

Appendix A
to
Report RS2025-018
File No. L17-25-RS001

DATED: AUGUST 1, 2015

OFFICE PREMISES LEASE

BETWEEN:

RESICOM PROPERTIES INC.,
(the "Landlord")

- and -

THE CORPORATION OF THE
CITY OF KAWARTHA LAKES
(the "Tenant")

TABLE OF CONTENTS

<u>ARTICLE I - LEASE SUMMARY</u>	3
<u>ARTICLE II - DEFINITIONS</u>	4
<u>ARTICLE III - INTENT</u>	7
<u>ARTICLE IV - GRANT AND TERM</u>	8
<u>ARTICLE V - RENT</u>	9
<u>ARTICLE VI - TAXES</u>	10
<u>ARTICLE VII - LANDLORD'S COVENANTS AND BUILDING CONTROL AND PAYMENT</u>	11
<u>ARTICLE VIII - UTILITIES AND LANDLORD'S SERVICES</u>	15
<u>ARTICLE IX - USE OF THE PREMISES</u>	16
<u>ARTICLE X - INSURANCE AND INDEMNITY</u>	19
<u>ARTICLE XI - MAINTENANCE, REPAIRS AND ALTERATIONS</u>	21
<u>ARTICLE XII - END OF TERM</u>	23
<u>ARTICLE XIII - DAMAGE AND DESTRUCTION</u>	24
<u>ARTICLE XIV - ASSIGNMENT AND SUBLETTING</u>	25
<u>ARTICLE XV - REGISTRATION, STATUS STATEMENT, ATTORNMENT AND SUBORDINATION</u>	27
<u>ARTICLE XVI - DEFAULT</u>	28
<u>ARTICLE XVII - MISCELLANEOUS</u>	30

OFFICE PREMISES LEASE

THIS LEASE is made in quadruplicate as of the 1st day of August, 2015.

BETWEEN:

RESICOM PROPERTIES INC.

hereinafter called the "Landlord"

AND:

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

hereinafter called the "Tenant"

ARTICLE 1 - 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 the balance of this Lease.

- (a) Premises: 49 Maple Avenue, Unit 8, located within the property legally described as Concession 9 Part Lot 17 Plan 1 Block U, Part Lot 1 hereinafter referred to as the "Premises", except as specifically set out herein.
- (b) Rentable Area of the Premises: One Thousand, Six Hundred One decimal Two (1,601.2) square feet, as set out in Schedule "B" attached hereto.
- (c) Building: having the municipal address of 49 Maple Avenue, Haliburton, Ontario K0M 1S0, located on the Lands having the legal description set out in Schedule "A" attached hereto.
- (d) Term: Five (5) years.
- (e) Commencement Date: August 1, 2015
- (f) Expiry Date: July 31, 2020
- (g) Basic Rent:
 - (i) for the period commencing on August 1, 2015 and ending on July 31, 2016: Sixteen Thousand, Twelve Dollars (\$16,012.00) per annum, One Thousand, Three Hundred Thirty-Four Dollars and Thirty-Three Cents (\$1,334.33) per month, calculated at a rate of Ten Dollars (\$10.00) per square foot of the Rentable Area, HST to be added, with a Two Percent (2%) annual increase set out in Schedule "C" attached hereto, the first of such monthly instalments to be due and payable on the 1st day of August, 2015.
- (h) Additional Rent (MIT):
 - (i) The tenant covenants and agrees with the Landlord to pay as additional rent all realty taxes (currently assessed at \$4.40 PSF (1,601.2 square feet) Five Hundred Seven Dollars and Eleven Cents (\$587.11) per month or Seven Thousand, Forty-Five Dollars and Twenty-Eight Cents (\$7,045.28) per annum) and all rates, including local improvement rates, duties and assessments, levies and charges heretofore or hereafter levied, rated, charged or assessed against the Premises. The amount payable for realty taxes shall be reviewed annually by the Landlord and Tenant upon issue of the final tax bill for the Project.

(ii) Every tax and licence fee in respect of any and every business carried on in the demised premises or in respect of the occupancy of the demised premises by the Tenant or anyone claiming under or through the tenant, including, but not limited to, all types of maintenance, general repair to the Landlord's entire premises and parking area.

(iii) All charges and assessments for an with respect to electric current, water, gas, oil, telephone and other services and utilities used in or supplied to the demised premises and for all equipment pertaining thereto.

(iv) The Tenant shall pay interest on any overdue payment of rent and other amounts and charges at the rate of 7.5 percent (7.5%) per annum until full payment thereof.

(v) MIT rates are subject to change after the annual reconciliation with three (3) months' notice.

(i) Deposit: Three Thousand One Hundred Thirty-Nine Dollars and Twenty-Three Cents (\$3,139.23), including Three Hundred Sixty-one Dollars and Sixteen Cents (\$361.16) [IST, INCLUDES LAST MONTH'S RENT AT VALUE]

(j) Use of the Premises permitted by this Lease: Offices and Administration

(k) Parking: as further provided in Section 4.04 of this Lease.

(l) Renewal Option:

(i) the Landlord hereby grants to the Tenant the right, if the Tenant is not in default and at the Tenant's option, to lease the premises for a further term of Five (5) years and such renewal term shall commence the day following the expiration of the initial term herein above described. The terms and conditions thereof shall be the same as herein contained, save and except for the right of further renewal, and save and except for rent which shall be payable as set out in Schedule "D" attached hereto.

(ii) the said option, as exercised by the Tenant, shall be exercised by notice in writing given to the Landlord in the manner provided herein, not later than February 1, 2020 failing which the said option shall be null and void.

(iii) in the event that the Tenant exercises the said option or options to renew, the parties hereto agree that a new lease need not be executed, but that the tenancy for the relevant renewal term will be deemed to be on the same terms and conditions as provided in this Lease, changed only as to the term and rent of the relevant tenancy, such rent to be determined pursuant to this paragraph.

(m) Termination: As further provided in Section 17.04 of this Lease.

(n) Address for Service of Notice on Tenant:

City of Kawartha Lakes
26 Francis Street
P.O. Box 9000
Lindsay, ON K9V 5R8

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

Resicom Properties Inc.
P.O Box 750
Bracebridge, ON P1L 1T9

ARTICLE II - DEFINITIONS

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

2.01 "Additional Rent" - 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(o).

- 2.02 **"Additional Service"** - 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, 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.
- 2.03 **"Architect"** - 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.
- 2.04 **"Authority"** - any governmental authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Building, and "Authorities" means all such authorities, agencies, bodies and departments.
- 2.05 **"Basic Rent"** - the annual rent payable by the Tenant pursuant to and in the manner set out in Section 5.02.
- 2.06 **"Building"** - 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"** - Mondays through Fridays, inclusive, but excluding any statutory holidays.
- 2.08 **"Commencement Date"** - the date referred to in Subsection 1.01(c).
- 2.09 **"Common Areas and Facilities"** - 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 Leased Premises or the water supplied to or in the Leased Premises, or when it is released into the Leased Premises 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 Leased Premises 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 *stachybotrys chartarum* and other moulds), mercury and its compounds, dioxans 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 Regulation, R.S.O. 1990, c. O.40, the Occupational Health and Safety Act, R.S.O. 1990, c.O.1, the Guideline for use at Contaminated Sites in Ontario, Ministry of the Environment, 1997, the Ontario Drinking Water Standards, 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"** - without limitation, all fixtures, installations, alterations and additions from time to time made or installed in or about the Premises, including all of the following, 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, 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"** - 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"** - the hours between 8:00 a.m. and 6:00 p.m., Monday through Friday.
- 2.18 **"Operating Costs"** - has the meaning provided in Subsection 7.04(b) of this Lease.
- 2.19 **"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.
- 2.20 **"Premises"** - the premises identified in Subsection 1.01(a).
- 2.21 **"Prime Rate"** - the rate of interest per annum from time to time publicly quoted by The Canadian Imperial Bank of Commerce 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.
- 2.22 **"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.
- 2.23 **"Proportionate Share"** - 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 [which the Landlord advises is 12,784 sq. feet]** less the Rentable Area of the Building which is not leased at the time of the calculation. In the event the Rentable Area of the Building cannot be evidenced by the Landlord's provision of an Ontario Land Surveyor's or Architect's sketch provided to the Tenant on or before the request for the Tenant to contribute its Proportionate Share of some expense, then the Tenant may commission and obtain same at the expense of the Landlord, in order to calculate the Tenant's Proportionate Share, prior to being required to pay same.
- 2.24 **"Rent"** - the aggregate of Basic Rent, Additional Rent and all other sums of money payable by the Tenant pursuant to this Lease.
- 2.25 **"Rentable Area"** - in the case of the Premises or any other premises in the Building

means 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.

- 2.26 **"Rentable Area of the Premises"** - has been estimated to comprise an aggregate of approximately One Thousand Six Hundred One point Two() (1601.2) square feet (as set out in Subsection 1.10(a)) 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 the Survey's Sketch attached hereto as Schedule "B". 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 or in accordance with the provisions of Section 4.03 herein.
- 2.27 **"Rental Year"** - a period of time for the first Rental Year commencing as of the Commencement Date and ending on July 31 of the following calendar year and, thereafter, each Rental Year shall consist of consecutive periods of twelve (12) calendar months commencing on August 1 and ending on July 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.
- 2.28 **"Structure"** - 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.
- 2.29 **"Taxes"** means 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 in lieu thereof (including grants in lieu of Taxes) or in addition thereto, including, without limitation, taxes levied, charged, imposed or assessed for municipal realty taxes, education, school and local improvements and all business and business improvement area 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. 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.
- 2.30 **"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.
- 2.31 **"Tenant's Share of Taxes"** - 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.
- 2.32 **"Term"** - the period of time referred to and described in Subsection 1.01(d).
- 2.33 **"Utilities"** - all gas, electricity, water, sewer, steam, fuel oil, power, signal equipment and other utilities used in or for the Building or the Premises, as the case may be.

ARTICLE III - INTENT

3.01 Net Lease

This Lease is a completely net and carefree lease to the Landlord, and except as expressly

herein set out, the Landlord is not responsible during the Term for any expense and 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) Prior to the commencement of the Term, the Landlord, at its expense, shall provide satisfactory evidence to the Tenant that the Landlord has rectified the following deficiencies in the Premises, such that the noted fixtures are, upon the commencement of the Term, in good working order, namely:
- (i) wall air conditioner is not operating;
 - (ii) electric air cleaner requires service;
 - (iii) stained or missing ceiling tiles require replacement; and
 - (iv) rear access door is damaged and needs to be replaced
- (c) The Tenant acknowledges and agrees that:
- (i) it shall accept the Premises in "good" 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 and in accordance with the provisions of this Lease; and
 - (iii) the Landlord does not make any representation or warranty whatsoever to the Tenant in respect of the use of the Premises which is permitted under applicable Laws during the Term or is permitted by any applicable zoning by-laws during the Term.
- (d) Notwithstanding any other provision of this Lease to the contrary, the Landlord acknowledges and agrees that the Tenant is not responsible to abate, or contribute to the Landlord's costs to abate, any mould found in the Premises or Building and upon the discovery of mould the Landlord shall be fully responsible for any and all costs associated therewith, to the standard required to satisfy the Ministry of the Environment.

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 Survey or Architect's Certificate

The Tenant has commissioned a surveyor to provide a professional sketch to confirm the square footage of occupied space which is attached as Schedule "B" to this agreement.

At any time on or after the Commencement Date, the Tenant shall deliver to the Landlord a Survey or an Architect's certificate certifying the Rentable Area of the Premises. The parties each confirm that the Rentable Area of the Premises is 1601.2 square feet as determined in

Schedule B.

If any error shall be found in the calculation of the Rentable Area of the Premises or in the calculation of Tenant's Proportionate Share, Rent (including without limitation Basic 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

- (a) All automobile parking areas, driveways, entrances and exits thereto and other facilities furnished by the Landlord in or near the Premises, including employee parking areas, the truck way or ways, loading docks, package pick-up stations, pedestrian sidewalks, ramps, landscaped areas, exterior stairways, and other areas and improvements provided by the Landlord for the general use, in common, of the Tenant and the Tenants of the Premises, their officers, agents, employees and customers shall at all times be subject to the exclusive control and management of the Landlord and the Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned in this section.
- (b) It is understood that the Tenant and employees of the Tenant shall park their vehicles in orderly fashion at the sides and front of the Premises.
- (c) The Tenant will have five (5) reserved parking spaces within the parking lot associated with the premises.

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) The Tenant shall pay, from and after the Commencement Date, to the Landlord at the address set out in Subsection 1.01(o), 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(g), 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(g).
- (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 Taxes

- (a) In addition to the Rent payable hereunder, the Tenant will pay Taxes to the Landlord (acting as agent for the taxing Authority). Taxes so payable by the Tenant:
 - (i) will be calculated and paid in accordance with the applicable legislation and in accordance with this lease; and
 - (ii) despite anything else in this Lease, will be considered not to be Rent, but the Landlord will 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.
- (b) The Landlord will provide annually to the Tenant a copy of the final tax bill and the Tenant will pay its Proportionate Share of the taxes based on the confirmed square footage of occupied space as set out in Schedule "B" attached hereto as per clause 1(h)(ii) herein as adjusted in accordance with the tax bill and commencing in the month next after the tax bill is issued.

5.04 Deposit

Upon execution of this lease, the Tenant shall pay to the Landlord a deposit in an amount equal to the sum of the first and last month's rent, being a total of Three Thousand Fifteen Dollars and Fifty-Nine Cents (\$3,015.59), including Three Hundred Forty-Six Dollars and Ninety-Three Cents (\$346.93) HST. The Deposit referred to in Subsection 1.01(i), shall be held without interest by the Landlord and applied on account of the first month's Basic Rent payable commencing as of the Commencement Date with the balance to be applied against rent owing in the last month of the initial term of this lease.

In the event the lease is renewed, a further deposit equal to the last month's rent of the renewal term plus HST shall become due and payable by the Tenant August 1, 2020.

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 7.5 percent (7.5%) per annum until full payment thereof.

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 shall not be received by the Landlord or the Landlord's designee within five (5) days after such amount shall be 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 Payment of Rent

The Tenant shall pay Basic Rent and any payments of Additional Rent estimated by the Landlord in advance, and any other payments required in this Lease to be paid by the Tenant, to the Landlord in lawful money of Canada (the "Rent"), in advance in equal monthly instalments on the first day of each and every month during the Term at such place as the Landlord shall hereafter designate in writing. If the Term commences on any day other than the first day of a month or ends on any day other than the last day of a month, Rent for the fractions of a month at the Commencement Date and at the end of the Term shall be prorated on a per diem basis, based upon a period of 365 days. Rental payments shall, unless otherwise agreed upon by the parties, be made by the Tenant by electronic funds transfer to the Landlord as further directed by the Landlord. The Landlord covenants to provide the Tenant with a minimum of fifteen (15) days' prior written notice of a change in either the payee of the Rent or the account number of the bank account of the payee to which payments of Rent are being directed. If the Tenant changes its bank or financial institution from which the payments are being made, the Tenant shall immediately notify the Landlord in writing and provide the Landlord with the requisite replacement information so that there is no gap in continuity of payments to the Landlord.

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 to the Landlord, as Additional Rent, when due, 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 shall be the Tenant's Proportionate Share of all Taxes for the Premises and Common Areas and Facilities based on the annual tax bill issued for the Project, or (B) if the Landlord elects or is not able to charge on the basis of an annual tax bill, 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 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 2.33, 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 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, including Taxes.

6.02 Business 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.

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

7.01 Landlord's Covenant

The Landlord agrees with the Tenant;

- (a) For quiet enjoyment
- (b) To maintain adequate insurance against fire and other perils normally insured against under the provisions of a standard extended coverage, replacement value fire insurance policy.
- (c) To do, provide or perform all repairs to the structure of the building and roof thereof, as would a prudent owner. Structural repairs will be performed at the owner's expense.

- (d) To supply heating equipment which is adequate to keep the Premises reasonably warm and free from damage due to frost or cold.
- (e) Prior to commencement for the Term, the Landlord agrees to complete at its cost the separation walls between the Premise and units 7 and 10, together with 3 sprinkler heads, and electrical supply.

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, on not less than sixty (60) days advance notice to the Tenant 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 Area and Facilities and permit others to make such use of the Common Area 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 Area 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.

7.03 Right to Relocate

The Tenant agrees that, despite any other provision of this Lease, the Landlord has the right at any time and from time to time before or during the Term 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), (b) and Section 4.03 will apply and, if appropriate, the Basic Rent identified in Section 1.01(g) will be adjusted. 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 costs it reasonably incurs because 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 required fire or emergency corridors or of otherwise complying 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, as Additional Rent, the Proportionate Share of Operating Costs and the Tenant's Share of Taxes.
- (b) "Operating Costs" include 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) 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;
 - (ii) 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), Utilities and hookup, connection and service charges for any Utilities, 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;
 - (iii) 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;
 - (iv) 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;
 - (v) 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;
- (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;
 - (iv) tenant improvement allowances, leasing commissions and leasing costs;
 - (v) policing, security, security systems (including, without limitation, remote control cameras and security patrols), supervision and traffic control;
 - (vi) 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;
 - (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) all costs and expenses associated with the elevator, including its operation, servicing and replacement or removal;
 - (ix) all expenses incurred by the Landlord in respect of the installation or removal of any Improvements

- (x) interest on a deposit paid by the Landlord to the supplier of a Utility;
 - (xi) the rental value of space in the Project used by the Landlord, in connection with the maintenance, repair, operation, administration or management of the Project; and
 - (xii) 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 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.
- (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 (1/12) 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

Except where a utility service to the Premises is separately metered, the parties acknowledge that Operating Costs include an allocation for all charges for Utilities used or consumed within the Premises and that the Tenant shall not be required to pay a separate charge for Utilities except where the Tenant requests Utilities to be provided to the Premises outside of Normal Business Hours, in which case the Landlord will provide such Utilities to the Tenant as an Additional Service in accordance with Section 8.04 of this Lease. If the Landlord shall from time to time reasonably determine that the use of electricity or any other Utility or service in the Premises is disproportionate to the uses of other tenants in the Building, the Landlord may adjust the Tenant's share of the cost thereof from the date reasonably determined by the Landlord to take equitable account of the disproportionate use and may separately charge the Tenant for such excess cost, plus fifteen percent (15%) of such excess cost to cover the Landlord's costs of administration. If so required by the Landlord or by the utility company, separate meters shall be installed in the Premises at the Tenant's expense.

8.02 Intention 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, to 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 direct or consequential damages 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

At the request of the Tenant or as otherwise determined by the Landlord at all times during the Term, the Landlord shall replace all starters, fluorescent tubes and light bulbs located within the Premises at the sole cost and expense of the Tenant and as an Additional Service.

8.04 Additional Services

If the Tenant requires any Additional Services to be performed in or relating to the Premises, it shall so advise the Landlord in writing, and the Landlord may, at its option, perform or provide any such Additional Services. Provided however, 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 Service 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. The cost of providing such service shall be paid by the Tenant within fifteen (15) Business Days of the completion of same to the satisfaction of the Tenant, acting reasonably.

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(j), in a first class and reputable manner (the "Contemplated Use"), and for no other purpose.

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 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.

Upon termination, the Landlord shall have the option to request that the Tenant will remove all its fixtures, whether trade fixtures or otherwise, and if any injury or damage shall be

caused to the Premises by such removal the Tenant shall immediately cause any such injury or damage to be repaired at its expense.

If the Tenant does not make such repairs or cause them to be made promptly, the Landlord shall have the right to make the necessary repairs and to be reimbursed by the Tenant for the cost of doing so.

In no event shall the Tenant remove or carry away from the Premises any plumbing, heating or ventilating plant or equipment or other building services, or any fixtures belonging to the Landlord.

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, specifications and method of installation.

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 Contaminant in the Common Areas and Facilities, the Building or the Project.
- (d) The Tenant shall not permit the presence of any Environmental Contaminant 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 Ontario Regulation 127/01-"Airborne Contaminant Discharge Monitoring and Reporting" (the "Regulation") 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 Contaminant. If the Tenant shall bring or

create upon the Project, including the Premises, any Environmental Contaminant, then such Environmental Contaminant shall be and remain the sole property of the Tenant and the Tenant shall remove same at its sole cost and the expiration or sooner termination of the Term or sooner if so directed by any governmental 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 governmental authority shall require the clean-up of any Environmental Contaminant:

- (a) held in, released from, abandoned in, or placed upon the Leased premises or the Project by the Tenant or its employees or those for whom it is in law responsible; or
- (b) released or disposed of by the Tenant or its employees or those for whom it 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 option, perform any such work at the Tenant's sole cost and expense, payable 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 will:

- (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 governmental 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 it is in law responsible or any notice from any other party concerning any release or alleged release of any Environmental Contaminant; and
- (c) permit the Landlord to:
 - (i) enter and inspect the Premises and the operations conducted therein; and
 - (ii) conduct tests and environmental assessments or appraisals; and
 - (iii) remove samples from the Premises; and
 - (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 Contaminant in the Project.

9.09 Compliance with Laws

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

The Tenant shall, at its own expense, remedy any damage to the Premises caused by such event or work or by the performance of the Tenant's obligations under this Section.

If alterations or improvements to the Improvements or to the Premises are necessary to comply with any of the foregoing provisions of this Section 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 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 foregoing provisions of this Section 9.09, or the Tenant is unable to fulfil its obligations under this Section, the Landlord may itself undertake such work or any part thereof as an Additional Service.

In the event that structural repairs or upgrading of the Building, including but not limited to seismic upgrading, is required to permit the Tenant's Contemplated Use, the Landlord may, at its sole discretion, terminate this Lease.

9.10 Security Devices

The Tenant shall be installing their own security system, at their own expense

9.11 Telecommunications

- (a) The Tenant may utilize a telecommunication service provider of its choice with the Landlord's prior written consent subject to the provisions of this Lease, including but not limited to the following:
- (i) 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;
 - (ii) the Landlord must first reasonably determine that there is sufficient space in the risers of the Building for the installation of the service provider's wiring and cross connect; and
 - (iii) 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 service provider or the Tenant or those for whom either of them is responsible at law;
- (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 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 risers in the Building and space on 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

ARTICLE X - INSURANCE AND INDEMNITY

10.01 Landlord's Insurance

- (a) 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.

10.02 Tenant's Insurance

- (a) The Tenant shall, during and throughout the Term, at its sole cost and expense, take out and keep in full force and effect the following insurance:
 - (i) general liability insurance with respect to the Premises and the business carried on in or from the Premises of not less than THREE MILLION dollars (\$3,000,000.00) in respect of any injury to or death of one or more persons and loss or damage to the property of others, or such other coverage as the Landlord may from time to time require or approve in respect of the same;
 - (ii) property damage insurance in respect of the Tenant's furniture, fixtures and leasehold improvements and such other property in or forming part of the Premises as the Landlord may from time to time require against such perils and in such amounts as are normally insured in the circumstances by prudent tenants;
 - (iii) such additional insurance coverages as the Landlord may reasonably require from time to time.
- (b) All insurance required pursuant to this paragraph shall be placed on terms and conditions satisfactory to the Landlord and taken out with insurers acceptable to the Landlord.
- (c) At the request of the Landlord, the Tenant shall file with the Landlord certificates of insurance providing proof of the above listed coverages.
- (d) The Tenant shall promptly pay any premiums due on the insurance required to be effected by it and shall not have or do anything in the Premises which would impair or invalidate the obligations of any insurer, whether of the Landlord or the Tenant.
- (e) If the Tenant fails to insure in accordance with this paragraph or provide satisfactory proof of insurance when required or to pay premiums as due, or fails to maintain in force, the Landlord may, without prejudice to any of its other rights and remedies hereunder, shall have the right, but not the obligation and without notice to the Tenant, effect such insurance as agent for the Tenant and the cost thereof and all other reasonable expenses incurred by the Landlord demand and recover from the Tenant any premiums which the Landlord has paid as additional rent.
- (f) If any insurance policy placed by the Landlord in connection with the Premises or any part of the Premises is cancelled or is threatened by the insurer to be cancelled or the coverage under such policy is reduced in any way by the insurer by reason of the use and occupation of the Premises or any part of the same by the Tenant or its assignees, subtenants, concessionaires or licensees, or by anyone permitted to be in the Premises by the Tenant, and if the Tenant fails to remedy the condition giving rise to cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof from the Landlord, which notice need not be in writing, then the Landlord may at enter the Premises and remedy the condition which has given rise to such cancellation, threatened cancellation or reduction in coverage and the Tenant shall immediately pay the cost of so doing to the Landlord on demand as additional rent. The Landlord shall not be liable for any damage or injury of any kind whatsoever caused to any property of the Tenant or others in the Premises as a result of any such re-entry or entry.

All such policies shall be primary and not excess to or contributing with, any proceeds available to the Landlord.

- (g) Each of Tenant's insurance policies shall contain:
- (i) the Landlord and any mortgagee designated by notice from the Landlord, as additional insureds as their respective interest may appear;
 - (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' written notice to the Landlord; and
 - (iii) a severability of interests clause, a cross-liability clause.
- (h) 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.

10.03 Indemnification of the Landlord

The Tenant shall promptly indemnify and save harmless the Landlord from any and all liabilities, damages, costs, claims, suits or actions arising out of any breach, violation or non-observance by the Tenant of any of its covenants and obligations under the Lease; from any damage to property while such property shall be in or about the Leased Premises including the systems, furnishings and amenities thereof as a result of the wilful or negligent act or omission of the Tenant, its employees, agents, invitees or licensees; and from any injury to any employee, agent, invitee or licensee, of the Tenant, including death resulting at any time therefrom, occurring on or about the Leased Premises or the adjoining walks, drives, ways or streets or in any manner arising from or in connection with the Tenant's use or occupation of the Leased Premises; and notwithstanding anything else herein contained, this indemnity shall survive the expiry or earlier termination of this Lease, in respect of any of the foregoing circumstances during the Term.

ARTICLE XI - MAINTENANCE, REPAIRS AND IMPROVEMENTS

11.01 Current Conditions of Premises

The Tenant agrees, at its cost, to have an inspection of the premises commissioned prior to the execution of this Lease, for environmental contamination and the current condition of all plumbing, heating and electrical services to satisfy its due diligence requirements and establish a benchmark of these items prior to the Tenant's occupation of the Premises. Tenant to provide Landlord with a copy of any such inspection report.

If as a result of any deficiencies identified in the inspection report commissioned by the Tenant at its expense, items of service, repair or replacement are identified, the Landlord, at its expense will bring these items into repair/service and good working order by or on August 14, 2015. Proof of the completion of such works will be submitted to the Tenant no later than 4:30 pm on August 14, 2015. Failure to provide such proof will result in the Tenant correcting these items and deducting payment from the base rent payment due September 1, 2015"

11.02 Maintenance and Repairs by the Tenant

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' notice to the Tenant, the Landlord may enter the Premises and perform the obligation without liability to the Tenant for any loss or damage thereby incurred. The Tenant shall promptly after receiving the Landlord's invoice therefore reimburse the Landlord for all costs incurred by the Landlord in performing the

obligation plus fifteen percent (15%) of the costs for overhead and supervision.

11.03 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) The Improvements shall be completed at the Tenant's expense and if approved by the Landlord, 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 the Landlord's mandatory. 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, 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;
 - (iv) subject to the reasonable regulations, controls, supervision and inspection of the Landlord.
- (d) The Tenant shall, prior to commencing the Improvements, obtain, at its sole cost and expense, all necessary permits and licenses from any relevant Authority.
- (e) Upon completing of any Improvement, 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 Improvement (including inspection of mechanical and electrical systems where applicable) by the authority which issued the permit or license for same.
- (f) 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 expense, and to restore the Premises to their prior condition.

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

11.05 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 Tenant or any of its employees or contractors, notwithstanding the fact that the Landlord may not have any obligation in respect of the same.

11.06 Construction Liens

The Tenant shall make all payments and take all steps as may be necessary to ensure that no lien is registered against the Lands as a result of any work, services or materials supplied to the Tenant or the Premises. The Tenant shall cause any such registrations to be discharged or vacated immediately after notice from the Landlord, or within ten (10) days after registration, whichever is earlier. The Tenant shall indemnify and save harmless the Landlord 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 Premises. If the Tenant fails to cause any such registration to be discharged or vacated as aforesaid then, in addition to any other rights of the Landlord, the Landlord may, but shall not be obliged to, discharge the same by paying the amount claimed into court, and the amounts so paid and all costs incurred by the Landlord, including legal fees and disbursements, shall be paid by the Tenant to the Landlord as Additional Rent, forthwith upon demand.

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, 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 11.02.

ARTICLE XII - END OF TERM

12.01 Vacating of Possession

Forthwith upon the expiry or earlier termination of the Term, and any renewal thereof, 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 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 Article 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 of 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 in the installation or removal of the Improvements.

12.04 Overholding by Tenant

Save and except a renewal made in accordance with Section 17.02 herein, if the Tenant remains in possession of all or any part of the Premises after the expiry of the Term, and any renewal period thereof, 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 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 125% the monthly Basic Rent payable during the last twelve (12) months of the Term or renewal 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 herein 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.

but 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 which is thirty (30) days following the date that the Landlord has 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 which is thirty (30) days following the date that the Landlord has 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 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 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 will 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, or mortgage or encumber this Lease or the Premises or any part thereof, or 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, or suffer or permit a change in a partnership or corporate share holdings 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, will 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 will 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, the original Tenant named in this Lease shall be deemed, upon notice by the Landlord given within 30 days of such disaffirmation, disclaimer or termination 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, to be exercised by notice to the Tenant within fifteen (15) days after the receipt of such request, information and agreement, 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 this Lease, or all or any part of the Premises or the business or fixtures therein for sale, 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.

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.

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 it is requested, 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 dates to which such Rent hereunder has been paid, whether or not there is any existing default on the part of the Landlord of which the Tenant is aware 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. 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;

then current 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 the 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 then reasonable rental value of the Premises for the remainder of the Term, all of which amounts shall be immediately 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, or otherwise as may be the case, forthwith upon demand. 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 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 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 Renewal Option

- (a) The Landlord hereby grants to the Tenant the right, if the Tenant is not in default and at the Tenant's option, to lease the premises for a further term of Five (5) years and such renewal term shall commence the day following the expiration of the initial term herein above described. The terms and conditions thereof shall be the same as herein contained, save and except for the right of further renewal, and save and except for rent which shall be payable in accordance with the provisions of **Schedule "D"** attached hereto.
- (b) The said option, as exercised by the Tenant, shall be exercised by notice in writing given to the Landlord in the manner provided herein, not later than February 1, 2020, failing which the said option shall be null and void. If such Notice to renew is delivered while the Tenant is in default under this Lease, the Landlord shall deliver to the Tenant within 21 days of receipt of the notice exercising the option to renew notice in writing that such notice to renew is void and of no effect.
- (c) In the event that the Tenant exercises the said option or options to renew, the parties hereto agree that a new lease need not be executed, but that the tenancy for the relevant renewal term will be deemed to be on the same terms and conditions as provided in this Lease, changed only as to the term and rent of the relevant tenancy, such rent to be determined pursuant to this paragraph.

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 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 through the Premises, conduits, wires, pipes, ducts and other elements of any systems for utilities, heating, ventilating, air-conditioning and humidity control, telephone and other communications systems and any other such systems to serve the Premises, 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 case of emergency, and if no personnel of 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

Either party shall have the right to terminate this Lease upon providing the other party with 180 days prior written notice, with the effective termination date falling on the last day of a month during the Term, and such termination occurring without penalty, compensation, damages or bonus to either party. Upon the expiry date of such notice of termination, 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 term, covenant or condition in respect of which such default or right has been waived 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 or at law 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 delayed in the fulfilment of any obligation under this Lease, other than the payment by the Tenant of any Rent, by reason of unavailability of material, 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 will, however, use its best efforts to fulfil the obligation in question as soon as is 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 prepaid registered Canadian mail addressed to the Tenant or the Landlord as set out in Subsection 1.01(n) and Subsection 1.01 (o) respectively, or such other addresses as the Landlord and Tenant may from time to time designate. All such notices shall be conclusively deemed to have been given and received upon the day the same is personally delivered or sent by facsimile (with confirmation of transmission) or, if mailed as aforesaid, three (3) Business Days after the same is mailed as aforesaid. Any party may at any time by notice in writing to the other change the address for service of notice on it. 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.

Notwithstanding the provision of any statute or law relating thereto, service by means of electronic mail of any notice(s) required to be given in writing by either party hereto pursuant to the Lease shall not constitute good and effective service.

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", "C" and "D"** attached hereto form part of this Lease.

17.09 Collateral Rights

The Tenant acknowledges that any right of first refusal, option to lease and 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 will 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 all 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 of 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", "herely", "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 is not binding on the Landlord until it has been duly executed by or on behalf of the Landlord.

17.18 Freedom of Information

The Landlord and Tenant acknowledge that the commercial and financial information in this Lease is subject to the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56, as amended, or any successor act.

17.19 Dispute Resolution

If any dispute or question arises between the parties concerning the interpretation or application of this Lease or the rights or obligations of the parties hereunder, the parties to such dispute or question will attempt in good faith to resolve the same. If within 30 days the dispute or question is not satisfactorily resolved, the matter will be conclusively settled by submission to arbitration in accordance with the rules of the *Arbitration Act, 1991* (Ontario). The following rules will apply to the arbitration:

(a) a single arbitrator appointed by mutual agreement of the parties will hear the arbitration. In the event of failure to reach such agreement within ten days, any party may apply to a justice of the Superior Court of Justice of the Province of Ontario to appoint the arbitrator;

(b) the arbitration will be conducted in the English language in the Geographic Village of Haliburton, County of Haliburton Ontario, Canada for a period of time not to exceed 10 Business Days;

(c) the arbitration will be held in private and no person except the parties and their respective representatives and witnesses will be present unless authorized by the arbitrator;

(d) subject to the provisions of this Section 17.19, the parties will agree, in consultation with the arbitrator, on the rules of the arbitration. Absent such agreement, the arbitrator will be entitled to establish the procedures to be followed, provided that in doing so, the arbitrator will be guided by the parties' mutual intention that such procedures should be designed to expedite the proceedings and minimize to the extent practicable the expenses for the parties;

(e) the arbitration award will be final and binding on the parties and will not be subject to appeal (those provisions of the *Arbitration Act, 1991* (Ontario) necessary to achieve such result are hereby expressly excluded); and

(f) the costs of the arbitration will be in the discretion of the arbitrator.

The procedures specified in this Section are the only procedures for the resolution of any dispute or claim arising out of or related to this Lease, or the breach, termination or validity thereof. If any party attempts to have issues resolved in court, the parties agree that this Section can be used to stay any such proceedings. Notwithstanding the foregoing, before or during the time that the parties follow such procedures, either party will be entitled to go to the appropriate court to get a preliminary injunction or other preliminary judicial relief if such party reasonably believes that such a step is necessary to avoid irreparable damage or harm.

17.20 Force Majeure

In the event that the Tenant hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the Tenant delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period of the performance of any such act shall be extended for a period equivalent to the period of such delay.



IN WITNESS WHEREOF the parties have executed this Lease.

RESICOM PROPERTIES INC.

Per: _____

Name: Rick Irons
Title: President

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

Per: _____

Name: Andy Letham
Title: Mayor

Per: _____

Name: Judy Corrin
Title: Clerk

We have authority to bind the Corporation

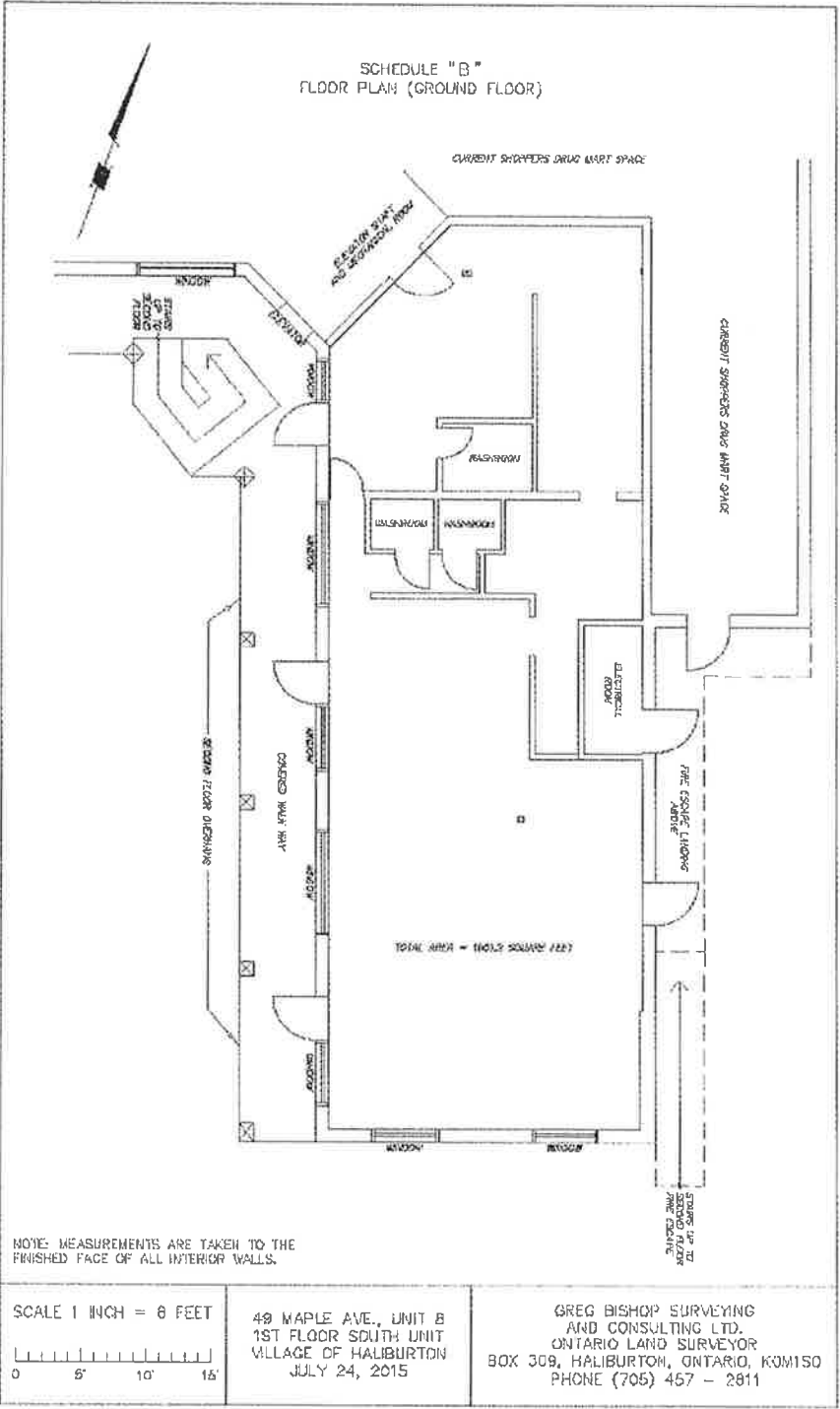
SCHEDULE "A"
LEGAL DESCRIPTION

49 Maple Avenue

Concession 9 Part Lot 17 Plan 1 Block U Part Lot 1 Dysart, County of Haliburton

Unit 8

A handwritten signature or mark, possibly a stylized 'L' or a cursive initial, located in the bottom left corner of the page.



SCHEDULE "C"

ANNUAL RENT INCREASE

- a) for the period commencing on August 1, 2016 and ending on July 31, 2017. Sixteen Thousand, Three Hundred Thirty-Two Dollars and Twenty-Four Cents (\$16,332.24) per annum, One Thousand, Three Hundred Sixty-One Dollars and Two Cents (\$1,361.02) per month, calculated at a rate of Ten Dollars and Twenty Cents (\$10.20) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2016.
- b) for the period commencing on August 1, 2017 and ending on July 31, 2018. Sixteen Thousand, Six Hundred Fifty-Two Dollars and Forty-Eight Cents (\$16,652.48) per annum, One Thousand, Three Hundred Eighty-Seven Dollars and Seventy-One Cents (\$1,387.71) per month, calculated at a rate of Ten Dollars and Forty Cents (\$10.40) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2017.
- c) for the period commencing on August 1, 2018 and ending on July 31, 2019. Sixteen Thousand, Nine Hundred Eighty-Eight Dollars and Seventy-Three Cents (\$16,988.73) per annum, One Thousand, Four Hundred Fifteen Dollars and Seventy-Three Cents (\$1,415.73) per month, calculated at a rate of Ten Dollars and Sixty-One Cents (\$10.61) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2018.
- d) for the period commencing on August 1, 2019 and ending on July 31, 2020. Seventeen Thousand, Three Hundred Twenty-Four Dollars and Ninety-Eight Cents (\$17,324.98) per annum, One Thousand, Four Hundred Forty-Three Dollars and Seventy-Five Cents (\$1,443.75) per month, calculated at a rate of Ten Dollars and Eighty-Two Cents (\$10.82) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2019.



SCHEDULE "D"

RENEWAL OPTION

- a) for the period commencing on August 1, 2020 and ending on July 31, 2021. Seventeen Thousand, Six Hundred Seventy-Seven Dollars and Twenty-Five Cents (\$17,677.25) per annum, One Thousand, Four Hundred Seventy-Three Dollars and Ten Cents (\$1,473.10) per month, calculated at a rate of Eleven Dollars and Four Cents (\$11.04) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2020.
- b) for the period commencing on August 1, 2021 and ending on July 31, 2022. Eighteen Thousand, Twenty-Nine Dollars and Fifty-One Cents (\$18,029.51) per annum, One Thousand, Five Hundred Two Dollars and Forty-Six Cents (\$1,502.46) per month, calculated at a rate of Eleven Dollars and Twenty-Six Cents (\$11.26) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2021.
- c) for the period commencing on August 1, 2022 and ending on July 31, 2023. Eighteen Thousand, Three Hundred Ninety-Seven Dollars and Seventy-Nine Cents (\$18,397.79) per annum, One Thousand, Five Hundred Thirty-Three Dollars and Fifteen Cents (\$1,533.15) per month, calculated at a rate of Eleven Dollars and Forty-Nine Cents (\$11.49) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2020.
- d) for the period commencing on August 1, 2023 and ending on July 31, 2024. Eighteen Thousand, Seven Hundred Sixty-Six Dollars and Six Cents (\$18,766.06) per annum, One Thousand, Five Hundred Sixty-Three Dollars and Eighty-Four Cents (\$1,563.84) per month, calculated at a rate of Eleven Dollars and Seventy-Two Cents (\$11.72) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2020.
- e) for the period commencing on August 1, 2024 and ending on July 31, 2025. Nineteen Thousand, One Hundred Thirty-Four Dollars and Thirty-Four Cents (\$19,134.34) per annum, One Thousand, Five Hundred Ninety-Four Dollars and Fifty-Three Cents (\$1,594.53) per month, calculated at a rate of Eleven Dollars and Ninety-Five Cents (\$11.95) per square foot of the Rentable Area, HST to be added, the first of such monthly instalments to be due and payable on the 1st day of August, 2020.