those set by the Landlord and all applicable requirements of any relevant Authority;
 - (iii) in accordance with plans and specifications approved in writing by the Landlord; and
 - (iv) subject to the reasonable regulations, controls, supervision and inspection of the Landlord.
- (e) At the option of the Landlord: (i) the Tenant shall utilize the Landlord's contractors with respect to the construction of any Improvements which affect either the Structure or the Mechanical and Electrical Services; or (ii) all Improvements affecting either the Structure or the Mechanical and Electrical Services shall be performed by the Landlord, on behalf of the Tenant, with the cost thereof, plus an administration fee equal to fifteen percent (15%) of the cost of such work, to be repaid to the Landlord as Additional Rent forthwith upon demand.
- (f) The Tenant shall obtain, at its sole cost and expense, all necessary permits and licenses from any relevant Authority, prior to commencing the Improvements.
- (g) The Tenant shall reimburse the Landlord for the cost of a technical evaluation of the Tenant's plans and specifications and any other costs incurred by the Landlord in respect of the Improvements, plus an administration fee equal to fifteen percent (15%) of such costs. In addition, the Tenant shall pay the Landlord, as Additional Rent, a supervisory fee equal to five percent (5%) of the total cost of any Improvements for co-ordination and supervision services.
- (h) Upon the completion of any Improvements, the Tenant shall provide to the Landlord as-built drawings and/or a CAD disk of same in a format useable by the Landlord, together with evidence satisfactory to the Landlord of a final inspection of such Improvements (including inspection of mechanical and electrical systems where applicable) by the Authority which issued the permit or license for same.
- (i) If the Tenant performs any Improvements without compliance with all of the provisions of this Section, the Landlord shall have the right to require the Tenant to remove such Improvements forthwith, at the Tenant's sole cost and expense, and to restore the Premises to its prior condition, satisfactory to the Landlord.

11.03 Repair According to the Landlord's Notice

The Landlord, or any Persons designated by it, shall have the right to enter the Premises at any reasonable time to view the state of repair and the condition thereof and the Tenant shall

promptly perform any maintenance (including painting and repair or replacement or any interior finishings), repairs or replacements according to any notice issued by the Landlord and the Tenant's obligations hereunder.

11.04 Notice by Tenant

The Tenant shall give immediate notice to the Landlord of any accident, defect or damage in any part of the Premises or in the Building, which comes to the attention of the Tenant or any of its employees or contractors, notwithstanding the fact that the Landlord may not have any obligation in respect thereof.

11.05 Ownership of Improvements

All Improvements shall immediately become the property of the Landlord upon installation, but without the Landlord thereby accepting any responsibility in respect of the insurance, maintenance, repair or replacement thereof.

11.06 Construction Liens

If any construction lien or certificate of action is served or filed against the Lands or any part thereof, whether valid or not and whether preserved or perfected, by reason of work done or to be done or materials or services furnished or to be furnished for the account of the Tenant, or by reason of alteration, repair or installation made or to be made for the account of the Tenant, the Tenant shall promptly discharge the lien or have the certificate vacated, at its sole expense, immediately after notice from the Landlord, or within ten (10) calendar days after registration or service, whichever is earlier. The Tenant shall indemnify and save harmless the Landlord and OILC from and against any liabilities, claims, liens, damages, costs and expenses, including legal expenses, arising in connection with any work, services or material supplied to the Tenant or the Lands. If the lien is vacated but not discharged, the Tenant shall, if requested by the Landlord, undertake OILC's and the Landlord's defence of any subsequent lawsuit commenced in respect of the lien, at the Tenant's sole expense.

In the event that the Tenant fails or refuses to vacate or discharge a construction lien within the time prescribed above, in addition to any other rights of the Landlord, the Landlord and OILC shall, at its option, be entitled to take all steps necessary to vacate and/or discharge the lien, and all costs and expenses incurred by the Landlord and OILC in so doing (including without limitation, all legal fees and disbursements, the amount and costs of any security posted to vacate the lien and any payment which may ultimately be made out of or pursuant to security posted to vacate the lien) shall be for the account of the Tenant. In the event that the Tenant fails to comply with the terms of this Section 11.06, the Landlord may, but shall not be obliged to pay into court the amount necessary to discharge the lien and charge the Tenant with the amounts so paid and all costs incurred by the Landlord, including legal fees and disbursements plus an administrative fee of fifteen percent (15%) of such amounts and costs, which shall be paid by the Tenant to the Landlord, forthwith upon demand, as Additional Rent.

11.07 Maintenance and Repairs by the Landlord

The Landlord will maintain and repair the Building as would a prudent owner of a similar Building, having regard to size, age and location of the Building, with the cost of such maintenance and repair to be included in Operating Costs. The obligations of the Landlord under this Section are subject to the following exceptions:

- (a) damage or destruction as set out in Article XIII, in the circumstances where this Lease will terminate;
- (b) damage or injury caused by or resulting from any negligence, fault, omission, want of skill, act or misconduct of the Tenant, 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; and
- (c) the Tenant's obligations set out in Section 11.01.

11.08 Repair Where the Tenant is at Fault

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

- (a) because of the negligence, fault, omission, want of skill, act or misconduct of the Tenant its officers, agents, servants, employees, contractors, invitees, licensees or persons for whom the Tenant is responsible at law;
- (b) due to the requirements of any Authority relating to the Tenant's conduct of business; or
- (c) as a result of the Tenant stopping up or damaging the heating apparatus, water pipes, drainage pipes or any other equipment or facilities or parts of the Building;
- (d) the cost of the repairs, replacements or alterations, plus a sum equal to fifteen percent (15%) thereof, will be paid by the Tenant to the Landlord forthwith on demand as Additional Rent.

ARTICLE XII - END OF TERM

12.01 Vacating of Possession

Forthwith upon the expiry or earlier termination of the Term, the Tenant shall deliver to the Landlord vacant possession of the Premises in such condition in which the Tenant is required to keep the Premises during the Term, leave the Premises in a neat and clean condition and deliver to the Landlord all keys, and security access cards, if any, for the Premises.

12.02 Removal of Trade Fixtures

Provided the Tenant has paid all Rent and is not otherwise in default hereunder, at the expiry or earlier termination of the Term, the Tenant shall remove its trade fixtures (including any signs erected pursuant to Section 9.03) and repair all damage resulting from the installation or removal of such trade fixtures. If at the expiry or earlier termination of the Term, the Tenant does not remove its trade fixtures or any of its other property on the Premises, the Landlord shall have no obligation in respect thereof and may sell or destroy the same or have them removed or stored at the expense of the Tenant or at the option of the Landlord, such trade fixtures or property shall become the absolute property of the Landlord without any compensation to the Tenant.

12.03 Removal of Improvements

Notwithstanding that the Improvements may become the property of the Landlord upon installation, at the expiry or earlier termination of the Term, the Tenant will, if required by the Landlord, remove any or all such Improvements as required by the Landlord, and in so doing shall restore the Premises to their condition prior to the installation and removal of such Improvements. The Tenant shall repair and make good any damage to the Premises or to the Building caused either by the installation or the removal of the Improvements.

12.04 Overholding by Tenant

If the Tenant remains in possession of all or any part of the Premises after the expiry of the Term with the consent of the Landlord but without any further written agreement, then this Lease shall not be deemed to have been renewed thereby and the Tenant shall be deemed to be occupying the Premises as a monthly tenant on the same terms and conditions as set forth in this Lease insofar as they are applicable to a monthly tenancy, except for the length of the Term, and that the monthly Basic Rent shall be twice the monthly Basic Rent payable during the last twelve (12) months of the Term or Extension Term, as the case may be.

ARTICLE XIII - DAMAGE AND DESTRUCTION

13.01 Damage to Premises

If, during the Term, the Premises, or any part thereof, are, in the opinion of the Architect,

destroyed or damaged by any cause whatsoever so as to render the Premises substantially or wholly unfit for occupancy by the Tenant, then and so often as the same shall happen, the following provisions shall have effect:

(a) Significant Destruction to Premises

If the Premises are, in the opinion of the Architect, incapable of being repaired and restored with reasonable diligence within ninety (90) days of the date of such destruction or damage (the "Date of Damage"), then the Landlord may terminate this Lease by written notice given to the Tenant within thirty (30) days of the Date of Damage. In the event of such notice being so given:

- (i) this Lease shall cease and become null and void from the Date of Damage, except that the Tenant shall remain liable for all Rent accrued up to the Date of Damage;
- (ii) the Tenant shall immediately surrender the Premises and all of its interest therein to the Landlord;
- (iii) all Rent shall be apportioned and shall be payable by the Tenant only to the Date of Damage; and
- (iv) the Landlord may re-enter and re-possess the Premises.

Provided that if, within the said period of thirty (30) days, notice terminating this Lease has not been given, then, upon the expiration of the said period or if the Landlord does not elect to terminate this Lease, the Landlord shall, with reasonable promptitude, proceed to repair and restore the damaged portions of the Structure (but not the Improvements) and the Mechanical and Electrical Services to their condition prior to the Date of Damage and the Tenant shall, with reasonable promptitude, proceed to repair and restore the Improvements and the balance of the Premises to their condition prior to the Date of Damage. In the event that the Landlord does not elect to terminate this Lease in accordance with this Subsection 13.01(a), Basic Rent shall abate in proportion to the portion of the Premises rendered untenable by such damage or destruction as determined by the Architect, from the Date of Damage to the date next following the date that the Landlord has substantially restored the Premises to the extent of its obligations hereunder. In the event that this Lease is terminated in accordance with this Subsection 13.01(a), the Landlord hereby reserves any and all rights to indemnification by the Tenant which it may have as a result of any breach of covenant by the Tenant arising prior to the Date of Damage.

(b) Rebuilding/Repairing Premises

If, in the opinion of the Architect, the Premises are capable with reasonable diligence of being rebuilt and/or repaired and restored within ninety (90) days of the Date of Damage, then the Landlord shall rebuild and/or repair and restore the Premises to the extent of its obligations under Section 13.01(a) and the Tenant shall rebuild and/or repair and restore the Improvements and the balance of the Premises with all reasonable speed. Basic Rent shall abate in proportion to the portion of the Premises rendered untenable by such damage or destruction as determined by the Architect, from the Date of Damage to the date next following the date that the Landlord has substantially restored the Premises to the extent of its obligations hereunder.

13.02 Restoration of Premises

If there is damage or destruction to the Premises and if this Lease is not terminated pursuant to the provisions of this Article XIII, the Landlord, in performing its repairs as required hereby, shall not be obliged to repair or rebuild in accordance with the plans or specifications for the Premises as they existed as of the Date of Damage but, rather, may repair or rebuild in accordance with any plans and specifications chosen by the Landlord in its sole discretion.

13.03 Damage to Building

If twenty-five percent (25%) or more of the Rentable Area of the Building is damaged or destroyed by any cause whatsoever, whether or not there is any damage to the Premises, the Landlord may, at its sole option, by notice to be given to the Tenant within ninety (90) days after the Date of Damage, terminate this Lease as of the date specified in such notice, which date shall, in any event, be not less than thirty (30) days and not more than one hundred and eighty (180) days after the date of the giving of such notice. In the event of such termination, the Tenant shall surrender vacant possession of the Premises by not later than the said date of termination and Rent hereunder shall be apportioned to the effective date of termination. If the Landlord does not elect to terminate this Lease, the Landlord shall diligently proceed to repair and rebuild the Premises and the Building (but not the Improvements) to the extent of its obligations hereunder, but the repaired or rebuilt Building may be different in configuration and design from that existing prior to the Date of Damage.

13.04 Decision of Architect Binding

The decision of the Architect as to the time within which the damage or destruction to the Premises, the Improvements or the Building can or cannot be repaired, the extent of the damage, or the state of tenantability of the Premises, as the case may be, shall be final and binding upon the parties.

ARTICLE XIV - ASSIGNMENT AND SUBLETTING

14.01 Tenant not to Transfer

- (a) The Tenant shall not, whether by conveyance, written agreement or otherwise, and whether or not by operation of law, assign this Lease in whole or in part (or any interest in this Lease), nor sublet all or any part of the Premises, nor mortgage or encumber this Lease or the Premises or any part thereof, nor suffer or permit the occupation of, or part with or share possession of all or any part of the Premises (whether by way of concessions, franchises, licenses or otherwise) by any Person, nor suffer or permit a change in a partnership if the change results in a change in the effective control of the Tenant (all of the foregoing being collectively referred to in this Article XIV as a "Transfer", and the person to whom the Premises is transferred is referred to as the "Transferee"), without the prior written consent of the Landlord, which consent may not be arbitrarily or unreasonably withheld. The Landlord shall be deemed to be acting reasonably in withholding its consent if:
- (i) the Transfer would violate any covenant or restriction granted to any other tenant of the Building;
 - (ii) in the Landlord's opinion: (A) either the financial background or the business history and capability of the proposed Transferee is not satisfactory; or (B) the nature or character of the proposed business of the proposed Transferee is such that it might harm the Landlord's business or reputation or reflect unfavourably on the Project, the Landlord, or other tenants of the Building, or the image of any of them, or is unethical, immoral or illegal;
 - (iii) the proposed Transferee or any principal of the proposed Transferee or any principal shareholder of the proposed Transferee has a history of defaults under other commercial leases or does not have a satisfactory history of compliance with Laws;
 - (iv) the proposed Transferee has agreed to pay to the Tenant some form of consideration that is reasonably attributable to the value of the Premises or to the Improvements;
 - (v) the amount of rent to be paid by the proposed Transferee is less than that provided for in this Lease or the terms of the proposed Transfer are otherwise in any respect more favourable to the proposed Transferee than those of this Lease are to the Tenant;

- (vi) the proposed Transfer is a mortgage, charge or other encumbrance of the Tenant's rights or interest under this Lease;
- (vii) an event of default on the part of the Tenant has occurred and is continuing or any notice of default was given by the Landlord to the Tenant in the preceding twelve (12) month period;
- (viii) the proposed Transfer is a sublease by an existing sublessee of the Premises or any part thereof;
- (ix) there is any other reasonable ground not stated above for withholding consent; or
- (x) the Landlord does not receive sufficient information (including financial information) to enable it to make a determination concerning the matters set out above or consent for the Landlord to do a credit search in respect of the Transferee.

Notwithstanding any such Transfer permitted or consented to by the Landlord, the Tenant shall be jointly and severally liable with the Transferee and shall not be released from performing any of the terms, covenants and conditions of this Lease.

- (b) In addition, the following terms and conditions apply in respect of a consent given by the Landlord to a Transfer:
 - (i) the consent by the Landlord, if granted, is not a waiver of the requirement for consent to subsequent Transfers, and no Transfer shall relieve the Tenant of its obligations under this Lease, unless specifically so provided in writing;
 - (ii) no acceptance by the Landlord of Rent or other payments by a Transferee is: (A) a waiver of the requirement for the Landlord to consent to the Transfer, (B) the acceptance of the Transferee as tenant, or (C) a release of the Tenant from its obligations under this Lease or any indemnity agreement;
 - (iii) the Landlord may apply amounts collected from the Transferee to any unpaid Rent;
 - (iv) the Transferor (unless the Transferee is a subtenant of the Tenant), shall retain no rights under this Lease in respect of obligations to be performed by the Landlord or in respect of the use or occupation of the Premises after the Transfer and the Transferor shall execute an indemnity agreement on the Landlord's standard form in respect of obligations to be performed after the Transfer by the Transferee;
 - (v) the Transferee shall, when required by the Landlord, jointly and severally with the Tenant, enter into an agreement directly with the Landlord agreeing to be bound by this Lease as if the Transferee had originally executed this Lease as the Tenant;
 - (vi) in the event that this Lease is disaffirmed, disclaimed or terminated by any trustee in bankruptcy of a Transferee, upon notice by the Landlord given within thirty (30) days of such disaffirmation, disclaimer or termination, the original Tenant named in this Lease shall be deemed, to have entered into a lease with the Landlord containing the same terms and conditions as in this Lease, with the exception of the Term of such Lease which shall expire on the date on which this Lease would have ended save for such disaffirmation, disclaimer or termination; and
 - (vii) any documents relating to a Transfer or the Landlord's consent will be prepared by the Landlord or its solicitors and a reasonable administration charge of at least Two Hundred and Fifty Dollars (\$250.00) and the greater of: (i) a reasonable document preparation fee of at least Four Hundred and Fifty Dollars (\$450.00); or (ii) those legal fees on a solicitor and client basis incurred by the Landlord will be paid to the Landlord by the Tenant as Additional Rent forthwith upon demand.

14.02 Landlord's Option

Notwithstanding the other provisions contained in this Article XIV, after the Landlord receives a request for consent to a Transfer with the information herein required, it shall have the option, in its sole discretion, to be exercised by notice to the Tenant within fifteen (15) days after the receipt of such request and the required information to terminate this Lease as it relates to the portion of the Premises which is the subject of the proposed Transfer, effective as of the date on which the proposed Transfer by the Tenant was proposed to occur. If the Landlord elects to terminate this Lease as aforesaid, Tenant shall have the right, to be exercised by written notice to the Landlord within ten (10) days after receipt of such notice of termination, to withdraw the request for consent to the Transfer, in which case, the Tenant shall not proceed with such Transfer, the notice of termination shall be null and void and this Lease shall continue in full force and effect.

14.03 No Advertising of Premises

The Tenant shall not advertise for sale this Lease or all or any part of the Premises or the business or fixtures therein, without the Landlord's prior written consent.

14.04 Assignment by the Landlord

In the event of the sale, lease or disposition by the Landlord of the Building or any part thereof, or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that the purchaser or assignee thereof assumes the covenants and obligations of the Landlord hereunder, the Landlord shall, thereupon and without further agreement, be freed and relieved of all liability with respect of such covenants and obligations.

14.05 Corporate Ownership

If the Tenant is a corporation or if the Landlord has consented to a Transfer of this Lease to a corporation, any transfer or issue by sale, assignment, bequest, inheritance, consolidation, subscription, operation of law or other disposition, or liquidation, from time to time of all or any part of the corporate shares of the Tenant or of any holding or subsidiary corporation of the Tenant or any corporation which is an associate or affiliate of the Tenant (as those terms are defined in the Business Corporations Act, R.S.O. 1990, c.B.16, as amended) or any amalgamation or merger which results in any change in the present effective voting control of the Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a Transfer of this Lease to a corporation is permitted) and which does not receive the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld, shall constitute a default under this Lease which will entitle the Landlord to exercise the remedies contained in Section 16.01 of this Lease. This Section 14.05 shall not apply to the Tenant if and during the period of time the Tenant is a public corporation whose shares are listed and traded on any recognized stock exchange in Canada or the United States. Notwithstanding the foregoing, the Tenant shall not be required to obtain the Landlord's prior written consent, but shall give the Landlord at least thirty (30) days' prior written notice, in the case of any Transfer of this Lease to either: (i) any corporation which is wholly owned by the Tenant so long as the corporation remains wholly owned by the Tenant, and the Tenant and such wholly owned corporation are jointly and severally liable under this Lease to the Landlord; or (ii) a corporation formed as a result of a merger or amalgamation of the Tenant with one or more other corporations, provided that the Premises continue to be used for the Contemplated Use.

The Tenant shall make available to the Landlord or its lawful representatives all corporate books and records for inspection, copying or both, at all reasonable times, to ascertain whether there has been in fact a change in the effective voting control of the Tenant. The Landlord may terminate this Lease upon thirty (30) days' notice if such books and records are not made available as requested by the Landlord.

ARTICLE XV - REGISTRATION, STATUS STATEMENT, ATTORNMENT AND SUBORDINATION

15.01 Registration

The Tenant shall not register this Lease on the title to the Lands or any short form or notice hereof except in such form as has been approved by the Landlord in writing, the Tenant agreeing to pay the Landlord's reasonable expenses, including legal fees, for such approval. The Tenant shall forthwith provide to the Landlord a duplicate registered copy of any short form or notice of this Lease or other document registered on title.

15.02 Status Statement

The Tenant shall, at any time and from time to time, execute and deliver to the Landlord or as the Landlord may direct, within five (5) Business Days after request, a statement in writing, in the form supplied by the Landlord, certifying that this Lease is unmodified and in full force and effect (or if modified, stating the modification and stating that this Lease is in full force and effect as modified), the Commencement Date, the amount of the Basic Rent and other Rent then being paid hereunder, the amount of any security deposit or rent deposits, if any, the dates to which such Rent hereunder has been paid, whether or not there is any existing default on the part of the Landlord or the Tenant, whether the Tenant has any claims for any right of set-off or any claim for a deduction or abatement of Rent, confirmation that the Tenant has accepted possession of the Premises and any other particulars that the Landlord may reasonably request.

15.03 Subordination and Attornment

This Lease and the rights of the Tenant hereunder shall be subject and subordinate to all existing or future mortgages, charges or other security instruments or encumbrances and to all renewals, modifications, consolidations, replacements and extensions thereof. Whenever requested by the Landlord or a mortgagee, the Tenant shall enter into an agreement with the mortgagee whereby the Tenant postpones or subordinates this Lease to the interest of such mortgagee and agrees that if such mortgagee becomes a mortgagee in possession or realizes on its security, it shall attorn to such mortgagee as a tenant upon all the terms of this Lease. On written request of the Tenant, the Landlord shall submit the Tenant's form of non-disturbance agreement to any mortgagee with an interest in the Lands for its consideration and the Tenant will be responsible for all costs and charges in connection therewith.

15.04 Attorney

At the request of the Landlord the Tenant shall execute promptly such statements and instruments as required under Sections 15.02 and 15.03. The Tenant hereby irrevocably appoints the Landlord as the Tenant's attorney with full power and authority to execute and deliver in the name of the Tenant any such instruments or certificates. Where the Tenant has not executed such instruments or certificates within fifteen (15) days after the date of a written request by the Landlord, the Landlord shall have the right to terminate this Lease without incurring any liability on account thereof.

ARTICLE XVI - DEFAULT

16.01 Right to Re-Enter

If and whenever:

- (a) the Tenant fails to pay any Rent when due; or
- (b) the Tenant fails to observe or perform any obligation of the Tenant, other than payment of Rent after ten (10) days' notice by the Landlord (or if the failure would reasonably require more than ten (10) days to rectify, unless the Tenant commences rectification within the ten (10) day notice period and thereafter diligently proceeds to rectify the failure); or
- (c) the Tenant or any person occupying the Premises or any part thereof becomes bankrupt or

insolvent or files any proposal or makes any assignment for the benefit of creditors or any arrangement or compromise; or

- (d) a receiver or a receiver and manager is appointed for all or a portion of the Tenant's property; or
- (e) any steps are taken or any action or proceeding are instituted for the dissolution, winding-up or liquidation of the Tenant or its assets; or
- (f) the Tenant makes a sale in bulk of any of its assets, wherever situated (other than a bulk sale made to an assignee or sublessee pursuant to a permitted Transfer hereunder and pursuant to the Bulk Sales Act, R.S.O. 1990, c.B.14, as amended); or
- (g) the Tenant fails to move into or take possession of the Premises, abandons or attempts to abandon the Premises, or sells or disposes of the goods and chattels of the Tenant or removes them from the Premises so that there would not be sufficient goods of the Tenant on the Premises subject to distress to satisfy all Rent due or accruing hereunder for a period of at least six (6) months; or
- (h) the Premises become and remain vacant for a period of five (5) consecutive days or are used by any Persons other than such as are entitled to use them hereunder; or
- (i) the Tenant effects a Transfer of all or any part of the Premises except in a manner permitted by this Lease; or
- (j) this Lease or any of the Tenant's assets are taken under any writ of execution; or
- (k) termination or re-entry is permitted under any other provisions of this Lease;

the then current Rent and the next three (3) months' Rent shall be forthwith due and payable and the Landlord, in addition to any other rights or remedies it has pursuant to this Lease or by law, has the immediate right to terminate this Lease or to re-enter the Premises and it may repossess the Premises and may expel all persons and remove all property from the Premises and such property may be removed and sold or disposed of by the Landlord as it deems advisable or may be stored in a public warehouse or elsewhere at the cost and for the account of the Tenant.

16.02 Right to Relet

- (a) In the event of the Tenant's default, the Landlord as agent of the Tenant, may relet the Premises and take possession of any furniture, fixtures, equipment or other property thereon and, upon giving notice to the Tenant, store the same at the expense and risk of the Tenant or sell or otherwise dispose of same at a public or private sale without further notice, and to make alterations to the Premises to facilitate their reletting and to apply the net proceeds of the sale of any furniture, fixtures, equipment, or other property or from the reletting of the Premises, less all expenses incurred by the Landlord in making the Premises ready for reletting and in reletting the Premises, on account of the Rent due and to become due under this Lease, and the Tenant shall be liable to the Landlord for any deficiency and for all such expenses incurred by the Landlord as aforesaid; nothing done by the Landlord shall be construed as an election to terminate this Lease unless written notice of such termination is given by the Landlord to the Tenant.
- (b) Upon each such reletting, all Rent received by the Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than Rent due hereunder from the Tenant to the Landlord; second, to the payment of any costs and expenses of such reletting and of costs of such alterations and repairs; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by the Landlord and applied in payment of future Rent as the same 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 shall pay any such deficiency which shall be calculated and paid monthly in advance on or before the first day of each and every month.

16.03 Right to Terminate

If the Landlord at any time terminates this Lease for any breach by the Tenant, it may recover from the Tenant all damages it incurs by reason of such breach, including the cost of recovering the Premises, solicitor's fees (on a solicitor and his client basis) and including the worth at the time of such termination of the excess, if any, of the amount of Rent and charges equivalent to Rent required to be paid pursuant to this Lease for the remainder of the Term over the then reasonable rental value of the Premises for the remainder of the Term, all of which amounts shall be immediately become due and payable by the Tenant to the Landlord.

16.04 Landlord may Cure the Tenant's Default or Perform the Tenant's Covenants

The Landlord may pay any amounts or charges required to be paid by the Tenant pursuant to this Lease, if the Tenant has not paid such amounts after five (5) days' notice by the Landlord of any such amount. If the Tenant is in default in the performance of any obligations hereunder (other than the payment of Rent), the Landlord may from time to time after giving such notice as it considers sufficient (or without notice in the case of an emergency), perform or cause to be performed any or part of such obligations, and for such purpose may do such things as may be required including, without limitation, entering upon the Premises and doing such things upon or in respect of the Premises or any part thereof as the Landlord reasonably considers necessary. All expenses incurred and expenditures made pursuant to this Section shall be paid by the Tenant as Additional Rent, forthwith upon demand and shall include an administration fee equal to fifteen percent (15%) of the Landlord's expenses. The Landlord shall have no liability to the Tenant for any loss or damage resulting from any such action or entry by the Landlord upon the Premises and the same is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

16.05 Costs

The Tenant shall pay to the Landlord, forthwith upon demand, all costs incurred by Landlord including, without limitation, legal expenses (on a substantial indemnity basis) and reasonable compensation for all time expended by the Landlord's own personnel arising as a result of any default in the Tenant's obligations under this Lease.

16.06 Charges Collectible as Rent

If the Tenant is in default in the payment of any amounts or charges required to be paid pursuant to this Lease, such amounts or charges shall, if not paid when due, be collectible as Rent with the next monthly instalment of Basic Rent thereafter falling due hereunder, but nothing herein contained is deemed to suspend or delay the exercise of any other remedy of the Landlord. The Tenant agrees that the Landlord may, at its sole option, apply or allocate any sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord sees fit.

ARTICLE XVII - MISCELLANEOUS

17.01 Rules and Regulations

The Landlord may, from time to time, make and amend reasonable rules and regulations for the management and operation of the Building and the Tenant and all persons under its control shall comply with all of such rules and regulations of which notice is given to the Tenant from time to time, all of which shall be deemed to be incorporated into and form part of this Lease.

17.02 Option(s) to Extend

Provided that the Tenant has not been in default of any of its obligations under this Lease at any time during the Term, the Tenant shall have the right to extend this Lease for two (2) further term(s) of five (5) years each (each an "Extension Term"), upon the following terms and conditions:

- (a) The Tenant shall provide the Landlord with six (6) months' prior written notice, of the

Tenant's intention to extend this Lease prior to the expiry of the Term or the then current Extension Term, as the case may be.

- (b) Each Extension Term shall be upon the same terms and conditions of this Lease, except: (i) for any Landlord's work, rent free period, Fixturing Period, tenant allowance or other tenant inducements; (ii) that, in the case of the last Extension Term, there shall be no further extension term; and (iii) for the Basic Rent, which will be based on the then current fair market rental for the Premises as of the date which is six (6) months prior to the expiry of the Term or the then current Extension Term, as the case may be, as negotiated between the parties, by no later than the date which is three (3) months prior to the expiry of the Term or the then current Extension Term, as the case may be, taking into consideration the age, size and location of the Building and the use, and condition of the Premises, which shall not, in any event, be less than the Basic Rent payable by the Tenant during the last year of the Term or the then current Extension Term, as the case may be.
- (c) The Landlord may, at its option, require that the Tenant: (i) enter into an agreement prepared by the Landlord to give effect to the extension terms provided for in this Lease; or (ii) execute a new net lease for the Extension Term on the Landlord's standard net lease form for the Building in use at such time.
- (d) If the parties are unable to agree upon the rental rate to be charged during the Extension Term provided for in this Lease on or before the date which is three (3) months prior to the expiry of the Term or the then current Extension Term, as the case may be, then they shall submit the dispute to arbitration by a single arbitrator in accordance with the provisions of the Arbitration Act, S.O. 1991, c.17, as amended, or any successor act. Pending the completion of any arbitration process, the Tenant shall continue to pay Basic Rent at the rate payable during the last year of the Term or the then current Extension Term, as the case may be. Within thirty (30) days of completion of the arbitration process, the Tenant shall pay to the Landlord the amount, if any, by which the new Basic Rent exceeds the Basic Rent rate for the last year of the Term, for the period during the Extension Term that the Tenant continued to pay Basic Rent at the rate payable during the last year of the Term. The decision of the arbitrator shall be final and binding on the parties and shall not be subject to any appeal or review process.

17.03 Access to Premises

- (a) Without limiting any other rights the Landlord may have pursuant to this Lease or at law, the Landlord shall have the right to enter the Premises at any time for any of the following purposes: (i) to examine the Premises and to perform any maintenance, repairs or alterations to any part of the Premises or to any equipment and services serving the Premises or any other part of the Building; (ii) in cases of emergency; (iii) to read any Utility or other meters; (iv) to show the Premises to prospective purchasers and to permit prospective purchasers to make inspections, measurements and plans; and (v) during the last twelve (12) months of the Term or Extension Term, as the case may be, to show the Premises to prospective tenants and to permit prospective tenants to make inspections, measurements and plans.
- (b) The Landlord shall have the right to run, conduits, wires, pipes, ducts and other elements of any systems through the Premises for Utilities, heating, ventilating, air-conditioning and humidity control, telephone and other communications systems and any other such systems that serve the Premises, the Common Areas and Facilities or the Building.
- (c) The Landlord shall exercise its rights pursuant to this Section in such manner and at such times as the Landlord, acting reasonably but in its sole discretion, shall determine. At any time that entry by the Landlord is desired in the case of an emergency, and if no personnel of the Tenant are known by the Landlord to be present on the Premises, or if such personnel fail for any reason to provide the Landlord with immediate access at the time such entry is desired, the Landlord may forcibly enter the Premises without liability for any damage caused thereby.

17.04 Cancellation

The Landlord shall have the right to terminate this Lease, upon providing the Tenant with twenty-four (24) months' prior written notice, without penalty, compensation, damages or bonus to the Tenant. Upon the expiry date of such notice, the Tenant shall deliver up vacant possession of the Premises, pursuant to the terms of this Lease, and this Lease shall then be terminated.

17.05 Remedies to Subsist

No waiver of any of the Tenant's obligations under this Lease or of any of the Landlord's rights in respect of any default by the Tenant hereunder shall be deemed to have occurred as a result of any condoning, overlooking or delay by the Landlord in respect of any default by the Tenant or by any other act or omission of the Landlord including, without limitation, the acceptance of any Rent less than the full amount thereof or the acceptance of any Rent after the occurrence of any default by the Tenant. The waiver by the Landlord of any default of the Tenant or of any rights of the Landlord, which shall be effected only by an express written waiver executed by the Landlord, shall not be deemed to be a waiver of any other term, covenant or condition under this Lease or at law and shall not be deemed to be a waiver of any subsequent default of the Tenant or right of the Landlord. All rights and remedies of the Landlord under this Lease and at law shall be cumulative and not alternative, and the exercise by the Landlord of any of its rights pursuant to this Lease, at law or in equity shall at all times be without prejudice to any other rights of the Landlord, whether or not they are expressly reserved.

17.06 Impossibility of Performance

If and to the extent that either the Landlord or the Tenant shall be bona fide delayed in the fulfilment of any obligation under this Lease, other than the payment of Rent by the Tenant, by reason of the unavailability of materials, equipment, utilities, services or by reason of any Laws, including Orders-in-Council, or by reason of any other similar cause beyond its control and not avoidable by the exercise of reasonable foresight (excluding the inability to pay for their performance of such obligation), then the party being delayed shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay and the other party shall not be entitled to any compensation for any loss or inconvenience occasioned thereby. The party delayed shall use its best efforts to fulfil the obligation in question as soon as reasonably practicable by arranging an alternate method of providing the work, services or materials.

17.07 Notices

All notices, statements, demands, requests or other instruments which may be or are required to be given under this Lease shall be in writing and shall be delivered in person or sent by facsimile or mailed by either prepaid registered or signature Canadian mail enclosed in a sealed envelope, addressed to the Tenant, the Landlord and the Service Provider as set out in Subsections 1.01(n) and 1.01(o) respectively, or such other addresses as the Landlord, the Tenant or Service Provider may from time to time designate. The time of giving of notice by either registered or signature mail shall be conclusively deemed to be the fifth (5th) Business Day after the day of such mailing. Such notice, if personally delivered or if delivered by facsimile (with confirmation of transmission) shall be conclusively deemed to have been given and received at the time of such delivery. The parties hereto acknowledge and agree that notwithstanding anything to the contrary in the *Electronic Commerce Act, 2000*, S.O. 2000, c.17, as amended from time to time, any notice, statement, demand, request or other instrument which may be or is required to be given under this Lease or at law may not be validly delivered by way of electronic communication, save as specifically provided in this Section 17.07. Any party may at any time during the Term and any extension or renewal thereof, by giving notice to the other party/ies (in the manner provided above) change the address of the party/ies by giving such notice, and thereafter the address as set out in the relevant Articles shall be deemed to be the address so changed. If two or more persons are named as tenant, any notice given hereunder shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such persons.

17.08 Complete Agreement

There are no covenants, representatives, agreements, warranties or conditions in any way relating to the subject matter of this Lease or the tenancy created hereby, expressed or implied, collateral or otherwise, except as expressly set forth herein, and this Lease constitutes the entire agreement between the parties and may not be modified except by subsequent written agreement duly executed by the Landlord and Tenant. Schedules “A”, “B” and “C” attached hereto form part of this Lease.

17.09 Collateral Rights

The Tenant acknowledges that any right of first refusal, option to lease, right of first offer, or other right to lease and any exclusive restriction or similar restriction granted to it under this Lease is collateral in nature and not fundamental to this Lease. The remedies of the Tenant in connection with any breach of such rights are limited to an action in damages and shall not entitle the Tenant to treat any breach of such rights as a repudiation or fundamental breach of this Lease by the Landlord.

17.10 Time of the Essence

Time is of the essence of all terms of this Lease.

17.11 Applicable Law

This Lease shall be governed by and interpreted in accordance with the Laws of the Province of Ontario. The parties agree that the Courts of Ontario shall have jurisdiction to determine any matters arising hereunder.

17.12 Severability

If any provision of this Lease is illegal, unenforceable or invalid, it shall be considered separate and severable and the remainder of this Lease shall remain in full force and effect as though such provision had not been included in this Lease but such provision shall nonetheless continue to be enforceable to the extent permitted by law.

17.13 No Partnership or Agency

The Landlord does not in any way or for any purpose become a partner of the Tenant in the conduct of its business, or otherwise, or a joint venturer or a member of a joint enterprise with the Tenant, nor is the relationship of principal and agent created.

17.14 Section Numbers and Headings

The section numbers and headings of this Lease are inserted for convenience only and shall in no way limit or affect the interpretation of this Lease. References in this Lease to section numbers refer to the applicable section of this Lease, unless a statute or other document is specifically referred to.

17.15 Interpretation

Whenever a word importing the singular or plural is used in this Lease, such word shall include the plural and singular respectively. Where any party is comprised of more than one entity, the obligations of each such entities shall be joint and several. Words importing persons of either gender and firms or corporations shall include persons of the other gender and firms or corporations as applicable. Subject to the express provisions contained in this Lease, words such as “hereof”, “herein”, “hereby”, “hereafter” and “hereunder” and all similar words or expressions shall refer to this Lease as a whole and not to any particular section or portion hereof.

17.16 Successors

This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, assigns and other legal representatives

except only that this Lease shall not enure to the benefit of any of such parties unless and only to the extent expressly permitted pursuant to the provisions of this Lease.

17.17 Not Binding on the Landlord

This Lease shall not be binding on the Landlord until it has been duly executed by or on behalf of the Landlord.

17.18 Freedom of Information

The Tenant acknowledges and agrees that the commercial and financial information in this Lease may be required to be released pursuant to the provisions of the Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c.F.31, as amended, or any successor act.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

17.19 Conflict of Interest

The Tenant and any of its successors, administrators, permitted assigns, directors, officers, employees, agents, servants, and representatives shall not engage in any activity where such activity creates a conflict of interest, actual or potential, in the sole opinion of the Landlord, with the Lease or the exercise of any of the rights or obligations of the Tenant hereunder. The Tenant shall disclose to the Landlord in writing and without delay any actual or potential situation that may be reasonably interpreted as either a conflict of interest or a potential conflict of interest.

For clarification, a “conflict of interest” means, in relation to the performance of its contractual obligations pursuant to this Lease, the Tenant’s other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations pursuant to this Lease.

IN WITNESS WHEREOF the parties hereto have executed this Lease on the dates written below.

SIGNED, SEALED AND DELIVERED

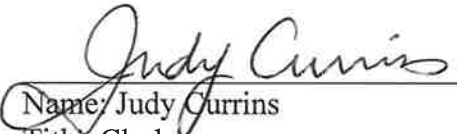
Dated the 2nd day of OCTOBER, 2017

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO AS REPRESENTED BY THE
MINISTER OF INFRASTRUCTURE, AS
REPRESENTED BY ONTARIO
INFRASTRUCTURE AND LANDS
CORPORATION**

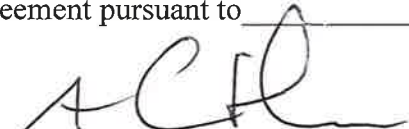
Per: 
Name: _____
Title: **James Harvey**
Vice President, Leasing & Valuation Services
Infrastructure Ontario
Authorized Signing Officer

Dated the 15th day of August, 2017

**THE CORPORATION OF THE CITY OF
KAWARTHA LAKES**

Per: 
Name: **Judy Currins**
Title: **Clerk**

Authorized Signing Officer
I have the authority to execute this
agreement pursuant to _____.

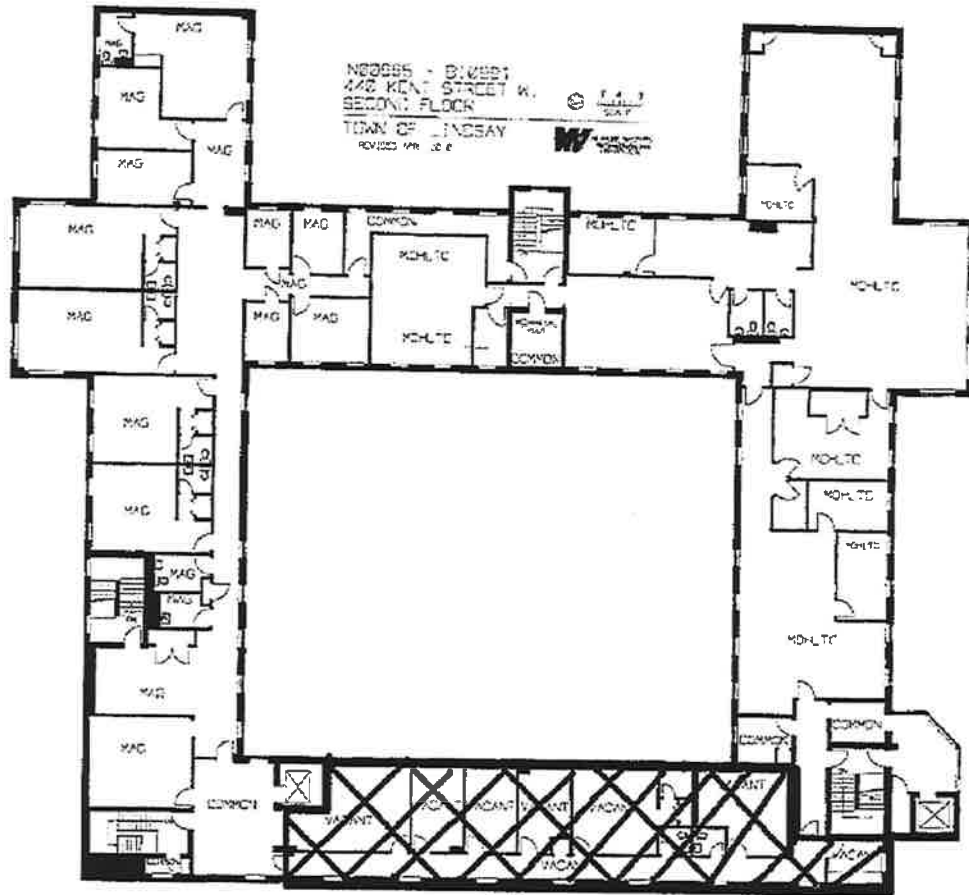
Per: 
Name: **Andy Letham**
Title: **Mayor**

Authorized Signing Officer
I have the authority to execute this
agreement pursuant to CR2017-523.

SCHEDULE "A"
LEGAL DESCRIPTION

PT S1/2 LT 21 CON 4 OPS PT 1 57R8709; KAWARTHA LAKES

FLOOR PLAN



SCHEDULE "C"
ENVIRONMENTAL CONTAMINANTS

NONE