

**ENTRY BY LANDLORD**

5.6 Landlord and those authorized on its behalf shall on reasonable notice be entitled to enter the Leased Premises for the purpose of making an inspection, any repair, alteration, improvement or renovation required or permitted to be made by Landlord, for the purpose of making any repair which Tenant fails to make when required, for the purpose of calculating the area of the Leased Premises and obtaining information for plans and for any other purpose permitted or contemplated by this lease. Landlord in entering the Leased Premises or doing any work in the Leased Premises shall minimize interference with the conduct of the business of Tenant to the extent reasonably possible to do so in the circumstances. Notwithstanding anything to the contrary the Landlord and those authorized on its behalf shall be entitled to enter that portion of the Leased Premises outlined in yellow on Schedule 5 attached hereto being hereinafter referred to as the Electrical Room and to enter such other portions of the Leased Premises as is reasonably required in order to enter the Electrical Room, for the purpose of making an inspection, any repair, alteration, improvement or renovation required or permitted to be made by Landlord, for the purpose of making any repair which Tenant fails to make when required, for the purpose of calculating the area of the Leased Premises and obtaining information for plans and for any other purpose permitted or contemplated by this lease, upon with reasonable notice, except in cases of emergency.

5.7 The Tenant agrees that if it should change the locks and/or security codes at any point in the Term or any extension term that it will immediately inform the Landlord and provide a set of keys and alarm codes so that the landlord has reasonable access to the Leased Premises in case of an emergency.

**MAINTENANCE OF SERVICES**

5.8 Landlord shall have the right to use, install, maintain, repair and replace conduits, columns and pipes, wires, ducts and other installations in, under or through the Leased Premises and the walls, ceilings and floors of the building containing the Leased Premises for or in connection with Landlord carrying out repairs, alterations, improvements or renovations to the Property and for the supply of any services, support or Utilities to the Leased Premises or to any part of the Property and the right to do such work in the Leased Premises as may be necessary in connection with the foregoing right, or to preserve, protect or make repairs, alterations, improvements or renovations to the Leased Premises or the Property and for such purposes shall be entitled to enter or authorize any other person to enter the Leased Premises on reasonable notice.

## 6

**INSURANCE****LANDLORD'S INSURANCE**

6.1 Landlord shall take out and maintain with respect to the Property

- 1 Commercial general liability insurance against personal and bodily injury, including death, and property damage.
- 2 Insurance with coverage against such perils as Landlord determines to be necessary and commercially reasonable, which may include fire and extended coverage endorsement perils selected by Landlord and, against water damage however caused and against loss by such other insurable hazards as Landlord determines to be appropriate in the circumstances.
- 3 Boiler and machinery insurance
- 4 Loss of rental income insurance, including loss of all rentals receivable from tenants of rentable premises in the Property, including basic rentals, percentage rentals and all other amounts payable thereunder.

Landlord, acting reasonably, shall determine all policy terms including deductibles and may take out and maintain other insurance as it considers advisable, but Landlord shall not be required to take out or maintain any insurance with respect to any loss, injury or damage required to be insured against by Tenant or with respect to Tenant Property. All proceeds of Landlord's insurance shall belong to Landlord although some portions are to be applied to reduce Operating Cost as provided in this lease.

**TENANT'S INSURANCE**

6.2 Tenant shall take out and maintain

- 6.2.1 Commercial general liability and property damage insurance, including personal liability, contractual liability, tenants' legal liability, liability with respect to Environmental Claims, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises and the Common Facilities, which coverage shall include the business operations conducted by Tenant and any other person in the Leased Premises and all those for whom Tenant is responsible including those performing work for or on behalf of Tenant. Such policies shall be written on a comprehensive basis with coverage for any one occurrence or claim of not less than \$10,000,000.00 or such higher limits as Landlord or the Mortgagee may require from time to time. Notwithstanding the foregoing, the Tenant's insurance limit shall be \$5,000,000 per occurrence during any period where the Tenant's business on the Premises is non-operational, including the period of time before the Tenant has opened for business. The

Tenant shall provide the Landlord with evidence in writing of increased insurance coverage (to \$10,000,000 per occurrence) before any commencement or re-commencement of operations by the Tenant.

- 6.2.2 Insurance with coverage against the perils of fire and standard extended coverage endorsement perils, against water damage however caused and against loss by such other insurable hazards as prudent tenants would insure fully covering the Leased Premises (including all Leasehold Improvements), all Tenant Property and any other property owned by Tenant or for which it is legally liable and which is located within the Property.
- 6.2.3 Business interruption insurance including loss of profits.
- 6.2.4 Such other forms of insurance, including boiler and machinery insurance, as Tenant or Landlord or any mortgagee of the Property, acting reasonably, requires from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

Insurance to be effected by Tenant shall be in amounts and upon terms which Landlord shall from time to time, acting reasonably, determine to be sufficient. Such insurance shall provide that Landlord (that the insurer shall endeavour to provide the Landlord 30 days' notice in writing of any threatened cancellation. Such insurance shall include Landlord (and the Landlord's contracted property manager, if any) and any others designated by Landlord (including any beneficial owner or other person having an insurable interest) as additional insureds and contain cross-liability and severability of interest provisions, as applicable. Insurance under Section 6.2.2 shall be on a full replacement cost basis without deduction for depreciation and shall be subject only to deductibles and exclusions as Landlord, acting reasonably, may approve, standard co-insurance 90%. Tenant's insurance shall be primary and shall not call into contribution any other insurance available to Landlord. Tenant shall provide Landlord on annual basis with a copy of the policy or certificates, and any amendments to this policy as they occur or other proofs to establish Tenant's insurance coverage in effect from time to time. If Tenant fails to insure, to file proof thereof, or if Landlord receives notice of any cancellation of Tenant's insurance, Landlord may, upon not less than 24 hours' written notice to Tenant, effect such insurance and Tenant shall pay to Landlord on demand the amount of any premiums paid therefore. If this lease expires or is terminated at a time when the Leased Premises or Leasehold Improvements are damaged or destroyed as a result of a peril required to be insured against by Tenant, Tenant shall pay or assign to Landlord free of any encumbrance, an amount equal to the greater of the actual proceeds of the amount of insurance required to be maintained by Tenant with respect to such damage or destruction of the Leased Premises and Leasehold Improvements but Tenant may retain the amount of proceeds of insurance referable to Tenant Property.

#### **MUTUAL RELEASE**

- 6.3
- 6.3.1 Subject to Sections 6.3.2 and 6.3.3, each of Landlord and Tenant hereby releases the other and waives all claims against the other and those for whom the other is in law responsible with respect to occurrences insured against or required to be insured against by the releasing party, whether any such claims arise as a result of the negligence or otherwise of the other or those for whom such other is in law responsible.
- 6.3.2 Such release and waiver shall be effective only to the extent of proceeds of insurance received by the releasing party and proceeds which would have been received if the releasing party obtained all insurance required to be obtained by it under this lease and for this purpose deductible amounts shall be deemed to be proceeds of insurance received.
- 6.3.3 Notwithstanding anything to the contrary in this Section 6.3, Landlord and Tenant shall each be liable to any third person (being any person other than Landlord or Tenant) to the extent of their respective fault or negligence and each shall be entitled to full indemnity and contribution from the other to the extent of the other's fault or negligence.

#### **MUTUAL INDEMNITY**

- 6.4 To the extent not released under Section 6.3, each party shall indemnify and save harmless the other from all liabilities, damages, losses or expenses growing out of
- 6.4.1 any breach by the indemnifying party of any covenant or condition in this lease,
- 6.4.2 any contract, lien or mortgage on the Property or the Leased Premises and any loss, cost or expense arising from or occasioned by the act, default or negligence of the indemnifying party, its officers, agents, servants, employees, or licensees, and
- 6.4.3 any obligation of the indemnifying party arising or outstanding upon the expiration or earlier termination of this lease.

Such indemnity shall survive the termination of this lease, anything in this lease to the contrary notwithstanding.

#### **INCREASE IN INSURANCE PREMIUMS**

- 6.5 Tenant shall not do nor refrain from doing, nor permit anything to be done, in the Leased Premises or at any other place in the Property, which would impair or invalidate any policy of insurance on the Leased

Premises or the Property or any part thereof or which would result in the premium for any such policy being increased. If Tenant is responsible for any such impairment, invalidation or increase, it will promptly after the receipt of notice from Landlord together with reasonable evidence specifying the condition giving rise to such situation, take such steps as are necessary to remedy the situation and shall pay the full amount of any such increase. In the event of the cancellation or a threatened cancellation of any such policy, Landlord shall have the right to immediately enter upon the Leased Premises and take reasonable steps to remedy the situation and recover the cost thereof from Tenant.

#### **CANCELLATION OF INSURANCE**

- 6.6 If the situation causing or threatening cancellation of insurance referred to in Section 6.5 cannot be remedied in time to prevent the non-renewal or cancellation of insurance then Landlord shall be entitled to terminate this lease effective upon written notice unless Tenant arranges replacement coverage which is satisfactory to Landlord, acting reasonably.

#### **EXTENSION OF RIGHTS AND REMEDIES**

- 6.7 Every right, exemption from liability, release, defence, immunity and waiver of whatsoever nature applicable to Landlord under this lease shall also be available and shall extend to benefit and to protect its property manager and all other companies owned, operated or controlled by or affiliated with Landlord and/or its property manager and to protect their respective officers, directors, managers, consultants and employees and for such purposes each of Landlord and Manager is or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of such companies and persons.

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#### **DEFAULTS**

##### **LANDLORD MAY PERFORM TENANT'S COVENANTS**

- 7.1 If Tenant is in default under this lease (other than under its covenant to pay rent), and such default continues for 10 days or such longer period as may be reasonably required in the circumstances to cure such default after written notice by Landlord to Tenant specifying reasonable details of the default and requiring it to be remedied, or without notice in an emergency, Landlord may remedy such default, without prejudice to or limitation of any other right or remedy it may have with respect to such default. The cost to Landlord of doing so together with interest thereon at the Interest Rate from the date of default shall be added to the rent due on the next succeeding date on which Basic Rent is payable and such amount shall thereupon become due and payable as rent in addition to the regular payment of Basic Rent then due.

##### **RE-ENTRY**

- 7.2 It is a condition of leasing the Leased Premises to Tenant that when
- 7.2.1 Tenant is in default in the payment of any rent, and such default continues for a period of 5 days after written notice from Landlord (which notice may include notice by email),
- 7.2.2 Tenant has not discharged or vacated any lien referred to in Section 2.5 within two days (excluding Saturdays, Sundays and statutory holidays) after written notice from Landlord requiring Tenant to do so (which notice may include notice by email),
- 7.2.3 Tenant is in default under this lease (other than under its covenant to pay rent or with respect to the discharge of any lien) and such default continues for 10 days or such longer period as may be reasonably required in the circumstances to cure such default after notice by Landlord to Tenant specifying reasonable details of the default and requiring it to be remedied,
- 7.2.4 an execution issues against any property of Tenant or any guarantor or indemnifier of this Lease and remains outstanding for more than 10 days, or any receiver of any property of Tenant or any guarantor or indemnifier of this Lease is appointed, or Tenant or any guarantor or indemnifier of this Lease becomes insolvent or makes application for relief from creditors under the provisions of any statute now or hereafter in force or, under the Bankruptcy and Insolvency Act, files a notice of intention or a proposal, makes an assignment in bankruptcy, or has a receiving order made against it, or otherwise becomes bankrupt or insolvent, or any action, steps or proceedings whatever, are taken with a view to the winding up, dissolution or liquidation of Tenant or any guarantor or indemnifier of this Lease, or with a view to the restructuring or compromise of any debt or other obligation of Tenant or any guarantor or indemnifier of this Lease,
- 7.2.5 any insurance policy is cancelled or not renewed by an insurer by reason of the use or occupation of the Leased Premises,
- 7.2.6 Tenant makes any bulk sale or removes any substantial part of Tenant Property from the Leased Premises other than in the course of normal sales to customers or pursuant to a permitted Transfer or when the same are no longer required for the conduct of Tenant's business and other Tenant Property of equal or greater value and utility is contemporaneously substituted therefore,

- 7.2.7 Tenant or any person acting on behalf of Tenant submits any report or statement required to be furnished to Landlord under this lease which, for any reason other than inadvertent clerical error, is false or misleading, or,
- 7.2.8 the Leased Premises has been abandoned, or has become vacant or has remained unoccupied for a period of 5 consecutive days without the written consent of Landlord or the Leased Premises has been used or occupied by any other person or persons other than Tenant or any person permitted by Section 2.6 hereof; or
- 7.2.9 a receiver, interim receiver, trustee, liquidator or a receiver and manager is appointed for all or part of the property of Tenant or Tenant's business or of a guarantor's, indemnifier's, occupant's, licensee's, concessionaire's or franchisee's property or business,
- 7.2.10 re-entry is permitted under any other provision of this lease or in law.

then and in any such event the then current month's rent together with the rent for the 3 months next ensuing shall immediately become due and payable, and at the option of Landlord, the Term shall become forfeited and void, and Landlord may without notice or any form of legal process whatsoever forthwith re-enter the Leased Premises, anything contained in any statute or law to the contrary notwithstanding, and may expel all persons and remove all property from the Leased Premises and such property may be removed and sold or disposed of by Landlord as it deems advisable or may be Leased Premises in a public warehouse or elsewhere at the cost and for the account of Tenant without Landlord being considered guilty of trespass or conversion or becoming liable for any loss or damage which may be occasioned thereby, provided, however, that such forfeiture shall be wholly without prejudice to the right of Landlord to recover arrears of rent and damages for any antecedent default by Tenant of its covenants under this lease. Should Landlord at any time terminate this lease by reason of any such event, then, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur as a result of such termination including without limitation Basic Rent and Additional Rent not paid after such termination

Notwithstanding any termination of this lease, Landlord shall be entitled to receive rent up to the time of termination plus accelerated rent as herein provided and damages including but not limited to

- 1 damages for the loss of rent suffered by reason of this lease having been prematurely terminated;
- 2 the costs of reclaiming and repairing the Leased Premises, and
- 3 solicitor's fees and disbursements on a solicitor and his own client basis

The parties to this lease confirm that if the Landlord is prevented by law from exercising any of its rights under this Paragraph 8 because of its inability under Cannabis-related legislation to remove, dispose of, or sell any of the products sold by the Tenant, then the parties agree that any such removal by the Landlord shall be on the basis that the Tenant has approved of such removal and has appointed the Landlord as its agent to effect the return of such products to the Tenant's wholesale distributors and for the Landlord to receive the proceeds of such return to the extent that the products are returnable.

#### **INJUNCTIVE RELIEF**

- 7.3 To the intent that such acknowledgement may be pleaded as an estoppel to any defence which may be raised by Tenant with respect thereto, Tenant acknowledges that
- 7.3.1 the provisions of Sections 2.2.1 are reasonable having regard to the nature of the business of Tenant and Landlord,
- 7.3.2 notwithstanding any other provisions of this lease or any statute or law to the contrary, if damages are not an adequate remedy for Tenant's breach of its covenants set out in Sections 2.2.1, and such damages would be incapable of calculation, and
- 7.3.3 the only effective method of enforcing the provisions of Sections 2.2.1 is the remedy of an injunction and Landlord shall be entitled to such remedy

#### **REMEDIES GENERALLY**

7.4 Mention in this lease of any particular right, remedy or remedies of Landlord in respect of any default by Tenant shall not preclude Landlord from, and Landlord shall have, any and all other rights and remedies in respect thereof, whether available at law or in equity or by statute or expressly provided for herein. No right or remedy shall be exclusive or dependent upon any other right or remedy, but Landlord may from time to time exercise any one or more of such rights and remedies generally or in combination, all such rights and remedies being cumulative and not alternatives.

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**STANDARD PROVISIONS****COVENANTS OF LANDLORD**

8.1 Landlord covenants with Tenant for quiet enjoyment, and that Landlord shall perform and observe all covenants in this lease required to be performed and observed by it. If Landlord is in default, Tenant shall not have or exercise any right or remedy with respect thereto unless such default continues for 10 days or such longer period as may be reasonably required in the circumstances to cure such default after notice by Tenant to Landlord specifying reasonable details of the default and requiring it to be remedied.

**COVENANTS OF TENANT**

8.2 Tenant covenants to pay rent when due under this lease and to perform and observe all covenants in this lease required to be performed and observed by it.

**SURRENDER OF LEASED PREMISES**

8.3 At the end of the Term, Tenant shall surrender the Leased Premises and all Leasehold Improvements not permitted to be removed, to Landlord, all in good and substantial repair and condition in accordance with Tenant's repair obligations in this lease. If at the expiration of the Term by elapse of time Tenant shall hold over for any reason, the tenancy of Tenant thereafter shall be from month to month at a monthly rental equal to twice the monthly amount of all rent payable immediately prior to the expiration of the Term and shall otherwise be subject to all covenants provided for in this lease except as to duration of the Term.

**REMOVAL**

8.4 The Tenant shall not remove any Leasehold Improvements whether at the expiration or sooner termination of the Term. Tenant shall repair any damage to the Leased Premises and the Property which may be caused by installation or removal of Tenant Property and shall leave the Leased Premises in a neat and tidy condition. On the expiration or sooner termination of the Term, all Tenant Property, and all fixtures, furnishings or equipment affixed in any manner to the Leased Premises not so removed or not entitled to be removed by Tenant shall, at Landlord's election either, be deemed to have become the property of Landlord without payment or compensation of any kind, or, may be removed and disposed of by Landlord at Tenant's cost and without liability of any kind to Landlord. Leasehold Improvements shall become the property of Landlord upon installation. At the option of the Landlord, the Tenant shall be responsible for restoration of the Leased Premises and removal of the leasehold improvements from the Leased Premises at the expiry of the Term.

**EFFECT OF TERMINATION**

8.5 The expiry or termination of this lease whether by elapse of time or by the exercise of any right of either Landlord or Tenant pursuant to this lease shall be without prejudice to the right of Landlord to recover arrears of rent and the right of each party to recover damages for an antecedent default by the other.

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**LANDLORD'S TITLE****TRANSFERS**

9.1 Landlord, at any time and from time to time, may sell, transfer, lease, assign or otherwise dispose of the whole or any part of its interest in the Property or in the Leased Premises and, at any time and from time to time, may enter into any mortgage of the whole or any part of its interest in the Property or in the Leased Premises. If the party acquiring such interest agrees to assume, and so long as it holds such interest, to perform the covenants of Landlord under this lease, Landlord shall thereupon be released from all of its covenants under this lease.

**MORTGAGES**

9.2 If at any time during the currency of a mortgage of the interest of Landlord in the Leased Premises or Property, notice of which has been given to Tenant, Landlord shall be in default under this lease and such default would give rise to a right in Tenant to terminate this lease, Tenant, before becoming entitled as against the holder of such mortgage to exercise any right to terminate this lease, shall give to such mortgagee notice in writing of such default. Such mortgagee shall have 60 days after the giving of such notice, or such longer period as may be reasonable in the circumstances, within which to remedy such default, and if such default is remedied within such time Tenant shall not by reason thereof terminate this lease. The rights and privileges granted to any such mortgagee by virtue of this Section shall not be deemed to alter, affect or prejudice any of the rights and remedies available to Tenant as against Landlord. Any notice to be given to such mortgagee shall be deemed to have been properly given if mailed by registered mail to its most recent address of which Tenant has notice.

**PRIORITY OF LEASE**

9.3 This lease and all rights of Tenant under this lease are subject and subordinate to all mortgages now or hereafter made by Landlord, except that the holder of any such mortgage may subordinate and postpone such

mortgage to this lease at any time by an instrument in writing to such effect registered against the title to the Property without any further consent or agreement of Tenant. Tenant if so requested, shall attorn to such mortgagee when such mortgagee takes possession of the Property and to any purchaser of the Property and shall recognize such mortgagee or purchaser as Landlord under this lease. The Landlord shall request from any existing or prospective mortgagee that the mortgagee negotiate and enter into a non-disturbance agreement in favour of the Tenant. Any expenses associated with the negotiation or preparation of any such non-disturbance agreement shall be at the sole expense of the Tenant, however the Landlord shall have no further obligation in this regard should a mortgagee refuse to enter into a non-disturbance agreement.

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**GENERAL MATTERS**

**NOTICES**

10.1 Any notice provided for in this lease shall be addressed to Landlord, Tenant or Indemnifier at such party's address specified in Appendix 1, shall be in writing (including email) and signed by the party giving the notice (which signature may be an email signature line) and shall be effectively given by registered mail, by email or by facsimile or by delivery of such notice to such address. Such notice, if delivered or sent by facsimile, shall be conclusively deemed to have been given and received at the time of such delivery or the time of confirmed transmission by facsimile, in either case, unless given on a non-business day, or after 5:00 p.m. in which event such notice shall be deemed to have been given and received on the next business day. If in this lease two or more persons are named as Tenant, such notice may be given to any one of such persons and shall constitute notice to all. Each of Landlord, Tenant and Indemnifier may, from time to time by notice to the other, change its address for the purpose of any subsequent notice. Any notice to be given by Landlord may be signed and given by Landlord or by an authorized representative of the Landlord.

**ESTOPPEL CERTIFICATES**

10.2 Each party at any time and from time to time within 10 days after notice from the other shall execute and deliver to the other and to any party designated by the other, a statement in writing certifying that this lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the same is in full force and effect as modified), the amount of the rent then being paid under this lease, the dates to which the same, and the other sums provided in this lease to be paid by Tenant, have been paid, the Commencement Date and duration of the Term and stating whether or not there is any existing default of which it has notice, and the particulars and amount of insurance policies on the Leased Premises and any such other information as may be reasonably requested. Any statement delivered pursuant to the provisions of this Section shall be binding upon the party giving the statement.

**OTHER CERTIFICATES**

10.3 Each party agrees that the following certificates shall be conclusive and binding in respect of any question of fact or opinion with respect to the matters stipulated:

10.3.1 A certificate procured by Landlord from an architect, professional engineer, land surveyor or other qualified individual as to: Gross Leasable Areas of premises including the Leased Premises, any question of fact concerning the completion of any construction or other work, either by Landlord or Tenant, the extent to which the completion of any work or obligation has been delayed by Force Majeure, save as set out in Force Majeure – Landlord's Work; whether the Property or any part thereof including the Leased Premises is being kept in good repair; the determination or allocation of any costs forming part of Additional Rent; the cause of any destruction or damage and the extent and duration for which rentable premises in the Property are incapable of being used for their intended purposes by reason of any destruction or damage.

10.3.2 A certificate procured by Landlord from a licensed public accountant, who may be Landlord's auditor, as to any question of fact or opinion concerning the computation, determination or allocation of Operating Cost, Tenant's Service Cost or Additional Rent or the proper amount of any payment to Landlord or Tenant under this lease.

Any certificate procured by Landlord shall be prepared using generally accepted practices and procedures appropriate to such certificate.

**FORCE MAJEURE**

10.4 Whenever and to the extent that either party shall be unable to fulfil, or shall be delayed or restricted in the fulfilment of any obligation (other than the payment of any money) under any provision of this lease, by reason of Force Majeure, such party shall, so long and to the extent that any such impediment exists, be relieved from the fulfilment of such obligation and the other party shall not be entitled to compensation for any loss, damage, inconvenience, nuisance or discomfort thereby occasioned.

**DEMOLITION OR RENOVATION**

10.5 If any Authority issues or makes an order, law, regulation or a judgment that would, in Landlord's opinion, necessitate the demolition or substantial renovation of the Property, any part thereof, or the Leased Premises, Landlord shall have the right to terminate this lease by giving a termination notice to Tenant which specifies a date of termination of this lease which is at least 30 days after such termination notice is given.

**EXPROPRIATION**

10.6 If the Leased Premises or any part thereof shall be expropriated (which for the purposes of this 11.6 shall include a sale by the Landlord to any authority with the power to expropriate) by any competent authority then

(i) The Landlord and the Tenant shall co-operate with each other so that the Tenant may receive such award to which it is entitled in law for relocation costs, business interruption, and the value of leasehold improvements paid for by the Tenant and the amortized portion, if any, of leasehold improvements paid for by the Tenant, and so that the Landlord may receive the maximum award to which it may be entitled in law for all other compensation arising from such expropriation including, without limitation, all compensation for the value of the Tenant's leasehold interest in the Premises,

(ii) except for such compensation to which the Tenant shall be entitled as aforesaid, all the Tenant's other rights in respect of such expropriation are hereby assigned to the Landlord, and within ten (10) days after request by the Landlord, the Tenant shall execute such further documents as requested by the Landlord to give effect to such assignment, failing which the Landlord is hereby irrevocably appointed, pursuant to the Powers of Attorney Act (Ontario), the Tenant's attorney to do so on behalf of the Tenant and in its name, and

(iii) the Landlord shall have the option, to be exercised by written notice to the Tenant, to terminate this lease, effective on the date the expropriating authority takes possession of the whole or any portion of the Premises

**INCONVENIENCE AND CONSEQUENTIAL LOSS**

10.7 Tenant acknowledges and agrees that Landlord's exercise of Landlord's rights and remedies under this lease including, without limitation, the rights and remedies under Part 6 of this lease may adversely affect Tenant's business, and may cause Tenant to experience other consequential losses and hardship. Notwithstanding that, Tenant agrees that Landlord has reserved and is entitled to fully exercise its rights and remedies under this lease and Tenant shall not be entitled to any remedy, compensation, or reduction in rent payable under this lease for any interruption, inconvenience, discomfort, loss or damage attributable to enforcement of Landlord's remedies or to repair, renovation, alteration, rebuilding, demolition, reduction or expansion of any portion of the Property (including the Common Facilities) or any construction or other work in or about the Property caused by, carried out or otherwise authorized or permitted by Landlord, provided that the Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and business on the Leased Premises.

**LEGAL RELATIONSHIP**

10.8 No provision of this lease is intended to create a joint venture, partnership, agency or any other similar relationship between the parties, such relationship being that of landlord and tenant only.

**WAIVERS**

10.9 No waiver by either party of any breach or non-compliance by the other party under any provision of this lease and no waiver by either party of any term or condition of this lease shall be a waiver of any continuing or subsequent breach or failure or of any other provision, term or condition, nor shall any forbearance or failure to seek a remedy for any breach or failure be a waiver of any rights and remedies with respect to such or any subsequent breach or failure.

**SEVERABILITY**

10.10 If any provision of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby and each provision of this lease shall be separately valid and enforceable to the fullest extent permitted by law.

**INTERPRETATION**

10.11 This lease shall be construed in accordance with the laws of the Province in which the Property is situate and the parties attorn to the exclusive jurisdiction of the courts of such Province to deal with all actions in respect of this lease. The Section headings of this lease have been inserted for convenience of reference only and they shall not be referred to in the interpretation of this lease. This lease shall be read with all changes of gender and number required by the context. Time shall be of the essence of this lease and each of the provisions hereof.

**COVENANTS**

10.12 If two or more persons are Tenant, the liability of each is joint and several. If Tenant is a partnership or other business association, the members of which are subject to personal liability, the liability of each member is joint and several.

**WHOLE AGREEMENT**

10.13 This lease contains the whole agreement between the parties with respect to the subject matter of this lease. There is no promise, inducement, representation, warranty, collateral agreement or condition affecting the

Property, the Leased Premises, the business to be conducted by Tenant, or this lease or supported by this lease other than as expressed in this lease. All representations and inducements made by either party or their representatives which are relied upon by the other party are contained herein and each party disclaims reliance on any other representations or inducements.

#### AMENDMENTS

10.14 This lease may not be amended or altered except by instrument in writing signed by Landlord and Tenant.

#### NO OFFER

10.15 The submission by Landlord to Tenant of this lease shall have no binding force or effect, shall not constitute an option for leasing the Leased Premises, nor confer any rights or impose any obligations upon either party until the execution and delivery of this lease by Tenant and Landlord.

10.16 This lease shall be in substitution of and not in addition to the Offer to Lease between the parties hereto accepted on April 3, 2019 (the "Offer").

#### REGISTRATION

10.17 Tenant shall not register this lease or any part thereof, nor any notice or caveat in respect thereof without the prior written consent of the Landlord which consent may be arbitrarily withheld.

#### ASSIGNS

10.18 This lease shall enure to the benefit of and be binding upon the parties hereto, shall be binding upon their respective successors and assigns and subject to the limitations on Transfer by Tenant set forth above, shall enure to the benefit of and be enforceable by only such successors and assigns which have agreed to assume and to perform each of the covenants of the party to which they have succeeded or from which they have received such assignment in the same manner and to the same extent as if originally named in this lease as such party.

#### AUTHORIZATION

10.19 Tenant covenants that it has all requisite power and possesses all licenses, franchises, permits, consents, approvals and other rights necessary to enable it to enter into this lease and carry out its provisions.

#### ARBITRATION

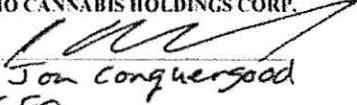
10.20 In the event that any disagreement arises between the parties hereto with reference to this Agreement or any matter arising hereunder and upon which the parties cannot agree, then every such disagreement shall be referred to arbitration pursuant to the provisions of the Arbitration Act (Ontario). Every such disagreement shall be determined by arbitration by a single arbitrator appointed by parties hereto, if the parties can agree upon one, failing which such arbitrator shall be appointed by a Judge of the Superior Court of Ontario upon the application of any of the said parties and a Judge of the Superior Court of Ontario shall be entitled to act as such arbitrator, if he or she so desires. The decision arrived at by arbitration, howsoever constituted, shall be final and binding and no appeal shall lie therefrom. The costs of such arbitration shall be borne equally by the parties.

IN WITNESS WHEREOF the parties hereto have executed this lease

LANDLORD:  
2550812 ONTARIO INC.

Per   
Name Graeme Sperber  
Title President  
I have authority to bind the Corporation

TENANT:  
ONTARIO CANNABIS HOLDINGS CORP.

Per   
Name Jon Conquersood  
Title CEO  
I have authority to bind the Corporation

**SCHEDULE 1****DEFINITIONS**

In this lease certain recurring words and phrases have defined meanings as follows:

**"Additional Rent"** means all amounts payable by Tenant under this lease other than Basic Rent.

**"assignment"** means any transaction whereby any rights of Tenant under this lease are transferred to anyone (whether immediately, conditionally or contingently) and includes an assignment or specific or floating charge whereby the interest of Tenant is mortgaged or pledged as security for any indebtedness or other obligation and includes an assignment by operation of law.

**"Authority"** means the federal, provincial, and municipal governments, the courts, administrative and quasi-judicial boards and tribunals and any other organizations or entities with the lawful authority to regulate, or having a power or right conferred at law or by or under a statute over, Landlord, Tenant, the Property or the Leased Premises including the businesses carried on thereon.

**"Basic Rent"** means the rental referred to in key data item 11 and Section 3.1.

**"Business Tax"** means any business tax or assessment or any other tax, assessment, rate or levy imposed by any Authority having jurisdiction, in respect of, any business carried on in, from or through the Leased Premises or the whole or any part of the Property or any use, possession or occupancy of any property, premises or space in the Property.

**"Capital Tax"** means any tax or taxes payable by the Taxpayer to any taxing authority based upon or computed by reference to the value of the Property, or the paid-up capital or place of business of the Taxpayer including without limitation, provincial capital tax and federal large corporation tax. If the system of capital taxation shall be altered such that any new tax shall be levied or imposed in substitution or replacement for or in addition to Capital Tax from time to time levied or imposed, then any such new tax or levy shall be deemed to be Capital Tax or included in Capital Tax.

**"Capital Tax for the Property"** is included in Operating Cost and for any Fiscal Period means the amount calculated by multiplying the aggregate book value to Taxpayer of the Property (and all equipment used in connection therewith) by the applicable Capital Tax rate imposed, from time to time, by the taxing authority having jurisdiction. Aggregate book value shall be net of depreciation and amortization for financial statement purposes and determined as at the end of such Fiscal Period and may be imputed by Landlord (i) as if the Property was the only property of Taxpayer, but with any applicable tax exemption allocated equitably by Landlord amongst all of Taxpayer's properties and/or assets, and (ii) on the basis of Landlord's determination of the amount of capital attributable to the Property. The parties acknowledge that Capital Tax for the Property is an approximation based upon the concept of Capital Tax, and is not necessarily the actual Capital Tax paid or payable by Taxpayer in respect of the Property. If the calculation or basis of Capital Tax changes then Landlord may adjust the calculation or basis of such amount to reasonably reflect such change.

**"Change in Control"** shall have the meaning set out in Section 2.6.1A of this Lease.

**"Commencement Date"** means the later of

- a. the date that all conditions contained in the Offer are waived or satisfied; and
- b. the expiry of the Fixturing Period.

If the Commencement Date is not the first day of a month, then the Term shall end five (5) year(s) after the last day of the month in which the Commencement Date occurs.

**"Common Facilities"** means all common areas and facilities from time to time furnished or designated by Landlord (as the same from time to time may be altered, diminished, reconstructed or expanded) in connection with the Property and now or hereafter developed or designated by Landlord, and including, without limiting the generality of the foregoing, the roof, ceiling and floor slabs, exterior walls and exterior and interior structural portions of the Property and all facilities and equipment for the production, generation or transmission of HVAC, Utilities, chilled water, and primary or make-up air, and mechanical, sprinkler, electrical and sewage facilities and equipment and telephone and other communications facilities, other than any of such items which are contained within any rentable premises in the Property for the exclusive use of such premises, and excluding Leasehold Improvements, and also including parking areas and parking structures, access roads, driveways, entrances and exits, sidewalks, ramps, landscaped areas, stairways, escalators, elevators, passageways, mechanical and electrical rooms, garbage facilities, delivery facilities, fire protection and detection equipment, security equipment, first-aid and information facilities and washrooms, provided that any of the foregoing may be located within the Property or elsewhere if designated from time to time by Landlord as forming part of the Common Facilities.

**"Construction Schedule"** means the provisions set forth in Schedule 3 to this lease.

"Contaminant" means any solid, liquid, or gaseous substance, any Hazardous Waste, any Toxic Substances, any odour, heat, sound vibration, radiation or combination of any of them that may, if Discharged, have an adverse effect on the environment or on people, property or the normal conduct of business

"Discharge" means any spill release, escape, leak or movement of a Contaminant into the environment, the indoor or outdoor air, into or onto the ground, into the surface water or ground water, into the sewers or any watercourse, or into, onto or from the Leased Premises or the Property

"Environmental Claim" means all claims, losses, costs, expenses, fines, penalties, payments and/or damages (including, without limitation, all solicitors' fees on a solicitor and own client basis) relating to, arising out of, resulting from or in any way connected with the presence of any Contaminant at the Leased Premises or the Property, including, without limitation, all costs and expenses of any remediation or restoration of the Leased Premises, the Property and/or any property adjoining or in the vicinity of the Leased Premises or the Property required by Environmental Law.

"Environmental Law" means the statutes, regulations, policies, directives, orders, approvals and other legal requirements of an Authority or of the common law which affect the Property, the Leased Premises, and Landlord's or Tenant's business, and which impose any obligations relating to the protection, conservation or restoration of the environment, the Property or the Leased Premises

"Fiscal Period" means any fiscal period adopted from time to time by Landlord for the purpose required by the context in which it is used.

"Force Majeure" means a fire, strike, lock-out or other casualty or contingency beyond the reasonable control and not the fault of the party thereby affected, where the effects of such casualty or contingency are not avoidable by the exercise of reasonable effort or foresight by such party (but does not include insolvency, lack of funds, or other financial casualty or contingency).

"Gross Leasable Area" means, in respect of any rentable premises including the Leased Premises, the exact area in square feet of all floor space on every floor or level therein including for this purpose and determined in accordance with the 1996 Building Owners and Managers Association ("BOMA") American National Standard ANSI Z65.1 - 1996 standards, save and except the area of the uncovered outdoor play area as outlined in red on the plan attached hereto as Schedule 5.

There shall be no deduction or exclusion from the Gross Leasable Area for anything occupying floor space.

"Hazardous Waste" means any hazardous waste, hazardous product, deleterious substance, special waste, liquid industrial waste, bio-medical waste, dangerous goods or substance which is controlled or regulated under Environmental Law. For ease of reference, this includes, but is not limited to, any waste which is composed in whole or in part of substances which are (i) corrosive, (ii) ignitable, (iii) pathological, (iv) radioactive, (v) reactive, or (vi) toxic; and liquid waste, whether or not from a commercial or industrial process, that cannot lawfully be disposed of through the municipal sewers.

"HVAC" means heating, ventilating or cooling or any combination thereof

"HVAC Facilities" means facilities and equipment used for or in connection with the provision and supply of HVAC, as from time to time existing.

"Interest Rate" means, with respect to each relevant Fiscal Period, a rate of interest which is two percentage points per annum more than the rate of interest per annum established by a bank named by Landlord, as a reference rate of interest to determine the interest rate such bank will charge for Canadian dollar commercial loans to its customers in Canada and which such bank quotes or publishes as its prime rate.

"Landlord" includes Landlord and its successors and assigns.

"Leased Premises" means the premises shown outlined in green on Schedule "5" and includes the Leasehold Improvements; and the boundaries thereof extend to and include (i) the inside surface of exterior walls and of structural columns therein; (ii) exterior doors and windows; (iii) the centre line of any walls separating such premises from adjacent rentable premises or from any portion of the Common Facilities; (iv) the top surface of the structural subfloor; and (v) the bottom surface of the structural ceiling or, if there is no ceiling, a plane extending across the Leased Premises at the top of the demising walls as determined by Landlord. Furthermore, such premises and the Leased Premises shall include the surface of any area recessed from the demising line and shall exclude any Common Facilities located within such boundaries.

"Lease year" in the case of the first lease year means the period beginning on the Commencement Date and terminating on the first anniversary of the last day of the month in which the Commencement Date occurs, unless the Commencement Date is the first day of a month, in which event the first lease year terminates on the expiration of the period of 12 months thereafter. Each subsequent lease year commences on the first day following the expiration of the preceding lease year and terminates on the earlier of the expiration of 12 months thereafter or on the expiration or sooner termination of this lease.

"Leasehold Improvements" means all fixtures, improvements, installations, alterations and additions from time to time made, constructed, erected or installed in or to the Leased Premises with the exception of Tenant Property, and shall also include all or any portion of any HVAC Facilities, sewage, sprinkler, mechanical and electrical equipment

and facilities and equipment for or in connection with the supply of HVAC, Utilities or communications wherever located, exclusively serving the Leased Premises

"mortgage" includes a mortgage, pledge, charge, hypothec, privilege, encumbrance or any other financing arrangement and, where the context requires, a ground or underlying lease, and "mortgagee" includes the holder of such mortgage and the lessor under such ground or underlying lease

"Operating Cost" includes the total direct and indirect cost and expense, without duplication, incurred or accrued and attributed by Landlord to discharge its obligations under this lease and with respect to the ownership, administration, operation, management, maintenance, insuring, cleaning, building security and security systems, supervision, rebuilding, replacement and repair of the Property and of the HVAC systems serving the Property, plus an administrative fee equal to 15% of such total cost and expense. If Landlord decides not to charge the full amount of any one or more of the foregoing costs and expenses in the year in which it is incurred, then any such uncharged portions may be charged in any subsequent years and there shall be included, interest at the Interest Rate on the uncharged portion of such costs and expenses from time to time. Indirect and off-site costs, depreciation charges, interest at the Interest Rate on undepreciated portions of capital costs and Capital Tax for the Property shall be determined and allocated by Landlord to Operating Cost in accordance with the provisions of this lease. Save as stated otherwise in this leasing contract or any schedule thereto, no amount shall be included in Operating Cost for financing or mortgage charges of the lands and buildings comprised at the Property or for taxes personal in nature to the Landlord, and Landlord shall deduct the proceeds paid to Landlord under any insurance maintained by it pursuant to this lease where the expense to which such proceeds relate was previously included in Operating Cost. Capital costs, if any, will not be charged in a single year but will be amortized over the useful life of the item in accordance with generally accepted accounting principles. Without limiting the generality of the foregoing, maintenance shall include:

1. garbage pickup and disposal;
2. snow cleaning and removal;
3. eaves trough cleaning;
4. maintenance, cleaning, repair, replacement, improvement;
5. HVAC cleaning repair and maintenance, to the extent not performed by the Tenant;
6. window washing and cleaning four times annually;
7. Common Facilities (including without limiting the generality of the foregoing, porch, stairs and walls of the common area) cleaning, maintenance and repair and the supply of utilities to the Common Facilities;
8. external building envelope repair, maintenance and replacement to the roof, walls, basement foundation, weeping tile repair if necessary;

"Operating Standards" means the rules, procedures and requirements as amended and supplemented from time to time, (initially as set forth in Schedule 2 to this lease) governing the manner in which Tenant and others doing business in the Property shall operate and conduct their businesses

"person" means any individual, corporation, partnership, trust, joint venture other legal entity or other business association and includes a government or departmental subdivision or agency thereof

"Property" means the lands and premises described in Schedule 4, as the same may be from time to time, altered, diminished, enlarged, reconstructed or expanded, and includes the Common Facilities and all structures, improvements, services, fixtures and facilities used in the operation thereof and now or hereafter constructed, erected and installed thereon, but excludes all improvements to rentable premises made or installed therein by or on behalf of any occupant of such premises, and further excludes all property owned by or for which any occupant of rentable premises is primarily responsible to repair, maintain or insure

"Realty Tax" means any real property, municipal, school or local improvement tax, assessment or charge or any other tax, assessment or charge imposed upon or in respect of any real property from time to time by any Authority, including any costs incurred by Landlord in determining or verifying the propriety or reasonableness of or contesting the same in good faith, but excluding any Capital Tax and any income or profits tax upon the income of Landlord, to the extent any such tax is not imposed in lieu of any tax, assessment or charge upon or in respect of the Property or upon Landlord in respect thereof, and further excluding each Business Tax of Landlord in respect of the Property and without duplication of any Business Tax of Tenant or in respect of the Leased Premises. If any other tax, assessment or charge is imposed by any governmental or regulatory authority upon or in respect of all or any portion of the Property, the revenues therefrom or Landlord, in substitution for or in addition to any Realty Tax from time to time imposed, then any such other tax, assessment or charge shall be deemed to be a Realty Tax.

"Related Corporation" means a holding corporation, subsidiary corporation or affiliate of Tenant, as each of those terms is defined in the Business Corporations Act or similar statute of the Province in which the Property is located.

"rent" means Basic Rent and Additional Rent

"sublease" means any transaction other than an assignment whereby any right of use, occupancy or possession (whether exclusive, non-exclusive, permanent or temporary) relating to the whole or any part of the Leased Premises is conferred upon anyone (whether immediately, conditionally or contingently) and includes but is not limited to any sublease, sub-sublease, concession, franchise, licence agreement or any other arrangement (such as but not limited to a management agreement) conferring any such right of use, occupancy or possession and whether or not Tenant is a party thereto

"Taxpayer" means Landlord and each of the entities constituting Landlord and each of the owners of the Property, as the case may be.

"Tenant" includes Tenant and its respective heirs, executors, administrators, successors and assigns, as the case may be.

"Tenant Property" means the trade fixtures, chattels, merchandise and personal effects within the Leased Premises

"Tenant's Service Cost" means the total direct and indirect cost and expense, without duplication, incurred or accrued and attributed by Landlord, for the provision and supply by or through Landlord, of HVAC, steam, chilled water, make-up or primary air, and any Utilities used or consumed in the Leased Premises or in the conduct of Tenant's business, including the cost of maintenance, replacement, repair and operation, and the cost of depreciation on the capital cost of, and interest at the Interest Rate on the undepreciated portion of the capital cost of, all equipment, facilities and installations utilized in connection with such provision and supply and whether or not such equipment, facilities and installations are shared with other premises within or outside the Property or with the Common Facilities, or with other portions of the Property (including the cost to Landlord of determining and allocating such cost and expense). Indirect and offsite costs, depreciation charges and interest on undepreciated portions of capital costs shall be determined and allocated by Landlord to Tenant's Service Cost in accordance with the provisions of this lease. Capital costs, if any, will not be charged in a single year but will be amortized over the useful life of the item in accordance with generally accepted accounting principles

"Tenant's Share" means that proportion of any amount which the total Gross Leasable Area from time to time of the Leased Premises, is of, the total Gross Leasable Area from time to time of the whole of the Property

"Term" means the period specified in key data item 6, from the date specified in key data item 8 to the date specified in key data item 9. If the Commencement Date is prior to the date specified in key data item 8, then, subject to Section 2.1, the provisions of this lease shall become effective from and after the Commencement Date and the period from and including the Commencement Date to the date specified in key data item 8 shall be added to the Term.

"Transfer" means any assignment, sublease, change in control, or parting with possession, or any other transaction or occurrence (including an expropriation, amalgamation, receivership or seizure by execution or other legal process) which has or might have the effect of changing the identity of Tenant or the persons controlling Tenant, or, changing the identity of the person having lawful use, occupancy or possession of the whole or any part of the Leased Premises, whether such change is or might be immediate, deferred, conditional, exclusive, non-exclusive, permanent or temporary.

"Utilities" means water, gas, fuel, electricity, telephone, waste disposal, sewage, HVAC's and other utilities or services or any combination thereof, internet connectivity.

"Utility Costs" means all costs and expenses related to or associated with the production, generation, transmission, distribution, delivery, supply and servicing of Utilities to the Leased Premises, other consumers in the Property, to the common facilities and to Landlord in connection with the Property, including, without limitation, all deposits, letters of credit and interest and carrying costs related thereto, and supply, distribution, production, demand and consumption charges, costs, and surcharges, all costs and charges related to administration, debt servicing and metering, as well as all costs incurred for consultants and brokers retained by Landlord in connection with the procurement, management and administration of Utilities for the Property and Utility consumers therein.

## SCHEDULE 2

## OPERATING STANDARDS

Tenant shall comply and shall cause all persons within its control to comply with the following Operating Standards. Amendments and supplements to such standards by Landlord shall be upon reasonable prior notice to Tenant.

1. Tenant shall operate its business in a first class manner and keep the Leased Premises' appearance in first class condition.
2. Tenant shall not permit to be carried on in the Leased Premises, any mail order or catalogue business, or the sale of any form of lottery participation, nor any liquidation, going out of business, restructuring, distress, fire or bankruptcy sale, nor a bulk sale other than pursuant to a permitted Transfer.
3. Tenant shall not commit or permit any waste or damage to the Leased Premises or the Property, or commit or permit anything which may disturb the quiet enjoyment of any occupant of the Property or which may interfere with the operation of the Property. Tenant will not cause or permit any nuisance or hazard in or about the Leased Premises and Tenant will not permit the storage of any Contaminant or any Discharge in or about the Leased Premises or the Property and will keep the Leased Premises free of Contaminants, debris, trash, rodents, vermin and anything of a dangerous, noxious or offensive nature or which could create a fire hazard (through undue load on electrical circuits or otherwise) or undue vibration, heat or any noxious or strong noises or odours or anything which may disturb the enjoyment of the Property and the Common Facility by clients or customers and other tenants of the Property. Without limiting the generality of the foregoing Tenant shall not use or permit the use of any equipment or device such as, without limitation, loudspeakers, stereos, public address systems, sound amplifiers, radios, televisions, VCR's or DVD's which is in any manner audible or visible outside of the Premises, and no noxious or strong odours shall be allowed to permeate outside the Leased Premises and no items may be placed outside the Leased Premises or in any recessed Leased Premises front area, in each case without the prior written consent of Landlord which may be arbitrarily withheld or withdrawn on 24 hours' notice to Tenant.
4. No smoking, vaping or use of any cannabis product shall be permitted in or about the Leased Premises.
5. The only signs and advertising matter permitted in or about the Leased Premises shall be a Leased Premises front identification sign approved by Landlord and professional signs and advertising matter which are usual to Tenant's business and not objectionable to Landlord. The Tenant's signs shall be professionally produced and installed in accordance with the Landlord's approval and any applicable rules, regulations, and legislation.
6. Tenant shall comply with Landlord's instructions concerning storage, removal and disposal of waste and refuse.
7. Tenant shall not overload or misuse any Utilities or floor in the Leased Premises.
8. Tenant's right of use of Common Facilities under the lease is subject to compliance with the following rules:
  1. During or in connection with any of Landlord's activities under this lease and the making of alterations, improvements, reconstructions or repairs to any portion of the Property, Landlord may close portions of the Common Facilities and may erect temporary scaffolds and other construction aids in the Common Facilities and on the exterior of the Leased Premises, and may interfere (to the extent necessary and reasonable) with the use of and access over any portion of the Common Facilities.
  2. Tenant shall make and receive deliveries of supplies, fixtures, equipment, furnishings and merchandise only through the receiving facilities designated by Landlord for such purpose. Tenant shall not at any time park or allow vehicles making or receiving deliveries to or from the Leased Premises to be parked in parking areas not specifically allocated by Landlord for the purpose of parking such vehicles.
  3. If part or parts of the parking areas are allocated from time to time by Landlord for tenant and employee parking, Tenant shall park and shall ensure that its employees park their vehicles only in such allocated parking areas. Landlord may prohibit Tenant and its employees from parking anywhere in the Property. Tenant shall provide to Landlord on demand a list of all license numbers of all Tenant and Tenant employee vehicles using the Common Facilities. Tenant shall pay to Landlord a parking charge of \$35.00 per day (or such greater amount as the Landlord may from time to time establish as being necessary to discourage unauthorized parking) for each vehicle of Tenant or any of its employees or others under its control that is parked without the prior written permission of Landlord in any parking area not designated for use by Tenant and such other persons.
  4. The parking areas or other parking facilities serving the Property, or any portion thereof from time to time may be operated as a paid parking facility by Landlord or any other person selected by Landlord. Parking rates or charges may be imposed by such other person or by Landlord provided they are not excessive having regard to the facilities provided and subject to the right of Landlord to set rates or charges sufficient, in its sole discretion, to discourage long term and non-customer parking and to produce a sufficient turnover of parking spaces.

**SCHEDULE 3****CONSTRUCTION SCHEDULE****PART 1 - DEFINITIONS**

1.1 In this Construction Schedule terms defined in the lease are used with the meanings so defined and the following additional defined terms have the meanings indicated:

"As-is Condition" means the existing condition of the Leased Premises prior to the commencement of any Landlord's Work or Tenant's Work.

"Landlord's Work" means all items of work specified in Part 4.

"lease" means the offer, agreement or lease to which this Construction Schedule is attached or incorporated by reference.

"plans" means plans, specifications and drawings.

"Tenant Outline Drawing" means the plans described as such in Part 2.

"Tenant's Work" means all items of work described or referred to in Part 5, to be carried out by Tenant at Tenant's expense.

**PART 2 - PLANS AND APPROVALS****2.1 Tenant Outline Drawing**

Landlord has provided to Tenant a Tenant Outline Drawing, as attached hereto as Schedule 5 which shows the approximate dimensions of the Leased Premises and the approximate location of its boundary walls and which may show the approximate location of mechanical equipment and Utilities serving the Leased Premises.

**PART 3 - CONDUCT OF TENANT'S WORK****General Rules Regarding Tenant's Work****3.1 Tenant's Contractors**

Prior to commencing any portion of Tenant's Work, Tenant shall obtain Landlord's approval of any general contractor or subcontractor whom Tenant proposes to involve in the completion of such portion of Tenant's Work. Tenant shall obtain or cause its contractors and/or any subcontractors to obtain builder's risk and commercial general liability insurance against personal and bodily injury, including death, and property damage on an occurrence basis and having limits of not less than \$5,000,000.00 in respect of any one occurrence and such insurance shall be in force prior to Tenant or its contractors gaining access to the Leased Premises.

**3.2 Landlord's Access**

All Tenant's Work shall be subject to the inspection, supervision and approval of Landlord. Landlord and anyone authorized by it shall have access to the Leased Premises at all times for the purpose of inspecting Tenant's Work or conducting Landlord's Work.

**3.3 Plan Conformity**

It is the sole responsibility of Tenant to confirm to its satisfaction prior to commencing any of Tenant's Work, that any and all dimensions shown on Tenant Outline Drawing, and any other plans are accurate and conform to actual measurements and dimensions. Landlord makes no representations in respect of the accuracy (and is not responsible for any inaccuracy) of any dimensions shown on any plans.

**3.4 Work Affecting Structure**

Tenant shall not allow or cause to be imposed upon any floor area of the Leased Premises or the Property a greater working load than the maximum allowable live load of such floor area. Tenant shall not allow or cause to be suspended from the underside of the roof or roof structure any load other than normal ceiling and lighting loads unless it shall have obtained the prior written approval of Landlord. Tenant shall not allow or cause to be drilled or cut any conduit, pipe sleeves, chases or duct equipment openings in any floors, columns, walls, steel decks or roofs of the Leased Premises or the Property. Any work contemplated by Tenant Detail Plans which may affect the integrity of any base building component shall be performed by Landlord's designated contractor at Tenant's expense.

**3.5 Commencement of Tenant's Work**

No Tenant's Work shall be commenced or undertaken until all procedural and review requirements contained in this Construction Schedule have been satisfied by Tenant, including but not limited to the following:

- inspection and acceptance of premises in As-Is Condition by Tenant (which shall be deemed to have occurred if Tenant commences work)
- receipt by Tenant of Landlord-reviewed Tenant Detail Plans and Landlord's written authorization to proceed with Tenant's Work
- Tenant's contractor(s) have a building permit and proper insurance coverage in force in accordance with Part 6 of the lease.
- review and acceptance by Tenant of rules and regulations pertaining to contractors working at the Property
- acknowledgement of commencement of the Fixturing Period and delivery of possession of the Leased Premises to Tenant

3.6 All Tenant's Work shall be performed at the Tenant's sole cost and expense, all materials and designs to be approved by the Landlord and all workmanship to be professionally completed.

**PART 4 - LANDLORD'S WORK**

**4.1 Existing Leased Premises**

Tenant accepts the Leased Premises in As-Is Condition, broom swept and ready for Tenant improvements and fixturing except for completion of any further work which is specified in this Construction Schedule to be done by Landlord at Landlord's expense and prior to the Fixturing Period.

**4.2 Basic Building**

The structural frame of the Property includes columns, beams, joists, floors and roof.

4.4 The Landlord shall ensure base building heating and cooling systems in the Leased Premises are balanced and in good working condition according to the Landlord's base building specifications for the Property.

**PART 5 - TENANT'S WORK**

5.1 Tenant shall carry out and complete, in a prompt and good and workmanlike manner, all necessary work in connection with preparing the Leased Premises for opening, including:

1. Installation of a water meter from the City of Toronto.

5.2 Upon completion of Tenant's Work, Tenant shall request Landlord to perform a deficiency inspection. Landlord will perform and report on such inspection, acting reasonably, and Tenant will arrange to have all deficiencies noted on Landlord's deficiency report corrected. Should tenant fail to correct all deficiencies within 30 days after receipt of Landlord's deficiency report, Landlord shall have the right to enter the Leased Premises and have the deficiencies corrected at Tenant's expense.

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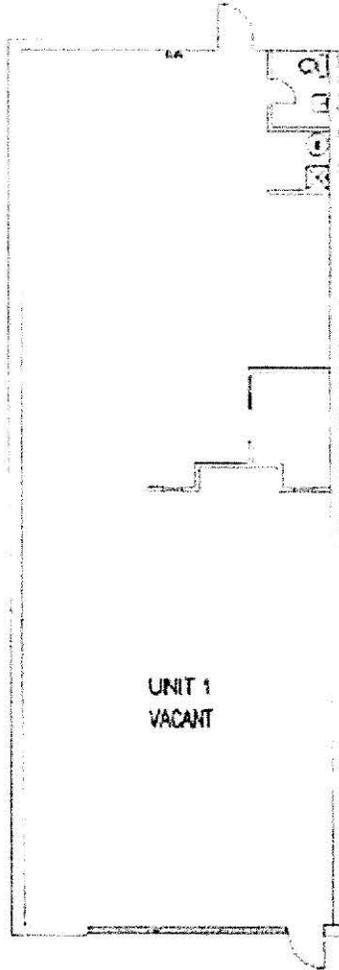
*SCHEDULE 4*

*LEGAL DESCRIPTION OF PROPERTY*

- A. PIN NO 06218-0134 (L.T.)—Parcel 35-1, Section 10, Part of Lot 35 Range 2 BFC, designated as Part 1 on Plan 66R-8599, Scarborough, City of Toronto

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*SCHEDULE 5*  
*Sketch of the Leased Premises*



*PK*

**THIS LEASE ASSIGNMENT AND AMENDING AGREEMENT** made as of the 19<sup>th</sup> day of June, 2020 (the "Effective Date")

BETWEEN:

**2550812 ONTARIO INC.**

(hereinafter the "**Landlord**")

OF THE FIRST PART

AND:

**ONTARIO CANNABIS HOLDINGS CORP.**

(hereinafter the "**Tenant**")

OF THE SECOND PART

AND:

**OCH ONTARIO CONSULTING CORP.**

(hereinafter the "**Assignee**")

OF THE THIRD PART

**WHEREAS:**

- A. The Landlord and the Tenant entered into a lease dated May 7, 2020 (the "**Lease**") for certain premises municipally known as Unit 1 – 305 Port Union Road, Toronto, Ontario;
- B. The Assignee is a wholly owned subsidiary of the Tenant and is therefore a Permitted Transferee within the meaning of Section 2.6.1A of the Lease;
- C. The Tenant wishes to assign the Lease to the Assignee as a Permitted Transfer, and the Assignee wishes to assume the Lease from the Tenant (the "**Assignment**"); and
- D. The Landlord, Tenant and Assignee have agreed to certain amendments to the Lease, all as more particularly set out herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

## ARTICLE I – ASSIGNMENT

- 1.1 As of the Effective Date, the Tenant hereby assigns to the Assignee, for the Assignee's sole use and benefit, the Tenant's entire right, title, estate and interest in and to the Lease and the demised premises, together with the unexpired residue of the Term and the Lease and all benefit and advantage to be derived therefrom, and all covenants, obligations and agreements in connection therewith, subject to the terms and conditions of the Lease as amended hereby.
- 1.2 The Assignee hereby accepts the Assignment to it and covenants and agrees with the Tenant and the Landlord that it shall and will from time to time and at all times hereafter be bound by and observe, perform and fulfil each and every covenant, agreement, term, condition and stipulation on the part of the Tenant in the Lease as if the Assignee had been originally named as the tenant to the Lease.
- 1.3 The Tenant shall indemnify and save harmless the Assignee against any and all actions arising from a breach by the Tenant of any of its obligations under the Lease occurring prior to the Effective Date, and the Assignee shall indemnify and save harmless the Tenant against any and all actions arising from a breach by the Assignee of any of its obligations under the Lease occurring from and after the Effective Date.
- 1.4 The Tenant shall not be released from any of the terms, covenants and conditions applicable to it under the Lease, including the obligation to pay the rent becoming due thereunder, and shall indemnify and save harmless the Landlord against any and all actions arising from a breach by the Assignee of any of its obligations under this Agreement or the Lease occurring from and after the Effective Date.

## ARTICLE II – AMENDMENTS

- 2.1 **Demolition or Renovation:** Section 10.5 of the Lease is hereby deleted and replaced with the following:

*10.5.1 If any Authority issues or makes an order, law, regulation or a judgment that would, in Landlord's reasonable opinion, necessitate the demolition or substantial renovation of the Property, any part thereof, or the Leased Premises, Landlord shall have the right to terminate this lease by giving a termination notice to Tenant which specifies a date of termination of this lease which is at least 30 days after such termination notice is given. Notwithstanding the foregoing, Landlord agrees that it shall not be entitled to exercise the termination right contained in this provision unless the work required to cause the Property or the Leased Premises, as applicable, to comply with the said order, law, regulation or judgment exceeds the Designated Amount, as hereinafter defined, in cost.*

*10.5.2 For the purposes of Section 10.5.1, the "Designated Amount" means the following amounts, in each case before applicable sales taxes, with respect to a given year of the Term and determined as at the time the applicable order, law, regulation or judgment takes effect:*

- (a) During Year 1: \$250,000;*
- (b) During Year 2: \$200,000;*
- (c) During Year 3: \$150,000;*
- (d) During Year 4: \$100,000;*

- (e) *During Year 5: \$50,000; and*
- (f) *Years Thereafter (Extension Term(s)): \$0.*

### ARTICLE III – GENERAL

- 3.1 **Interpretation:** All capitalized terms used herein and not otherwise defined herein shall have the meaning given thereto in the Lease. The parties agree and acknowledge that the recitals to this Agreement are true and correct and form an integral part hereof.
- 3.2 **Agreement Part of Lease:** This Agreement shall be read in conjunction with the Lease and shall form a part thereof and all provisions of the Lease insofar as applicable and except as amended by this Agreement shall continue in full force and effect and shall be binding upon and shall enure to the benefit of the parties, their successors and permitted assigns.
- 3.3 **Number, Gender, Effect of Headings:** Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include firms and corporations and vice versa. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement.
- 3.4 **Entire Agreement:** There are no covenants, representations, warranties, agreements or other conditions expressed or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Agreement, save as expressly set out or incorporated by reference herein and this Agreement, together with the Lease, constitutes the entire agreement duly executed by the parties hereto, and no amendment, variation or change to this Agreement, or to the Lease, shall be binding unless the same shall be in writing and signed by the parties hereto.
- 3.5 **Counterparts:** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to be one and the same instrument. Counterparts may be executed either in original or in electronic format and the parties adopt any signatures received thereby as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so executed.

*[signature page follows]*

IN WITNESS WHEREOF the parties have duly executed this Agreement.

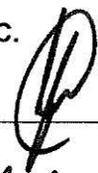
2550812 ONTARIO INC.

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the corporation

  
Graeme Sperbo  
Resident

ONTARIO CANNABIS HOLDINGS CORP.

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the corporation

OCH ONTARIO CONSULTING CORP.

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the corporation



IN WITNESS WHEREOF the parties have duly executed this Agreement.

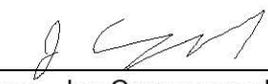
**2550812 ONTARIO INC.**

Per: \_\_\_\_\_  
Name:  
Title:  
I have the authority to bind the corporation

**ONTARIO CANNABIS HOLDINGS CORP.**

Per:  \_\_\_\_\_  
Name: Jon Conquergood  
Title: CEO  
I have the authority to bind the corporation

**OCH ONTARIO CONSULTING CORP.**

Per:  \_\_\_\_\_  
Name: Jon Conquergood  
Title: CEO  
I have the authority to bind the corporation



**THIS LEASE MADE THE \_\_\_\_\_ DAY October, 2020**

**Between:** **1310984 Ontario Inc.**  
Hereinafter called the "Landlord"

-and-

**OCH Ontario Consulting Corp.**  
Hereinafter called the "Tenant"

**ARTICLE 1**

**1.0 LEASE SUMMARY/DEFINITIONS**

- 1.1 Premises: 131 Kennedy Road, Unit 1, Main Floor, Brampton, Ontario L6V 1X9
- 1.2 Term: Five (5) years plus one Five (5) year option to extend.
- 1.3 Commencement Date: September 1, 2020
- 1.4 Expiry Date: August 31, 2025
- 1.5 Basic Rent: September 1, 2020 to December 31, 2020: \$112,000.00 per annum being \$9,333.34 per month, based upon \$40.00 per sq. ft., plus Additional Rent and utilities to be paid monthly, plus HST.

January 1, 2021 to August 31, 2025: \$117,600.00 per annum being \$9,800.00 per month, based upon \$42.00 per sq. ft., plus Additional Rent plus utilities to be paid monthly, plus HST.

Postdated cheques are required for each year for rent and TMI.

**It is to be noted that no interest is to be paid on last month's rent.**

- 1.6 Rentable Area of Premises: 2,800 Square Feet
- 1.7 Possession Date: January 1, 2019
- 1.8 Fixturing Period: 60 days
- 1.9 Use of Premises: The Premises shall be used for the sale, at retail, of recreational cannabis, cannabis accessories and any other cannabis-related products (as they become legal from time to time) including, without limitation, edibles, cannabis-infused beverages and non-nicotine vaping devices or a vape store with sales of ancillary products and for no other purpose without the Landlord's prior approval which shall not be unreasonably withheld or delayed.

The Tenant agrees to abide by all municipal and provincial laws and regulations as required for the Tenant's use.

- 1.10 Address of Tenant: #201, 620 12 Avenue SW, Calgary, Alberta T2R 0H5
- 1.11 Address of Landlord: 42 Dalbeattie Avenue Toronto, Ontario, M9N 2Y7
- 1.12 Special Provision, if any: See Schedules "A", "B", "C", "D"

## ARTICLE II

### 2.0 LEASE OF PREMISES

#### 2.1 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease is a completely carefree net lease to the Landlord and, except as expressly herein set out, that the Landlord shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Premises, or the use and occupancy thereof, or the contents thereof or the business carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of any nature and kind relating to the Premises or the Project except as expressly herein set out and the Tenant covenants with the Landlord accordingly.

#### 2.2 Premises

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord for the Term the Premises.

#### 2.3 Use of Premises Prior to Commencement Date

If Tenant uses or occupies the whole or any part of the Premises in any way prior to the Commencement Date, all the terms and conditions contained in this Lease shall apply to such period.

#### 2.4 Acceptance of Premises

The Tenant acknowledges that it is already in possession of the Premises and that same are in good order and satisfactory condition and that all promises or undertakings by or binding upon the Landlord with respect to any work, remodeling or installation of fixtures in the Premises, have been fully satisfied and performed by the Landlord.

**The Tenant agrees to accept the Premises in its then "as is" and "where is" condition and no work whatsoever shall be performed by the Landlord.**

#### 2.5 Parking

Tenant, its customers, employees and service providers shall have the right to use the parking lot on site and the Tenant shall have the right to use the garbage facilities at the rear thereof.

#### 2.6 Quiet Enjoyment

Subject to Tenant's complying with all of the terms of this Lease, Tenant may peaceably possess and enjoy the Premises for the Term without interruption by Landlord or any person claiming through Landlord.

## ARTICLE III

### 3.0 TENANT'S COVENANTS

#### 3.1 Tenant to pay Rent

Tenant shall pay as rent Basic Rent and Additional Rent (collectively called "Rent"), without prior demand and without deduction, set-off or abatement whatsoever. Basic Rent shall be paid in equal monthly installments in advance on the first day of each and every month during the Term. For any partial month(s) during the Term Rent shall be computed on a per diem basis.

#### 3.2 Post-Dated Cheques

On the first day of each lease year, Tenant shall deliver to Landlord post-dated cheques for all payments of Basic Rent and estimates for Additional Rent or any portions thereof payable during the balance of such lease year.

#### 3.3 Taxes payable by Tenant

(a) Tenant shall pay to Landlord all Taxes charged against or in respect of the Premises based on assessments if available or otherwise as determined by Landlord, acting reasonably, and its Proportionate Share of Taxes charged against the Common Facilities, and all applicable Sales Taxes.

(b) Landlord (and not Tenant) may contest and appeal any Taxes or assessments. Tenant will cooperate with Landlord in respect of any such contest and appeal and shall provide to Landlord such information and execute such documents as Landlord reasonably requests to give full effect to the foregoing.

#### 3.4 Tenant's Payment of Operating costs and Utilities

Tenant shall pay to Landlord: (I) all required HST, (II) its Proportionate Share of Operating Costs, (III) all Utility Costs, and (IV) Excess Costs (if any) charged to Landlord. The Landlord will provide supporting documentation with the demand of notification that any monies are due with respect to Excess Costs in the form of such invoices as may be provided to the Landlord, and for all other Additional Rent, supporting documentation shall be available upon request by the Tenant.

Tenant shall execute and deliver any agreements required by Landlord in respect of the supply of any Utilities to the Premises. Tenant's use of any such Utilities shall not exceed the available capacity of the existing systems from time to time.

#### 3.5 Monthly Payments of Additional Rent

Landlord may from time to time by written notice to Tenant estimate or re-estimate all or any portion of Additional Rent for the current or upcoming Fiscal Year or part thereof. The amounts so estimated shall be payable by Tenant in advance in equal monthly installments on the same days as the monthly payments of Basic Rent. As soon as practical after the expiration of each Fiscal Year or part thereof, Landlord shall furnish to Tenant a statement of actual amounts payable by Tenant with reasonable detail, which statement shall be final and binding. Within 15 days after delivery of such statement, either Tenant shall pay to Landlord the amounts shown on the statement to be owed or Landlord shall credit Tenant's account with any overpayment.

#### 3.6 Use of Premises

Tenant covenants that it shall not use and shall not permit the Premises to be used for any purpose other than the use as provided in section 1.9 above.

### **3.7 Compliance with Laws**

Tenant shall be solely responsible for obtaining from all authorities having jurisdiction all necessary permits, licenses and approvals as may be necessary to permit Tenant to occupy the Premises and conduct its business thereon, as required by all applicable laws. Tenant shall comply at its own expense with all applicable Laws respecting the use, condition and occupation of the Premises, and all leasehold improvements, fixtures, equipment and contents thereof. Without limiting the generality of the foregoing, the Tenant further covenants not to produce on the Premises or allow to be brought onto the Premises any toxic or hazardous substance or any substance, which if it were to remain on or escape from the Premises would contaminate the Premises, or any other property in which it came in contact.

### **3.8 Prohibited Use/Waste Removal/Pest Control**

Tenant shall not permit any part of the Premises to be used during the Term for any business or activity not in compliance with all Laws. Tenant shall not allow any refuse, garbage or any loose, objectionable material to accumulate in or above the Premises or the Project and will at all times keep the Premises in a neat and clean condition. Tenant shall comply with Landlord's regulations respecting the storage, removal and recycling of waste and shall be responsible for all costs of removal of waste from the Premises.

Tenant shall be responsible for pest extermination in respect of the Premises and shall engage for such purpose, such contractors at such intervals as Landlord shall require.

### **3.9 Maintenance and Repairs of Premises**

Tenant at its expense shall perform such maintenance, repairs and replacements as required to keep the Premises, all contents thereof and all services and equipment exclusively serving the Premises (not part of the Common Facilities) in accordance with all Laws and Landlord's reasonable requirement, subject only to reasonable wear and tear and the obligations of Landlord expressly provided in Section 4.4. For the purposes of this section 3.9 the Premises shall include, without limitation, all Leasehold Improvements, exterior face of perimeter walls, glass, doors, fixtures, ceilings, floors, hydro panels, floor drains and thermostats. Landlord may enter the Premises at any time during normal business hours (provided it has first given the Tenant reasonable notice of such entry in accordance with this Lease) to view the state of repair and condition thereof and Tenant shall promptly perform according to Landlord's notice any maintenance, repairs or replacements in accordance with Tenant's obligations hereunder.

Notwithstanding the foregoing, in no event shall the Tenant be responsible for performing any repairs or replacements of a capital nature, including but not limited to the repair or replacement of any HVAC equipment regardless of whether or not such unit exclusively serves the Premises.

### **3.10 Approval of Repairs and Alterations and Signs**

Tenant shall not make any major or structural repairs or any replacements, changes, additions, improvements or alterations (hereinafter referred to as "alterations") to the Premises without the prior written approval of Landlord. Subject to Schedule "C", Tenant shall not paint, display or erect any sign visible from the exterior of the Premises without the prior written approval of Landlord which approval shall not be unreasonably withheld or delayed.

### **3.11 Ownership and Removal of Leasehold Improvements**

Upon installation, all Leasehold Improvements become the property of Landlord but Landlord shall not have any responsibility in respect of the maintenance, repair or replacement thereof. Tenant shall not remove any Leasehold Improvements from the Premises at any time except that, at the expiry or earlier termination of the Term, Tenant shall remove any or all Leasehold Improvements in or about the Premises as required by Landlord and shall repair all damage resulting from, and shall restore the Premises to their condition prior to the installation and removal thereof.

### **3.12 Vacating of Possession**

Upon the expiry or earlier termination of the Term, Tenant shall deliver to Landlord vacant possession of the Premises in such condition in which Tenant is required to keep the Premises during the Term pursuant hereto and shall leave the Premises in neat and clean condition and shall deliver to Landlord all keys for the Premises and all keys or combinations to locks on doors or vaults in the Premises.

### **3.13 Removal of Trade Fixtures**

At the expiry or earlier termination of the Term, provided that Tenant is not in default, Tenant shall have the right to remove its trade fixtures. Landlord, at its option, may require Tenant to remove its trade fixtures. Whenever Tenant removes any trade fixtures Tenant shall repair all damage resulting from the installation or removal of such trade fixtures. If at the expiry or earlier termination of the Term Tenant does not remove its trade fixtures at the option of Landlord, such trade fixtures or property shall become the absolute property of Landlord or may be disposed of by Landlord without any compensation to Tenant.

### **3.14 Over holding by Tenant**

If Tenant remains in possession of the Premises after the expiry of the Term, the Tenant shall be deemed to be occupying the Premises as a monthly tenant on the same terms as set forth in this Lease insofar as they are applicable to a monthly tenancy except the monthly Basic Rent shall be One Hundred and Fifty (150) percent of the monthly Basic Rent payable during the last twelve months of the Term.

### **3.15 Tenant's Effect on Other Insurance**

(a) If the cost of any insurance policies of Landlord on the Project is increased as a result of anything done or permitted by Tenant anywhere on the Project, Tenant shall pay the full amount of such increase (as determined by Landlord's insurer) to Landlord forthwith upon demand.

(b) If there is an actual or threatened cancellation of or adverse change in any policy of insurance of Landlord on the Project by reason of anything done or permitted by Tenant anywhere on the Project (as determined by Landlord's insurer), and if Tenant fails to remedy the situation giving rise to such actual or threatened cancellation or change within twenty-four (24) hours after notice from Landlord, then such failure shall constitute an Event of Default.

### **3.16 Tenant's Insurance**

(a) Tenant shall, at its expense, maintain in full force and effect at all times such insurance as would be maintained by a prudent tenant of premises such as the Premises, which insurance shall include at least all of the following: (i) comprehensive general liability insurance on an occurrence basis with respect to

any use and occupancy of or things on all or any part of the Premises or Project by Tenant, with coverage for any occurrence of not less than Five Million Dollars (\$5,000,000.00); (ii) all risks insurance covering the Leasehold Improvements, trade fixtures and contents on the Premises, for not less than the full replacement cost thereof; (iii) broad form comprehensive boiler and machinery insurance on all insurable objects which are the property or responsibility of Tenant, for not less than the full replacement cost thereof; (iv) business interruption insurance in such amounts as required by Landlord; and (v) any other insurance against such risks and in such amounts as Landlord may from time to time reasonably require.

(b) Each of Tenant's insurance policies shall name Landlord as an additional insured, and shall be taken out with insurers and shall be in such form and on such terms as are satisfactory to Landlord from time to time. Without limiting the generality of the foregoing, each of Tenant's insurance policies shall contain: (i) the standard mortgage clause as may be required by any mortgagee of Landlord; (ii) a waiver by the insurer of any rights of subrogation to which such insurer might otherwise be entitled against Landlord or any person for whom Landlord is in law responsible; (iii) an undertaking by the insurer that it will endeavor to provide notice of any material change adverse to Tenant or Landlord or any mortgagee of Landlord; (iv) a provision stating that Tenant's insurance policy shall be primary and shall not call into contribution any other insurance available to Landlord; (v) a joint loss endorsement, where applicable; (vi) a severability of interests clause and a cross-liability clause; and (vii) a waiver, in respect of the interest of Landlord and any mortgagee of Landlord, of any provision with respect to any breach of any warranties, representations, declarations or conditions contained in the said policy.

(c) Tenant shall ensure that Landlord has at all times a certificate confirming Tenant's insurance policies, which are in good standing and in compliance with Tenant's obligations hereunder.

(d) Tenant hereby releases Landlord and its servants, agents, employees, contractors and those for whom Landlord is in law responsible for all losses, damages and claims of any kind in respect of which Tenant is required to maintain insurance hereunder or is otherwise insured.

### **3.17 Landlord's Right to Place Tenant's Insurance**

If the Tenant fails to maintain in force, or pay any premiums for, any insurance required to be maintained by Tenant hereunder, then Landlord, without prejudice to any of its other rights and remedies hereunder, shall have the right but not the obligation to effect such insurance on behalf of Tenant and the cost thereof and all other reasonable expenses incurred by Landlord in that regard shall be paid by Tenant to Landlord forthwith upon demand.

### **3.18 Landlord's Non-Liability and Indemnity**

- (a) Tenant agrees that Landlord shall not be liable or responsible in any way for any injury or death to any person or for any loss or damage to any property at any time on or about the Premises or any property owned by or being the responsibility of Tenant on or about the Project, no matter how the same shall be caused unless such loss or damage results from the negligence or willful misconduct of Landlord or, any person for whom Landlord is in law responsible.
- (b) Tenant shall indemnify Landlord and all of its servants, agents, employee, contractors and persons for who Landlord is in law responsible against any and all liabilities, claims, damages, losses and expenses, including all reasonable legal fees and disbursements, arising from: (i) any breach by Tenant of any of the provisions of this Lease; (ii) any act or omission of Tenant on the Premises or elsewhere on or about the Project; or (iii) any injury or death of persons, or any loss

or damage to property of Tenant or any of its servants, agents, employees, invitees, licensees, subtenants, contractors of persons for whom Tenant is in law responsible, on the Premises or elsewhere on or about the Project unless such injury, death, loss, or damage results from the negligence or willful misconduct of Landlord or any person for whom Landlord is in law responsible.

### **3.19 Status Statement**

Upon written request, Tenant shall deliver to Landlord (or to whom Landlord may direct), within ten (10) days of such request, a certificate in such form as requested by Landlord stating (if such is the case, or stating the manner in which such may not be the case) among other things: (i) that this Lease is unmodified and in full force; (ii) the commencement and expiry of the Term and the date to which Rent has been paid; and (iii) any default by Landlord under this Lease.

### **3.20 Subordination**

This Lease and Tenant's right shall be subject and subordinate to any and all Mortgages on the Project or any part thereof now or in the future. Tenant shall, upon receiving notice from Landlord or holder of a Mortgage, attorn to and become a tenant of the holder of any such Mortgage upon the same terms and conditions as set forth herein and shall execute promptly on request any subordination and/or attornment documents as requested from time to time by Landlord or any Mortgagee, provided however that any such subordination is based upon any holder of a Mortgage of the Premises agreeing in writing that the Tenant's possession of the Premises not distributed so long as the Tenant is not in default of any covenant or agreement contained in the Lease. Landlord agrees to use commercially reasonable efforts to cause such holder of a Mortgage to enter into a commercially reasonable non-disturbance agreement.

### **3.21 Registration**

The Tenant may register a caveat or short form of this Lease against title to the Project describing the parties, the Term and the other minimum information typically included on such registrations but shall not disclose any financial details contained herein.

## **ARTICLE IV**

### **4.0 LANDLORD'S COVENANTS**

#### **4.1 Operation of Project by Landlord**

Landlord shall repair, maintain and operate the Project as would a prudent owner having regard to its size, age, location and character.

#### **4.2 Cleaning**

Tenant will at all times keep the Premises in a clean and neat condition.

#### **4.3 Heating and air-conditioning**

Tenant, using heating and air-conditioning equipment, if any, installed in the Building shall heat and cool the Premises. In the event that the heating and air-systems or equipment in or serving the Premises shall require maintenance or repair (but not replacement or repairs of a capital nature), the Tenant at its expense shall attend

to same. Tenant shall at its expense maintain a service contract for such equipment and forward a copy of same to the Landlord annually. The Landlord shall replace only the HVAC system once it has been deemed unrepairable by a certified technician in writing (with a second appraisal if required). Until then all repairs and maintenance are at the costs of the Tenant, except for repairs of a capital nature which shall be dealt with in accordance with Section 4.4, below. Landlord shall not be liable for any damages, direct or indirect, resulting from or contributed to by any interruption or cessation in supply of any utilities or heating, ventilating, air-conditioning and humidity control.

#### **4.4 Landlord Repairs**

Subject to Tenant's obligations hereunder, Landlord shall repair defects in the structure of the Project and exterior walls of the Building. Provided that to the extent that such repair is necessitated directly or indirectly by any act or omission of Tenant, Tenant shall be solely responsible for the cost of such repairs and shall indemnify Landlord in respect thereof.

Notwithstanding anything to the contrary in this Lease, the Landlord shall be responsible for all repairs and replacements of a capital nature, provided however that the Landlord may include the cost of such capital repairs or replacements as Additional Rent on an amortized basis (calculated on a straight line basis over the useful life of the applicable item, plus interest at a reasonable rate, all in accordance with generally accepted accounting principles).

#### **4.5 Landlord's Property**

Intentionally Deleted

#### **4.6 Landlord's Insurance**

Landlord shall obtain and maintain in full force and effect during the Term with respect to the Project insurance against such occurrences and in such amounts, on such terms and with such deductibles as would a prudent owner of such a project, the cost for which shall be included in Operating Costs. Such insurance may include, without limitation: (i) insurance on the Building and any improvements therein which Landlord desires to insure, against damage by fire and other risks covered by extended coverage fire insurance policies or, at Landlord's option, all risks insurance, (ii) boiler and machinery insurance, (iii) rental income insurance (iv) public liability insurance; and (v) such other insurance and in such amounts and on such terms as Landlord, in its discretion, any reasonable determine. Notwithstanding that Tenant shall be contributing to the costs of such insurance pursuant to the terms of these Lease, Tenant shall not have any interest in or any right to recover any proceeds under any of Landlord's insurance policies.

Each of Landlord's insurance policies shall contain a waiver by the insurer of any rights of subrogation to which such insurer might otherwise be entitled against Tenant or any person for whom Tenant is in law responsible.

#### **4.7 Landlord's Work:**

The Tenant agrees to accept the Premises in its "as is" and "where is" condition and no work whatsoever shall be performed by the Landlord.

### **ARTICLE V**

#### **5.0 DAMAGES AND DESTRUCTION**

## **5.1 Damage to Premises**

If there is damage or destruction (“Damage”) to the Premises, unless this Lease is terminated pursuant to section 5.2 below, Tenant, commencing as soon as practicable but without interfering with Landlord’s repairs, shall diligently perform such repairs as are the Tenant’s responsibility under the terms of this Lease. Rent shall abate in proportion to the portion of the Premises rendered untenable from the date of the damage until such portion becomes tenable.

## **5.2 Damage to Project**

If there is Insured Damage equal to 50% or more of the Rentable Area of the Project or Insured Damage to the Project which would take longer than 180 days to repair, or if there is any Uninsured Damage to the Project which would take longer than 90 days to repair, in either case whether or not there is any damage to the Premises, Landlord may, at its option, by notice given to Tenant within 60 days after such Damage, terminate this Lease as of a date specified in such notice, which date shall be not less than 30 days after the giving of such notice. In the event of such termination Tenant shall surrender vacant possession of the Premises by not later than the said date of termination, and Rent shall be apportioned to the effective date of termination or in the case of Damage to the Premises to the date of such Damage. If Landlord does not so elect to terminate this Lease, Landlord shall diligently proceed to repair and rebuild the Project to the extent of its obligations pursuant to section 4.4 hereof.

# **ARTICLE VI**

## **6.0 ASSIGNMENT, SUBLETTING AND CHANGE OF CONTROL**

### **6.1 Consent Required**

(a) Tenant shall not affect a Transfer without the prior written consent of Landlord in each instance, which consent may not be unreasonably withheld. The provisions of this Article VI shall also apply to any Transfer, which might occur by inheritance or operation of Law.

(a.1) It is agreed that it shall be reasonable for Landlord to withhold its consent to a Transfer unless Landlord is satisfied that: (i) the proposed Transferee has a good business and personal reputation, (ii) the proposed Transferee has good financial strength at least equal or greater to that of Tenant at the date of this Lease, and at least sufficient to satisfy all obligations of Tenant hereunder, (iii) the proposed Transferee is not an existing occupant of any part of the Project and has not then recently been a prospect involved in bona fide negotiations with Landlord for the leasing of any premises in the Project and is not in any way affiliated with such existing occupant or bona fide prospect; and (iv) the Transfer would not result in a breach of any agreement by which Landlord is bound with respect to any part of the Project.

(b) All requests to Landlord for consent to any Transfer shall be made to Landlord in writing together with a copy of the agreement pursuant to which the proposed Transfer will be made (“Transfer Agreement”), accompanied by such information in writing as Landlord might reasonably require (“Information”). Tenant shall pay all reasonable costs of Landlord and Landlord’s solicitor’s fees in considering/processing the request for consent.

### **6.2 Terms of Transfer**

In the event of a Transfer, in addition to any other rights the Landlord may have, Landlord is entitled: (i) to require the Transferee to enter into an agreement with Landlord in writing and under seal to be bound by all of

Tenant's obligations under this Lease, and (ii) to waive any right it, or any person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding-up or other creditor's proceeding, and to waive any Rights, pursuant to subsection 39(2) of the Commercial Tenancies Act, R.S.O. 1990, Chapter L.7 and any amendments thereto and any other statutory provisions of the same or similar effect, to pay any Rent less than any amount payable hereunder.

### **6.3 Effect of Transfer**

No consent of Landlord to a Tenant shall be effective unless given in writing and executed by Landlord. No Transfer and no consent by Landlord to any Transfer shall constitute a waiver of the necessity to obtain Landlord's consent to any subsequent or other Transfer. In the event of any Transfer or any consent by Landlord to any Transfer, Tenant shall not thereby be released from any of its obligations hereunder but shall remain bound by all such obligations pursuant to this Lease for the balance of the Term and renewal or extension terms, if any. Any default by any Transferee under the terms of this Lease shall constitute a default of Tenant hereunder. If this Lease is terminated as a result of any action of any Transferee, Tenant shall nevertheless remain responsible for fulfillment of all obligations hereunder for what would have been the balance of the Term but for such termination, and shall upon Landlord's request enter into a new lease of the Premises for such balance of the Term. The restrictions on Transfer as aforesaid shall apply to any mortgaging, charging or otherwise Transferring of the Premises or this Lease to secure any obligation of Tenant.

### **6.4 No Advertising of Premises**

Tenant shall not advertise this Lease, the Premises, the business or fixtures or contents therein for sale without the prior consent in writing of Landlord.

### **6.5 Corporate Tenant**

The transfer of the majority of the issued shares, or any transfer, issuance or division of any shares of the Tenant or of any affiliate of the corporation sufficient to transfer control to others than the then present shareholders of the Tenant shall be deemed to be a Transfer.

### **6.6 Assignment by Landlord**

If Landlord sells, leases, mortgages or otherwise disposes of the Project or any part thereof or assigns its interest in this Lease, to the extent that the purchaser or assignee agrees with Landlord to assume the covenants and obligations of Landlord hereunder, Landlord shall thereupon be released from all liability pursuant to the terms of this Lease.

### **6.7 Permitted Transfers**

Notwithstanding anything to the contrary in this Lease, the Tenant shall have the right to assign, sublet, transfer in whole or in part this Lease, or otherwise part with possession of all or any part of the Premises, or effect a Change in Control, provided that the transferee of this Lease or shares of the Tenant, as the case may be, is, in each instance, a Permitted Transferee, without the requirement to obtain the prior written consent of the Landlord, but provided the Landlord is provided written notice within fifteen (15) days following the transaction becoming effective (a "Permitted Transfer"). Concurrently with Tenant's notice as aforesaid, Tenant shall furnish the Landlord with copies of all relevant financial statements and additional information that Landlord may reasonably require to ascertain the financial standing of such Permitted Transferee. In the case of an assignment or sublease (but not a Change in Control), the Permitted Transferee shall carry on in the Premises only the use permitted by this Lease and shall, within a reasonable period following the transaction becoming

effective, enter into a written agreement with the Landlord to assume, be bound by and observe and perform the terms, conditions and provisions of this Lease. Following a Permitted Transfer to a Permitted Transferee that possess an equal or greater financial covenant as that of Tenant on the Commencement Date, the transferor and the Indemnifiers shall automatically be released from their obligations under this Lease.

**“Permitted Transferee”** means any corporation, partnership or other person: (i) which is an affiliate of the Ontario Cannabis Holdings Corp. or other corporate nominee; (ii) which is a successor entity formed as a result of an amalgamation or merger of Ontario Cannabis Holdings Corp. or other corporate nominee; (iii) of which Ontario Cannabis Holdings Corp. is a shareholder; (iv) that is publicly traded on a recognized securities exchange; or (v) that possess an equal or greater financial covenant as that of Tenant on the Commencement Date as determined by the Landlord acting reasonably based upon the relevant financial statements and additional information regarding the Permitted Transferee that Landlord may reasonably require.

**“Change in Control”** means, where the Tenant is a corporation or partnership, the transfer, by sale, issuance from treasury, cancellation or redemption, or otherwise, of any shares, voting rights or interest which will result in a change of the identity of the person exercising, or who might exercise, effective voting control of such corporation or partnership.

## ARTICLE VII

### 7.0 DEFAULT AND REMEDIES

#### 7.1 Default by Tenant

(a) Upon an Event of Default the then current and the next three (3) months' Rent shall be forthwith due and payable and Landlord shall have the right to immediately distraint for same, and, in addition to any other rights to which Landlord is entitled hereunder or at law, Landlord shall have the following rights, which are cumulative and not alternative, namely; (i) to terminate this Lease; (ii) as agent of Tenant to relet the Premises and take possession of any property thereon and store, sell or dispose of same, and to make alterations to the Premises to facilitate their reletting, all of the foregoing being at Tenant's expense and risk; (iii) to remedy any default of Tenant and, in such case, Tenant shall pay to Landlord forthwith upon demand all reasonable costs of Landlord in remedying or attempting to remedy any such default plus 15% of such costs for administration; and (iv) to obtain damages from Tenant including, without limitation, if this Lease is terminated, all deficiencies between all amounts which would have been payable by Tenant for what would have been the balance of the Term, but for such termination, and all net amounts actually received by Landlord for reletting the Premises for such period, after deducting all costs of reletting and alterations to the Premises to facilitate their reletting, and any legal expenses incurred as a result of such default.

(b) Arrears of Rent shall bear interest from their due dates until payment at the rate of 5% per annum in excess of the Prime Rate.

(c) Tenant hereby waives and renounces the benefit of any present or future statute taking away or limiting Landlord's right of distress. All Tenant's personal property on the Premises shall at all times be the unencumbered property of Tenant.

#### 7.2 Rent Deposit

(a) The Landlord hereby acknowledges receipt of a deposit equal to four months' Rent to be applied in accordance with this Section 7.2 (the "Rent Deposit"). Rent Deposit shall be held without interest as a prepayment towards the amount payable by Tenant as Rent on the Possession Date with the remainder to be

held by the Landlord as security for the Tenant's performance of its obligations under this Lease. If at any time any Rent shall be overdue Landlord may, at its option, apply all or any portion of the Rent Deposit to the payment of the said Rent as is necessary to fulfil the overdue Rent. If any part of the Rent Deposit is so applied, then Tenant shall, within twenty (20) days after demand, remit to Landlord a sufficient amount to restore the Rent Deposit to the sum required to be deposited. The Landlord shall return the remainder of the Rent Deposit to the Tenant promptly following the expiration of the Term.

(b) The Landlord may deliver all or such portion of the Rent Deposit remaining on hand to any purchaser, mortgagee or assignee of Landlord's interest in the Premises or the Project and thereupon Landlord shall be discharged from any further liability with respect to the Rent Deposit.

(c) No waiver of any of Tenant's obligations under this Lease or of any of Landlord's rights in respect of any default by Tenant hereunder shall be deemed to have occurred as a result of any condoning, overlooking or delay by Landlord in respect of any default by Tenant or by any other at or omission of Landlord. Tenant's obligations under this Lease shall survive the expiry or earlier termination of this Lease and shall remain in full force and effect until fully complied with.

### 7.3 Allocation

Landlord may allocate payments received from Tenant among items of Rent then due and payable by Tenant. No acceptance of payment by Tenant of any amount less than the full amount payable to Landlord, and no direction or other written instruction respecting any payment by Tenant shall be deemed to constitute payment in full of any obligation of Tenant.

### 7.4 Indemnifiers

Tenant shall cause CJ Marketing Inc. and VQTCO Ltd. (the "**Indemnifiers**") to enter into a commercially reasonable indemnity agreement directly with the Landlord whereby the Indemnifiers agree to indemnify this Lease and all of its obligations hereunder for the entire Lease Term and any extensions thereof.

### 7.5 Option of Indemnifier

In the event that, as a result of an Event of Default, the Landlord becomes entitled and intends to exercise any of its rights or remedies hereunder or at law that would result in the Tenant being deprived of possession of the Premises (the "**Proposed Enforcement**"), the Landlord shall refrain from the Proposed Enforcement and first provide a written notice (the "**Enforcement Notice**") to the Indemnifiers which shall specify (i) the Event of Default and (ii) the Proposed Enforcement. The Indemnifiers shall then have the option to receive an assignment of the Tenant's right, title and interest under this Lease, and such option shall be exercisable by written notice to the Landlord and the Tenant (the "**Exercise Notice**") given no later than five (5) days following the Indemnifiers' receipt of the Enforcement Notice. The Exercise Notice shall state unequivocally that the Indemnifiers elect to take assignment of this Lease pursuant to this Section 7.5, and the Exercise Notice may direct that the assignment be made to one or both of the Indemnifiers or to any entity which is an affiliate of at least one of the Indemnifiers (the Indemnifier(s) or affiliate so designated is the "**Designee**"). Upon receipt of the Exercise Notice, the Indemnifiers or Designee shall have forty-eight (48) hours to cure the outstanding Event of Default, and once so cured, all of the Tenant's right, title and interest under this Lease shall be automatically assigned to the Designee, and all of the Tenant's duties and obligations under this Lease shall be automatically assumed by the Designee. Such assignment shall include the following terms, and upon the request of any party hereto or the Indemnifiers, the other parties hereto shall execute a stand-alone assignment agreement incorporating such terms (and the Tenant shall cause the Indemnifiers to execute such agreement if applicable):

- (a) the assignment shall be at the Rent and upon all of the terms, provisions, covenants and agreements contained in this Lease;
- (b) the Designee shall be bound by the state of accounts as between the Landlord and the Tenant;
- (c) the Tenant shall not be released from any of its obligations hereunder but shall remain bound by all such obligations pursuant to this Lease for the balance of the Term and renewal or extension terms, if any;
- (d) the indemnity agreement entered into pursuant to Section 7.4 shall continue in full force and effect notwithstanding the assignment; and
- (e) if the Indemnifiers fail to give the Exercise Notice in accordance with the foregoing, this Section 7.5 shall become null and void, and the Landlord shall be entitled to exercise any of its rights and remedies hereunder or at law. If the Exercise Notice is duly given but fails to specify the identity of the assignee party, the assignment shall be made to the Indemnifiers on a joint and several basis.

In the event of any repudiation of this Lease pursuant to the *Bankruptcy and Insolvency Act*, S.C. 1992, or any successor or similar legislation, or any disclaimer of this Lease by any trustee in bankruptcy of the Tenant, the Landlord shall provide notice to the Indemnifiers of such repudiation or disclaimer, and the Indemnifiers shall then have five (5) days following receipt of such notice to elect to enter into a new lease with the Landlord on the same terms and conditions as this Lease for the balance of the Term or extended term, and if the Indemnifiers so elect, the Landlord shall grant a new lease to one or both of the Indemnifiers or to any entity which is an affiliate of at least one of the Indemnifiers, as the Indemnifiers may direct, incorporating such terms.

The Landlord and the Tenant acknowledge and agree that this Section 7.5 is incorporated into the indemnity agreement entered into pursuant to Section 7.4 and that the Indemnifiers shall have the right to enforce these rights against both the Landlord and the Tenant notwithstanding that the Indemnifiers are not party to this Lease. The foregoing rights are being granted by the Landlord and the Tenant as consideration for and in order to induce the Indemnifiers to enter into the indemnity agreement under Section 7.4.

## **ARTICLE VIII**

### **8.0 CONTROL OF PROJECT**

#### **8.1 Landlord's Control**

The Project is at all times under the exclusive control and management of Landlord. Without limiting the generality of the foregoing, Landlord shall have the right to make changes in, additions to, deletions from or relocations of any part of the Project (but not the Premises) for purposes of performing any maintenance, repairs or replacements or for security purposes or to prevent the accrual of any rights to any person or public or any dedication thereof, provided that on exercising any such right Landlord shall endeavour to minimize interference with Tenant's access to and use of the Premises and parking for the Tenant's patrons.

#### **8.2 Use of Common Facilities/Parking Areas**

Tenant shall not obstruct any Common Facilities including driveways, laneways or access routes, or to park vehicles in any portion of the Common Facilities other than such areas as expressly authorized by Landlord, and Landlord shall have the right at Tenant's expense payable on demand, to remove any such obstruction or

improperly parked vehicles, without liability. Unless otherwise specifically provided therein the Landlord does not guarantee to the Tenant the use of any specific number of parking spaces in said Common Facilities.

### **8.3 Rules and Regulations**

The Rules and Regulations adopted and promulgated by the Landlord from time to time are hereby made a part of this Lease as if they were embodied herein, and the Tenant shall comply and observe the same except to the extent that any such Rules and Regulations might be contrary to this Lease. The Rules and Regulations existing as at the Commencement Date are those set out in Schedule "D" attached hereto. The Rules and Regulations may differentiate between different types of businesses, but the Rules and Regulations will be adopted and promulgated by the Landlord acting reasonably and in such manner as would a prudent Landlord of a reasonably similar Project. The Tenant's failure to keep and observe the Rules and Regulations constitutes a default under this Lease in such manner as if the same were contained herein as covenants. The Landlord reserves the right from time to time to amend or supplement the Rules and Regulations applicable to the Premises or the Project. Notice of the Rules and Regulations and amendments and supplements, if any, shall be given to the Tenant and the Tenant shall thereupon comply with and observe all such Rules and Regulations provided that no Rules and Regulations shall contradict any terms, covenants and conditions of this Lease. The Landlord is not responsible to the Tenant in the event of the non-observance of any other Lease of premises in the Project and is under no obligation to try to enforce any such Rules and Regulations or terms covenants and conditions.

### **8.4 Access to Premises**

Without limiting any other rights Landlord may have pursuant hereto or at law, Landlord shall have the right during business hours of the Tenant, or at any time during an emergency, to enter the Premises provided that the Landlord first gives written notice to the Tenant of its intention to do so at least 24 hours prior to such entry. The Landlord may enter the Premises in accordance with this Section 8.4: (i) to examine the Premises, (ii) to perform any maintenance, repairs or alterations to any part of the Project or to any equipment and services serving any part of the Project, (iii) to read any meters, (iv) to show the Premises to prospective purchasers and lenders and (during the last six (6) months of the Term, if the Tenant has not exercised its option to extend) to prospective tenants.

## **ARTICLE IX**

### **9.0 MISCELLANEOUS**

#### **9.1 Notices**

All notices or other instruments to be given under this Lease shall be in writing and delivered in person or sent by prepaid registered Canadian mail addressed to the Address for Service of Notice as provided in sections 1.10 and 1.11 hereof. All such notices shall be conclusively deemed to have been given and received upon the day the same is personally delivered or, if mailed as aforesaid, four (4) business days (excluding Saturdays, Sundays, holidays and days upon which regular postal service is interrupted or unavailable for any reason) after the same is mailed as aforesaid.

#### **9.2 Completed Agreement**

There are no covenants, representations, agreement, warranties or conditions in any way relating to 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 fully executed by Landlord and Tenant.

### **9.3 Time of the Essence**

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

### **9.4 Applicable Law**

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

### **9.5 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.

### **9.6 Section Numbers and Headings**

The table of contents and all 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.

### **9.7 Interpretation**

Whenever a word importing the singular or plural is used, such word shall include the plural and singular respectively. If 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 or firms or corporations shall include persons of the other gender and firms or corporations as applicable. Subject to the express provisions contained in this Lease, words such as “hereof”, “herein”, “hereby”, “hereafter”, and “hereunder” and all similar words or expressions shall refer to this Lease as a whole and not to any particular section or portion hereof.

### **9.8 Successors**

This Lease enures to the benefit of and binds Landlord, its successors and assigns and Tenant and its heirs, executors, administrators and permitted successors, assigns and its other legal representatives subject to the terms of this Lease.

### **9.9 Monetary Amounts**

Except as may be otherwise expressly provided herein, all monetary amounts set out in this Lease are in Canadian Currency and are exclusive of any applicable Sales Taxes.

*[Remainder of page intentionally left blank – signatures follow]*

**IN WITNESS WHEREOF** the parties have executed this Lease

**LANDLORD**  
**1310984 Ontario Inc.**

DocuSigned by:  
*Frank Giovanatto*  
**Per:** \_\_\_\_\_  
President Frank Giovanatto 11/3/2020 | 1:54 PM EST  
I have authority to bind the Corporation

**TENANT**  
**OCH Ontario Consulting Corp.**

**Per:** *J Congergood*  
\_\_\_\_\_  
Name: Jon Congergood Title: CEO  
I have authority to bind the Corporation

**SCHEDULE "A"**

**Part Lot 7, Concession 1 EHSCH designated as Part 5, Plan 43R 24347, Brampton**

**SCHEDULE “B”****DEFINITIONS**

Where used in this Lease, the following words or phrases shall have the meanings set forth in the balance of this Schedule.

“**Additional Rent**” shall mean all amounts (other than Basic Rent) due and payable pursuant to the provisions of this Lease or pursuant to any other obligations in respect of the Premises, all of which shall be deemed to accrue on a per diem basis. Tenant shall promptly deliver to Landlord upon request evidence of due payment of all payments of Additional Rent required to be paid by Tenant hereunder.

“**Building**” means the building known municipally as *131 Kennedy Road, Brampton, Ontario*.

“**Business Hours**” means normal business hours for the Project as determined by Landlord from time to time, acting reasonably.

“**Charged**” means levied, confirmed, charged, assessed or imposed.

“**Common Facilities**” means all areas, facilities, systems, improvements, furniture, fixtures and equipment in or on the Project to the extent that the same are designed or intended by Landlord to be part of the Common Facilities from time to time.

“**Event of Default**” means the occurrence of any one of the following:

- (i) Tenants fails to make any payment of Rent when due and such default continues for five (5) days after such payment was not received;
- (ii) Tenant fails to observe or perform any obligation of Tenant pursuant to this Lease other than the payment of any Rent, and such default continues for fifteen (15) days, or such shorter period as expressly provided herein, after written notice thereof to Tenant;
- (iii) [Intentionally Deleted];
- (iv) Any of Landlord’s insurance policies on the Project are actually or threatened to be cancelled or adversely changed as a result of any use of or articles on or about the Premises and such default continues for 24 hours after written notice to Tenant thereof;
- (v) Tenant shall purport to make a Transfer affecting the Premises, or the Premises shall be used by any person or for the purpose, other than in compliance with this Lease;
- (vi) Tenant or any other occupant of the Premises make an assignment for the benefit of creditors or becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any sale in bulk of any property on the Premises (other than in conjunction with a Permitted Transfer or a Transfer approved in writing by Landlord and made pursuant to all applicable legislation), or steps are taken for the winding up or other termination of Tenant’s existence or liquidation of its assets;
- (vii) A trustee, receiver, receiver-manger, or similar person is appointed in respect of the assets or business of Tenant or any other occupant of the Premises;

- (viii) Tenant attempts to or does abandon the Premises or remove or dispose of any goods from the Premises, in an attempt to deprive the Landlord of his right of distraint, or if the Premises are vacant or unoccupied for a period of five (5) consecutive days or more without the prior written consent of Landlord or if the Premises are used for any purposes other than as set out in section 3.6 of the Lease;
- (ix) This Lease or any other property of Tenant is at any time seized or taken in execution which remains unsatisfied for a period of five (5) days or more;
- (x) Termination or re-entry by Landlord is permitted under any provision of this Lease or at law;

**“Excess Costs”** means cost in the nature of Operating Costs, such as utilities charges and costs of heating, ventilating and air-conditioning, incurred by reason of the conduct of business on the Premises outside business hours (which is not permitted without Landlord’s prior written consent), or by reason of the particular use or occupancy of the Premises or any of the Common Facilities by Tenant, its employees, agents or persons having business with Tenant, in excess of the costs which would otherwise have been incurred for such items, plus fifteen percent (15%) of the amount thereof.

**“Fiscal Year”** means the period the period used by Landlord for fiscal purposes in respect of the Project, as selected by Landlord from time to time.

**“Insured Damage”** means damage against which Landlord is insured or required to be insured pursuant hereto.

**“Landlord”** means the Landlord named on page 1 and includes any owner, mortgagee and every indemnity, exclusion or release of liability and waiver of subrogation contained in this Lease for the benefit of Landlord shall extend to and benefit all of the Landlord’s, owners’ and mortgagees’ officers, directors, servants, agents, employees, and others for whom any of them is in law responsible. Solely for such purpose, and to the extent that Landlord expressly chooses to enforce the benefits of this section for the foregoing persons, it is agreed that Landlord is the agent or trustee for such persons.

**“Law”** means all statutes, regulations, by-laws, orders, rules, requirements and directions of all governmental authorities having jurisdiction, including, without limitation, any such statutes, etc. which deal with environmental matters.

**“Leasehold Improvements”** includes, without limitation, all fixtures, installations, alterations and additions from time to time made or installed in or about the Premises. The only exclusions from “Leasehold improvements” are free-standing furniture, trade fixtures and equipment not in any way connected to the Premises or to any utilities systems located therein.

**“Mortgages”** means any mortgages, trust deeds and charges affecting the Project or any part thereof and includes all renewals, extensions, modifications and replacements thereof from time to time.

**“Operating Costs”** means all expenses and costs, including waste removal, of every kind incurred by or on behalf of Landlord in operating, maintaining, repairing, replacing, insuring and managing (collectively called “operating”) the Project, including, without limitation and without duplication: (i) remuneration of employees engaged in Operating the Project; (ii) heating, ventilating, air-conditioning and humidity control of the Project and fire sprinkler maintenance and monitoring, if any, of the Project; (iii) cleaning, janitorial services and window cleaning; (iv) costs of supplying utilities to the Project including, water, gas, electricity and sewer charges (excluding Utilities charged to individual tenants) including costs of such utilities, fittings, connections

and meters and all other work in connection therewith; (v) landscaping and Operating outside areas, including snow and ice clearing and removal and salting of driveways and parking areas and of sidewalks adjacent to the Project; (vi) depreciation or amortization of any capital costs determined in accordance with generally accepted accounting principles on a straight-line basis over the useful life of the capital item and interest on undercoated or unamortized capital cost at two (2%) percent in excess of the prime rate interest (vii) costs incurred by landlord for the purpose of reducing Operating Costs or Taxes, whether or not successful; (viii) maintenance, repairs and replacements in respect of the Project, including structural maintenance, repairs and replacement; (ix) engineering, accounting, legal and other consulting and professional services related to Common Facilities; (x) capital taxes; and (xi) a management or administrative charged by the Landlord in an amount equal to fifteen (15%) percent of the total of all such costs and expenses. Notwithstanding the above inclusions, Operating costs shall exclude or shall be reduced by the following; (i) proceeds of the insurance and damages recovered by Landlord from third parties to the extent of costs otherwise included in Operating costs; (ii) contributions from parties other than tenants of the Project, if any, in respect of Operating Cost, such as contributions made by parties for sharing the use of Common Facilities, but not including rent or fees charged directly for the use of any Common Facilities such as parking fees; (iii) expenses incurred by Landlord in respect of other tenants' leasehold improvements; (iv) repairs or replacements relating to original construction defects; (v) repairs or replacements to the structural portions of the Building, as determined by Landlord's structural engineer; (vi) all costs normally attributed to capital account under generally accepted accounting principles except where expressly included in Operating Costs herein; (vii) the cost of acquiring, constructing, expanding or altering the Project, any costs or expense incurred in constructing or altering the Project for the sole use and benefit and solely attributable to the account of other tenants; (viii) costs of repairs or replacements attributable to inherent structural defects or weaknesses; (ix) the cost of all work to the Project made necessary by non-compliance at the time of construction of the improvements on the Project with any laws, regulations, by-laws, ordinances or orders of the applicable municipal, regional, provincial or federal governing authority in that regard; (x) the cost of structural repairs to the roof, foundations, sub-floor and outer support walls of the Building; (xi) any loss or damage to the Project or any personal injury for which the Landlord is or ought to have been insured under this Lease; (xii) costs arising from or occasioned by the negligence or willful misconduct of the Landlord or those for whom the Landlord is in law responsible or other tenants in the Project; (xiii) all costs and expenses relating to any repair, closure, detoxification, decontamination, or other clean up or remediation of any environmental matter in the Project not attributable to the Tenant; (xiv) income, franchise, corporation, or other taxes personal to the Landlord and any business taxes relating exclusively to those part of the Project other than the Premises; (xv) payment of principal and interest under any mortgage, financing, or capital retirement of debt; (xvi) ground rentals; (xviii) Sales Taxes payable by landlord on the purchase of Goods and services included in Operating Costs, and (xix) costs incurred in leasing premises in the Project to other tenants.

**“Premises”** shall have the meaning set out in section 1.1 of the Lease and shall extend from the upper surface of the structural sub floor to the lower surface of the structural ceiling within the boundaries of the useable area of the Premises. The Premises shall exclude the exterior face of the perimeter wall, notwithstanding the manner in which Rentable Area is measure.

**“Prime Rate”** means the prime rate of interest per annum charged by any Canadian Bank designated by the Landlord from time to time on loans made in Canadian funds to its commercial customers in Canada as such rate is adjusted from time to time.

**“Project”** means those lands described in Schedule “A” hereto and all structures, improvements, equipment, fixtures and facilities located thereon from time to time, as all of same may be expanded, reduced or otherwise altered by Landlord from time to time.

**“Proportionate Share”** means a fraction the numerator of which is the Rentable Area of the Premises and the denominator of which is the aggregate Rentable Area of leasable areas within the Project or such

portion of the Project to which Landlord shall allocate such items of which Tenant is required to pay the Proportionate Share.

**“Rent”** shall have the meaning set out in section 3.1

**“Rules and Regulations”** means the rules and regulations made by Landlord from time to time (and as amended) for the management and operation of the Project.

**“Sales Taxes”** means all business transfer, multi-stage sales, sales, use, consumption, value-added or other similar taxes imposed by any taxing authority upon Landlord, Tenant, or in respect of this Lease, or the payments made by Tenant hereunder or the goods and services provided by Landlord hereunder including, the rental of the Premises and the Provision of administrative services to Tenant hereunder.

**“Taxes”** means all taxes, (including business taxes), rates, duties, levies, fees, charges, local improvement rates, commercial concentration taxes, levies and assessments whatsoever levied, assessed, or charged against or in respect of the Project or any part thereof or against Landlord in respect of any of the same or in respect of any rental or other compensation receivable by Landlord in respect of the same, and including all taxes which may be incurred by or imposed upon Landlord or the Project in lieu of or in addition to the foregoing including, without limitation, any Taxes on real property rents or receipts as such any Taxes based in whole or in part on the value of the Project and any license fee measured by rents or other charges payable by occupants of space in the Project.

**“Tenant”** includes any of its employees, servants, agents, invitees, licensees, subtenants, concessionaires, contractors or persons for whom Tenant is in law responsible.

**“Transfer”** means an assignment of this Lease in whole or in part, a sublease, license or parting with or sharing possession of all or any part of the Premises, a sale, conveyance or other disposition of the Lease including a mortgage, charge, debenture, sale, transfer (including by bequest or inheritance) of the majority of the issued shares in the capital stock or any transfer, issuance or division of any share of the corporation or of any affiliate of the corporation sufficient to transfer control to others than the then present shareholders of the corporation; a party making a Transfer is referred to as a “Transferor” and a party taking a Transfer is referred to as a “Transferee”.

**“Uninsured Damage”** means any damage, which is not Insured Damage.

**“Utility Costs”** means all costs of supplying water, electricity, gas, and any other utilities (“Utility”) to or in respect of the Premises, and all costs for all fittings in connections and meters and all work performed in connection with any services or Utilities provided to the Premises.

**SCHEDULE "C"****SPECIAL PROVISIONS****1. Estimates of Operating Costs and Taxes**

The parties agree that the Landlord has estimated that Tenant's Proportionate Share of Operating Costs and Realty Taxes at approximately \$909.84 per month however actual adjustments shall be determined. It is understood that this estimate by the Landlord is a bona fide estimate made to date, but that it is made by the Landlord before all available information is available for 2019, is not binding and does not impose liabilities on the Landlord or affect the Tenant's obligations hereunder.

**2. Option to Extend**

If the Tenant is not then in default of its obligations under this Lease, then the Tenant shall have the option to extend this Lease for one additional five (5) Year Term (the "Extension Term"), upon the same terms and conditions save as to rental, and further rights of extension. This option must be exercised by notice in writing given by the Tenant to the Landlord at least six (6) months prior to the end of the Term failing which such option shall be null and void and forever extinguished. The rental rate for the Extension Terms shall be set at the then current market rate at the time of said extension as, for comparable commercial/retail space in the *City of Brampton* and in no event shall the extension rent for each respective extension period be less than the rent paid in the last year of the immediately preceding term. After the Tenant exercises its option to extend, if the Landlord and Tenant cannot mutually agree upon the Minimum (Base) rent within thirty (30) days prior to the expiry date of the initial term, the Minimum (Base) Rent shall be determined first by negotiation, then by mediation, failing which it shall be determined pursuant to the terms of the Arbitration Act of Ontario, or any successor legislation. The parties shall submit the issue to the arbitrator appointed under the Act. Should the parties fail to agree on the person to act as a single arbitrator within 10 business days of the date on which the parties determined to appoint an arbitrator, then the matter shall be heard by three arbitrators, one selected by each party and the third selected by the two arbitrators. The parties agree to be bound by the decision of the arbitrators.

**3. Landlord Warranty**

Landlord warrants and guarantees that the rooftop air-conditions unit (and the HVAC system) and all plumbing and electrical systems will be in good working order and mechanical repair as of the Possession Date.

**4. Exclusivity**

The Landlord will not permit another cannabis store to operate in the Building for as long as this Lease is in force and effect. It is the intention of the parties that this exclusive covenant shall run with the land and bind successors to the Landlord's title. The Landlord acknowledges that this exclusivity is retroactive to the Possession Date.

**6. Free Rent and Fixturing Period**

The Tenant shall have a period of sixty (60) days commencing on November 1, 2020 to fixture the Premises for use as a cannabis retail store (the "Fixturing Period"). No Minimum Rent or Additional Rent shall be payable during the Fixturing Period; however, the Tenant shall be responsible for all utilities and insurance in respect of the Premises during this time.

The Tenant shall submit its plans to the Landlord for the Landlord's prior written approval prior to commencing any work to the Premises. All work shall be in compliance with applicable laws, codes, and by-laws and be carried out in a workmanlike manner.

**7. Signage**

The Tenant may install in, upon, or about any signs in the allocated space(s) (provided same complies with municipal by-laws and Landlord requirements), which shall remain the property of the Tenant and which the Tenant may remove upon the expiration of the Lease. The Tenant shall be permitted to install signage on the exterior of the property in the allocated space(s), in accordance with all municipal by-laws and Landlord requirements, and overall look of the development with prior approvals from the Landlord, such approvals not to be unreasonably withheld.

**8. Conduct of Business**

Notwithstanding anything to the contrary contained in this Lease, the Landlord acknowledges and agrees that during that portion of the Term that the City of Brampton, Alcohol and Gaming Commission of Ontario, or any other governmental bodies or authorities having jurisdiction have not issued to the Tenant such licenses, permits, authorizations or approvals required by law to permit the Tenant to sell cannabis at retail from the Premises, the Tenant shall not be obligated to use, occupy, open for business or conduct its business from the Premises. The Tenant and/or a related entity agrees to use reasonable commercial efforts to diligently pursue, obtain and maintain all such licenses, permits or authorizations required by law to permit the Tenant to sell recreational cannabis at retail from the Premises.

**SCHEDULE "D"****RULES AND REGULATIONS**

- 1) In the regard to the use and occupancy of the Premises and the Common Facilities, the Tenant shall:
  - a) Keep the inside and outside of all glass in the doors and windows of the Premises clean;
  - b) Keep all exterior storefront surfaces of the Premises clean;
  - c) Replace promptly, at its expense, any cracked or broken window glass of the Premises with glass of like kind and quality;
  - d) Maintain the Premises, at its expense, in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests;
  - e) Keep any garbage, trash, rubbish or refuse in rat proof containers within the interior to the Premises until removed as herein provided;
  - f) Have such garbage, trash, rubbish and refuse moved, at its expense, on a regular basis as prescribed by the Landlord; and
  - g) Keep all mechanical apparatus free of vibration and noise that may be transmitted beyond the Premises.
  - h) Upon written request furnish the Landlord with the license numbers of all Tenant's and employee vehicles.
  - i) Upon written request furnish the Landlord with the name, address and telephone number of the person designated by the Tenant to be contacted in cases of emergency.
  - j) Tenant to keep all, outside lighting fully illuminated at all times that the Tenant's business is open.
- 2) In regard to the use and occupancy of the Premises and the Common Facilities, the Tenant shall not:
  - a) Place or maintain any merchandise or other articles in any vestibule or entry of the Premises, on the footwalks adjacent thereto or elsewhere on the exterior of the Premises or anywhere in Common Facilities;
  - b) Permit undue accumulations of garbage, trash, rubbish or other refuse within or without the Premises;
  - c) Permit the parking of delivery vehicles so as to interfere with the use of any driveway, walkway, parking area, or other area of the building complex;
  - d) Use the plumbing facilities for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision shall be borne by the Tenant; and
  - e) Use any part of the Premises for lodging, sleeping or any illegal purpose.



**DATE OCTOBER 29 , 2019**

**ELDA COSENTINO and GINA  
RASILE (in trust for 567045 Ontario Inc.)  
and  
2707461 Ontario Inc.**

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**LEASE**

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## AGREEMENT

**THIS LEASE** made as of the 29 day of OCTOBER 2019

**IN PURSUANCE OF *THE SHORT FORMS OF LEASES ACT*:**

**BETWEEN:**

**Elda Cosentino and Gina Rasile (in trust for 567045 Ontario Inc., a corporation incorporated under the Laws of the Province of Ontario)**  
(collectively, hereinafter called the "Landlord")

**OF THE FIRST PART,**

- and -

**2707461 Ontario Inc.**

(hereinafter called the "Tenant")

**OF THE SECOND PART,**

-and -

**Ontario Cannabis Holdings Corp.**

(hereinafter called the "Guarantor")

**OF THE THIRD PART,**

**WHEREAS** the Landlord is the owner of the lands more particularly described as 3007 New St., Burlington- in the City of Burlington, Region of Halton, Province of Ontario, Canada, (hereinafter called the "Building");

**WHEREAS** the Landlord has agreed to lease to the Tenant the Building known as 3007 New St, Burlington, Ontario, as legally described at Exhibit B, excluding the perimeter walls, steel girder roof and concrete floor and together with the common parking spaces, together with the right to use of common laneways;

**NOW THEREFORE** in consideration of the rents hereby reserved and the covenants herein contained on the part of the Tenant and Landlord hereby leases to the Tenant all those premises, which contain a rentable area of approximately Twenty Five Hundred (2500) square feet, as described in the plan attached hereto as Exhibit C provided to the Tenant by the Landlord (hereinafter called the "Premises").

1. **TERM:** The Term of this Lease shall be Five (5) years commencing on October 1, 2019 (the "Commencement Date").
2. **GROSS RENT:** The Tenant shall pay to the Landlord by way of equal monthly instalments in advance on the first day of each month the following amounts plus applicable taxes ("hereinafter called the Gross Rent"):

Commencement Date to December 31, 2019	\$25.00 per square foot
January 1, 2020 to September 30, 2020	\$35.00 per square foot
October 1, 2020 to September 30, 2021	\$36.00 per square foot
October 1, 2021 to September 30, 2022	\$37.00 per square foot
October 1, 2022 to September 30, 2023	\$38.00 per square foot
October 1, 2023 to September 30, 2024	\$38.00 per square foot

3. **RIGHT TO EXTEND** – Provided the Tenant is not in default of any covenants within this Lease, the Tenant shall be entitled to extend this Lease for two (2) additional term of five (5) years each upon written notice to the Landlord given not less the three (6) months prior to the expiry of the current term. The options shall be to extend the Term of this Lease on the same terms and conditions as are contained herein excepting Gross Rent, Fixturing Period, Landlord's Work, Right to Renew and any other provisions applicable only to the initial Term. The Gross Rent for such extended terms shall be equal to the greater of (a) then current fair market annual Gross Rent for the Premises, as determined by a qualified real estate professional having demonstrated and significant experience with real estate rentals to businesses substantially similar to the Tenant's and selected jointly by the Landlord and the Tenant, acting reasonably, and (b) the Gross Rent as it was at the expiry of the then current Term.
4. **TENANT'S COVENANTS**

The Tenant covenants with the Landlord as follow:

RENT- to pay rent when due.

TAXES- Included in Gross Rent: in each year of the Term to pay and discharge as they become due, its proportionate share of all taxes (including local improvement rates), rates, duties, and assessments that may be levied, rate, charge or assessed against the lands, the Building, and, without limiting the generality of the foregoing, every other tax, charge rate, assessment or payment which may become a charge or encumbrance upon or be levied or collected upon or in respect of the Premises or any part thereof, whether or not charged by any municipal, parliamentary or other authority.

SALES TAXES- The Tenant shall pay to the Landlord when due all Sales Taxes (as hereinafter defined) imposed upon the Landlord or the Tenant with respect to Gross Rent

payable by the Tenant hereunder or in respect of the rental of spaced under this Lease. For the purposes of the paragraph "Sales Taxes" means all business transfer, multistage sales, sales, use consumption, value-added or similar taxes imposed by the Government of Canada or the Province of Ontario, upon the Landlord or the Tenant or in respect of this Lease or the payments made by the Landlord hereunder or the goods and services provided by the Landlord hereunder including, without limitation, the rental of the Premises and the provision of services to the Tenant hereunder.

**BUILDING INSURANCE-** Included in Gross Rent: to pay its proportionate share of the insurance placed by the Landlord from time to time to insure the Building and the Premises.

**PUBLIC UTILITIES-** The utilities shall be paid by the Tenant and, for greater certainty, shall not form part of Gross Rent.

**REPAIRS AND MAINTENANCE-** to maintain, at its own expense, the interior of the Premises in good order and condition and to make promptly all needed repairs and replacements, reasonable wear and tear and damage by fire, lightning and tempest only excepted, and without limiting the foregoing, to keep the Premises well painted, clean and in such condition as a careful owner would.

**SURRENDER ON TERMINATION-** at the expiration or sooner determination of the Term, to surrender the Premises peaceably to the Landlord in good and substantial repair and condition. The Landlord shall have the right to Terminate this Lease early in the event of demolition of the Building. In the event that the Landlord intends to demolish the Building, the Landlord shall have the right to serve written notice to the Tenant any time after the third (3) anniversary of the Commencement Date and providing the Tenant a minimum twelve (12) months' written notice. The Termination effective date shall not be any earlier than the fourth (4th) anniversary of the Commencement Date. In the event of such a termination, the Landlord shall compensate the Tenant for the loss of the leasehold improvements by paying to the Tenant an amount equal to Five Thousand Dollars (\$5,000) per month for each month that would otherwise have been remaining under the original Lease Term but for the Landlord's early termination in accordance with this Section. The payment shall be in the form of a rental credit to the Tenant and applied towards the last months' Rent owing. Partial months shall be pro-rated.

**COMPLIANCE WITH REGULATIONS-** that it will promptly comply with all requirements of the local Board of Health, Police and Fire Departments, and municipal authorities respecting the manner in which it uses and maintains the Premises. The Tenant will be responsible to obtain his own occupancy permit if required.

**ASSIGNMENT-** not to assign or sublet the Premises or any part thereof without leave of the Landlord, which leave may not be unreasonably or arbitrarily withheld.

**NO NUISANCE-** not to do or omit to do or permit to be done or omitted anything upon or in respect of the Premises, the doing or omission of which shall be or result in a nuisance.

**INCREASES TO INSURANCE PREMIUMS-** to pay the amount of any increase in Insurance premiums on the Building if such increase is caused by the Tenant's operation on the Premises.

**NOT TO CAUSE CANCELLATIONS OF INSURANCE-** that nothing will be done or omitted to be done whereby any policy of insurance on the Building shall be cancelled or the Building rendered uninsurable.

**CERTIFICATE OF INSURANCE-** to provide the Landlord with a Certificate of Liability insurance covering the Tenant, in respect of the Premises and its operations herein with limits of not less than Two Million (\$2,000,000.00) Dollars inclusive for injuries to or death of persons or damage to property.

**DAMAGE TO FLOOR FROM HEAVY WEIGHTS-** that it will not bring upon the Premises or the Building or any part thereof any machinery, equipment, article or thing that by reason of its weight, size or use might damage the floors of the Premises or the Building and that if any damage is caused to the Premises or to the Building by any machinery, equipment, article or thing, or by overloading or by any act, neglect or misuse on the part of the Tenant or any of its servants, agents or employees or any person having business with the Tenant will forthwith repairs such damage, or pay the cost of the repair to the Landlord.

**INDEMNITY OF LANDLORD-** to indemnify the Landlord from all liabilities, fines, suits, claims, demands and actions of any kind or nature for which the Landlord shall or may become liable or suffer by reason of any breach, violation or non-performance by the Tenant of any covenant, or proviso hereof, or by reason of any breach, violation or non-performance by the Tenant of any covenant or provision hereof, or by reason of any injury or death occasioned to or suffered by any person or persons or any property though any act, neglect or default by the Tenant or any of its agents or employees. Such indemnification in respect of any such breach, violation or non-performance, damage to property, injury or death occurring during the Term shall survive any termination of this Lease, anything in this Lease to the contrary notwithstanding.

**CLEANLINESS OF PREMISES (INCLUDING THE HANDLING AND STORAGE OF ENVIRONMENTALLY HAZARDOUS MATERIALS)-** to keep the Premises and every part thereof in a clean and tidy condition and not to permit waste paper, garbage, ashes or waste of objectionable materials to accumulate thereon. The Tenant shall not store or deposit on the site environmentally hazardous materials other than in jurisdiction in this regard, and further will save the Landlord harmless from any spills, or contamination caused by the Tenant, its agents, employees or customers, including but not limited to liability claims or remediation costs.

**RECEIPTS-** to produce to the Landlord on request satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Lease.

**INSPECTION-** that during the Term any person or persons may inspect the Premises and all parts thereof following 24 hours' notice during normal operating hours of the business.

**USE OF THE PREMISES-** the Premises shall be used and occupied by the Tenant to operate a Cannabis Retail Store that provides cannabis and related accessories that are permitted by all applicable governmental, regulatory or other approving authorities in conformance with the laws of the Province of Ontario and sold in the majority of Tenant's stores in Ontario, or any other use consented to by the Landlord acting reasonably. The Tenant may operate on such days and at such times as it may choose and Tenant shall provide prior written notice to Landlord detailing the hours of operation. For greater certainty, the Tenant shall not have any cannabis grow operations on the Premises at any time.

**GARBAGE-** the Tenant to provide its own garbage or refuse removal.

**TENANTS'S INSURANCE-** to carry replacement value insurance coverage on its leasehold improvements, contents, equipment and fixtures.

**POST-DATED CHEQUES-** the Tenant shall provide the Landlord annually, twelve (12) post-dated cheques equal to the Gross Rent and HST for the year.

**TENANT'S WORK-** Subject to sub-paragraph 5(r) hereof and the Landlord's Work described in Exhibit A, the Tenant shall complete all leasehold improvements it deems necessary in order to make the Premises suitable for its use. Such improvements shall be completed in a good and workmanlike manner and only after obtaining all necessary municipal and governmental approvals. The Tenant shall promptly pay all accounts for such improvements and shall not permit any construction liens to be filed against the Premises or the Landlord's title to the property. The Landlord may, but need not, pay the required amounts into court on behalf of the Tenant to discharge any construction lien actually filed. Such payments together with all legal costs, on a solicitor and his client basis, shall be immediately due and payable by the Tenant to the Landlord.

**COMMON EXPENSES-** Included in Gross Rent: to pay its proportionate share of all costs and expenses incurred by the Landlord in maintaining, operating, and repairing the lands, Building and Premises except for any costs or expenses that are the responsibility of the Tenant or any other Tenant of the Building or that are of a capital nature determined in accordance with generally accepted accounting principles. These costs include, but not be limited to; condominium fees, realty taxes, general property insurance, building and equipment maintenance costs, landscaping, snow removal, and utilities for the common element, etc.

## 5. **LANDLORD'S COVENANTS**

The Landlord covenants with the Tenant as follows:

- a) **QUIET ENJOYMENT-** for quiet enjoyment.
- b) **MAINTENANCE -** maintain the Building in good condition as would a careful owner.
- c) **INSURANCE -** to keep and maintain, from time to time, insurance on the Building in amounts and with deductibles as would a careful owner.

## 6. PROVISOS

Provided always and it is hereby agreed as follows:

- a) RE-ENTRY- proviso for re-entry by the Landlord on non-payment of rent or non-performance of covenants.
- b) OTHER DEFAULT- in the event that:
  - i. the Premises shall become and remain vacant or not used for a period of thirty (30) days or be used by any person other than the Tenant or as herein agreed; or
  - ii. during the Term hereby granted, any of the goods and chattels of the Tenant, shall be at any time seized or taken in execution or in attachment by any creditor of the Tenant; or
  - iii. the Tenant shall make an assignment for the benefit of creditors or give any bill of sale without complying with the Bulk Sales Act of the Province of Ontario, or become bankrupt or insolvent or take the benefit of any Act now or hereafter in force for the relief of bankrupt or insolvent debtors, or if any order shall be made for the winding-up of the Tenant;

then the Gross Rent for the current month and the next ensuing three (3) months shall immediately become due and payable, and at the option of the Landlord, this Lease shall cease and immediately become void, and the Landlord may re-enter and take possession of the Premises as if the Tenant or any occupant of the Premises were holding over the expiration of the Term without right.

- c) REMEDIES- the Tenant further covenants and agrees, that on the Landlord's becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord in addition to all other rights shall have the right to enter the Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefore and to re-let the Premises as the agent of the Tenant, and to receive the rent therefore as the agent of the Tenant, to take possession of any furniture or other property on the Premises and to sell the same at public or private sale without notice and to apply the proceeds of such sale and any rent derived from re-letting the Premises in payment of expenses and on account of the rent under this Lease, and the Tenant shall be liable to the Landlord for the deficiency, if any.
- d) REMEDIES- the Tenant further covenants and agrees that the Landlord's becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights, shall have the right to terminate forthwith this Lease and the Term by leaving upon the Premises notice in writing of its intention to do so, and thereupon rent shall be computed, apportioned and paid in full to the date of such termination of this Lease and any other payments for which the Tenant is responsible shall immediately be delivered upon possession of the Premises by the Landlord, and the Landlord may re-enter and take possession of the same.
- e) NON-WAIVER- no condoning, excusing or overlooking by the Landlord of any default, breach or non-observance or non-performance by the Tenant at any time or times in

respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's rights hereunder in respect of continuing or subsequent default, breach or non-observance or non-performance, or so as to defeat or affect in any way the rights of the Landlord herein in respect of any such continuing or subsequent default or breach, and no waiver by the Landlord shall be inferred from or signed by the Landlord. All rights and remedies of the Landlord in this Lease contained shall be cumulative and not alternative.

- f) **TIMING-** it is understood and agreed that whenever and to the extent that either party shall be unable to fulfill, or shall be delayed or restricted in the fulfillment of any obligation hereunder in respect of the supply or provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the materials, goods, equipment, service, utility, or labour required to enable it to fulfill such obligation or by reason of any statute, law or order-in-council or any regulation or order passed or made pursuant thereto or by reason of the order or direction of any administrator, controller or board, or any governmental department or officer or other authority required thereby, or by any other cause beyond its control whether of the foregoing character or not, the applicable party shall be entitled to extend the restriction, and the other party shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned. This Section shall not excuse any delay in payment of Gross Rent.
- g) **ENTRY TO VIEW REPAIRS-** the Landlord and its agents may, following reasonable prior written notice, at all reasonable times during the Term enter the Premises to inspect the condition thereof, and where such inspection reveals that repairs are necessary, the Landlord may give the Tenant notice in writing of any such need for repairs, and the Tenant shall within one (1) calendar month from the date of delivery of the notice, make the necessary repairs in a good and workmanlike manner.
- h) **DISTRESS-** notwithstanding the benefit of any present or future statute taking away or limiting the Landlord's right of distress, none of the goods and chattels of the Tenant on the Premises at any time during the Term shall be exempt from levy by distress for Gross Rent in arrears.
- i) **EXCLUSION OF LANDLORD'S LIABILITY-** except in the event and to the extent of any negligence or willful misconduct on the part of the Landlord or those for whom it is legally responsible, the Landlord shall in no event whatsoever be liable or responsible in any way for personal injury to or death of the Tenant, or any employee of the Tenant, or any person who may be upon the Premises or in the Building, or for any loss or damage or injury to any property belonging to the Tenant or to its employees or to any other person while such property is on the Premises or in the Building, and in particular but without limiting the generality of the foregoing, the Landlord shall not be liable for any damage to any such property caused by any matter, including steam, water, rain or snow, which may leak into, issue or flow from any part of the Building, or from the water, steam, sprinkler or drainage pipes or plumbing of the Building or from any other place or quarter or for any damage caused by or attributable to the condition or arrangement of any electrical or other wiring or for any damage caused by anything done or omitted to be done by any Tenant of the Landlord.

- j) **HOLDING OVER-** if the Tenant should hold over after the original Term or any extended term hereof, such holding over shall be deemed to be tenancy from month to month only and shall have no greater effect, any custom, statute, law or ordinance to the contrary notwithstanding. Such month to month tenancy shall be governed by the terms and conditions hereof notwithstanding any statutory provisions or rules of law with respect to month to month leases, and during such period of hold over the Tenant shall be required to pay only the monthly rental previously paid by the Tenant under the terms hereof during the month immediately preceding the expiration or termination of this Lease.
- k) **LANDLORD MAY PAY TAXES OR CHARGES ON DEFAULT BY TENANT-** if the Tenant fails to pay when due any amounts or charges which it has herein covenanted to pay, the Landlord may, following five (5) days' notice to Tenant, pay the same, and may charge the sums so paid to the Tenant who shall pay them forthwith on demand, and the Landlord, in addition to all other rights, shall have the same remedies and may take the same steps for the recovery of rent in arrears under the terms of this Lease. All arrears of rent and any moneys paid by the Landlord hereunder shall bear interest at the rate of eighteen (18) percent per annum from the time such arrears become due until paid to the Landlord.
- l) **ADJUSTMENT OF RATES-** Not applicable
- m) **FIXTURES-** the Tenant may remove its trade fixtures, but shall not remove or carry away from the Premises and Building any plumbing, heating or ventilating plant or equipment or other building service.
- n) **BUSINESS TAXES-** the Tenant shall pay all charges impositions and expenses for every nature and kind relating to its business and arising from its occupancy of the Premises.
- o) **FOLLOWING THE TENANT'S GOODS-** in case of removal by the Tenant of the goods and chattels of the Tenant from off the Premises, the Landlord may follow such goods and chattels in the manner provided for in the Commercial Tenancies Act of the Province of Ontario.
- p) **FOR SALE OR RENT SIGNS-** the Landlord may within six (6) months before the termination of the Term place upon the Premises a notice, of reasonable dimensions and places so as not to interfere with the Tenant's business, stating that the Premises are for sale or to let, also, at any time during the Term hereof any signage stating that the lands and buildings are for sale and the Tenant shall not remove such notice or permit it to be removed.
- q) **IMPROVEMENTS-** any building, erection or improvement placed or erected upon the Premises shall become a part thereof, shall not be removed and shall be subject to all provisions of this Lease, provided that no building, erection or improvement shall be erected upon the Premises without the previous written consent of the Landlord.
- r) **DAMAGE TO THE PREMISES-** whenever during the Term the Premises shall be destroyed or damaged by fire, lightning or tempest, or any of the perils insured against, the following terms shall apply:

- i. If the Premises or destruction is such that the Premises are rendered wholly unfit for occupancy or it is impossible or unsafe to use and occupy them and if in either event in the opinion of the Landlord, to be given to the Tenant within ten (10) days of the happening of such damage or destruction, the damage cannot be repaired with reasonable diligence within one hundred and twenty (120) days from the time the damage occurs, either the Landlord or the Tenant within five (5) days next succeeding the giving of the Landlord's opinion as aforesaid may terminate this Lease by giving to the other notice in writing of such termination, in which event this Lease shall be at an end from the date of such destruction or damage and the Gross Rent and all other payments for which the Tenant is liable hereunder shall be apportioned and paid in full to the date of such destruction or damage. If neither the Landlord nor the Tenant terminate this Lease as aforesaid, then the Landlord shall repair the Premises with all reasonable speed and the Gross Rent hereby reserved shall abate from the date of the occurrence of the damage until the Premises shall have been restored fit for the Tenant's use and occupation;
  - ii. if the damage be such that the Premises are rendered wholly unfit for occupancy, or it is impossible or unsafe to use or occupy them, but if in either event in the opinion of the Landlord, to be given to the Tenant within ten (10) days from the time the damage occurs, the damage can be repaired with reasonable diligence within one hundred and twenty (120) days from the happening thereof, then the Gross Rent hereby reserved shall abate from the date of occurrence of the damage until the Premises have been restored to a condition fit for the Tenant's use and occupation, and the Landlord shall repair the damage with all reasonable speed;
  - iii. if in the opinion of the Landlord the damage can be made good as foresaid within one hundred and twenty (120) days of its occurrence and is such that the Premises are capable of being partially used for the purpose for which the Tenant has used them, then until such damage has been repaired the Gross Rent hereby reserved shall abate in proportion as the floor area of the whole of the Premises and the Landlord shall repair the damage with all reasonable speed.
- t) ASSIGNMENT BY LANDLORD AS SECURITY- the Landlord may assign its rights under this Lease to a lending institution as collateral security for a loan to the Landlord, and if such an assignment is made and notification thereof is given to the Tenant, this Lease shall not be cancelled or modified for any reason whatsoever except as provided for, anticipated or permitted by the terms thereof or by the law, without the consent in writing of such lending institution.
- u) SUBORDINATION- this Lease is subject and subordinate to all mortgages (including, any debentures and any deeds of trust and mortgages securing bonds and all indentures supplemental thereto) which may now or hereafter affect such Lease and any constituted thereby, and to all renewals, modifications, consolidations, replacements and extensions thereof. The Tenant agrees to execute promptly any certificate in confirmation of such subordination as the Landlord may request. From time to time upon request by the Tenant, the Landlord shall use commercially-reasonable efforts to obtain a non-disturbance agreement from the holder of any prior mortgage in favour of the Tenant.
- v) COVENANTS- the Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions expressed or implies, collateral or otherwise

forming part of or in any way affecting or relating to this Lease except as expressly set out herein and that this Lease constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant.

- w) **REGISTRATION-** the Tenant covenants and agrees with the Landlord that the Tenant will not register this Lease in this form in the Registry Office or the Land Titles Office. The Tenant may make a registration for the purpose only of giving notice of this Lease, provided such notice shall not include any financial terms.
- x) **SEVERABILITY-** the Landlord and the Tenant agree that all the provisions of this Lease are to be construed as covenants and agreements as though the worlds importing such covenants and agreements were used in each separate paragraph hereof. Should any provision or provisions of this Lease be illegal or not enforceable it or they shall be considered separate and severable from this Lease and is remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.
- y) **HEADINGS-** the headings herein are not to be construed as being part of this Lease.
- z) **ADDITIONAL RENT-** Included in Gross Rent.
- aa) **INTEREST-** interest shall be due and payable by the Tenant on all overdue amounts owed by the Tenant to the Landlord under this Lease at the rate of the prime lending rate of the Landlord's bank to its commercial customers from time to time plus four (4) percent. Confirmation by any manager of a branch of the bank shall be sufficient proof of its prime lending rate.

## 7. **INTERPRETATION**

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations and vice versa.

## 8. **NOTICES**

- a) Any notice herein provided for or given hereunder if given by the Landlord to the Tenant shall be sufficiently given if mailed by registered mail, postage prepaid, addressed to the Tenant at the Premises.
- b) Any notice, request or demand provided for or given hereunder if given by the Tenant to the Landlord shall be sufficiently given is mailed by registered mail, postage prepaid, addressed to the Landlord at 4516 Cedar Springs Rd, Burlington, Ontario, L7P 0P8
- c) Any notice shall be conclusively deemed to have been given on the next business day following the day on which such notice is mailed as aforesaid. Any party to this Lease may at any time give notice in writing to the other and after the giving of such notice the address therein specified shall be deemed to be the address of the party giving such notice for the purpose hereof.

9. **BINDING EFFECT**

This indenture and everything herein contained shall extend to, bind, and ensure to the benefit of the heirs, executors, administrators, successors and assigns of each of the parties hereto, subject to the consent of the Landlord being obtained, as herein provided, to any assignment or sub-lease by the Tenant, and, where there is more than one Landlord or Tenant or where the Landlord or Tenant is a male, female or a corporation, the provisions herein shall be read with all grammatical changes thereby rendered necessary. All covenants herein contained shall be deemed joint and several and all rights and powers reserved to the Landlord may be exercised by either Landlord or its agents or representatives.

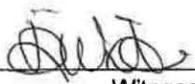
10. **GUARANTEE**

In consideration of the making of this Lease, the Guarantor hereby covenants with the Landlord, its successors and assigns, that if default shall at any time be made by the Tenant in the payment of Gross Rent or the performance of the Tenant's covenants for the respective periods set out in this Lease, the Guarantor will pay the said Gross Rent and any arrears thereof that may remain due, and compensate the Landlord for any damage that may arise in consequence of the non-performance of any of the said covenants. The liability of the Guarantor hereunder shall not be released, discharged or limited by any extension of time for payment or forbearance granted to the Tenant.

11. **EXHIBITS**

Exhibit A, Exhibit B and Exhibit C (collectively, the "Exhibits") to this Lease form an integral part hereof, and are incorporated herein in all regards, with the terms of such Exhibits being binding on the parties hereto as if such Exhibits were wholly drafted into this Lease. To the extent any part of any Exhibit is inconsistent with any other part of this Lease, the terms of such Exhibit, only to the extent of such inconsistency, shall be paramount and shall govern. This Lease and the Exhibits shall be read together as a single document.

IN WITNESS WHEREOF the parties here to have executed this Agreement in triplicate this  
29 day of October, 2019.

  
\_\_\_\_\_  
Witness

}   
\_\_\_\_\_  
Elda Cosentino

  
\_\_\_\_\_  
Witness

}   
\_\_\_\_\_  
Gina Rasile

2707461 ONTARIO INC.

Per:   
\_\_\_\_\_  
Name: Cameron King  
Title: Director  
I have the authority to bind the corporation

ONTARIO CANNABIS HOLDING CORP.

Per:   
\_\_\_\_\_  
Name: Debbie White  
Title: Corporate Compliance Manager  
I have the authority to bind the corporation

**EXHIBIT "A"**  
**SPECIAL PROVISIONS**

**1. DEPOSIT**

Upon execution of this Lease, the Tenant shall provide the Landlord a deposit equal to Two (2) months' Gross Rent plus HST to be applied to the Gross Rent accruing for the First (1st) month of the Term with the remainder to be held by the Landlord as a security deposit, in accordance with the following:

- a) if, at any time during the Term, the Tenant has committed a default under the terms and conditions of this Lease, the Landlord may apply any portion of the deposit then held by it to remedy such default, provided the Landlord only applies such amounts as necessary to remedy the default; and
- b) in the event that the deposit or any portion thereof is applied by the Landlord to remedy a default by the Tenant prior to the expiration of the Term, then the Tenant shall, on the written demand of the Landlord, forthwith remit to the Landlord such sum as is sufficient to restore the deposit to the amount held by the Landlord prior to such application.

**2. FIXTURING PERIOD**

Upon the Commencement Date, the Tenant shall have Sixty (60) days to fixture the Premises (the "Fixturing Period"). During the Fixturing Period, the Tenant shall be granted exclusive possession of the Premises for its fixturing. The Fixturing Period shall be free of Gross Rent.

**3. PERMITTED TRANSFERS**

Notwithstanding anything to the contrary in this Lease, the Tenant shall have the right to assign, sublet, transfer in whole or in part this Lease, or otherwise part with possession of all or any part of the Premises, or effect a Change in Control, provided that the transferee of this Lease or shares of the Tenant, as the case may be, is, in each instance, a Permitted Transferee, without the requirement to obtain the prior written consent of the Landlord, but with at least fifteen (15) days prior written notice to the Landlord. Concurrently with Tenant's notice as aforesaid, Tenant shall furnish the Landlord with copies of all relevant financial statements and additional information that Landlord may reasonably require to ascertain the financial standing of such Permitted Transferee. Any Permitted Transferee which occupies the Premises shall carry on in the Premises only the use permitted by this Lease and shall, prior to entering into and occupying the premises, enter into a written agreement with the Landlord to assume, be bound by and observe and perform the terms, conditions and provisions of this Lease, in form and substance satisfactory to the Landlord, acting reasonably. The Tenant shall remain obligated to perform all terms, conditions and provisions set forth in this Lease until the Permitted Transferee has executed and delivered to the Landlord such.

"Permitted Transferee" means any corporation, partnership or other person: (i) which is an affiliate of Ontario Cannabis Holdings Corp. or other corporate nominee; (ii) which is a successor entity formed as a result of an amalgamation or merger of Ontario Cannabis Holdings Corp. or other corporate nominee; (iii) that is publicly traded on a recognized securities exchange; or (iv) that possesses an equal or greater financial covenant as that of Tenant on the Commencement Date as determined by the Landlord acting reasonably based upon the relevant

financial statements and additional information regarding the Permitted Transferee that Landlord may reasonably require.

"Change in Control" means, where the Tenant is a corporation or partnership, the transfer, by sale, issuance from treasury, cancellation or redemption, or otherwise, of any shares, voting rights or interest which will result in a change of the identity of the person exercising, or whom might exercise, effective voting control of such corporation or partnership.

#### **4. CONDUCT OF BUSINESS**

Notwithstanding anything to the contrary in this Lease, the Landlord acknowledges and agrees that, during that portion of the Term that the Alcohol and Gaming Commission of Ontario or any other governmental bodies or authorities having jurisdiction have not issued to the Tenant such licenses, permits, authorizations or approvals required by law to permit the Tenant to sell cannabis at retail from the Premises, the Tenant shall not be obligated to use, occupy, open for business or conduct its business from the Premises. The Tenant agrees to use reasonable commercial efforts to diligently pursue, obtain and maintain all such licenses, permits or authorizations required by law to permit the Tenant to sell recreational cannabis at retail from the Premises.

#### **5. LANDLORD'S WORK**

The Landlord's Work, as set out below, shall be performed by Landlord at its cost in the Premises, on a "once only" basis. Such Landlord's Work shall be completed prior to the commencement of the Fixturing Period. The Landlord's Work is as follows:

- a) Ensure base building heating and cooling systems in the Premises are balanced and in good working condition according to the Landlord's base building specifications for the building where the Premises is located; and
- b) Provide vacant possession of the Premises to the Tenant in "as-is where-is" condition, broom swept and ready for Tenant improvements and fixturing.

(collectively, the "Landlord's Work")

#### **6. SIGNAGE**

During the Fixturing Period and the Term, the Tenant shall have right to install signage at the Premises subject to the Landlord's approval, not to be unreasonably withheld, and also to municipality and bylaw approval.

#### **7. EXCLUSIVITY**

From the acceptance date of the Offer to Lease dated August 1, 2019 upon which this Lease is based and throughout the Term, including any renewals and extensions, the Landlord shall not lease or consent to the use or operation of any other business within the Building, or in any property owned by the Landlord within 300 metres from the Premises, whose principal business includes the retail sale of cannabis. The foregoing covenant is intended to run with the land for the duration of the Term of this Lease, including any renewals and extensions.

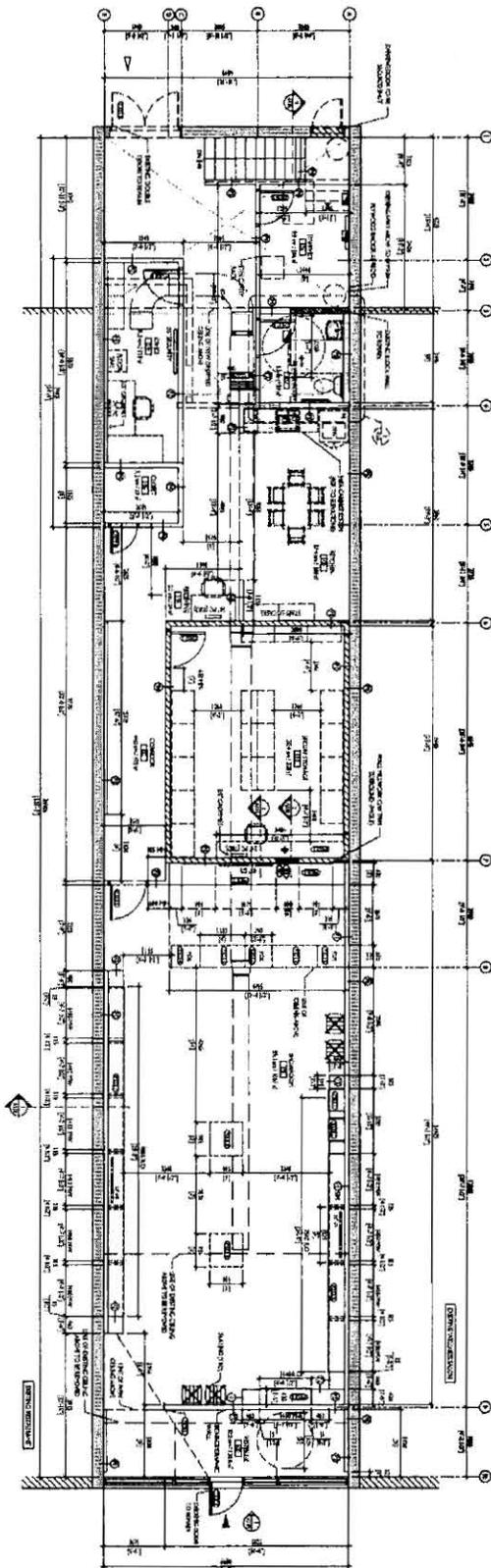
## 8. CONFLICT

In the event of any conflict between the terms of this Lease and those of this Exhibit A, this Exhibit A shall prevail.

**EXHIBIT "B"**  
**LEGAL DESCRIPTION**

**PT LT 15 , CON 3 SOUTH OF DUNDAS STREET , AS IN 514911; T/W IN 514911, S/T &  
T/W 69199 ; BURLINGTON/NELSON TWP  
07051-0082 (LT) LRO #20**

### EXHIBIT "C" PLAN OF PREMISES





This Agreement to Lease dated this..... day of April..... 2020.....

**TENANT (Lessee),** 11819496 Canada Inc. o/a MCannabis  
(Full legal names of all Tenants)

**LANDLORD (Lessor),** 2581703 Ontario Ltd.  
(Full legal name of Landlord)

The Tenant hereby offers to lease from the Landlord the premises as described herein on the terms and subject to the conditions as set out in this Agreement.

1. **PREMISES:** The "Premises" consisting of approximately 750 square feet more or less on the main floor of the "Building" known municipally as 3812A Bloor Street West in the City of Toronto, M9B 6C2, Province of Ontario, as shown outlined on the plan attached as Schedule "A2".

2. **USE:** The Premises shall be used only for the purposes described in Schedule "C"

3. **TERM OF LEASE:**  
(a) The Lease shall be for a term of Sixty (60) months commencing on the 1st day of May, 2020, and terminating on the 30th day of April, 2025  
(b) ~~Provided the Tenant is not at any time in default of any covenants within the Lease,~~ the Tenant shall be entitled to renew this Lease for two (2) additional term(s) of sixty (60) months (each) on written notice to the Landlord given not less than three (3) months prior to the expiry of the current term at a rental rate to be negotiated. In the event the Landlord and Tenant can not agree on the fixed minimum rent at least two months prior to expiry of the current lease, the fixed minimum rent for the renewal period shall be determined by arbitration in accordance with the Arbitration Act or any successor or replacement act.

4. **RENTAL:** Fixed minimum rent: The fixed minimum rent payable by the Tenant for each complete twelve-month period during the lease term shall be:  
From 01.07.20 to 30.04.21 inclusive, \$ 33,000.00 per annum being \$ 2,750.00 per month, based upon \$ ..... per sq. (feet/metres)  
From 01.05.21 to 30.04.22 inclusive, \$ 33,660.00 per annum being \$ 2,805.00 per month, based upon \$ ..... per sq. (feet/metres)  
From 01.05.22 to 30.04.23 inclusive, \$ 34,333.20 per annum being \$ 2,861.10 per month, based upon \$ ..... per sq. (feet/metres)  
From 01.05.23 to 30.04.24 inclusive, \$ 36,049.86 per annum being \$ 3,004.15 per month, based upon \$ ..... per sq. (feet/metres)  
From 01.05.24 to 30.04.25 inclusive, \$ 37,852.29 per annum being \$ 3,154.35 per month, based upon \$ ..... per sq. (feet/metres)

plus HST, and other tax (other than income tax) imposed on the Landlord or the Tenant with respect to rent payable by the Tenant, payable on: **(Check one box only)**

- the 1st day of each month commencing on the expiry of the Fixturing Period, that being July 1, 2020
- the.....day of the first month immediately following completion of the Landlord's Work.

~~The fixed minimum rent shall be adjusted if the actual measurements of the Leased Premises differ from the approximate area. The actual measurement shall be agreed upon and failing agreement, calculated by an Ontario Land Surveyor/Architect using the current Building Owners And Managers Association standard form of measurement and shall be binding on both parties.~~

**INITIALS OF TENANT(S):**   **INITIALS OF LANDLORD(S):**

5. **DEPOSIT AND PREPAID RENT:**The Tenant delivers herewith (Herewith/Upon acceptance/as otherwise described in this Agreement) by negotiable cheque payable to 2581703 Ontario Ltd. "Deposit Holder" in the amount of Seven Thousand Two Hundred Fifteen Canadian dollars (Can\$ 7,215.00) to be deposited and held in trust as security for the faithful performance by the Tenant of all terms, covenants and conditions of the Agreement and after the earlier of occupancy by the tenant or execution of the Lease to be applied by the Landlord against the first and last month's rent and HST. If the Agreement is not accepted, the deposit is to be returned to the Tenant without interest or deduction. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Tenant is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

6. **SERVICES: (Check one box only)**  
 The Tenant shall pay the cost of hydro, gas, water, heating, air-conditioning and for all other services and utilities as may be provided to the premises. The tenant shall arrange with the local authority for connection of gas, electricity and water in the name of the Tenant.  
 The Landlord shall pay the cost of hydro, gas, water, heating, air-conditioning and for all other services and utilities as may be provided to the premises.

7. **ADDITIONAL RENT AND CHARGES:**  
 **Check this box if Additional Rent as described below to be paid by Tenant**  
The Tenant shall additionally pay a proportionate share of all costs and expenses incurred by the Landlord in maintaining, operating, cleaning, insuring and repairing the property and, without limiting the generality of the foregoing, such costs and expenses shall include the costs of:  
(i) snow, garbage, and trash removal;  
(ii) landscaping and planters;  
(iii) heating, ventilating and air-conditioning, and providing hot and cold water and other utilities and services to, and operating the common areas of the property, and maintaining and repairing the machinery and equipment for such utilities and services;  
(iv) the realty taxes, assessments, rates, charges and duties levied or assessed against the property (save any tax on the personal income of the Landlord);  
(v) insuring the property and such other insurance as the Landlord will effect against public liability, property damage, loss of rental income and other casualties and risks.  
(vi) ad (iii) Tenant shall pay the water bill in proportion to the usage with the above residential apartment, Tenant's pro rata share of the charges will be calculated by the Landlord, acting reasonably.  
ad (iv) The realty tax and insurance is \$500.00 per month for 2020. This charge is to be adjusted accordingly each year based on real costs of the property tax and its insurance.  
ad (v) Tenant shall additionally insure the content and obtain all necessary allowances, permits and licenses to operate its business.  
(vii) The unit is provided to the Tenant in "as-is where-is" condition, ready for Tenant fixturing.

8. **SCHEDULES:** The Schedules attached hereto shall form an integral part of this Agreement to Lease and consist of: Schedule(s) A, A1, A2, B & C

9. **IRREVOCABILITY:** This offer shall be irrevocable by Tenant until 6:00 p.m. on the 27th day of April, 2020, after which time if not accepted, this offer shall be null and void and all monies paid thereon shall be returned to the Tenant without interest or deduction.

10. **NOTICES:** The Landlord hereby appoints the Listing Brokerage as agent for the Landlord for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Tenant's Brokerage) has entered into a representation agreement with the Tenant, the Tenant hereby appoints the Tenant's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Landlord and the Tenant (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Tenant or the Landlord for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: (For delivery of Documents to Landlord) FAX No.: (For delivery of Documents to Tenant)

Email Address: (For delivery of Documents to Landlord) Email Address: (For delivery of Documents to Tenant)

INITIALS OF TENANT(S):



INITIALS OF LANDLORD(S):



11. **LANDLORD'S AND TENANT'S WORK:** The Landlord agrees to complete the work described as the "Landlord's Work" in Schedule "B" attached hereto. The Tenant agrees to complete any additional work necessary to prepare the Premises for the Tenant's use, described as "Tenant's Work" in Schedule "NA" attached hereto. The Tenant shall not proceed with any work within or affecting the Premises without the Landlord's prior written approval, which approval shall not be unreasonably withheld.

12. **SIGNAGE:** The Tenant may, at its own expense, erect signage in a good and workmanlike manner, subject to municipal by-laws and government regulations and subject to the Landlord's written approval as to the design, colour, and content of any such signs, which approval shall not be unreasonably withheld, ~~and to be located as follows:~~

13. **INSURANCE:** The Tenant agrees to insure the property and operations of the Tenant, including insurance for fire and such additional perils as are normally insured against, liability insurance and any other insurance as may be reasonably required by the Landlord.

~~14. **EXECUTION OF LEASE:** The Lease shall be prepared by the Landlord at the Landlord's expense, in accordance with the terms and conditions of this Agreement. The Lease will be signed and executed by both parties hereto prior to the commencement of work on the premises by either party and prior to occupancy by the Tenant.~~

15. **OCCUPANCY OR RENT TO ABATE:** In the event the premises are not completed by the Landlord for occupancy by the Tenant on the date set out herein for commencement of the Term of the Lease, the rent under this agreement shall abate to the extent of such delay, ~~and the Tenant hereby agrees to accept such abatement of rent in full settlement of all claims which the Tenant might otherwise make because the Premises were not ready for occupancy by the said date.~~

16. **ASSIGNMENT:** This Agreement to Lease shall not be assignable or otherwise transferable by the Tenant. The Tenant may not sublet or assign or transfer its interest in the Lease contemplated herein without securing the written consent from the Landlord, which consent shall not be unreasonably withheld, provided however, if the consent is granted, the Tenant shall remain liable for all obligations under the Lease.  
If the Tenant is a corporation, the transfer of the majority of the issued shares in the capital stock, or any transfer, issuance or division of shares of the corporation sufficient to transfer control of the corporation shall be deemed for all purposes to be an assignment within the meaning of this Agreement and any Lease. This provision shall not apply to a corporation whose shares are listed and traded on any recognized public stock exchange in Canada or the United States.

17. **PARKING:** Unless otherwise stipulated, parking, if applicable, shall be in common and unreserved.

During the term of this Lease, Tenant shall have the non-exclusive use of the non-reserved common automobile parking areas and driveways, available on the commercial plaza. Additional one-car lot is available behind the Building in front of the leased garage.

18. **AGREEMENT IN WRITING:** If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Agreement between Landlord and Tenant. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. This Agreement shall be read with all changes of gender or number required by the context.

19. **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the broker is not legal, accounting, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.

INITIALS OF TENANT(S):

○

INITIALS OF LANDLORD(S):

○

20. **BINDING AGREEMENT:** This Agreement and the acceptance thereof shall constitute a binding agreement by the parties to enter into the Lease of the Premises and to abide by the terms and conditions herein contained.

21. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

..... (Witness)	..... (Tenant or Authorized Representative)		DATE.....
..... (Witness)	..... (Tenant or Authorized Representative)		DATE.....
..... (Witness)	..... (Guarantor)		DATE.....

We/I the Landlord hereby accept the above offer, and agree that the commission together with applicable Harmonized Sales Tax (and any other tax as may hereafter be applicable) may be deducted from the deposit and further agree to pay any remaining balance of commission forthwith.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

..... (Witness)	..... (Landlord or Authorized Representative)		DATE.....
..... (Witness)	..... (Landlord or Authorized Representative)		DATE.....

**CONFIRMATION OF ACCEPTANCE:** Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at..... this..... day of....., 20.....  
(Signature of Landlord or Tenant)

**INFORMATION ON BROKERAGE(S)**

Listing Brokerage.....	Tel.No. ....
Co-op/Buyer Brokerage.....	Tel.No. ....

**ACKNOWLEDGEMENT**

I acknowledge receipt of my signed copy of this accepted Agreement to Lease and I authorize the Brokerage to forward a copy to my lawyer.

Elzbieta Opinska..... DATE.....  
(Landlord) 2581703 Ontario Ltd. Director

Brokerage Not Applicable..... DATE.....  
(Landlord)

Address for Service 22 Haliburton Ave.  
Toronto, M9B 4Y4..... Tel.No. 4169305457

Landlord's Lawyer Malicki Sanchez Law  
Address 650 Lakeshore Rd E, Mississauga, ON L5G 1J6  
Email marek@malickisanchezlaw.com  
(905) 274-1650..... data for reference only  
Tel.No. .... FAX No. ....

I acknowledge receipt of my signed copy of this accepted Agreement to Lease and I authorize the Brokerage to forward a copy to my lawyer.

..... DATE.....  
(Tenant)

..... DATE.....  
(Tenant)

Address for Service.....  
..... Tel.No. ....

Tenant's Lawyer.....  
Address.....  
Email.....  
..... Tel.No. .... FAX No. ....

FOR OFFICE USE ONLY

**COMMISSION TRUST AGREEMENT**

To: Co-operating Brokerage shown on the foregoing Agreement to Lease:  
In consideration for the Co-operating Brokerage procuring the foregoing Agreement to Lease, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS Rules and shall be subject to and governed by the MLS Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement to Lease. Acknowledged by:  
.....  
(Authorized to bind the Listing Brokerage) (Authorized to bind the Co-operating Brokerage)

This Schedule is attached to and forms part of the Agreement to Lease between:

**TENANT (Lessee),** 11819496 Canada Inc. o/a MCannabis ....., and

**LANDLORD (Lessor),** 2581703 Ontario Ltd. ....

for the lease of 3812A Bloor Street West ..... Toronto, M9B 6C2 .....

.....dated the ..... day of April ....., 20.20 .....

The Landlord and the Tenant acknowledge and agree that it is their shared intention that this document entitled "Agreement to Lease - Commercial" be considered the Lease as between the parties, and together with the following Schedules, constitutes the entire agreement between them (collectively, the "Lease"):

- Schedule A1 - Offer to Lease dated March 25, 2020 (the "Offer") (attached)
- Schedule A2 - Floor Plan proposed by the Tenant and approved by the Landlord (attached)
- Schedule B - Additional Rules and Regulations (attached)
- Schedule C - Rider to Lease (attached)

In the event of any ambiguities, conflicts or inconsistencies between or among any of the provisions of this Lease, the provisions shall govern in the following order of precedence with each taking precedence over those listed subsequently:

- (i) Schedule C - Rider to Lease;
- (ii) Sections 10 ("Permitted Transfer"), 11 ("Conduct of Business") & 14 ("Exclusivity") of Schedule A1 - Offer to Lease;
- (iii) Schedule A1 - Offer to Lease;
- (iv) the body of this Lease, including this Schedule A;
- (v) Schedule B - Additional Rules and Regulations; and
- (vi) Schedule A2 - Floor Plan.

This form must be initialed by all parties to the Agreement to Lease.

**INITIALS OF TENANT(S):**

**INITIALS OF LANDLORD(S):**

## Schedule A-1

**Strictly Private & Confidential**

March 25, 2020

**2581703 Ontario Ltd.**  
 c/o Elzbieta Opinska and David Guevara  
 22 Haliburton Ave  
 Toronto, Ontario, M9B 4Y4

**Re: Offer to Lease (the "Offer")**  
**3812A Bloor Street West, Toronto, Ontario, M9B 6C2 (the "Building")**

---

The undersigned, **11819496 Canada Inc. o/a MCannabis (the "Tenant")**, hereby provides this Offer to lease **3812A Bloor Street West, Toronto, Ontario, M9B 6C2**, from **2581703 Ontario Ltd. (the "Landlord")** based on the following salient terms:

1. **Use:** The Premises shall be used and occupied by the Tenant to operate a: **Cannabis Retail Store**, that provides cannabis and related accessories sold in the majority of Tenant's stores in Ontario, or any other use consented to by the Landlord acting reasonably. The Tenant may operate on such days and at such times as it may choose and Tenant shall provide prior written notice to Landlord detailing the hours of operation.
2. **Premises:** The Premises are shown as outlined in heavy black on the plan(s) attached as Schedule "A" hereto. The Premises shall have a rentable area of approximately **Seven Hundred and Fifty (750) square feet** and is located in the Building. (the "**Premises**"). It is understood that the Premises shall also include the entire basement and the attached garage. Tenant shall be responsible at its own expense for any modifications or renovations within the Premises, other than the work to be completed by Landlord as outlined in the Landlord's Work specified in Section 12.
3. **Term:** The term (the "**Term**") of the lease for the Premises shall be **Five (5) years** commencing on the earlier of (i) **May 1, 2020 (the "Possession Date")**.
4. **Deposit:** Upon unconditional mutual acceptance of this Offer, the Tenant shall provide the Landlord a deposit equal to **Two (2) months Gross Rent**, (the "**Deposit**") which shall be applied to the Gross Rent plus HST accruing for the first (1<sup>st</sup>) month of the Term with the remainder, without HST to be held by the Landlord as a security deposit, in accordance with the terms and conditions contained in the Lease.
5. **Monthly Net Rent:** Monthly Net Rent shall be:
 

Year 1:	\$2,750.00 per month	\$33,000.00 per year
Year 2:	\$2,805.00 per month	\$33,660.00 per year
Year 3:	\$2,861.10 per month	\$34,333.20 per year
Year 4:	\$3,004.15 per month	\$36,049.86 per year

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Year 5:                      \$3,154.35 per month                      \$37,852.29 per year

6. **Additional Rent:** The Lease shall be fully net to Landlord. In addition to the payment of Net Rent, Tenant shall pay to Landlord in advance on the first day of each month commencing on the Commencement Date, as additional rent, its proportionate share of realty taxes and insurance and the full cost of all utilities provided to the Premises in the event they are separately metered or its proportionate share of utilities in the event they are not separately metered, all in accordance with the terms and conditions of the Lease (the "Additional Rent").

The estimated charges for realty taxes and insurance in the current fiscal period per month in the Premises are:

- a. For realty taxes and insurance, the total is estimated to be \$ 500.00 per month for 2020.

Tenant acknowledges that such estimated charges are based upon information currently available to Landlord and that the actual charges may vary from the estimated charges as more accurate information becomes available.

Notwithstanding, the Tenant shall be responsible for its proportionate share of Hydro, Water, Snow Removal and Garbage Removal

It is understood that the Additional Rent does not include building maintenance.

7. **Options to Extend:** The Tenant shall have two (2) options to extend the Term for additional Five (5) year terms each. The options shall be to extend the Term of the Lease on the same terms and conditions as are contained in the Lease except Basic or Net Rent, Landlord's Work, Option to Extend and excepting any other provisions applicable only to the initial Term. The Basic or Net Rent for such extended terms shall be equal to the then current fair market annual Basic or Net Rent for the Premises as agreed upon by the parties. If the parties fail to agree, the Basic or Net Rent shall be determined by binding arbitration.
8. **Fixturing Period:** As of the Possession Date, the Tenant shall have Sixty (60) days, regardless of being open to the public for business, to fit-up and fixture the Premises (the "Fixturing Period"). The Fixturing Period shall be free of Net rent and Additional Rent; however, the Tenant shall pay for the utilities within the Premises.
9. **Lease Form:** The formal lease shall be prepared by the Landlord, at its expense, promptly following waiver of all conditions and shall contain all of the terms and conditions of this Offer. The Tenant shall have Twenty (20) business days for its solicitor's legal review and approval of the Landlord's formal lease that shall run from the time of delivery thereof to the Tenant as provided above. During this period, the Tenant shall be permitted to request reasonable non-financial changes to the terms of the formal lease, and such requested changes shall be negotiated in good faith by both parties. The final form of the formal lease to be executed and delivered by the parties hereto shall be agreed to by the Landlord and the Tenant acting reasonably (the "Lease").
10. **Permitted Transfers:** Notwithstanding anything to the contrary in the Landlord's standard form lease, the Tenant shall have the right to assign, sublet, transfer in whole or in part this Offer and the Lease, or otherwise part with possession of all or any part of the Premises, or effect a Change in Control, provided that the transferee of the Offer and/or Lease or shares of

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the Tenant, as the case may be, is, in each instance, a Permitted Transferee, without the requirement to obtain the prior written consent of the Landlord, but provided the Landlord is provided written notice within fifteen (15) days following the transaction becoming effective. Concurrently with Tenant's notice as aforesaid, Tenant shall furnish the Landlord with copies of all relevant financial statements and additional information that Landlord may reasonably require to ascertain the financial standing of such Permitted Transferee. In the case of an assignment or sublease (but not a Change in Control), the Permitted Transferee shall carry on in the Premises only the use permitted by the Lease and shall, within a reasonable period following the transaction becoming effective, enter into a written agreement with the Landlord to assume, be bound by and observe and perform the terms, conditions and provisions of the Lease.

**"Permitted Transferee"** means any corporation, partnership or other person: (i) which is an affiliate of the Tenant or other corporate nominee; (ii) which is a successor entity formed as a result of an amalgamation or merger of the Tenant or other corporate nominee; (iii) of which the Tenant is a shareholder; (iv) that is publicly traded on a recognized securities exchange; or (v) that possesses an equal or greater financial covenant as that of Tenant on the Commencement Date as determined by the Landlord acting reasonably based upon the relevant financial statements and additional information regarding the Permitted Transferee that Landlord may reasonably require.

**"Change in Control"** means, where the Tenant is a corporation or partnership, the transfer, by sale, issuance from treasury, cancellation or redemption, or otherwise, of any shares, voting rights or interest which will result in a change of the identity of the person exercising, or who might exercise, effective voting control of such corporation or partnership.

Except as otherwise provided above, the Tenant shall not assign the Lease, sublet all or part of the Premises or effect a Change of Control without first obtaining the Landlord's prior approval, such approval not to be unreasonably withheld or unduly delayed. If the prospective assignee or sublessee proposes to use the Premises for a purpose other than as stipulated in Section 1, the Landlord agrees to act reasonably in considering the Tenant's request for consent.

11. **Conduct of Business:** Notwithstanding anything to the contrary contained in the Landlord's standard form lease, the Landlord acknowledges and agrees that, during that portion of the Term that the municipality, the Alcohol and Gaming Commission of Ontario or any other governmental bodies or authorities having jurisdiction have not issued to the Tenant such licenses, permits, authorizations or approvals required by law to permit the Tenant to sell cannabis at retail from the Premises, the Tenant shall not be obligated to use, occupy, open for business or conduct its business from the Premises. The Tenant agrees to use reasonable commercial efforts to diligently pursue, obtain and maintain all such licenses, permits or authorizations required by law to permit the Tenant to sell recreational cannabis at retail from the Premises.
12. **Landlord's Work:** The Landlord's Work, as set out below, shall be performed by Landlord at its cost in the Premises, on a "once only" basis. Such Landlord's Work shall be completed prior to the Commencement Date. The Landlord's Work is as follows:
  - a. Ensure base building heating systems in the Premises are balanced and in good working condition according to the Landlord's base building specifications for the building where the Premises is located; and

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- b. Provide vacant possession of the Premises to the Tenant in "as-is where-is" condition, broom swept and ready for Tenant improvements and fixturing.

(collectively, the "Landlord's Work")

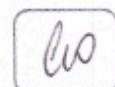
13. **Signage:** During the Term, the Tenant shall have right to install signage at the Premises subject to the Landlord's approval and the municipality's approval.
14. **Exclusivity:** From and after the acceptance date of this Offer to Lease and throughout the Term of the Lease, including any renewals and extensions, the Landlord shall not lease or permit to be leased, assigned, or subleased to any person whose principal business includes the retail sale of cannabis within any property the Landlord has an interest in or control of that is within a radius of 300 meters from the Premises. The Landlord further shall not permit or consent to any retail sale of cannabis within any property the Landlord has an interest in or control of that is within a radius of 300 meters from the Premises. The foregoing covenant is intended to run with the land for the duration of the Term of the Lease, including any renewals and extensions.
15. **Confidentiality:** The Landlord agrees to keep the terms of this Offer confidential (the "Confidential Information") and not disclose the terms to any person, except that the Landlord may disclose Confidential Information to a trustee, a director, an officer or an employee of the Landlord, or its financial or legal advisors, its accountants, its real estate advisors or its lenders (each, a "Representative"), if such Representative has a need to know the terms of this deal for the purpose of evaluating the transaction, provided that such Representative is advised of the existence and substance of this confidentiality requirement. In any event, the Landlord shall not permit and shall prohibit such Representative(s) to whom disclosure is made from disclosing or using any of the terms of this deal otherwise than as permitted herein or as agreed between the parties.
16. **Tenant's Conditions Precedent:** This Offer is subject to the following conditions precedent for the Tenant's benefit that shall be satisfied or waived in the Tenant's sole and absolute discretion failing which this Offer shall be null and void and of no further effect without further notice from the Tenant:
1. The Tenant shall have Twenty (20) business days from the date that all conditions are removed for its solicitor's legal review and approval of the Lease that shall run from the time of delivery of the Lease to the Tenant prepared by the Landlord and incorporating the terms of this Offer. During this period, the Tenant shall be permitted to request reasonable non-financial changes to the terms of the Lease. The final form of the formal Lease shall be agreed to by the Landlord and the Tenant acting reasonably.
17. **Indemnifier:** VQTCO LTD. (the "Indemnifier") has joined in this Offer for the purpose of guaranteeing the obligations of the Tenant hereunder. The Indemnifier agrees to enter into a commercially reasonable Indemnity Agreement with the Landlord concurrently with execution of the Lease.
18. **Insurance:** The Tenant agrees to ensure the Premises and operations of the Tenant, including insurance for fire and such perils as are normally insured against, liability insurance and any other insurance as may be reasonably required by the Landlord.

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19. **Signatures:** This Offer may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts shall constitute one and the same instrument. This Offer shall be considered properly executed and delivered by any party if executed and transmitted by email or facsimile to the other parties.
20. **Notices:** Any notice to be given will be in writing and shall be delivered, faxed or mailed, to the addresses shown herein.



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This Offer is open for acceptance by the Landlord until 8:00 p.m. (EST time) on **March 27th, 2020** failing which this Offer shall be null and void and of no further effect without further notice from either party. We appreciate your continued interest and look forward to your response.

We agree to the above terms and conditions and accept this Offer.

Accepted and executed by the Landlord this 26 day of March, 2020.

**2581703 ONTARIO LTD.**

by its duly authorized signing officers

Per: ELZBIETA OPINSKA

Per: [Signature]

I/We have the authority to bind the corporation.

Accepted and executed by the Tenant this 25 day of MARCH, 2020.

**11819496 CANADA INC. O/A MCANNABIS**

Per: ROBERT KWAK

Per: [Signature]

I/We have the authority to bind the corporation.

Accepted and executed by the Indemnifier this 25 day of March, 2020.

**VQTCO LTD.**

Per: Tabetha White

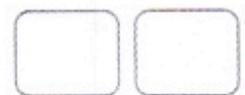
Per: Tabetha White

I/We have the authority to bind the corporation.

[Signature] TW

Schedule "A"

Floor Plan



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## **SCHEDULE B - Additional Rules and Regulations**

### **Severability Clause**

Parties agree that if one portion of this Lease is ruled invalid in court, the rest of this Lease is still upheld.

### **Use of Building**

- (1) The Tenant will not use or permit or suffer the use of the Building and any part thereof for any other business or purpose than that which is described in Schedule "C". The Landlord makes no representations or warranties as to the permitted use of the Building. The Tenant shall have unrestricted access to the Building for its employees and customers at day, hours and time appropriate for the business use, carried out by the Tenant.
- (2) Tenant covenants and agrees that it shall not cause, suffer or permit any fumes, odours, noise or other element determined to be a nuisance or disturbance to other occupants and residents of the Plaza, where the Building is located.
- (3) The Tenant is expected to not disturb neighbours. The noise volume level should be reasonable and during the hours from 10pm to 7am, volume should be set so that neighbours can't hear any noise.
- (4) Smoking is not allowed in the Building

### **Late Fee and Allocation of Payments**

In the event that any rent payment required to be paid by Tenant hereunder is not paid in full by the start of the third (3rd) day of each month, Tenant shall pay to Landlord, in addition to such payment or other charges due hereunder, an initial late fee as additional rent in the amount of 5% of the monthly rent amount. Further, the Tenant will incur a subsequent late fee of ten dollars per day for every day payment is delayed after the 3rd day of the month. All future payments will be allocated first to any outstanding balances other than rent. Any remaining monies will be allocated lastly to any rent balance.

### **Access to the Building**

Tenant agrees and gives consent to the Landlord an access to the Building as long as it's during reasonable hours and with reasonable prior notice of entry. In the case of an emergency, Landlord is allowed to enter the unit without notice. It is considered an emergency if: Landlord has a good reason to believe there is a fire or there is an urgent maintenance problem that can severely damage the property (such as a pipe bursting).

**Default**

If Tenant fails to comply with any of the financial or material provisions of this Lease, or of any present rules and regulations or any that may be hereafter prescribed by Landlord, or materially fails to comply with any duties imposed on Tenant by legal requirements, within ten (10) days after delivery of written notice by Landlord specifying the non-compliance and indicating the intention of Landlord to terminate the Lease by reason thereof, Landlord may terminate this Lease and if possession of the Building is not surrendered, Landlord may reenter said Building. Further, Landlord may, at Landlord's option, declare the entire balance (compiling all months applicable to this Lease) of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to Landlord at law or in equity.

Tenant will be in default if:

- (a) Tenant does not pay rent or other amounts that are owed within ten (10) days after delivery of written notice by Landlord thereof;
- (b) Tenant, guests, customers or clients violate this Lease, rules, or fire, safety, health, or criminal laws, and such event is not cured within ten (10) days after delivery of written notice by Landlord thereof (or such longer period as may be appropriate); and
- (c) Tenant abandons the Building for a period of ten (10) days or more;

**Renewal**

The Tenant shall have the right to renew this Lease in accordance with Section 3(b).

**Insurance**

- (1) If the Building or any party of the leased Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or clients, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.
- (2) Landlord shall maintain fire and extended coverage insurance on the Building. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its property, including removable trade fixtures, located in the Building (see point 7 (v) of the Lease)
- (3) In no event shall the Landlord be liable for any injury or damage to the Tenant, its agents, employees or customers or for any damage to the property of the Tenant, or to property to any other person, firm or corporation within the Building, except where such injury, damage or loss is caused by the negligence or wilful misconduct of the Landlord or those for whom the Landlord is responsible at law.
- (4) Landlord shall not be required to maintain insurance against thefts within the Building.

**Successors**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

End of Schedule B

**SCHEDULE C**  
**RIDER TO LEASE**

**1. Possession**

In the event that the Landlord is delayed in delivering possession of the Premises to the Tenant on the Commencement Date, and such delay continues for a period of fifteen (15) days, the Tenant shall be entitled to one (1) day of free minimum rent for every day that the Landlord's delay continues beyond said fifteen (15) day period. All of the dates prescribed in this Lease shall be delayed on a day-for-day basis equal to the length of such delay. The Tenant shall have ten (10) days after taking possession of the Premises to report any deficiencies to the Landlord.

**2. Additional Rent**

Notwithstanding anything contained in this Lease to the contrary, the Landlord shall not charge to the Tenant as Additional Rent the cost of any of the following items:

- i. capital costs and expenditures as determined in accordance with generally accepted accounting principles, except to the extent that such costs are amortized on a straight-line basis over the useful life of the capital item;
- ii. the cost of acquiring, constructing, expanding or altering the Building;
- iii. the costs of correcting structural or latent defects in the Landlord's Work or the initial construction of the Building;
- iv. the cost of all work to the Building made necessary by non-compliance with any laws, regulations, by-laws, ordinances or orders of the applicable municipal, regional, provincial or federal governing authority in that regard, except to the extent caused by the Tenant;
- v. the cost of structural repairs to the roof, foundations, sub floor and outer support walls of the Building;
- vi. net proceeds of insurance received by the Landlord from its insurers, to the extent that the proceeds relate to costs previously included in Additional Rent;
- vii. any loss or damage to the Building or any personal injury for which the Landlord is or ought to have been insured under this Lease to the extent of insurance proceeds actually recovered or received by the Landlord, or which would have been recovered or received had the Landlord maintained the insurance required hereunder;
- viii. recoveries from warranties to the extent that the repair costs in respect of the work covered by the warranty is or have been included in Landlord's costs;
- ix. costs arising from or occasioned by the negligence or willful misconduct of the Landlord or those for whom the Landlord is in law responsible;
- x. costs incurred as a result of any negligence or willful misconduct of, and any amounts directly chargeable or attributable to, or owed by, other tenants;
- xi. all costs and expenses relating to any repair, closure, detoxification, decontamination or other clean up or remediation of any environmental matter in the Building not attributable to the Tenant or those for whom the Tenant is at law responsible;

- xii. income, franchise, corporation or other taxes personal to the Landlord, and any business taxes relating exclusively to those parts of the Building other than the Premises;
- xiii. payment of principal and interest under any mortgage, financing or capital retirement of debt;
- xiv. ground rentals;
- xv. the amount of any HST paid by the Landlord on any purchases of goods or services included in Additional Rent;
- xvi. costs incurred in leasing premises to other tenants; and
- xvii. tenant improvements, tenant allowances and leasing commissions.

### **3. Documentation Evidencing Additional Rent**

The Landlord shall, upon reasonable request by the Tenant, provide the Tenant with any supporting information or documentation evidencing the amounts charged to the Tenant as Additional Rent.

### **4. Payment of Additional Sums**

If the Tenant is required to make any payments to the Landlord in addition to the monthly instalments of minimum and additional rent, such payments shall be made by the Tenant within twenty (20) days following written demand from the Landlord.

### **5. Increases in Rent**

The parties acknowledge and agree that the rental amounts specified in Section 4 of the main body of this Lease shall be the rental amounts paid by the Tenant throughout the Term of this Lease. The Tenant shall, in no event, be required to pay a greater rental amount than as set out therein, including but not limited to where the Landlord has recalculated the square footage of the Premises and such recalculation reflects a greater square footage than that set out in this Lease.

### **6. Permitted Use**

The Tenant shall use the Premises for the sale, at retail, of recreational cannabis, cannabis accessories and any other cannabis-related products (as they become legal from time to time) including, without limitation, edibles, cannabis-infused beverages, and non-nicotine vaping devices or a vape store with sales of ancillary products and for no other purpose without the Landlord's prior approval, which shall not be unreasonably withheld or delayed.

### **7. Tenant's Maintenance and Repair Obligations**

The Tenant shall maintain, clean and repair the Premises as would a prudent tenant of similar premises in a similar location, excluding repairs required by reasonable wear and tear, repairs which are the express obligation of the Landlord under this Lease, and repairs and replacements of a capital nature.

### **8. Landlord's Maintenance and Repair Obligations**

The Landlord shall maintain, clean and repair the Building as would a prudent owner of similar premises in a similar location. The Landlord acknowledges and agrees that the requirements of this section shall include performing all repairs or replacements of a capital nature, provided that the Landlord shall be entitled to charge to the Tenant the cost of such capital repairs or replacements as Additional Rent in accordance with Section 2(i) of this Schedule "C".

## **9. Damage and Destruction**

The Landlord shall promptly repair all damage or destruction to the Premises or Building by any cause to the extent reasonably required for the Tenant to operate its business in the Premises. If, in the opinion of the Landlord, acting reasonably, the Premises or Building are damaged to the extent that they cannot reasonably be repaired or rebuilt within one-hundred and eighty (180) days after the occurrence of such damage, the Landlord and the Tenant shall each have an option to terminate this Lease upon not less than thirty (30) days nor more than sixty (60) days written notice to the other and all rights of the parties hereunder shall cease on the effective date of termination, including that the Tenant shall have no further liability for rent in respect of any period after the date of the damage or destruction.

## **10. Expropriation**

The Landlord and the Tenant shall co-operate with each other so that each may receive the maximum award to which it is entitled at law in the event of any expropriation or taking by any public body or authority. All rent shall be apportioned as of the date that the expropriating authority shall take possession of all or a portion of the Premises or Building, as the case may be.

## **11. Environmental Obligations**

The Tenant shall not, in any event, be required to perform or cause others to perform or pay for the cost of any environmental report, audit, enquiry, clean up, remediation, or like obligation or expense except to the extent required by the Tenant's breach of any applicable environmental law.

## **12. Release or Indemnity**

No release or indemnity contained in this Lease or at law shall apply to any injury, loss or damage caused as a result of the negligence or wilful misconduct of the Landlord or those for whom the Landlord is responsible in law.

## **13. Permitted Transfer Release**

Following a transfer to a Permitted Transferee in accordance with Section 10 of Schedule A1, the transferor and the Indemnifier shall automatically be released from their obligations under this Lease.

## **14. Entry**

In any instance where the Landlord is entitled to enter the Premises pursuant to this Lease or any applicable law, the Landlord shall first provide reasonable, prior written notice of its intention to do so.

## **15. Non-Disturbance**

The Landlord shall use all reasonable commercial efforts to cause any mortgagees of the Building to deliver to the Tenant a commercially reasonable non-disturbance agreement.

## **16. No Demolition or Relocation**

The Landlord shall not be entitled to demolish the Building or relocate the Premises to a separate location during the Term of this Lease or any extensions or renewals thereof.

## **17. Registration**

The Tenant may, at its option, register a notice of lease, short form of lease, or caveat against title to the Building, provided that such registration shall not disclose any of the financial terms of this Lease.

**18. Notice**

All notices, demands, and requests which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended, or faxed with a confirmation copy mailed, or mailed prepaid and registered to the following addresses (or such other addresses as the parties may from time to time advise by notice in writing):

**If to the Tenant, at:**

11819496 Canada Inc.  
o/a Mcannabis (Metropolitan Cannabis)  
c/o Julia White, Tabetha White  
jmanserwhite@telus.net  
tabetha@ocholdings.ca  
31 Muir Ave  
Toronto, ON  
M6H 1E7

**If to the Landlord, at:**

[NTD: to be inserted by Landlord]

The date of receipt of any such notice, demand, or request shall be deemed to be the date of delivery of such notice, demand, or request if delivered or if faxed as aforesaid it shall be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in Ontario), or if mailed as aforesaid it shall be deemed to be received on the third business day next following the date of such mailing (excluding Saturdays, Sundays, and statutory holidays in Ontario), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in Ontario, in which case the party giving the notice, demand, or request shall deliver such notice, demand, or request by an alternative method.



## LEASE

**THIS LEASE** made as of the 1<sup>st</sup> day of March, 2020, as between the Landlord and the Tenant named herein who, in consideration of the covenants herein contained, agree as follows:

### 1 BASIC TERMS, SCHEDULES, DEFINITIONS

#### 1.1 BASIC TERMS

- (i) (A) Landlord: **1083710 B.C. LTD.**
- (B) Address of Landlord: 3452 Planta Road,  
Nanaimo, B.C. V9T 6E1
- (ii) (A) Tenant: **1015712 B.C. Ltd.**
- (B) Address of Tenant: c/o 200-911 Yates Street  
Victoria, B.C. V8V 4X3
- (iii) Address of Premises: 1483A Bowen Road  
Nanaimo, BC V9S 1G3
- (iv) Rentable Area: All area comprising Unit A, 1483 Bowen  
Road, Nanaimo, BC
- (v) (A) Term: 5 years
- (B) Commencement Date: March 1, 2020
- (vi) Minimum Rent:
- | <u>Years</u> | <u>\$ Month</u> | <u>\$/Annum</u> |
|--------------|-----------------|-----------------|
| 1            | \$2,520.00      | \$30,240.00     |
| 2            | \$2,572.50      | \$30,870.00     |
| 3            | \$2,625.00      | \$31,500.00     |
| 4            | \$2,677.50      | \$32,130.00     |
| 5            | \$2,730.00      | \$32,760.00     |
- All monthly Minimum Rent payments are subject to  
GST to be payable by the Tenant
- (vii) Permitted Use of Premises: For the purpose of retail sales, ancillary and  
related businesses, and associated offices,  
including any charitable or non-profit uses.
- (viii) Parking Entitlement: All onsite parking stalls
- (ix) Extension Term: One (1) option to renew for five (5) years.

The foregoing Basic Terms are hereby approved by the parties and each reference in this Lease to any of the Basic Terms shall be construed to include the provisions set forth above as well

as all of the additional terms and conditions of the applicable sections of this Lease where such Basic Terms are more fully set forth.

## 1.2 Schedules

All Schedules to this Lease are incorporated into and form an integral part of this Lease and are as follows:

Schedule	Subject	Clause
A	Definitions	1.3
B	Rules and Regulations	5

## 1.3 Definitions

In this Lease, the words, phrases and expressions set out in Schedule A are used with the meanings defined in Schedule A.

## 1. PREMISES

In consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed, and performed, the Landlord hereby demises and leases to the Tenant, the Tenant leases from the Landlord, the Leased Premises on the terms and conditions set forth herein, and the Guarantor agrees to guarantee all the obligations of the Tenant pursuant to this Lease.

## 2. TERM

### 3.1 Term

The Term of this Lease is the period set out in subclause 1.1(v)(A), beginning on the Commencement Date.

## 3. RENT

### 4.1 Rent

The Tenant will pay the Landlord for the Leased Premises, at the Address of the Landlord set out in subclause 1.1(i)(B), or at such other place as the Landlord may direct in writing, during the Term in lawful money of Canada without any set-off, abatement, compensation, or deduction whatsoever on the days and at the times specified in this Lease, Rent that will include the aggregate of the sums specified below:

- (a) Annual Base Rent

Annual Base Rent in the amount per annum set out in subclause 1.1(vi).

#### **4.2 Payment of Rent**

The Rent provided for in this Article 4 will be paid by the Tenant in equal consecutive monthly instalments in advance on the first day of each month of each year during the Term. The first monthly instalment of the Rent will be paid by the Tenant on the Commencement Date. Thereafter, subsequent monthly instalments will each be paid in advance on the first day of each ensuing calendar month during the Term until and including the first day of the month in which the Expiry Date falls.

#### **4.3 Rent for Irregular Periods**

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

#### **4.4 Waiver of Set-offs**

The Tenant hereby waives and renounces any and all existing and future claims, set-offs, and compensation against any Rent and agrees to pay such Rent regardless of any claim, set-off, or compensation that may be asserted by the Tenant or on its behalf.

#### **4.5 Application of Payments**

All payments by the Tenant to the Landlord under this Lease will be applied toward such amounts then outstanding under this Lease as the Landlord determines and the Landlord may subsequently alter the application of any such payment.

### **5. TENANT'S COVENANTS**

The Tenant covenants with the Landlord as follows:

#### **5.1 Rent**

To pay the Rent on the days and in the manner provided in this Lease and to pay all other amounts, charges, costs, and expenses as are required to be paid by the Tenant to the Landlord or to others under this Lease.

#### **5.2 Utilities**

To arrange for and pay in full all necessary utilities for the use of the Leased Premises.

#### **5.3 Occupancy and Permitted Use**

To take possession of and occupy the Leased Premises and commence to carry on business in all or substantially all of the Leased Premises no later than 30 days after the Commencement Date, to use the Leased Premises only for the purpose specified in subclause 1.1(vii) and not to use or permit to be used the Leased Premises or any part of

them for any other purpose.

#### **5.4 Waste and Nuisance**

Not to commit or permit any waste or injury to the Building or the Leased Premises including the Leasehold Improvements and the trade fixtures in them; any overloading of the floors; any conduct that impedes or could impede the business of any other occupant of the Building or that constitutes or could constitute a nuisance to the Landlord, any other occupant of the Building, or anyone else; or any other use or manner of use that the Landlord, in its sole discretion, may determine unreasonably and materially annoys or interferes with the operations of any other occupant of the Building or may have an adverse impact on the reputation of the Building; provided however that the Landlord acknowledges and agrees that the use of the Building or the Leased Premises in accordance with the provisions of this Lease and for purposes of the Tenant's business will be deemed as between the Landlord and the Tenant not to be a nuisance, not to be a use that annoys or interferes with the operations of any other occupant of the building, and not to have an adverse impact on the reputation of the Building.

#### **5.5 Insurance Risks**

Not to do, omit to do, or permit to be done or omit to be done upon the Leased Premises anything that would cause the Landlord's cost of insurance to be increased (and, without waiving the foregoing prohibition, the Landlord may demand, and the Tenant will pay to the Landlord upon demand, the amount of any such increase of cost caused by anything so done or omitted to be done) or that will cause any policy of insurance to be subject to cancellation; provided however that the Landlord acknowledges and agrees that the use of the Building or the Leased Premises in accordance with the provisions of this Lease and for purposes of the Tenant's business will be deemed as between the Landlord and the Tenant not to be an action or omission that falls within this clause, and this provision does not apply to the current and on-going business and activities of the Tenant on the Leased Premises and in the Building.

#### **5.6 Cleanliness**

Not to permit the Leased Premises to become untidy, unsightly, or hazardous, or permit unreasonable quantities of waste or refuse to accumulate in them.

#### **5.7 Compliance with Laws**

To comply at its own expense with all municipal, provincial, and federal safety, fire, and safety laws, bylaws, regulations, and requirements pertaining to the operation and use of the Leased Premises, the condition of the Leasehold Improvements, trade fixtures, furniture, and equipment installed in them, and the making by the Tenant of any repairs, changes or improvements in them.

### **5.8 Installations**

To permit the Landlord during the Term, at the Tenant's cost, to install any equipment in or make alterations to the Leased Premises necessary to comply with the requirements of any statute, law, bylaw, ordinance, order, or regulation referred to in clause 5.7 and imposed after completion of the Landlord's original construction of the Building, and to permit ingress and egress to and from the Leased Premises by the Landlord or by other tenants of the Landlord or by their respective employees, servants, workers, and invitees, by use of fire exit doors in case of fire or emergency.

### **5.9 Rules and Regulations**

To observe, and to cause its employees, invitees, and others over whom the Tenant can reasonably be expected to exercise control to observe the Rules and Regulations attached as Schedule B.

### **5.10 Overholding**

That if the Tenant continues to occupy the Leased Premises after the expiration of this Lease without any further written agreement and without objection by the Landlord, the Tenant will be a monthly tenant at a monthly base rent equal to 80% of the monthly instalment of Annual Base Rent payable by the Tenant as provided in Article 4 during the last month of the Term and (except as to length of tenancy) subject to the provisions and conditions of this Lease.

### **5.11 Signs**

Not to paint, display, inscribe, place, or affix any sign, symbol, notice, or lettering of any kind anywhere outside the Leased Premises (whether on the outside or inside of the Building) or within the Leased Premises so as to be visible from the outside of the Leased Premises that does not comply with the requirements of any lawful authority having jurisdiction. If any sign no longer complies with the requirements of any lawful authority having jurisdiction, then the Landlord, after giving the Tenant 30 days' notice, shall have the right at any time to remove any such sign at the Tenant's expense.

### **5.12 Inspection and Access**

To permit the Landlord at any time and from time to time to enter and to have its authorized agents, employees, and contractors enter the Leased Premises for the purpose of inspection, window cleaning, maintenance, providing janitorial service, or making repairs, alterations, or improvements to the Leased Premises or the Building, or to have access to utilities and services or to determine the electric light and power consumption by the Tenant in the Leased Premises, and the Tenant will provide free and unimpeded access for the purpose, and will not be entitled to compensation for any unavoidable and necessary inconvenience, nuisance, or discomfort caused thereby, but the Landlord in exercising its rights under this clause 5.12 will proceed to the extent reasonably possible so as to minimize interference with the Tenant's use and enjoyment of the Leased

Premises. The Landlord, its authorized agents, employees, and contractors may only enter the Leased Premises for purposes of exercising the rights in this clause if the Tenant is provided written notice at least twenty-four hours prior to the entry, and only so long as the Tenant is permitted to have an employee or agent, at the Tenant's expense, be present to observe the actions of the Landlord, its authorized agents, employees, and contractors.

### **5.13 Showing Leased Premises**

To permit the Landlord and its authorized agents and employees to show the Leased Premises to prospective tenants during the Normal Business Hours of the last nine months of the Term.

### **5.14 Maintenance of Common Areas**

To cause the common entrances, lobbies, stairways, corridors, washrooms, and other parts of the Building from time to time provided for common use and enjoyment to be swept, cleaned, or otherwise properly maintained.

### **5.15 Clearing Sidewalks**

To maintain and clear all public sidewalks adjoining the Leased Premises to the standard as required by bylaws and regulations.

## **6. LANDLORD'S COVENANTS**

The Landlord covenants with the Tenant, at no cost to the Tenant, as follows:

### **6.1 Quiet Enjoyment**

Provided the Tenant pays the Rent and performs its other covenants in this Lease, the Tenant will and may peaceably possess and enjoy the Leased Premises for the Term hereby granted, without any interruption or disturbance from the Landlord or its assigns, or any other person or persons lawfully claiming by, from, through or under the Landlord.

### **6.2 Nuisance**

Not to do or permit any act or neglect that may in any manner directly or indirectly cause injury to the Building or Leased Premises or to any fixtures or appurtenances of them, or that the Landlord may in its sole discretion determine may be or become a nuisance or unreasonably or materially interfere with the use of the Building or Leased Premises by the Tenant.

### **6.3 Maintenance**

Subject to subclause 7.3, to maintain, clean, upkeep, repair, and replace the Building or Leased Premises, except as required of the Tenant under this Lease, in accordance with all applicable laws and requirements and to the standard from time to time prevailing for a development in the Municipality similar to the Building or Leased Premises; and to

repair, maintain, and replace the exterior faces, the structural elements and components, the roof and roof membrane, the foundations, and the drainage systems of the Building, bearing structures, subfloors, and roof structures and supports of the Building and of the exterior of the Building, including the extended wall, roof, chimneys, skylights, gutters, and downspouts, and all needed repairs of and replacements to the heating, ventilating, and cooling equipment, wiring, plumbing, and sprinkler systems in the Building, and the sidewalk and landscaping adjacent to the Building, except as required of the Tenant under this Lease under subclause 5.15, and except for repairs and replacements that are made necessary by the negligence of the Tenant or its servants, agents, or employees, or that are the Tenant's responsibility.

#### **6.4 Repair of Service Conduits**

Subject to subclause 7.2, to maintain, repair, and replace all pipes, cables, wires, ducts and conduits located in and on the Building or Leased Premises and for purposes of transmitting and carrying electricity, water, gas, and telephone and related communication facilities to the Building or Leased Premises and for purposes of removing all waste materials, including sanitary and storm sewers.

#### **6.5 Entrances, Lobbies, and Other Common Areas**

To permit the Tenant and its employees and invitees, in common with others so entitled, to have the use during Normal Business Hours of the common entrances, lobbies, stairways, and corridors of the Building giving access to the Leased Premises (subject to the Rules and Regulations in Schedule B and such other reasonable limitations as the Landlord may from time to time impose).

### **7. REPAIR, DAMAGE, AND DESTRUCTION**

#### **7.1 Landlord's Repairs**

The Landlord covenants with the Tenant:

- (a) subject to subclause 7.3(b), to keep in a good and reasonable state of repair,
  - (i) the Building foundation, roof, exterior walls, and
  - (ii) the structural members of the Leased Premises.

#### **7.2 Tenant's Repairs**

The Tenant covenants with the Landlord:

- (a) subject to subclause 7.3(b), to keep in a good and reasonable state of repair and decoration and consistent with the general standards of office buildings of similar age and location in the surrounding area, the Leased Premises including all Leasehold Improvements and all trade fixtures and all glass in them other

than glass portions of exterior walls, but with the exception of structural members or elements of the Leased Premises, defects in construction performed or installations made by the Landlord and Insured Damage therein;

- (b) that the Landlord may enter and view the state of repair, and that the Tenant will repair according to notice in writing, and that the Tenant will leave the Leased Premises in a good and reasonable state of repair, subject always to the exceptions referred to in subclause 7.2(a); and
- (c) that if any part of the Building including the systems for interior climate control and for the provision of utilities becomes out of repair, damaged, or destroyed through the negligence or misuse of the Tenant or its employees, invitees, or others over which the Tenant can reasonably be expected to exercise control, the expense of repairs or replacements necessitated thereby will be reimbursed to the Landlord promptly upon demand.

### 7.3 Abatement and Termination

It is agreed between the Landlord and the Tenant that in the event of damage to the Leased Premises or to the Building:

- (a) if the damage is such that the Leased Premises or any substantial part of them are rendered not reasonably capable of use and occupancy by the Tenant for the purposes of its business for any period of time in excess of 5 days, then:
  - (i) unless the damage was caused by the fault or negligence of the Tenant or its employees, invitees, or others under its control, from and after the date of occurrence of the damage and until the Leased Premises are again reasonably capable of use and occupancy as specified, Rent will abate from time to time in proportion to the part or parts of the Leased Premises not reasonably capable of use and occupancy, and
  - (ii) unless this Lease is terminated as hereinafter provided, the Landlord or the Tenant, as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) will repair such damage with all reasonable diligence, but to the extent that any part of the Leased Premises is not reasonably capable of such use and occupancy by reason of damage that the Tenant is obligated to repair under this Lease, any abatement of Rent to which the Tenant is otherwise entitled under this Lease will not extend later than the time by which repairs by the Tenant ought to have been completed with reasonable diligence; and
- (b) if either:
  - (i) the Leased Premises; or
  - (ii) premises, whether of the Tenant or other tenants of the Building,

comprising in the aggregate 25% or more of the Rentable Area of the Building

are substantially damaged or destroyed by any cause to the extent such that in the reasonable opinion of the Landlord they cannot be repaired or rebuilt (based on standard hours of construction work) within 240 days after the occurrence of the damage or destruction, then the Landlord, or the Tenant, may at its option, exercisable by written notice to the Tenant given within 60 days after the occurrence of such damage or destruction, terminate this Lease, in which event neither the Landlord nor the Tenant will be bound to repair as provided in clauses 7.1 and 7.2, and the Tenant will instead deliver up possession of the Leased Premises to the Landlord with reasonable expedition but in any event within 60 days after delivery of such notice of termination, and Rent will be apportioned and paid to the date upon which possession is so delivered up (but subject to any abatement to which the Tenant may be entitled under subclause 7.3(a) by reason of the Leased Premises having been rendered in whole or in part not reasonably capable of use and occupancy), but otherwise the Landlord or the Tenant as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) will repair such damage with reasonable diligence.

#### **7.4 Service Interruptions**

The Tenant acknowledges to the Landlord that the operation of systems and the availability of facilities may be interrupted from time to time in cases of accident and emergency, in order to carry out maintenance, repairs, alterations, replacements, and upgrading, or for any other reasonable reason required by the Landlord. During periods of such interruption, any obligation of the Landlord to provide access to such systems and facilities or common areas of the Building will be suspended and clause 14.1 will apply.

### **8. TAXES**

#### **8.1 Landlord's Tax Obligations**

The Landlord covenants with the Tenant, subject to clause 8.2, to pay to the taxing authority or authorities having jurisdiction, all Taxes.

#### **8.2 Tenant's Tax Obligations**

The Tenant covenants with the Landlord:

- (a) to pay when due, all taxes, business taxes, business licence fees, and other taxes, rates, duties or charges levied, imposed, or assessed by lawful authority in respect of the use and occupancy of the Leased Premises by the Tenant, the business or businesses carried on in them, or the equipment, machinery, or fixtures brought in them by or belonging to the Tenant, or to anyone occupying the Leased Premises with the Tenant's consent, or from time to time levied, imposed, or assessed in the future in addition or in lieu

thereof, other than property taxes and other municipal charges assessed against the owner of the property solely by reason of property ownership (payment of which shall be the Landlord's obligation), and to pay to the Landlord upon demand the portion of any tax, rate, duty, or charge levied or assessed upon the Land and Building that is attributable to any equipment, machinery, or fixtures on the Leased Premises that are not the property of the Landlord or that may be removed by the Tenant;

- (b) to pay promptly to the Landlord when demanded or otherwise due hereunder all Taxes in respect of all Leasehold Improvements in the Leased Premises.

### **8.3 Goods and Services Tax**

The Tenant will pay to the Landlord goods and services tax in accordance with the applicable legislation at the same time as the amounts to which such goods and services tax apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. The Landlord will provide the Tenant with its goods and services tax registration number. Notwithstanding any other section of this Lease, the amount payable by the Tenant under this clause will be deemed not to be Rent, but the Landlord will have the same remedies for and rights of recovery of such amount as it has for recovery of Rent under this Lease. All payments made to the Landlord, whether or not so indicated, shall be deemed to include the appropriate portion of Goods and Services Tax.

### **8.4 Postponement of Payment of Taxes**

The Landlord may postpone payment of any Taxes payable by it under clause 8.1 to the extent permitted by law if prosecuting in good faith any appeal against the assessment of the Land and Building for Taxes or the imposition of Taxes.

### **8.5 Receipts for Payment**

Whenever requested by the Landlord, the Tenant will deliver to it receipts for payment of all taxes, rates, duties, levies, and assessments payable by the Tenant under subclauses 8.2(a) and (b) and furnish such other related information as the Landlord may reasonably require.

## **9. UTILITIES**

### **9.1 Utilities**

The Tenant will supply and pay for all utility services to the Leased Premises. The Landlord will not provide any utilities to the Leased Premises

## 10. LICENCES, ASSIGNMENTS, AND SUBLETTINGS

### 10.1 Licences, Franchises, and Concessions

The Tenant will not permit any part of the Leased Premises to be used or occupied by any persons other than the Tenant, any subtenants permitted under clause 10.2, and the employees of the Tenant, or permit any part of the Leased Premises to be used or occupied by any licensee, franchisee, or concessionaire, or permit any persons to be upon the Leased Premises other than the Tenant, such permitted subtenants, and their respective employees, customers, and others having lawful business with them.

### 10.2 Assignment and Subletting

The Tenant will not assign this Lease or sublet the whole or any part of the Leased Premises, unless

- (a) it has received or procured a bona fide written offer to take an assignment or sublease that is not inconsistent with, and the acceptance of which would not breach any provision of, this Lease if this clause is complied with, and that the Tenant has determined to accept subject to this clause being complied with, and
- (b) it has first requested and obtained the consent in writing of the Landlord.

Any request for such consent will be in writing and accompanied by a true copy of such offer, and the Tenant will furnish to the Landlord all information available to the Tenant and requested by the Landlord as to the responsibility, reputation, financial standing, and business of the proposed assignee or subtenant. Within 30 days after the receipt by the Landlord of such request for consent and of all information the Landlord has requested under this clause 10.2 (and if no such information has been requested, within 30 days after receipt of such request for consent) the Landlord will have the right upon written notice to the Tenant to:

- (a) in the case of a proposed sublease, either sublet from the Tenant any portion of the Leased Premises proposed to be sublet for the term for which such portion is proposed to be sublet but at the same Annual Base Rent of such portion as the Tenant is required to pay to the Landlord under this Lease for such portion or, if the proposed sublease is for all or substantially all of the remainder of the Term, terminate this Lease as it pertains to the portion of the Leased Premises so proposed by the Tenant to be sublet; or
- (b) in the case of a proposed assignment, terminate this Lease.

If the Landlord terminates this Lease with respect to all or a portion of the Leased Premises, such termination will be effective on the date stipulated in the notice of termination, which will not be less than 60 days or more than 90 days following the giving of such notice, and the Tenant will surrender the whole or part, as the case may be, of the

Leased Premises in accordance with such notice, and Rent will be apportioned and paid to the date of surrender and, if a part only of the Leased Premises is surrendered, Rent payable under clause 4.1 will thereafter abate proportionately. If the Landlord consents to any proposed assignment or subletting, the Tenant will assign or sublet, as the case may be, only upon the terms set out in the offer submitted to the Landlord as specified and not otherwise. As a condition of the Landlord's consent, the assignee or subtenant, as the case may be, will agree (and will be deemed to have agreed) with the Landlord to observe the obligations of the Tenant under this Lease as they relate to the space assigned or sublet (except, in the case of a sublease, the Tenant's covenant to pay Rent) by entering into an assumption agreement with the Landlord and the Tenant, in the Landlord's then standard form, and will pay the Landlord's then reasonable current processing charge and solicitor's fees and disbursements for preparing such agreement. The Tenant further agrees that if the Landlord consents to any such assignment or subletting, the Tenant will be responsible for and will hold the Landlord harmless from any and all capital costs for Leasehold Improvements and all other expenses, costs, and charges with respect to or arising out of any such assignment or subletting. Notwithstanding any such consent being given by the Landlord and such assignment or subletting being effected, the Tenant will remain bound to the Landlord for the fulfilment of all the terms, covenants, conditions, and agreements in this Lease. Any consent by the Landlord to any assignment or subletting will not constitute a waiver of the requirement for consent by the Landlord to any subsequent assignment or subletting by either the Tenant or any assignee or subtenant

However, this subclause will not apply to an assignment or sublease to a person that results from an amalgamation with the Tenant or is entitled to the business of the Tenant as a result of a corporate reorganization of the Tenant, a person who is directly or indirectly controlled by the Tenant or who controls the Tenant, or a charity or society that is funded or supported by the Tenant; and all such persons are "Excepted Persons" and shall be deemed to be the Tenant for purposes of the definition of "Tenant" in this Agreement. The Landlord shall be deemed to have entered into a written agreement with such Excepted Persons in terms identical to this Agreement, but such an assignment or sublease shall not have the effect of increasing the Term of the Lease or any Extension Term of this Lease.

### **10.3 Landlord Not to Unreasonably Withhold Consent**

If the Tenant complies with clauses 10.1 and 10.2 and the Landlord does not exercise an option provided to the Landlord under clause 10.2, then the Landlord's consent to a proposed assignment or sublet will not be unreasonably withheld. Without limiting the other instances in which it may be reasonable for the Landlord to withhold its consent to an assignment or subletting, it will be reasonable for the Landlord to withhold its consent in the following instances:

- (a) the proposed assignee or sublessee is a governmental department, agency, or consulate;
- (b) in the Landlord's reasonable judgment, the use of the Leased Premises by the proposed assignee or sublessee, would involve any alterations that would lessen the value of the Leasehold Improvements in the Leased

Premises, would require increased services by the Landlord, including increased load on elevator services, or would alter the reputation or character of the Building;

- (c) in the Landlord's reasonable judgment, the proposed assignee or subtenant is not creditworthy;
- (d) in the Landlord's reasonable judgment, the proposed assignee or subtenant does not have a good reputation in the community as a tenant of property;
- (e) the Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant;
- (f) the use of the Leased Premises by the proposed assignee or subtenant will violate any applicable law, bylaw, or regulation;
- (g) the proposed assignee or subtenant is a person with whom the Landlord is negotiating to lease space in the Building or the Complex;
- (h) the proposed assignment or sublease fails to include or provide for all of the terms and provisions required under clauses 10.2 and 10.4;
- (i) the Tenant is in default of any obligation of the Tenant under this Lease or has been in default under this Lease on two or more occasions during the 12 months preceding the date that the Tenant requests consent;
- (j) (j) in the case of a subletting of less than the entire Leased Premises, the subletting would result in the division of the Leased Premises into more than two subparcels or would require access to be provided through space leased or held for lease to another tenant or improvements to be made outside the Leased Premises;
- (k) the Tenant, the assignee, or the subtenant do not post such security as the Landlord may require for:
- (l) the Rent payable under this Lease during the period, if any, from the date the Tenant vacates the Leased Premises until the assignee or subtenant takes occupancy and commences paying rent; and
- (m) (ii) the shortfall, if any, between the Rent payable by the Tenant under this Lease and the rent payable by the assignee or subtenant; or
- (n) the Landlord does not receive sufficient information from the Tenant about the proposed assignee or subtenant to enable it to make a determination concerning the proposed assignment or sublet.
- (o) The Tenant acknowledges that the Landlord will not be liable to the Tenant

in damages where, in giving good faith consideration to any request of the Tenant under this clause 10.3, it withholds its consent to a proposed assignment or sublease.

#### 10.4 Terms of Consent

- (p) If the Landlord consents in writing to an assignment or sublease as contemplated in this Article 10, the Tenant may complete such assignment or sublease subject to the following covenants and conditions:
- (q) no assignment or sublease will be valid and no assignee or subtenant will take possession of the Leased Premises or any part of them until an executed duplicate original of such assignment or sublease has been delivered to the Landlord; and
- (r) all "Excess Rent", as hereinafter defined, derived from such assignment or sublease, other than rent received from or paid by Excepted Persons, will be payable to the Landlord. The Excess Rent will be deemed to be and will be paid by the Tenant to the Landlord as Rent. The Tenant will pay the Excess Rent to the Landlord immediately as and when such Excess Rent is receivable by the Tenant.
- (s) As used in this Article 10, "Excess Rent" means the amount by which the total money and other economic consideration to be paid by the assignee or subtenant as a result of an assignment or sublease, whether denominated as rent or otherwise, exceeds, in the aggregate, the total amount of Annual Base Rent that the Tenant is obligated to pay to the Landlord under this Lease, pro-rated for the portion of the Leased Premises being assigned or sublet, less the reasonable costs paid by the Tenant for additional improvements installed in the portion of the Leased Premises subject to such assignment or sublease by the Tenant at the Tenant's sole cost and expense for the specific assignee or subtenant in question, reasonable leasing costs (such as brokers' commissions and the fees payable to the Landlord under clause I 0.2) paid by the Tenant in connection with such assignment or sublease, and the amount of Annual Base Rent the Tenant is obligated to pay the Landlord under this Lease, pro-rated for the portion of the Leased Premises being assigned or sublet that is not occupied or used by the Tenant, until the date of such assignment or sublease. In determining the amounts to be deducted from Excess Rent in each monthly payment period in respect of the Tenant's costs of assigning or subleasing, such costs will be amortized without interest over the Term (in the case of an assignment) or term of the sublease (in the case of a sublease) on a straight line basis.

## 11. FIXTURES AND IMPROVEMENTS

### 11.1 Installation of Fixtures and Improvements

The Tenant will not make, erect, install, or alter any Leasehold Improvements or trade fixtures in the Leased Premises, any safe or special lock in the Leased Premises, or any apparatus for illumination, air-conditioning, cooling, heating, refrigerating, or ventilating the Leased Premises, in any case without having requested and obtained the Landlord's prior written approval, which the Landlord will not unreasonably withhold. In making, erecting, installing, or altering any Leasehold Improvements or trade fixtures, the Tenant will obtain all required building and occupancy permits, and will not alter or interfere with any installations that have been made by the Landlord without the prior written approval of the Landlord. The Tenant's request for any approval under this clause 11.1 will be in writing and accompanied by a reasonably detailed description of the contemplated work and, where appropriate, plans, working drawings, and specifications of the work. Any out-of-pocket expense incurred by the Landlord in connection with any such approval will be deemed incurred by way of Additional Services. All work to be performed in the Leased Premises will be performed by competent contractors and subcontractors of whom the Landlord will have approved (such approval not to be unreasonably withheld). All such work will be subject to inspection by and the reasonable supervision of the Landlord and will be performed in accordance with any reasonable conditions or regulations imposed by the Landlord and completed in good and workmanlike manner in accordance with the description of the work approved by the Landlord.

### 11.2 Liens and Encumbrances on Fixtures and Improvements

In connection with the making, erection, installation, or alteration of Leasehold Improvements and trade fixtures, and all other work or installations made by or for the Tenant in the Leased Premises, the Tenant will comply with all of the provisions of the *Builders Lien Act*, S.B.C. 1997, c. 45, as such legislation may be amended or substituted from time to time (including any provision requiring or enabling the retention of portions of any sums payable by way of holdbacks), will permit the Landlord to take all steps to enable the Landlord to obtain the benefit of the provisions of the *Builders Lien Act*, and, except as to any lawful holdback, will promptly pay all accounts relating to those provisions. The Tenant will not create any mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act*, R.S.B.C. 1996, c. 359, as such legislation may be amended or substituted from time to time, or other encumbrance in respect of its Leasehold Improvements or trade fixtures, or permit any such mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act*, or other encumbrance to attach to the Leased Premises. If and when any builders' or other lien for work, labour, services, or materials supplied to or for the Tenant or for the cost of which the Tenant may be in any way liable or claims for such a lien arise or are filed or any such mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act*, or other encumbrance attaches, the Tenant will within 20 days after receipt of notice of it procure the discharge of it, including any certificate of action registered in respect of any lien, by payment or giving security or in such other manner as may be required or permitted by law, and failing which the Landlord

may in addition to all other remedies under this Lease avail itself of its remedy under clause 15.1 and may make any payments required to procure the discharge of any such liens or encumbrances, and will be entitled to be reimbursed by the Tenant as provided in clause 15.1, and its right to reimbursement will not be affected or impaired if the Tenant then or subsequently establishes or claims that any lien or encumbrance so discharged was without merit or excessive or subject to any abatement, set-off, or defence.

### **11.3 Removal of Fixtures and Improvements**

All Leasehold Improvements in or upon the Leased Premises will immediately upon affixation be and become the Landlord's property without compensation to the Tenant. Except to the extent otherwise expressly agreed by the Landlord in advance and in writing, no Leasehold Improvements, fixtures, furniture, or equipment will be removed by the Tenant from the Leased Premises either during or at the expiration or sooner termination of the Term, except that:

- (a) the Tenant may at the end of the Term remove its furniture and equipment;
- (b) the Tenant will at the end of the Term remove such of the Leasehold Improvements and fixtures as the Landlord requires to be removed; and
- (c) the Tenant will remove its furniture and equipment at the end of the Term, and also during the Term in the usual and normal course of its business where such furniture or equipment has become excess for the Tenant's purposes or the Tenant is substituting new furniture and equipment.

The Tenant will, in the case of every removal either during or at the end of the Term, immediately make good any damage caused to the Leased Premises by the installation and removal.

### **11.4 Alterations by Landlord**

The Landlord reserves the right from time to time to:

- (a) make any deletions, changes, and additions to the equipment, appliances, pipes, plumbing, wiring conduits, ducts, shafts, structures, and facilities of every kind throughout the Building, including the Leased Premises;
- (b) alter the location and nature of common areas of the Building, including Service Areas, make reductions to it, erect additions to it, and extend any part of it; and
- (c) make alterations and additions to the Building;

and in exercising any such rights, the Landlord will take reasonable steps to minimize any interference caused to the Tenant's operations in the Leased Premises, but by exercising

any such rights, the Landlord will not be deemed to have constructively evicted the Tenant or otherwise to be in breach of this Lease, nor will the Tenant be entitled to any abatement of rent or other compensation from the Landlord unless as a result of the exercise of such rights the Tenant is unable to reasonably carry on its business and operations.

If the Landlord wishes to redevelop the Lands and Buildings or demolish the Building and rebuild on the Lands, the Landlord may terminate this Lease by giving 365 days advanced notice of termination to the Tenant, and by compensating the Tenant for all expenses incurred in searching for, leasing, occupying, and making ready for business of a suitable alternate location or, where an alternate location cannot be found for any reason whatever, to compensate the Tenant for 2 years lost revenue.

## **12. INSURANCE AND LIABILITY**

### **12.1 Landlord's Insurance**

The Landlord will be deemed to have insured (for which purpose it will be a co-insurer, if and to the extent that it will not have insured) the Building and all improvements and installations made by the Landlord in the Leased Premises, except to the extent hereinafter specified, in respect of perils and to amounts and on terms and conditions that from time to time are insurable at a reasonable premium and that are normally insured by reasonably prudent owners of properties similar to the Building, as from time to time determined at reasonable intervals (but that need not be determined more often than annually) by insurance advisors selected by the Landlord, and whose written opinion will be conclusive. Upon the request of the Tenant from time to time the Landlord will furnish a statement as to the perils in respect of which and the amounts to which it has insured the Building. The Landlord may maintain such other insurance in such amounts and upon such terms as would normally be carried by a prudent owner.

### **12.2 Tenant's Insurance**

The Tenant will, at its sole cost and expense during the Term, where an insurer is willing and able to provide such insurance to the Tenant at a reasonable premium, the reasonableness of which is determinable at the sole and absolute discretion of the Tenant, take out and keep in force during the Term:

- (a) commercial general liability (including bodily injury, death, and property damage) insurance on an occurrence basis with respect to the business carried on, in, or from the Leased Premises and the Tenant's use and occupancy of them, of not less than \$3,000,000 per occurrence, which insurance will include the Landlord as a named insured and will protect the Landlord in respect of claims by the Tenant as if the Landlord were separately insured; and
- (b) insurance in such amounts as may be reasonably required by the Landlord in respect of fire and such other perils, including sprinkler leakage, as are from time to time defined in the usual extended coverage endorsement

covering the Tenant's trade fixtures and the furniture and equipment of the Tenant and (except as to Insured Damage) all Leasehold Improvements in the Leased Premises, and which insurance will include the Landlord as a named insured as the Landlord's interest may appear with respect to the insured Leasehold Improvements and provided that any proceeds recoverable in the event of loss to Leasehold Improvements will be payable to the Landlord, but the Landlord agrees to make available such proceeds toward the repair or replacement of the insured property if this Lease is not terminated under any other provision of it;

- (c) tenant's fire legal liability insurance in an amount not less than the actual cash value of the Leased Premises;
- (d) insurance upon all plate glass in or which forms a boundary of the Leased Premises in an amount sufficient to replace all such glass; and
- (e) any other form or forms of insurance as the Landlord may reasonably require from time to time in amounts and for peril against which a prudent tenant acting reasonably would protect itself in similar circumstances.

All insurance required to be maintained by the Tenant under this Lease will be on terms and with insurers to which the Landlord has no reasonable objection and will provide that such insurers will provide to the Landlord 30 days' prior written notice of cancellation or material alteration of such terms and that the policies will not be affected or invalidated by any act, omission, or negligence of any person which is not within the knowledge or control of the insured thereunder. The Tenant will furnish to the Landlord certificates or other evidence acceptable to the Landlord as to the insurance from time to time required to be effected by the Tenant and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Tenant's insurer that, in the case of comprehensive general liability insurance, will provide such information as the Landlord reasonably requires. If the Tenant fails to take out, renew, and keep in force such insurance the Landlord may do so as the agent of the Tenant and the Tenant will repay to the Landlord any amounts paid by the Landlord as premiums promptly upon demand.

### **12.3 Limitation of Landlord's Liability**

The Tenant agrees that:

- (a) the Landlord will not be liable for any bodily injury to or death of or loss or damage to any property belonging to, the Tenant or its employees, invitees, or licensees or any other person in, on, or about the Building or the Land, and, without limiting the generality of the foregoing, in no event will the Landlord be liable:
  - (i) for any damage other than Insured Damage or for bodily injury or death of anyone resulting from fire, explosion, earthquake, flood,

- falling plaster, steam, gas, electricity, water, rain, snow, dampness, or leaks from any part of the Leased Premises or from the pipes, appliances, electrical system, plumbing works, roof, subsurface, or other part or parts of the Building or Land or from the streets, lanes, and other properties adjacent to them;
- (ii) for any damage, injury, or death caused by anything done or omitted by the Tenant or any of its servants or agents or by any other tenant or person in the Building;
  - (iii) for the non-observance or the violation of any provision of any of the rules and regulations of the Landlord in effect from time to time or of any lease by another tenant of premises in the Building or any concessionaire, employee, licensee, agent, customer, officer, contractor, or other invitee of any of them, or by anyone else;
  - (iv) for any act or omission (including theft, malfeasance, or negligence) on the part of any agent, contractor, or person from time to time employed by it to perform janitorial services, security services, supervision, or any other work in or about the Leased Premises or the Building, other than the Landlord's agents, contractors, or employees;
  - (v) for loss or damage, to money, securities, negotiable instruments, papers, or other valuables of the Tenant or any of its servants or agents, other than loss or damage attributable to the Landlord's agents, contractors, or employees;
  - (vi) for the failure to supply interior climate control or elevator service when prevented from doing so by strikes, the necessity of repairs, any order or regulation of any body having jurisdiction, the failure of the supply of any utility required for the operation thereof, or any other cause beyond the Landlord's reasonable control; or
  - (vii) for any bodily injury, death, or damage to property arising from the use of or any happening in or about, any elevator.

#### **12.4 Limitation of Tenant's Liability**

The Landlord releases the Tenant from all claims or liabilities in respect of any damage that is Insured Damage, to the extent of the cost of repairing such damage.

### **13. SUBORDINATION, ATTORNMENT, REGISTRATION, AND CERTIFICATES**

#### **13.1 Tenant's Covenants**

The Tenant agrees with the Landlord that:

#### **13.2 Sale or Financing of Building**

The rights of the Landlord under this Lease may be mortgaged, charged, transferred, or

assigned to a purchaser or purchasers, or to a mortgagee or trustee for bond holders, and in the event of a sale or of default by the Landlord under any mortgage, trust deed, or trust indenture and the purchaser, mortgagee, or trustee, as the case may be, duly entering into possession of the Building or the Leased Premises, the Tenant agrees to attorn to and become the tenant of such purchaser or purchasers, mortgagee, or trustee under the terms of this Lease. If the Landlord sells or otherwise transfers any interest in the Building or Leased Premises (other than by way of mortgage, charge, or other encumbrance as security), the Landlord will cause the purchaser or transferee, as the case may be, to enter into an agreement with the Tenant under which such purchaser or transferee covenants that, so long as it retains any interest in the Lands and Building, it will perform the obligations of the Landlord under this Lease and be bound by all of the provisions of this Lease, including this provision as to sales or other transfers, which will apply to each and every subsequent sale or transfer of any interest in the Building and Leased Premises.

Additionally, the Tenant shall have a right of first refusal to purchase the property from the Landlord at consideration equal to the fair market value of the property as of the date of the signing of this Agreement as determined by the municipality for property taxation purposes where the landlord receives a bona fide offer of purchase and sale, or, at the cost of the debt outstanding on the property where the property goes into foreclosure, receivership, or is at risk of being sold due to tax debts or other debts owed by the Landlord or those not dealing at arm's length with the Landlord.

#### **13.4 Registration**

The Landlord will be obliged to deliver this Lease in form registrable under the *Land Title Act*, R.S.B.C., 1996, c. 250, and the Landlord agrees that the tenant shall be able to register the lease on title.

#### **13.5 Assignment by Landlord**

In the event of the sale by the Landlord of the Building or a portion of it containing the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord under this Lease, and to the extent that such purchaser or assignee has assumed the covenants and obligations of the Landlord under this Lease, the Landlord will, without further written agreement, be freed and relieved of liability upon such covenants and obligations.

### **14. OCCURRENCE OF DEFAULT**

#### **14.1 Unavoidable Delay**

Except as otherwise expressly provided in this Lease, if and whenever and to the extent that either the Landlord or the Tenant is prevented, delayed, or restricted in the fulfillment of any obligations under this Lease in respect of the supply or provision of any service or utility, the making of any repair, the doing of any work or any other thing (other than the payment of Rent) by reason of civil commotion, war-like operation, invasion, rebellion, hostilities, sabotage, strike, or work stoppage, or being unable to obtain any material, service, utility, or labour required to fulfil such obligation or by reason of any statute, law, or regulation of or inability to obtain any permission from any governmental authority

having lawful jurisdiction preventing, delaying, or restricting such fulfilment, or by reason of other unavoidable occurrence other than lack of funds, the time for fulfilment of such obligation will be extended during the period in which such circumstance operates to prevent, delay, or restrict the fulfilment of it, and the other party to this Lease will not be entitled to compensation for any inconvenience, nuisance, or discomfort thereby occasioned, nor will Rent abate; but nevertheless the Landlord will use reasonable efforts to maintain services essential to the use and enjoyment of the Leased Premises.

#### **14.2 No Admission**

The acceptance of any Rent from or the performance of any obligation under this Lease by a person other than the Tenant will not be construed as an admission by the Landlord of any right, title, or interest of such person as a subtenant, assignee, transferee, or otherwise in the place and stead of the Tenant.

#### **14.3 Part Payment**

The acceptance by the Landlord of a part payment of any sums required to be paid under this Lease will not constitute waiver or release of the right of the Landlord to payment in full of such sums.

### **15. TENANT'S DEFAULT, REMEDIES OF LANDLORD, AND SURRENDER**

#### **15.1 Remediating by Landlord, Non-payment, and Interest**

In addition to all the rights and remedies of the Landlord available to it in the event of any default under this Lease by the Tenant, either by any other provision of this Lease or by statute or the general law, the Landlord:

- (a) will have the right at all times to remedy or attempt to remedy any default of the Tenant, and in so doing may make any payments due or proven to be due by the Tenant to third parties, other than unsecured creditors of the Tenant, and may enter upon the Leased Premises to do any work or other things in them, and in such event all expenses of the Landlord in remedying or attempting to remedy such default together with an administrative charge equal to 15% of the total of such expenses will be payable by the Tenant to the Landlord promptly upon demand;
- (b) will have the same rights and remedies in the event of any non-payment by the Tenant of any amounts payable by the Tenant under any provision of this Lease as in the case of non-payment of Rent;
- (c) if the Tenant fails to pay any Rent promptly when due, will be entitled, if it demands it, to interest thereon at a rate of 3% per annum in excess of the Prime Rate; and,
- (d) will be entitled to be reimbursed by the Tenant, and the Tenant will promptly pay the Landlord, the amount of all costs and expenses (including, without limitation, legal costs on a solicitor-and-own-client basis) incurred by the

Landlord in connection with the default or in efforts to enforce any of the rights, or to seek any of the remedies, to which the Landlord is or may be entitled under this Lease.

### **15.2 Remedies Cumulative**

The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default under this Lease by the Tenant, either by any provision of this Lease or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, as the express provisions under this Lease as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord by statute or the general law.

### **15.3 Right of Re-entry on Default**

It is expressly agreed that if and whenever the Rent or other moneys payable by the Tenant or any part thereof, whether lawfully demanded or not, are unpaid and the Tenant has failed to pay such Rent or other moneys within sixty days after the Landlord has given to the Tenant notice requiring such payment and no agreement is reached between the Landlord and the Tenant as to the payment of such Rent or other moneys or if the Tenant breaches or fails to observe and perform any of the covenants, agreements, provisos, conditions, rules, or regulations and other obligations on the part of the Tenant to be kept, observed, or performed under this Lease and such breach or failure continues for sixty days after the Landlord has given the Tenant notice of it and no agreement is reached between the Landlord and the Tenant as to any of the preceding; or if without the written consent of the Landlord the Leased Premises are used by any persons other than the Tenant or its permitted assigns or permitted subtenants or for any purpose other than that for which the Leased Premises were leased, or occupied by any persons whose occupancy is prohibited by this Lease; or if the Leased Premises are vacated or abandoned or remain unoccupied for 15 days or more while capable of being occupied; or if the Term or any of the goods and chattels of the Tenant is at any time seized in execution or attachment; or if a receiver or receiver-manager is appointed of the business or property of the Tenant; or if the Tenant makes any assignment for the benefit of creditors or any bulk sale, becomes bankrupt or insolvent or takes the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or (if a corporation) takes any steps or permits any order to be made for its winding-up or other termination of its corporate existence; or if any policy of insurance upon the Building from time to time effected by the Landlord is cancelled or about to be cancelled by the insurer by reason of the use or occupation of the Leased Premises by the Tenant or any assignee, subtenant, or licensee of the Tenant or anyone permitted by the Tenant to be upon the Leased Premises and the Tenant after receipt of notice in writing from the Landlord fails to take such immediate steps in respect of such use or occupation as enables the Landlord to reinstate or avoid cancellation of (as the case may be) such policy of insurance; or if the Landlord becomes entitled to terminate this Lease or to re-enter the Leased Premises under any provision of it; then and in every such case it will be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part of them in the name of the whole and the same to have again, repossess, and enjoy as of its former estate, anything in this Lease to the contrary

notwithstanding. The Landlord may use such force as it may deem necessary for the purpose of gaining admittance to and re-taking possession of the Leased Premises, and the Tenant hereby releases the Landlord from all actions, proceedings, claims, and demands whatsoever for and in respect of any such forceable entry or any loss or damage in connection with it.

#### **15.4 Termination and Re-entry**

If and whenever the Landlord becomes entitled to re-enter upon the Leased Premises under any provision of this Lease, the Landlord, in addition to all other rights and remedies, will have the right to terminate this Lease by giving to the Tenant or by leaving upon the Leased Premises notice in writing of such termination. Thereupon, this Lease and the Term will terminate, and the Tenant will immediately deliver up possession of the Leased Premises to the Landlord in accordance with clause 15.8.

#### **15.5 Certain Consequences of Termination and Re-entry**

If the Landlord re-enters the Leased Premises or if this Lease is terminated by reason of any event set out in clause 15.3, then without prejudice to the Landlord's other rights and remedies:

- (a) the provisions of this Lease that relate to the consequences of termination, and the provisions of this Lease as they apply with respect to acts, events, and omissions that occurred prior to the termination, will all survive such termination;
- (b) in addition to the payment by the Tenant of Rent and other payments for which the Tenant is liable under this Lease, Rent for the current month and the next ensuing three months will immediately become due and be paid by the Tenant or the person then controlling the Tenant's affairs; and
- (c) the Tenant or person then controlling the affairs of the Tenant will pay to the Landlord on demand such reasonable expenses as the Landlord has incurred, and a reasonable estimate of the Landlord of expenses the Landlord expects to incur, in connection with the re-entering, terminating, re-letting, collecting sums due or payable by the Tenant, and storing and realizing upon assets seized, including without limitation brokerage fees, legal fees, and disbursements, the expenses of cleaning and making and keeping the Leased Premises in good order, and the expenses of repairing the Leased Premises and preparing them for re-letting.

#### **15.6 Surrender on Termination**

Immediately upon the termination of this Lease, whether by effluxion of time or otherwise, the Tenant will vacate and deliver up possession of the Leased Premises in a neat and tidy state and in good and substantial repair in accordance with the Tenant's obligation under this Lease to repair the Leased Premises, but subject to the Tenant's