

WAREHOUSE LEASE

LANDLORD: [REDACTED]

AND

[REDACTED]

TENANT: **NEXTLEAF SOLUTIONS INC.**

PREMISES: [REDACTED]
[REDACTED]
[REDACTED]

[Redacted - commercially sensitive information]

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SCHEDULES

Schedule "A"	-	Description of Land/Premises
Schedule "B"	-	Plan of Premises
Schedule "C"	-	Definitions
Schedule "D"	-	Sign Criteria
Schedule "E"	-	Additional Provisions
Schedule "F"	-	Security Interest

THIS LEASE dated for reference the 15th day of March, 2018

AMONG:

[Redacted - landlord names]

AND

[Redacted - address]

Fax No.: [Redacted - fax number]

(collectively, the "Landlord")

AND:

NEXTLEAF SOLUTIONS LTD., a British Columbia corporation having its registered and records office at:
304 - 68 Water Street
Vancouver, BC V6B 1A4

(the "Tenant")

ARTICLE 1 - BASIC TERMS, SCHEDULES AND INTERPRETATION

1.1 Basic Terms

[Redacted - commercially sensitive information]

- (a) **Premises:** [Redacted]
- (b) **Rentable Area of Premises:** Approximately 6,544 square feet in total
- (c) **Commencement Date:** July 1, 2018
- (d) **Term:** The period of time set out in section 2.1
- (e) **Annual Basic Rent:**

Rental Period	Annual Basic Rent Per Square Foot	Annual Basic Rent	Monthly Instalments of Annual Basic Rent
July 1, 2018 to and including June 30, 2020	\$ [Redacted]	\$ [Redacted]	\$ [Redacted]
July 1, 2020 to and including June 30, 2021	\$ [Redacted]	\$ [Redacted]	\$ [Redacted]
July 1, 2021 to and including June 30, 2022	\$ [Redacted]	\$ [Redacted]	\$ [Redacted]
July 1, 2022 to and including June 30, 2023	\$ [Redacted]	\$ [Redacted]	\$ [Redacted]

- (f) **Permitted Use:** [Redacted]

- (g) **Prepaid Rent:** The Landlord acknowledges receipt of the sum of \$ [Redacted] to be applied to Annual Basic Rent and Sales Taxes for the month of July, 2018 as provided in section 3.9.

(h) **Security Deposit:**

[Redacted - dollar amount /
commercially sensitive
information]

The Landlord acknowledges receipt of the sum of \$ [REDACTED] to be applied as provided in section 3.10, subject to such further amount paid pursuant to section 4.6.

The foregoing Basic Terms are agreed to by the parties and each reference in this Lease to any of the Basic Terms will be construed to include the foregoing provisions and all of the additional applicable sections of this Lease where such Basic Terms are more fully set forth.

1.2 Definitions

The Landlord and the Tenant agree that in this Lease the words or phrases set out in Schedule "C" shall, unless there is something in the context inconsistent therewith, have the meanings set out in Schedule "C".

1.3 Schedules

The schedules attached to this Lease are incorporated into and form an integral part of this Lease and are as follows:

- Schedule "A" - Description of Land/Premises
- Schedule "B" - Plan of Premises
- Schedule "C" - Definitions
- Schedule "D" - Sign Criteria
- Schedule "E" - Additional Provisions
- Schedule "F" - Security Interest

ARTICLE 2 - DEMISE AND TERM

2.1 Demise

The Landlord hereby leases the Premises to the Tenant and the Tenant leases the Premises from the Landlord, subject to the terms and conditions set out in this Lease, for five years commencing on the Commencement Date and expiring on June 30, 2023 (the "Expiry Date").

2.2 Area Determination

Within 30 days of the Commencement Date, the Landlord may have the Rentable Area of the Premises confirmed. Thereafter, the Landlord may, from time to time, as it deems necessary, cause the Rentable Area of the Premises, the Project and any of the Buildings, or any part thereof, to be recalculated or remeasured and the cost thereof shall be included in Operating Costs (except as otherwise provided for in this section 2.2). Upon any such recalculation or remeasurement, Rent (including but without limitation, Annual Basic Rent) shall be adjusted accordingly. If any calculation or determination by the Landlord of the Rentable Area of any premises (including the "Premises") is disputed or called into question, it shall be calculated or determined by an architect, surveyor or Measure Masters (or any successor or replacement therefor), as the Landlord may from time to time appoint for that purpose, whose certification shall be conclusive and binding upon the parties hereto. The cost of such calculation or determination shall be included in Operating Costs; provided however, if the Tenant disputes the Landlord's calculation or determination and the calculation or determination by the Landlord's architect, surveyor or Measure Masters agrees with the Landlord's calculation or determination within a 5% variance, the Tenant shall pay the full cost of such calculation or determination forthwith upon demand. If the Tenant and any one or more of the other tenants in the Project are responsible to pay such cost, the Tenant shall be jointly and severally liable with such other tenant or tenants.

If any error shall be found in the calculation of the Rentable Area of the Premises or in the calculation of the Tenant's Proportionate Share, Rent (including but without limitation, Annual Basic Rent) shall be adjusted for the Lease Year in which the error is discovered and for the Lease Year preceding the Lease Year in which the error was discovered, if any, and thereafter, but not for any prior period.

2.3 Construction/Alterations

The Tenant agrees that the Landlord may, from time to time, without incurring any liability to the Tenant hereunder or entitling the Tenant to any rental abatement whatsoever:

- (a) construct additional Buildings which will form part of the Project;

- (b) make changes in or additions to any part of the Project not in or forming part of the Premises;
- (c) make repairs, replacements, changes or additions to the structure, systems, facilities and equipment in the Premises or the Project where necessary to serve the Premises or the Project; or
- (d) change or alter the location of any common areas within the Project;

so long as in carrying out any such work the Landlord uses reasonable efforts to minimize any disturbance or interference with the Tenant's use of the Premises and the operation of the Tenant's business and promptly repairs any damage to the Premises caused by such work. In particular, without limiting the generality of the foregoing, the Tenant acknowledges that the construction of the Project may be completed in phases and, accordingly, construction of certain of the Buildings may occur and construction activities may be conducted on the Land after the Tenant occupies the Premises.

2.4 Delayed Possession

If any delay (other than a delay on the part of the Tenant) occurs in respect of the construction of the Building in which the Premises are situate or the doing of any of the Landlord's improvement work so that the Premises are not made available for occupancy by the Tenant by Commencement Date, then the date on which the Premises are to be made available for occupancy by the Tenant, the Commencement Date, the expiration of the Term of this Lease and such other applicable dates will be postponed for a period equal to the duration of the delay, and the deferment of the Commencement Date, and the consequent deferment of the obligation of the Tenant to pay Rent to the Landlord, will be accepted by the Tenant as full compensation for the delay.

ARTICLE 3 - RENT AND OTHER PAYMENTS

3.1 Annual Basic Rent and Additional Rent

Commencing on the Commencement Date, the Tenant will pay to the Landlord or as the Landlord may in writing direct, in lawful money of Canada without any abatement, set-off, compensation or deduction whatsoever, the aggregate without duplication of:

- (a) Annual Basic Rent for each Lease Year, payable in advance in equal consecutive monthly instalments on the first day of each month in each year of the Term in the amounts set forth in subsection 1.1(e) subject to the application of any prepaid rent pursuant to subsection 1.1(g);
- (b) the Tenant's Proportionate Share of Operating Costs and Taxes, payable in accordance with section 3.2;
- (c) the Management Fee payable in accordance with section 3.3; and
- (d) the cost of all utilities consumed on the Premises, in accordance with section 3.6.

Rent shall be payable at the Landlord's address specified on page 1 or at such other place as the Landlord may from time to time direct in writing. The Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable under this Lease in such manner as the Landlord sees fit.

3.2 Operating Costs and Taxes

Subject to section 9.5, Additional Rent (including, without limitation, Operating Costs and Taxes) payable by the Tenant will be estimated by the Landlord with reference to a Fiscal Period. Subject to section 9.5, the Tenant will pay the Landlord the estimated amount in equal monthly instalments in advance on the first day of each calendar month during such Fiscal Period. Within a reasonable period of time following each Fiscal Period the Landlord will furnish to the Tenant a statement setting out the Operating Costs and Taxes for each Fiscal Period and the Tenant's Proportionate Share thereof. If the amount of the Tenant's instalments for each Fiscal Period in question was less than the actual determination, then the Tenant shall pay the difference to the Landlord within 10 days after demand, or if the aggregate of such instalments was more than the actual determination, the Landlord shall credit the difference to the Tenant's rental account, or if the Term has expired, pay to the Tenant the difference less any amounts then owing by the Tenant to the Landlord. Any credit made by the Landlord or payment made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, will be without prejudice to the Landlord's or Tenant's right to claim a readjustment provided such

claim is made within 12 months from the date of delivery of the statement referred to in this section 3.2. Notwithstanding the foregoing, whenever in the Landlord's reasonable opinion, any item of Operating Costs or Taxes properly applies to a particular tenant or tenants within the Project, the Landlord may allocate such item of Operating Costs or Taxes to such tenant or tenants. The Tenant will pay any amount so allocated by the Landlord to the Tenant within 10 days of demand. The Tenant shall have no right to contest, have reviewed or appeal the Taxes by legal proceedings or in any other manner.

3.3 Management Fee

The Tenant shall pay to the Landlord a management fee, in addition to any Operating Costs, equal to 5% of the Annual Basic Rent. The management fee shall be paid monthly by the Tenant to the Landlord concurrently with the Operating Costs. The management fee is payable without regard to any abatement of Annual Basic Rent granted by the Landlord to the Tenant.

3.4 Tenant's Taxes

The Tenant will promptly pay the Tenant's Taxes as they become due. The Tenant will provide to the Landlord, upon request, the official receipt for each payment made by the Tenant in respect of the Tenant's Taxes.

3.5 Division of Project

- (a) In order to facilitate the completion of the Project, the Landlord shall be entitled to sever the Land into separate parcels, or, following such severance, to re-consolidate the Land or any portion thereof, and after completion of each such severance or consolidation the definitions of "Land" and "Project" in this Lease shall be read to correspond to such change. The Tenant acknowledges that, in order to facilitate the completion of the Project, the Landlord may in its discretion create and grant rights and easements among any such separate parcels and may register same as encumbrances against title to the Premises. The Landlord shall create, grant and register such rights and easements among any such separate parcels as may be necessary to give the Tenant the same rights it enjoyed prior to severance.
- (b) The Landlord may from time to time, if in the reasonable opinion of the Landlord, more efficient or economical operation of the Project or a more equitable distribution of Operating Costs or Taxes will result, establish Project Components (of which the Building in which the Premises is located shall be one) and divide, apportion, and allocate Operating Costs or Taxes among such Project Components, and thereupon:
 - (i) in any such division, apportionment and allocation of Operating Costs or Taxes, the Landlord shall charge any item which relates exclusively to one of the Project Components directly to that Project Component only and, in respect of items which do not exclusively relate to any single Project Component, the Landlord shall divide, apportion and allocate same to all Project Components affected thereby, on an equitable basis having regard, without limitation, to the various uses and values of the subject Project Components, to prudent practices of property management, to the provisions of this Lease and to Adopted Accounting Practices and to generally accepted engineering principles;
 - (ii) if such treatment would result in a more equitable distribution, the Landlord may similarly, mutatis mutandis, charge, divide, apportion and allocate Operating Costs or Taxes among differing premises or elements of each Building; and
 - (iii) the Landlord will allocate the replacement cost or depreciation, as applicable, of all fixtures, equipment and facilities which require periodic replacement located in any specific Building within the Project (including the Building in which the Premises are located) to the Building in which such fixtures, equipment or facilities are located.

3.6 Utilities

The Tenant will pay promptly for all electricity, gas, other fuel, water, telephone and other utilities consumed on the Premises as separately billed by the supplying utility to the Tenant. If any such utilities used on the Premises are not separately billed by the supplying utility to the

Tenant, the Tenant will pay the Landlord the cost of such utilities, as allocated by the Landlord to the Tenant in accordance with information meters or such other method as the Landlord may choose, plus an administrative fee of 15% of such costs.

3.7 Pre-Authorized Withdrawal

The Tenant will concurrently with the delivery of this Lease to the Landlord executed by the Tenant provide the Landlord with an automatic debiting authorization for monthly Annual Basic Rent and Additional Rent in the form approved by the Landlord by which payments in respect of the monthly instalments due under this Lease are automatically deducted from the Tenant's bank account and credited to the Landlord's bank account. Provided that the Tenant may, if acceptable to the Landlord, in lieu of automatic debiting pay monthly Annual Basic Rent and Additional Rent by wire transfer. All costs incurred by or charged to the Landlord by the Landlord's financial institution with respect to automatic debiting authorization or wire transfers shall be reimbursed by the Tenant to the Landlord forthwith upon demand.

3.8 Adjustment

If the Term commences or expires on a day other than the commencement of or the end of any period of time in respect of which any amount payable hereunder is calculated, the Tenant will pay to the Landlord its Relative Portion of such amount for such period of time. Where the calculation of any item of Additional Rent is not made until after the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent will survive the termination or expiry of this Lease and such amounts will be paid by the Tenant, upon demand.

3.9 Prepaid Rent

The Tenant shall deposit with the Landlord the Prepaid Rent to be held without interest and applied by the Landlord against the Annual Basic Rent and the Sales Taxes payable in respect of those months of the Term described in subsection 1.1(g). If default occurs under this Lease, the Landlord, at its option, may re-apply all or part of the Prepaid Rent towards the payment of overdue Rent and/or Sales Taxes or in payment of any cost or expense which the Landlord may incur as a result of any such breach, without limiting or excluding any other right which the Landlord may have hereunder or in law, and the Tenant will, upon demand, deliver such amount as is required to restore the amount of Prepaid Rent so applied by the Landlord, and the Tenant's failure to do so within five days after delivery of such demand to the Tenant constitutes a default under this Lease.

3.10 Security Deposit

The Tenant shall deposit with the Landlord the Security Deposit to be held by the Landlord, without interest, as security for the performance by the Tenant of all the terms, covenants and conditions of this Lease. If at any time during the Term, Rent and/or Sales Taxes are overdue and unpaid or the Tenant is in breach of any covenant, condition or proviso contained in this Lease, the Landlord may, at its option, apply all or a portion of the Security Deposit toward the payment of overdue Rent and/or Sales Taxes or in payment of any cost or expense which the Landlord may incur as a result of any such breach, without limiting or excluding any other right which the Landlord may have hereunder or in law. In the event that the entire Security Deposit or any portion thereof is applied by the Landlord in the manner described above, then the Tenant will, upon demand, deliver to the Landlord such amount as is required to restore the Security Deposit to the original amount held by the Landlord prior to such application, and the Tenant's failure to do so within five days after delivery of such demand to the Tenant constitutes a default under this Lease. The Landlord will return the balance, if any, of the Security Deposit then held by it to the Tenant within 60 days after the expiry of the Term.

3.11 Transfer of Security Deposit and Prepaid Rent

In the event of a sale, transfer or assignment of this Lease by the Landlord, the Landlord may transfer the Security Deposit, the Prepaid Rent, or so much thereof as shall then be remaining, to the purchaser, transferee or assignee, and thereupon the Landlord shall be freed and discharged from any further liability in respect of the Security Deposit or Prepaid Rent.

3.12 Net Lease

This Lease shall be absolutely net to the Landlord such that, without limitation, except as specifically set out in this Lease, all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises, whether or not referred to in this Lease and whether or not of a kind now existing or within the contemplation of the parties hereto, will be paid by the Tenant.

ARTICLE 4 - TENANT'S OPERATING COVENANTS

4.1 Continuous Occupancy

The Tenant covenants with the Landlord that it will substantially complete all improvements to be undertaken by it and will take possession of and occupy the Premises and commence to carry on business in all of the Premises as of the Commencement Date and that it will occupy the Premises for the purposes set out in subsection 1.1(f) continuously and without interruption throughout the Term and any renewal or extension thereof. Should the Tenant fail to substantially complete its improvements to be undertaken by it and fail to commence to carry on business in all of the Premises as of the Commencement Date, it shall be a breach of this Lease.

4.2 Use of Premises

The Tenant will not:

- (a) use the Premises nor allow the Premises to be used for any purpose other than that specified in subsection 1.1(f) without the prior written approval of the Landlord;
- (b) commit or suffer to be committed any waste upon the Premises;
- (c) use, exercise, or carry on, or permit or suffer to be used, exercised or carried on, in or upon the Premises, or any part thereof, any noxious, illegal, noisome or offensive act, trade, business, occupation or calling, nor do or permit to be done on the Premises anything which damages the Project or injures the business of the Tenant or other tenants of the Project, nor keep, sell, use handle or dispose of any merchandise, goods or things which are objectionable, or by which the Premises or any part thereof may be damaged as determined by the Landlord, acting reasonably;
- (d) do or permit to be done any act, matter or thing whatsoever in or upon the Premises, or any part thereof, which may result in annoyance, nuisance, grievance, damage or disturbance to any other tenants in the Project or to any occupiers or owners of any other lands or premises or to the holders of any registered easement, right of way or other encumbrance charging the whole or part of the Project;
- (e) permit any sale by auction or any fire sale, bankruptcy sale, moving sale, going-out-of business sale or bulk sale to be held upon the Premises or any part thereof, other than annual warehouse sales in the ordinary course of business;
- (f) use the Premises for the growing, manufacture, warehousing, distribution or sale of marijuana or cannabis-related products or for a cannabis-related business other than as specifically described in subsection 1.1(f); or
- (g) use or permit any part of the Premises to be used in such a manner as to cause a nuisance or to cause or permit annoying noises or vibrations or offensive odour.

Any objectionable odours within the Premises shall be exhausted in such a manner as to prevent their short circuiting into any fresh air vents. Any exhaust venting which the Landlord may require will be in accordance with the requirements of the City of Coquitlam. The costs of such venting will be the responsibility of the Tenant, and the Landlord may, in its sole option, install such venting at the cost of the Tenant, and the Tenant will permit the Landlord access to the Premises for such purposes. Where deemed necessary by the Landlord, such exhaust systems will incorporate activated charcoal filter(s) and will be regularly fully and properly maintained at the Tenant's expense.

In any of the foregoing events, the Tenant will forthwith remedy the same and if not so remedied, the Landlord may, after 15 days' notice to the Tenant of such event, correct such situation at the Tenant's expense, without limitation to any other remedy available to the Landlord.

The Tenant acknowledges and agrees that except as otherwise specifically stated to be the responsibility of the Landlord, the Tenant is solely responsible to obtain its licences and permits, and that the Landlord has not made and makes no warranty as to zoning or bylaw compliance of the Premises for the Tenant's business, all of which have been determined by the Tenant. The Tenant acknowledges and agrees that it is the Tenant's sole responsibility to confirm to its

satisfaction that the use of the Premises provided for in subsection 1.1(f) is permitted under and complies with all applicable zoning and other laws.

4.3 Picketing

The Tenant will use its best efforts to prevent anything being done on the Premises or any part of the Project which may result in all or any part of the Project (other than the Premises) being picketed or otherwise subjected to industrial action or demonstration, political or otherwise. In the event of such picketing, industrial action or demonstration, the Tenant will forthwith take all steps necessary to cause such picketing, industrial action or demonstrations to cease without delay. All costs incurred by the Landlord as a result thereof will be paid by the Tenant to the Landlord as Additional Rent forthwith upon demand.

4.4 Signs

The Tenant shall have the right to place signage at the entrance to the Premises on the terms set out in this section 4.4. The design of such signage shall be subject to the Landlord's prior written approval, shall comply with all local municipal requirements and shall be installed at the Tenant's sole cost and expense. Any additional insurance costs resulting from the installation of such signage shall be paid by the Tenant.

The Tenant shall submit details of the proposed signage to the Landlord for approval, and the Landlord agrees to not unreasonably withhold its approval, provided that the signage must be of a configuration, size and type as that presently existing or designed for the Lands and must use the same or compatible colours and be located in an area acceptable to the Landlord. At the Tenant's sole expense, the Tenant shall remove such signage, and repair any damage caused by its installation or removal, upon the expiry of the Term or earlier termination of this Lease.

Subject to the foregoing, the Tenant will not, at any time, affix or exhibit or permit to be affixed or exhibited upon any part of the Premises or the Project any sign, except a sign or signs that have been approved in writing by the Landlord, which comply with the sign criteria for the Project set out in Schedule "D" and which comply at all times with the requirements of any lawful authority having jurisdiction over signs; provided that if any such sign no longer complies with the terms of the consent given by the Landlord or the requirements of any lawful authority having jurisdiction over signs then the Landlord, after giving the Tenant 30 days' notice, may remove any such sign at the Tenant's expense and the costs of such removal will be paid by the Tenant to the Landlord forthwith. The Tenant will throughout the Term, at its own expense, repair and maintain all of its signs in a first-class condition. The provisions of sections 6.2, 6.4 and 11.8 of this Lease also apply to any such signs.

4.5 Parking and Obstruction of Roads

The Tenant will not permit any vehicles owned by or under the control of the Tenant to park in any area designated by the Landlord for the use of any other person or cause an obstruction on any roadways or in the loading areas in or about the Project and will obey all rules and regulations made with respect to parking and operation of vehicles on the Project. The Tenant will use its best efforts to ensure that all persons doing business with the Tenant do not, and do not permit any vehicles to, park in such areas or cause such obstructions and that they comply with all such rules and regulations. The Tenant acknowledges that the Landlord may remove any vehicle of the Tenant, its employees, agents, customers or invitees parked in areas reserved for the use of any other person or obstructing any roadway or loading areas and the Tenant will pay the cost of any such removal to the Landlord on demand.

4.6 Rubbish

The Tenant will keep the Premises and any loading areas used by the Tenant clean and tidy and in good order and will not permit waste or garbage to be placed or accumulate outside of the Premises. The Tenant will retain all waste and garbage in the Premises. The Tenant will dispose of waste or garbage in the manner designated by the Landlord from time to time. The Tenant will not allow to accumulate in the Premises a disproportionate or abnormal quantity of waste and garbage. The Tenant will not burn any waste or garbage in or about the Premises or anywhere in or upon the Project. Waste and garbage will be placed in containers of a type approved by the Landlord located inside the Premises. If there is perishable waste or wet garbage (such as organics) or garbage emitting odours, the Tenant will provide refrigerated or other storage facilities acceptable to the Landlord. When required by a governmental authority having jurisdiction, the Tenant will provide within the Premises, facilities or accommodation for waste and garbage and its disposal and pick-up as required. The Tenant will not leave or permit to be left or stack or permit to be stacked any material on the Project, other than in the Premises. The Tenant shall contract with a waste disposal company licensed to carry on

business in the municipality in which the Premises are situate for its waste and garbage disposal which shall be removed at least once weekly or more frequently should the nature or volume of the waste or garbage be such that more frequent removal is prudently necessary. The Landlord may, based on the nature or volume of the waste or garbage being generated by the Tenant, direct the Tenant to remove its waste and garbage on a schedule determined by the Landlord acting reasonable. Should the Tenant contract with the municipality or a company owned or operated by the municipality for its waste and garbage removal, the Tenant shall immediately advise the Landlord of same, and pay to the Landlord the sum of \$1,500 to be held by the Landlord as an additional Security Deposit and the Landlord shall hold such money pursuant to the terms and conditions of section 3.10.

4.7 Compliance with Laws

The Tenant will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed by the Tenant by virtue of any law, statute, by-law, ordinance, regulation or lawful requirements of any governmental authority (including, without limitation, the Workers Compensation Board of British Columbia operating as WorkSafe BC) or any public utility or railway company lawfully acting under statutory authority. The Tenant will immediately advise the Landlord of the presence of and will do all things necessary to remove any dangerous condition from time to time existing on or in the Premises.

4.8 Window Coverings

All window coverings for exterior windows will be subject to the Landlord's prior consent, including without limitation, as to colour, type and material. The Tenant will, throughout the Term, at its own expense, and shall, as required by the Landlord, install, maintain, repair and replace when necessary, all such window coverings, so as to maintain same in a first-class condition. The provisions of sections 6.2, 6.4 and 11.8 of this Lease also apply to window coverings.

4.9 Rules and Regulations

The Tenant will observe and will cause its employees, servants, invitees, licensees, agents and all others over whom the Tenant exercises any control to observe and comply with such reasonable rules and regulations as the Landlord may from time to time adopt for the Project as a whole. Nothing in this Lease will be construed to impose upon the Landlord any duty or obligation to enforce the rules and regulations or the terms, covenants or conditions in any other lease against any other tenant of the Project, and the Landlord will not be liable to the Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees or any other person.

4.10 Vacate on Termination

Upon the termination of this Lease, whether by the passage of time or otherwise, the Tenant shall vacate and deliver up possession of the Premises in good order and repair and shall inform the Landlord of all combinations of locks, safes and vaults, if any, in the Premises. The indemnity agreements contained in ARTICLE 5 and ARTICLE 7 shall survive the termination of this Lease.

Upon the expiration of the Term or any renewal thereof or at the earlier termination thereof, the Tenant will, subject to the provisions of this section 4.10, no later than the date of expiration or earlier termination of this Lease remove at its expense all of its property from the Premises, and should the Tenant fail to do so or be directed by the Landlord to not remove its property as provided for in this section 4.10 the Landlord may remove all or part of the property from the Premises and store it in a public warehouse or elsewhere at the Tenant's expense and risk. The Tenant will at its expense be responsible for all damage to the Premises caused by such removal. Despite anything to the contrary, the Landlord will not be responsible for loss or damage to any of the Tenant's property regardless of how the loss or damage is caused, even if by the negligence of the Landlord or a party for whom the Landlord is in law responsible. If the Tenant fails to remove its property as required or if the Landlord elects to require the Tenant to not remove its property (as stated below), or if it fails to pay the Landlord's costs of removal and storage within 10 days after written notice specifying those costs, the Tenant agrees that at the Landlord's sole discretion the Landlord may deem the Tenant to have abandoned its property and the Landlord will be entitled to remove it at the Tenant's cost or retain or sell or dispose of it for the Landlord's own benefit, as the Landlord in its sole discretion determines. Notwithstanding the foregoing, the Landlord may elect to require the Tenant to not remove its property if the Tenant is in default under any covenant or agreement contained in this Lease at the time of expiration or termination.

ARTICLE 5 - HAZARDOUS SUBSTANCES

5.1 Hazardous Substances

The Tenant will not bring or permit to be brought into the Premises or on the Project, and shall not use in any way, or permit the use of the Premises or the Project or any part thereof to either directly or indirectly prepare, produce, use, generate, manufacture, refine, treat, transport, store, maintain, handle, dispose of, transfer, process, release or permit any other dealing with, any Hazardous Substances unless it has received the prior written consent of the Landlord, which may be arbitrarily withheld, or except as otherwise provided in this Lease. Any substance which the Landlord permits the Tenant to treat, store, transfer or dispose of or which is so permitted in this Lease must be dealt with in strict compliance with all applicable laws and environmental permits. The Tenant will not release nor permit the release of any Hazardous Substances into any soil, water courses, culverts, drains or sewers except in accordance with all applicable laws and environmental permits. At its own cost, risk and expense, the Tenant will comply with all applicable laws and environmental permits from time to time in force regulating the manufacture, use, storage, transportation, disposal, release or other dealing with Hazardous Substances by the Tenant, including, without limitation, which the Landlord has consented.

5.2 Hazardous Substances Property of Tenant

If any Hazardous Substances are at any time brought onto the Premises or the Project or created upon the Premises or the Project by the Tenant or any person for whom the Tenant is in law responsible at any time, including, without limitation, during the Term or any renewal thereof, such Hazardous Substances shall be the sole and exclusive property of the Tenant and not of the Landlord, notwithstanding the degree of affixation of the Hazardous Substances or the goods containing the Hazardous Substances to the Premises or the Project and notwithstanding the expiry or sooner termination of this Lease.

5.3 Removal of Hazardous Substances

On or before the expiration or sooner termination of this Lease, the Tenant will remove all Hazardous Substances which have been brought onto or created upon the Premises or the Project since the Tenant's initial occupancy of the Premises whether under this Lease or otherwise, by the Tenant, its officers, employees, servants, agents, contractors or any person for whom it is in law responsible, including without limitation any Hazardous Substances which may have been released or deposited into the soil.

5.4 Notice of Hazardous Substances

The Tenant will advise the Landlord forthwith of any release of any Hazardous Substances on the Premises or any other part of the Project or any adjacent property and will provide the Landlord with all information, notices, reports and other documents it has regarding such release and the remediation steps being undertaken by the Tenant with respect to the release or as may reasonably be required by the Landlord of the Tenant.

5.5 Restoration After Contamination

If the presence of any Hazardous Substances or any other substance on the Premises results in any contamination of the Premises or the Project, the Tenant will promptly take all actions at its sole risk and expense as are necessary to return the Premises and the Project to the condition existing prior to the introduction of any such Hazardous Substances or other substance on the Premises or the Project.

5.6 Records

The Landlord may at any time and from time to time on five days' prior written notice to the Tenant have the Premises, any records reasonably considered to be relevant for the purpose of identifying the existence, nature and extent of any Hazardous Substances on the Premises or the Project and the Tenant's use, storage and disposal of such Hazardous Substances, inspected by a duly qualified independent environmental auditor, and the Tenant agrees to cooperate with the auditor in its performance of each such inspection. In exercising such right of inspection, neither the Landlord nor its auditor will unreasonably interfere with the Tenant's use and occupation of the Premises. If the auditor, acting reasonably, determines following any such inspection that further testing or investigation is required in order to monitor the Tenant's compliance with all applicable laws relating to the use, storage and disposal of any Hazardous Substances, the Landlord may at its option require the Tenant, at the Tenant's expense, to arrange for such testing or investigation or may make such arrangements itself, in which case

the Landlord's reasonable costs of any such testing or investigation shall be paid by the Tenant to the Landlord within 30 days after receipt of any invoice on account thereof.

5.7 Cleanup Plans

If any government authority requires the cleanup of any Hazardous Substances held, released, spilled, abandoned or placed upon the Premises or the Project or any other lands or released, spilled, leaked, pumped, poured, emitted, emptied, discharged, injected, escaped, leached, disposed or dumped into the environment by the Tenant or any person for whom the Tenant is in law responsible in the course of the Tenant's business or as a result of the Tenant's use or occupancy of the Premises or the use and occupancy by any person for whom the Tenant is in law responsible, the Tenant will, at its own risk and expense:

- (a) prepare all necessary studies, plans and proposals and submit them for approval;
- (b) provide all bonds and other security required by any governmental body;
- (c) carry out the work required and keep the Landlord fully informed; and
- (d) provide to the Landlord full information with respect to proposed plans and comply with the Landlord's reasonable requirements with respect to such plans.

The Tenant further agrees that if the Landlord determines, acting reasonably, that the Project, the Landlord or the Landlord's reputation is placed in any jeopardy by the requirements for any such work, the Landlord may itself undertake such work or any part thereof at the reasonable cost and expense of the Tenant which cost shall be paid by the Tenant within 30 days after receipt of an invoice on account of such cost.

5.8 Indemnity to Landlord

The Tenant will indemnify and save harmless the Landlord, its directors, officers, employees and agents and the successors and assigns of the Landlord from and against all loss and expense and from and against all claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs and liabilities, including, without limitation, any reduction in the market value of the Premises or the Project, damages for loss or restriction in use of leasable or useable space or of any amenity of the Premises or the Project, damages arising from any adverse impact on marketing of space and sums paid in settlement of claims, legal fees, consultants' fees and experts' fees which arise during or after the Term and are in any manner based upon, arise out of or are connected with the presence or suspected presence of any Hazardous Substances in, upon, above or under the Project and any other contamination which exists on or under the Premises or the Project or which has escaped from the Premises or the Project, including, without limitation, costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any governmental body including that resulting from waste, unhealthful, hazardous or dangerous conditions caused by, contributed to or aggravated by the Tenant or any person for whom the Tenant is in law responsible or any permitted transferees, or violation of any applicable law or environmental permits pertaining to Hazardous Substances. In addition, without limitation, the Tenant further expressly agrees to compensate the Landlord for any and all costs incurred for the removal of any Hazardous Substances from the Premises or the Project even in the absence of an order requiring such removal and notwithstanding that such Hazardous Substances may be stored on the Premises or the Project in compliance with all applicable law or environmental permits. The Tenant hereby expressly agrees that this indemnification will survive the expiration or earlier termination of this Lease and that any statutory limitation periods on actions to enforce these obligations will not be deemed to commence until the Landlord actually discovers any such circumstances as may give rise to their enforcement and the Tenant hereby knowingly and voluntarily waives the benefits of any shorter limitation period. Upon the default of the Tenant under this ARTICLE 5, the Landlord may terminate this Lease and/or recover from the Tenant any and all loss and expense associated with the default, in addition to any other rights and remedies of the Landlord.

ARTICLE 6 - TENANT'S REPAIRS AND ALTERATIONS

6.1 Repair

The Tenant will examine the Premises before taking possession of them and such taking of possession will be conclusive evidence as against the Tenant that at the Commencement Date the Premises were in good order and repair. Excepting only the repairs for which the Landlord is responsible under this Lease, the Tenant will, at its own expense, repair and maintain the

Premises and all equipment, fixtures and improvements in a first-class condition. Notwithstanding any obligation of the Landlord in this Lease, in addition, the Tenant shall also be responsible to repair and replace at its cost, and shall promptly repair and replace and make whole with materials of at least equivalent quality, any damaged or destroyed glass, plate glass, skylights, doors and all parts thereof (including, without limitation, the door frames), and windows (including, without limitation, glass, muntins and mullions), situate within or on the exterior walls, ceiling and Roof of the Premises, regardless of how same is damaged or destroyed, unless damaged as a result of the negligence or wilful misconduct of the Landlord, its agents, employees, officers, or independent contractors. The Tenant shall also repair at its cost, any and all damage to the Building caused by the Tenant, its agents, employees, officers, independent contractors or invitees. In addition, the Tenant shall be responsible at its expense for the sanding of, salting of and snow and ice removal from and the removal of standing water from the sidewalks adjacent to the Premises, those access and loading ramps whether at the rear or the front of the Premises, and whether for pedestrian or vehicle usage, used exclusively for or constructed specifically for the Tenant, and from those steps providing access to the man-door(s) adjacent to the loading door(s). Such sanding, salting, and snow and ice removal and removal of standing water shall be undertaken in such manner and at such times as would be undertaken by a prudent person. At the end or sooner termination of the Term or any renewal thereof the Tenant will deliver to the Landlord the Premises repaired and maintained in the condition required by this section 6.1.

6.2 Repair on Notice

Upon 24 hours' prior written notice (except in any emergency when no notice is required), the Landlord and its duly authorized agents or nominees may, with or without workmen and others, enter upon the Premises for the purpose of examining the state of repair, condition and use thereof, and in every case the Tenant will cooperate with and assist the Landlord in such entry and examination and upon notice in writing of any defect or want of repair being given by the Landlord the Tenant will cause the same to be repaired, as required by section 6.1, within 30 days from the date of the giving of such notice by the Landlord.

6.3 Business and Trade Fixtures

The Tenant may install its usual business and trade fixtures, provided that:

- (a) installation does not damage the Premises; and
- (b) the Tenant has, if requested by the Landlord, submitted plans and specifications for such business and trade fixtures to the Landlord and obtained its prior written consent thereto, which consent shall not be unreasonably withheld.

All business and trade fixtures owned or installed by the Tenant in or on the Premises will remain the property of the Tenant and must be removed by the Tenant at the expiration of the Term or any renewal thereof or at the sooner termination thereof as provided in or as excepted in section 4.10.

6.4 Alterations and Additions

The Tenant will not make any change to the Premises without having first submitted plans and specifications of the proposed change to the Landlord and having obtained the prior written consent of the Landlord to the proposed change. All work must be done in a good and workmanlike manner, at such times, in such manner and by contractors or tradesmen as the Landlord may approve in writing, and in accordance with any applicable law, statute, by-law, ordinance, regulation or lawful requirements of any governmental authority (including, without limitation, the Workers Compensation Board of British Columbia operating as WorkSafe BC) or any public utility or railway company lawfully acting under statutory authority, and completed within a reasonable period of time. The Tenant will reimburse the Landlord on demand for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant must obtain and pay for all required building permits prior to undertaking such work and applicable occupancy permits upon completion of any work. The Tenant will, at its own cost and expense, take out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed. Any and all installations, alterations, additions, partitions, improvements or fixtures other than the Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord shall, immediately upon such placement, become and remain the property of the Landlord without compensation to the Tenant. Notwithstanding anything contained in this Lease, the Landlord will not be obligated to repair, maintain, replace or insure such installations, alterations, additions, partitions and fixtures or anything in the

nature of a leasehold improvement made or installed by or on behalf of the Tenant and the Landlord may require the Tenant to remove any or all installations, alterations, additions, partitions, improvements or fixtures made or installed by or on behalf of the Tenant hereunder or under the provisions of any previous lease or right of occupancy of the Premises granted to the Tenant at the expiry of the Term or earlier termination of this Lease or any renewal thereof and the Tenant will, at its sole expense, restore the Premises to the condition in which they were prior to such alterations, installations, additions, improvements, partitioning and fixturing such that at the date of expiry of the Term or earlier termination of this Lease, the Premises will be so restored.

6.5 Liens

If any claim of lien is filed against the Project by any person claiming against the Tenant, the Tenant will take all necessary steps to have the claim of lien cancelled and discharged from title to the Project within 15 days of the date the Tenant has knowledge of such filing and the Tenant will indemnify and save the Landlord harmless from any and all loss, cost, expense, damage and liability relating to such claim of lien. The Landlord, in addition to any other right or remedy, shall have the right, but shall not be obligated, to discharge any claim of lien filed against the Project by paying the amount claimed to be due or by procuring a discharge of such lien by posting security in the appropriate court and in any such event the Landlord may, if it so elects, expedite the prosecution of any action for the enforcement of such claim of lien by the lien claimant and pay the amount of the judgement, if any, in favour of the lien claimant with interest and costs. In any such event, the Tenant will forthwith pay to and reimburse the Landlord for all money expended by the Landlord and all costs and expenses incurred by the Landlord.

6.6 Entry for Benefit of Adjoining Premises

The Tenant will permit the Landlord, its agents and workmen, and the tenants of any adjoining or neighbouring premises and their respective agents and workmen, to enter the Premises at all reasonable times so far as may be necessary or useful in order to construct, examine, repair or rebuild any adjoining or neighbouring premises, or for any other reasonable purpose, provided that the Landlord will make good all damage caused by the exercise of such rights by the Landlord, its agents or workmen. No tenant of any adjoining or neighbouring premises or its respective agents and workmen, will be entitled to exercise such rights until the tenant and its agents and workmen have covenanted with the Tenant to make good all damage caused by the exercise of such rights.

ARTICLE 7 - INSURANCE/INDEMNIFICATION

7.1 Tenant's Insurance

- (a) The Tenant will, at its sole cost, during any period that the Tenant occupies the Premises, take out and maintain in full force and effect, the following:
 - (i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, leasehold improvements and other property of every kind and description located at the Premises, owned by the Tenant or for which the Tenant is responsible or legally liable, in an amount at least equal to the full insurable value thereof, calculated on a replacement cost basis. If a dispute arises as to full replacement cost, the decision of the Landlord's insurance advisers, acting reasonably, will be conclusive;
 - (ii) "comprehensive form" boiler and machinery insurance upon any boilers, pressure vessels or mechanical equipment located at the Premises in such amount as the Landlord may reasonably require from time to time;
 - (iii) automobile liability insurance to a limit of liability of not less than \$5,000,000.00 in any one accident, covering all licensed motor vehicles owned by the Tenant and used in connection with its business carried on, in and from the Premises;
 - (iv) business interruption insurance for a minimum of 12 months in an amount that will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against in subsections 7.1(a)(i) and 7.1(a)(ii) or attributable to prevention of access to the Premises or the Building as a result of any such perils, including extra expense insurance if applicable;

- (v) comprehensive bodily injury and property damage liability insurance applying to the operations of the Tenant carried on, in and from the Premises and which will include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile liability, protective liability and Tenant's legal liability with respect to the occupancy by the Tenant of the Premises; and such insurance shall be written for an amount of not less than \$5,000,000.00 per occurrence, or such higher amount as the Landlord may from time to time reasonably require;
 - (vi) glass insurance, with the Landlord as a named insured and for the benefit of the Landlord and the Tenant, covering all glass in or part of the Premises, including, without limitation, exterior windows and doors, in an amount equal to its full insurable value; and
 - (vii) any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may reasonably require from time to time in amounts and for perils against which a prudent tenant would protect itself in similar circumstances.
- (b) All policies of insurance referred to in this section 7.1 will include the following provisions:
- (i) all property damage policies must contain a waiver of any subrogation rights which the Tenant's insurer(s) may have against the Landlord and the Property Manager and against those for whom the Landlord and the Property Manager are, in law, responsible, whether any insured loss or damage is caused by the act, omission or negligence of the Landlord, the Property Manager or by those for whose acts the Landlord and the Property Manager are, in law, responsible or otherwise;
 - (ii) all policies of liability insurance will name the Landlord, the Property Manager and any persons or corporations designated by the Landlord and having an interest in the Project as additional insured's and provide that each person, firm or corporation insured under such policies will be insured in the same manner and to the same extent as if separate policies had been issued to each; and if the Landlord consists of a partnership, each of the partners, as the Landlord so advises, must be named; and
 - (iii) all policies must contain an undertaking by the insurers to notify the Landlord and the Landlord's Mortgagees, in writing, not less than 30 days prior to any cancellation or other termination of any policy, or any change which restricts or reduces the coverage provided by the policy or policies.
- (c) All policies of insurance referred to in this section 7.1 must be underwritten by insurers acceptable to the Landlord and on policy forms satisfactory to the Landlord. The Tenant will deliver to the Landlord certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy, as soon as possible after the placing of each policy. Whenever required by the Landlord, the Tenant will provide the Landlord with evidence that all premiums for all insurance policies have been paid.
- (d) The Tenant will not do or permit anything to be done upon the Premises which might cause any policy of insurance against loss or damage to the Premises or against legal liability for damage to persons or property caused by the ownership, maintenance, use or occupancy of the Premises, or by reason of the conduct of any business carried on thereon, to be invalidated, and, for such purpose, upon receipt of notice in writing from any insurer of the Premises requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant will immediately comply with the notice.
- (e) The Tenant will not do or permit anything to be done or exist upon the Premises that causes an increase in the insurance premium for the insurance for the Land or any Building. Without restricting the rights of the Landlord under this Lease, if there is any breach by the Tenant of this subsection 7.1(e), the Tenant will repay to the Landlord, on demand, from time to time an amount equal to the increase in the insurance premium(s) above the usual premium for such insurance, resulting from anything done or existing upon the Premises. In determining whether

increased premiums are a result of the Tenant's use or occupancy of the Premises, a schedule issued by the relevant insurer or its agent computing the insurance rate for the Land, Building or relevant part thereof and showing the various components of such rate will be conclusive evidence of the items and charges that make up such rate.

- (f) If the Tenant fails to take out or keep in force any insurance coverage referred to in this section 7.1, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not correct the situation within 72 hours after written notice by the Landlord setting forth the Landlord's objections, the Landlord, without assuming any obligation in connection therewith, may effect such insurance coverage and recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to section 11.8.

7.2 Landlord's Insurance

Except as may be otherwise provided in this Lease and to the extent that such insurance coverage is available at a reasonable cost acceptable to the Landlord, the Landlord will take out and maintain in force such insurance as the Landlord as a prudent owner deems appropriate including, without limitation, fire insurance with extended coverage on the Buildings (other than the machinery, equipment, furniture, trade fixtures and property of tenants therein) to the full insurable value thereof, liability insurance and, at the Landlord's option, insurance against loss of rental income. The costs of all such insurance will form a part of Operating Costs. Notwithstanding any contribution by the Tenant to any insurance costs as provided for herein: (a) no insurable interest shall be conferred upon the Tenant under policies carried by the Landlord; (b) the Tenant is not relieved of any liability arising from or contributed to by its acts, fault, negligence or omissions; and, (c) the Tenant has no right to receive any proceeds of any such insurance policies carried by the Landlord.

7.3 Indemnify Landlord

The Tenant will indemnify and save the Landlord and the Property Manager harmless from and against any actions or causes of action, claims, damages, costs, loss or expenses of whatever nature and kind (including, without limitation, third party claims) which the Landlord or the Property Manager may sustain, incur or be put to by reason of or arising out of this Lease, or any act or omission of the Tenant, its officers, employees, servants, agents, contractors, customers or invitees or any persons for whom the Tenant is, in law, responsible, or from the use or occupation of the Premises in whole or in part and without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant, or any persons for whom the Tenant is, in law, responsible, of any of the obligations imposed under the provisions of any laws, ordinances, regulations or requirements of any federal, provincial, municipal or other authorities, or any of the covenants and agreements contained in this Lease and such liability to indemnify and save harmless will survive any termination of this Lease, and the expiry of the Term or any renewal thereof, notwithstanding anything in this Lease (including, without limitation, then arising out of the Landlord's performance pursuant to section 11.8) to the contrary.

7.4 Damage or Injury

The Landlord and the Property Manager will not be liable for any personal injury, death or property loss or damage sustained by the Tenant, or its officers, employees, servants, agents, contractors, customers, sublessees, licensees or those doing business with it in the Premises or anywhere in the Project, no matter how caused, and the Tenant will indemnify the Landlord against all actions or liabilities arising out of such personal injury, death or property damage or loss. The Tenant hereby releases the Landlord, the Property Manager and their respective officers, agents and employees from all claims for damages or other expenses arising out of such personal injury, death or property loss or damage. Without limiting the foregoing, the Landlord and the Property Manager will not be liable for any personal injury, death or property loss or damage sustained by the Tenant or its officers, employees, servants, agents, contractors, sublessees, licensees or invitees in the Premises or anywhere in the Project caused by theft or breakage or by steam, water, rain, snow, radioactive materials, microwaves, deleterious substances, gases, pollutants or any other materials or substances which may leak into, issue or flow from any part of the Project or any adjacent or neighbouring lands and premises or from the water, steam or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring or any damage caused by anything done or omitted to be done by any other tenant or occupant of the Project, and the Tenant will indemnify the Landlord and the Property Manager against all actions or liabilities arising out of such personal injury, death or

property damage or loss, except to the extent such damage is attributable to the wilful misconduct or gross negligence of the Landlord or the Property Manager.

7.5 Tenant Responsible for Damages

Without limiting any other provision of this Lease, the Tenant acknowledges and agrees that it will be solely responsible, at its own cost, for repairing any and all damage, including without limitation replacement of broken windows, caused to the Project by the Tenant, its officers, employees, agents, contractors, customers, invitees or other persons for whom the Tenant is responsible in law. The Landlord, at its sole option, may elect to repair any such damage which occurs and will be entitled to recover all costs incurred in completing such repairs from the Tenant. The Tenant shall pay to the Landlord the cost of such repairs forthwith upon demand by the Landlord and the Landlord will have the same remedies available to it if the Tenant fails to pay such amounts as it has for rent in arrears.

ARTICLE 8 - DISPOSITIONS

8.1 Assignment and Subletting

- (a) The Tenant will not assign this Lease, nor sublet the Premises or any part thereof, nor part with or share possession of all or any part of the Premises, without the prior written consent of the Landlord, which consent may be arbitrarily withheld.
- (b) If the Tenant wishes to assign, sublet or part with or share possession of all or any part of the Premises, or to transfer this Lease in any other manner, in whole or in part, or to transfer any estate or interest in this Lease or the Premises, then the Tenant must give prior written notice to the Landlord, specifying the proposed assignee, transferee, sublessee or occupier and provide to the Landlord such information on the nature of the business of the proposed assignee, transferee, sublessee or occupier and its financial responsibility and standing as the Landlord may reasonably require and the terms and conditions of the proposed assignment, transfer, sublease or change in possession and will deliver to the Landlord a copy of the assignment, transfer or sublease intended to be executed by the Tenant and the assignee, transferee or sublessee. Within 30 days after receipt of such notice, the Landlord will notify the Tenant in writing, that:
 - (i) it consents; or
 - (ii) it does not consent,to the assignment, transfer, subletting or parting with or sharing possession as the case may be.
- (c) No assignment, transfer, subletting or parting with or sharing possession will:
 - (i) in any manner release the Tenant from its obligations for the payment of the Rent and the observance and performance of the covenants, terms and conditions of this Lease; or
 - (ii) be made to any person, firm, partnership or corporation carrying on any business which the Landlord is obliged to restrict by reason of any other lease or contract relating to any other premises in the Project.
- (d) The Tenant will, at the request of the Landlord, require any assignee of the interest of the Tenant under this Lease, at the time of such assignment, to enter into a written agreement with the Landlord in which the assignee covenants and agrees with the Landlord to observe and perform all of the covenants, agreements, provisos, terms and conditions of this Lease, provided that if the Tenant fails to require the assignee to enter into such a written agreement the Landlord may revoke its consent if given or refuse to grant its consent to the assignment. Without in any way restricting the generality of the Landlord's right to refuse to consent to an assignment or subletting, the Landlord may refuse to grant its consent to an assignment or subletting if this Lease is not in good standing.
- (e) The Tenant will provide all information on the proposed assignee, sublessee or other person as required by the Landlord, and an administration processing fee as charged by the Landlord from time to time will be paid by the Tenant forthwith

to the Landlord upon written consent to the proposed assignment, transfer, sublease or change in possession is delivered to the Tenant.

- (f) The Tenant will pay or reimburse to the Landlord upon demand all solicitors' fees and all other costs, charges, and expenses reasonably incurred by the Landlord in connection with the Tenant's request for consent to any assignment, subletting or parting with or sharing of possession.
- (g) If the Tenant is a private company, any sale or other disposition of its shares or securities resulting in a change of control or beneficial ownership will be deemed to be an assignment of this Lease for the purposes of this section 8.1.

8.2 Conditions on Dispositions

- (a) If, as a result of an assignment or subletting, or parting with or sharing possession of all or any part of the Premises, the Tenant receives, directly or indirectly, from the assignee, subtenant or party to whom possession is parted or with whom possession is shared, a payment fee or any other consideration (including Rent greater than that payable by the Tenant to the Landlord hereunder), regardless of the form (other than the Rent payable under this Lease), the Tenant shall pay an amount equal to the value of such consideration to the Landlord forthwith on demand as Additional Rent, and the Tenant shall make available to the Landlord immediately upon request all of the Tenant's records so as to enable the Landlord to verify the receipt or the amount of any such consideration.
- (b) In the event of an assignment, sublease or parting with or sharing possession of all or a part of the Premises, the Annual Basic Rent will be the greater of the Annual Basic Rent as stated in this Lease or the then fair market Annual Basic Rent for the Premises as determined by the Landlord, acting reasonably, taking into account the then actual rental rates for comparable premises in the Project and within similar types of projects within the City of Coquitlam, British Columbia. Where the sublease or the parting with or sharing of possession relates to a part only of the Premises, the Annual Basic Rent will be adjusted proportionately on a Rentable Area basis.

8.3 Tenant's Charges

The Tenant will:

- (a) not mortgage or charge its leasehold interest in the Premises or its fixtures, chattels, furniture or equipment, without the Landlord's consent; and
- (b) pay all money owed by it under any security agreement or other charge registered or filed against the Project, and immediately upon making all of the payments thereunder, obtain a memorandum of satisfaction or other appropriate document of discharge and register the same at its own expense in the proper land title office or other appropriate office of public record as the Landlord may require to discharge the same from the title to the Project.

8.4 Subordination

This Lease is and will be subject, subordinate and postponed to all mortgages, including any debentures and any deeds of trust and mortgages securing bonds and all indentures supplemental thereto (collectively called the "Mortgages") which may now or hereafter charge the Project or any part thereof and to all renewals, modifications, consolidations, replacements and extensions of the Mortgages, without execution of any document other than this Lease. Without limiting the generality of the foregoing, the Tenant agrees to execute promptly any document in confirmation of such subordination, postponement and priority which the Landlord may request.

8.5 Attornment

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages the Tenant will attorn to and become a tenant or licensee of such Landlord's Mortgagee or a tenant of any purchaser from such Landlord's Mortgagee in the event of an exercise by such Landlord's Mortgagees of the power of sale in any of the Mortgages set out, for the then unexpired residue of the Term on all of the terms and conditions of this Lease.

8.6 Estoppel Certificate

The Tenant will at any time and from time to time upon five business days' prior notice from the Landlord execute and deliver to the Landlord or the Landlord's Mortgagees or a prospective purchaser of the Project or the whole or any portion of the Landlord's interest in the Project, a statement in writing confirming the terms of this Lease, certifying that this Lease in 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, the dates to which the Rent and other charges have been paid, whether or not the Landlord has complied with all the terms of this Lease, whether or not the Premises are acceptable to the Tenant, that the Tenant shall not amend, modify or surrender this Lease or make any prepayment of the Rent other than the Rent for the current month or as otherwise required in this Lease without the prior written consent of the Landlord's Mortgagees, whether or not there are any outstanding set-offs or equities disclosed or undisclosed as between the Landlord and the Tenant, whether or not any money other than a maximum of one month's Rent in accordance with the provisions of this Lease has been prepaid by the Tenant to the Landlord, whether or not the Tenant is aware of any assignment by the Landlord to the Landlord's Mortgagees of all Rent under this Lease, and any other matters pertaining to this Lease in respect of which the Landlord may desire certification. If the Tenant does not execute and deliver the statement within the time provided for in this section 8.6, the Tenant hereby irrevocably appoints the Landlord as the Tenant's attorney with full power and authority to execute and deliver in the name of the Tenant any such statement, or the Landlord may, at its sole option, terminate this Lease without incurring any liability on account thereof, and the Term hereby granted is expressly limited accordingly.

8.7 Exhibit Premises

The Landlord may exhibit the Premises to:

- (a) prospective tenants or sub-tenants during the six month period prior to the Expiry Date and expiry of any renewal of the Term; and
- (b) the Landlord's Mortgagees and prospective mortgagees and any prospective purchaser of the whole or any part of the Landlord's interest in the Project at any time during the Term;

and for such purposes the Landlord may enter the Premises at any reasonable time.

ARTICLE 9 - LANDLORD'S COVENANTS

9.1 Quiet Enjoyment

If the Tenant pays the Rent and performs the covenants contained in this Lease, the Tenant will be entitled to quiet enjoyment of the Premises, subject to the rights of owners or occupiers of the easements and rights-of-way, if any, now or hereafter registered against title to the Project, and subject to the rights of other tenants of the Project undertaking improvements to their respective premises and the Landlord undertaking any work or improvements to the Premises required to be undertaken by it pursuant to this Lease, or to the Building, the Project or the Land as it may be required to undertake by this Lease, a lease with another tenant of the Land, by an applicable federal, provincial or municipal authority, by an insurance provider or as it may elect acting as a prudent landlord, it being acknowledged by the Tenant that as a result of such work or improvements there may be a temporary disturbance to the Tenant's use and enjoyment of the Premises, including, without limitation, from noise and dust, typical of such work or improvements.

9.2 Common Areas

The Landlord will permit the Tenant and its employees and invitees to have the use in common with all others entitled thereto of the common loading areas and facilities, roadways and garbage areas of the Project and all other common areas and common facilities that are a part of the Project.

9.3 Repair

Subject to section 12.1, the Landlord will repair and replace, reasonable wear and tear excepted, the roof substructures and the foundations, sub-floors, load bearing walls, columns, beams, footings and outer walls of the Buildings (and the cost of all such work will not form part of Operating Costs), and the roof and the roof membranes of the Buildings and the mechanical and electrical works and heating, ventilating and air-conditioning equipment within the Project for use in common by the tenants of the Project and the heating, ventilating and air-conditioning

systems providing heat, ventilation and air-conditioning to the Premises (and the cost of all such work will form part of Operating Costs).

9.4 Maintenance of Common Areas

The Landlord will maintain all common areas within the Project, and the cost of all such maintenance will form a part of Operating Costs.

9.5 Payment of Taxes

Subject to the Tenant's obligation to pay its Proportionate Share of Taxes, the Landlord will pay the Taxes in respect of the Project. The Landlord may establish a reserve from which to pay the Taxes when due, and if it does so, the Tenant will, notwithstanding section 3.2, pay its Proportionate Share of Taxes in equal monthly instalments in advance on the first day of each month, in amounts sufficient to fund such reserve so as to enable the Landlord to pay the Tenant's Proportionate Share of Taxes for the whole of the year or period for which Taxes were due. Notwithstanding section 3.2, if the Landlord has paid the Taxes for or during the year or other period in which Taxes were due, the Tenant shall, if so requested by the Landlord, pay in a lump sum, in addition to its Proportionate Share of Taxes payable pursuant to section 3.2, within five days of the request, to the Landlord, its Proportionate Share of Taxes so paid by the Landlord pro-rated for that period of the Term coinciding with the said year or other period in which Taxes were due.

9.6 Parking

The Tenant, its customers and others having legitimate business with the Tenant may use, subject to section 4.5, on a random and unreserved basis the parking stalls immediately in front and to the rear of the Premises in common with other tenants, concessionaires and licensees of the Land, the parking areas on the Land, and the Tenant acknowledges that such parking areas will be used at the sole risk of the Tenant.

At the request of the Landlord, the Tenant will furnish the Landlord with the current license numbers of all vehicles owned or used by the Tenant, its agents, contractors, employees, servants, licensees, parking on the Land and will notify the Landlord of changes within five days after the changes occur. If the Tenant or any of its agents, contractors, employees, servants, licensees, or invitees park their vehicles elsewhere on the Land other than in the parking areas designated, the Landlord in addition to its other remedies has the right to charge the Tenant a daily charge per vehicle as determined by the Landlord from time to time, the charge to be considered as Additional Rent and payable on demand.

The Landlord may prohibit the Tenant and its agents, contractors, employees, servants, licensees or invitees from parking anywhere on the Land. If the Landlord designates tenant parking areas on the Land or elsewhere, the Tenant and its agents, contractors, employees, servants, licensees or invitees will park their vehicles only in the areas designated.

The Landlord shall not be liable to the Tenant for loss or damage to any vehicle or its contents or for the unauthorized use by other tenants or strangers of parking stalls allotted to the Tenant, but the Tenant's rights shall be against the person or persons causing such damage or occupying such parking stalls.

Any right the Tenant shall have to parking shall automatically terminate on the expiration or earlier termination for any reason whatsoever of this Lease or any renewal thereof.

The Landlord's rights in this section 9.6 are in addition to the Landlord's rights in section 4.5.

ARTICLE 10 - LANDLORD'S SECURITY INTEREST

10.1 Security Interest

As security for the Tenant's payment of amounts separate from Rent, the Tenant grants to the Landlord by way of security interest, mortgage, pledge, charge, assignment and hypothec a continuing security interest (the "Security Interest") in the Tenant's present and future undertaking and all of its present and after acquired personal property and assets including, without limitation, all goods (including inventory), trade fixtures and other personal property of the Tenant located from time to time on the Premises and any leasehold improvements which the Tenant effects on or in respect of the Premises (collectively called the "Collateral"). The Tenant may however, prior to the occurrence of an event of default described in section 10.1, sell or dispose of its inventory to its customers in the ordinary course of business, in accordance with the terms and conditions of this Lease, without the consent of the Landlord. The Tenant will promptly execute additional documents and will provide additional information required by the

Landlord from time to time in connection with the Security Interest. The Tenant authorizes the Landlord to file a financing statement and any other form of document required in connection with the Security Interest to perfect, protect or preserve its Security Interest.

The Landlord may enforce its Security Interest upon the occurrence of an obligation to repay amount separate from Rent in the manner outlined in Schedule "F" attached hereto and forming part hereof or in any other manner available at law or in equity.

The grant of the Security Interest shall not effect or result in a merger of any rights or interests of any party hereto.

To the extent permitted by law, the Tenant hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement relating to the Security Interest.

The Landlord and the Tenant acknowledge that they have not agreed to postpone the time for attachment of the Security Interest with respect to existing Collateral, and that the Security Interest shall attach to after acquired Collateral as soon as the debtor has rights in such Collateral.

ARTICLE 11 - DEFAULT

11.1 Re-entry on Default

If at any time during the Term or any renewal thereof:

- (a) any payments of the Rent or any part thereof, whether the same are demanded or not, are not paid when they become due;
- (b) the Tenant breaches or fails to observe or perform any covenant, agreement, stipulation, proviso, condition, rule or regulation contained in this Lease on its part to be observed or performed, other than the payment of Rent or any part thereof as provided in subsection 11.1(a), and the breach, non-observance or non-performance continues for five days after written notice thereof to the Tenant;
- (c) the Premises are vacated or remain unoccupied for 15 days (including, without limitation, if the Tenant fails to open for business in the Premises upon the Commencement Date);
- (d) the Term or any renewal thereof or any of the goods and chattels of the Tenant is seized or taken in attachment by any creditor of the Tenant;
- (e) a writ of execution, sequestration or extent is issued against the goods and chattels of the Tenant;
- (f) the Tenant executes any security agreement with respect to its goods and chattels (other than one incidental to any public issue of bonds, debentures or other securities of the Tenant or to any reorganization of the Tenant or its amalgamation with any other company);
- (g) any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation or winding up of the Tenant or for the appointment of a receiver or receiver and manager;
- (h) the Tenant or Indemnifier becomes bankrupt or insolvent or takes the benefit of any statute at the time in force for bankrupt or insolvent debtors;
- (i) the Premises are used for any purpose other than as set out in subsection 1.1(f) without the prior written consent of the Landlord; or
- (j) the Tenant or Indemnifier makes an assignment for the benefit of creditors or of its goods and chattels pursuant to or which should legally have been done pursuant to any legislation relating to bulk sales (except one incidental to any reorganization of the Tenant, if any, or its amalgamation with any other company);
- (k) the Premises are being used or occupied by a person or persons other than the Tenant or a person or persons permitted pursuant to section 8.1;

then and in any such event:

- (l) the Landlord, in addition to any other remedy available to it, may re-enter and take possession immediately of the Premises or any part thereof in the name of the whole by force if necessary, without any previous notice of intention to re-enter and may remove all persons and property from the Premises and may use such force and assistance in removing such persons and property as the Landlord may deem advisable to recover at once full and exclusive possession of the Premises and such re-entry will not operate as a waiver or satisfaction in whole or in part of any right, claim or demand arising out of or connected with any breach, non-observance or non-performance of any covenant or agreement by the Tenant; and
- (m) an amount equal to three months' instalments of Annual Basic Rent and Additional Rent (to be determined at the rates last payable by the Tenant excluding consideration for abatements) and any additional amounts owing under this Lease will immediately become due and payable and will be recoverable by the Landlord as if it were Rent in arrears, but the Tenant will remain liable under this Lease.

11.2 Sale and Reletting

Upon the Landlord becoming entitled to re-enter the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, may enter the Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor and relet the Premises as the agent of the Tenant, and receive all rent therefor. The Landlord may also, as agent of the Tenant, take possession of any business and trade fixtures of the Tenant and any goods and property whatsoever on the Premises, sell them at public or private sale without notice and apply the proceeds of such sale and any rent derived from reletting the Premises, after deducting its costs of conducting such sale and its costs of reletting, in payment of the Rent due under this Lease, and the Tenant will be liable to the Landlord for any deficiency.

11.3 Tenant Improvement Allowance

Intentionally deleted.

11.4 Landlord Improvements

Within 30 days of the Commencement Date, the Landlord by notice in writing shall advise the Tenant of the value of the improvements undertaken by the Landlord for the benefit of the Tenant. If the Tenant disagrees as to the value of the improvements as set out in the notice, the Tenant may within 30 days of receipt of the notice advise the Landlord in writing that it disputes the value, and within 15 days of delivery of the notice the Tenant shall retain the services of a quantity surveyor (whose determination is set forth in the sentence immediately following) who shall be instructed to determine the value of the improvements, and the determination of such quantity surveyor shall be conclusive and final and binding on the Landlord and the Tenant. The Landlord may determine the quantity surveyor provided it does so within five business days of receipt of the notice of dispute from the Tenant, and should it fail to do so, the Tenant may select the quantity surveyor. The cost of the quantity surveyor shall be borne equally by the Landlord and the Tenant. The value of the said Landlord improvements shall be amortized by the Landlord on a straight-line basis over the initial Term at an interest rate of 7% per annum. If this Lease is terminated by the Landlord due to any default of the Tenant under this Lease, the outstanding and unamortized portion of the value of the Landlord improvements shall be paid by the Tenant to the Landlord forthwith upon demand by the Landlord. The obligation of the Tenant to pay the undepreciated value of the Landlord's improvement will survive the termination of this Lease. The amount payable pursuant to this section 11.4 is an amount owed by the Tenant to the Landlord separate from Rent.

11.5 Real Estate Commission

Any commission or compensation paid by the Landlord to an agent, broker or other intermediaries who introduced the parties or negotiated or was instrumental in negotiating or consummating this Lease shall be amortized by the Landlord on a straight-line basis over the initial Term at an interest rate of 7% per annum. If this Lease is terminated by the Landlord due to any default by the Tenant under this Lease, then the outstanding and unamortized portion of the commission or compensation shall be paid by the Tenant to the Landlord forthwith upon demand by the Landlord. The amount payable by the Tenant to the Landlord pursuant to this section 11.5 is an amount owed by the Tenant to the Landlord separate from Rent. The

obligation of the Tenant to repay the commission or compensation in the event of the Tenant's default under this Lease will survive the termination of this Lease.

11.6 Termination

Upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, may immediately terminate this Lease by giving notice in writing addressed to the Tenant of its intention so to do. Upon such termination Rent shall be computed, apportioned and paid in full to the date of such termination, the Tenant will pay any other amounts for which it is liable pursuant to section 11.9, the Tenant will forthwith deliver up possession of the Premises to the Landlord and the Landlord may re-enter and take possession of the Premises.

11.7 Distress

Whenever the Landlord is entitled to levy distress against the goods and chattels of the Tenant it may use such force as it deems necessary for that purpose and for gaining admission to the Premises without being liable for any action in respect thereof or for any loss or damage occasioned thereby and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims or demands whatsoever for or on account of or in respect of any such forcible entry or any loss or damage sustained by the Tenant in connection therewith. The Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and covenants and agrees that notwithstanding any such statute none of the goods and chattels of the Tenant on the Premises at any time during the Term or any renewal thereof will be exempt from distress for Rent in arrears.

11.8 Payments by Landlord Regarded as Rent

If the Tenant fails to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may at its discretion perform any of such covenants or obligations or any part thereof and for such purpose may do such things as may be necessary and may enter upon the Premises to do such things and all costs and expenses incurred and expenditures made by or on behalf of the Landlord shall be paid by the Tenant to the Landlord on demand. If the Tenant fails to pay, the Landlord may add such charges to the Rent and recover the same by all remedies available to the Landlord for the recovery of Rent in arrears, provided that if the Landlord commences or completes the performance of any of such covenants or obligations or any part thereof, the Landlord will not be obliged to complete such performance or causing to be performed or be later obligated to do so again. If the Landlord suffers or incurs any damage, loss, cost or expense whatsoever for which the Tenant is in any way liable hereunder, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant contained in this Lease, then in every such case the amount of any such damage, loss, cost or expense will be due and payable by the Tenant to the Landlord on demand and the Landlord may at its option add the cost or amount of any such damage, loss, cost or expense to the Rent hereby reserved and any such amount will immediately be due and payable as Rent and recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

11.9 Landlord's Expenses Enforcing Lease

If it is necessary for the Landlord to retain the services of any person for the purpose of assisting the Landlord in enforcing any of its rights under this Lease or otherwise available in law, the Landlord may collect from the Tenant the cost of all such services including, but not limited to, all legal fees and disbursements on a full indemnity basis, as if the same were Rent in arrears.

In addition to the foregoing, the Tenant shall indemnify and save the Landlord and the Property Manager harmless from all costs incurred by the Landlord and the Property Manager arising out of this Lease, including, without limitation, legal fees and disbursements on a full indemnity basis, in prosecuting any and all actions or suits brought by the Landlord or the Property Manager against the Tenant, or in defending any and all actions or suits brought against the Landlord or the Property Manager by the Tenant, or in respect of any and all actions or suits brought by the Landlord or the Property Manager or against the Landlord or the Property Manager by a third party arising out of the actions of the Tenant; and, the Landlord shall recover same from the Tenant as if the same were Rent in arrears, and in the case of the Property Manager, upon receipt of same the Landlord shall remit same to the Property Manager.

11.10 Remedies Cumulative

No remedy conferred upon or reserved to the Landlord under this Lease, by statute or otherwise, will be considered exclusive of any other remedy, but the same will be cumulative and in addition to every other remedy available to the Landlord and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as the Landlord deems expedient.

11.11 No Waiver

- (a) The failure of the Landlord to exercise any right or option in connection with any breach or violation of any term, covenant or condition herein contained will not be deemed to be a waiver or relinquishment of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord will not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant or condition of this Lease other than the failure of the Tenant to pay the particular amount of the Rent so accepted, regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such amount of the Rent.
- (b) The acceptance of any of the 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 of the Tenant.
- (c) The acceptance by the Landlord of a part payment of any money 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 money.

11.12 Interest and Administrative Charges

Interest on any money due to the Landlord under this Lease will be paid by the Tenant and shall accrue at the rate of 2% per month (26.824% per annum), such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord. In addition, the Tenant acknowledges that should it fail to pay Rent, or any part thereof, or should the Landlord exercise certain of its rights in the event of default by the Tenant of its obligations under this Lease, The Landlord will incur costs for time expended by its own personnel or agents. The Tenant agrees that: (i) if the Tenant remains in default under this Lease after receiving notice of default as provided for in this Lease, the Landlord shall be entitled to be paid by the Tenant the sum of \$100.00 per incident, plus applicable Sales Taxes; (ii) if any of the Tenant's cheques or pre-authorized payments are returned or declined for lack of sufficient funds, the Landlord shall be entitled to be paid by the Tenant the sum of \$100.00, plus applicable Sales Taxes; and (iii) should the Landlord exercise its rights pursuant to section 11.7, the Landlord shall be entitled to be paid by the Tenant the sum of \$300.00 per incident, plus applicable Sales Taxes. The Tenant acknowledges and agrees that the foregoing amounts are cumulative and are reasonable compensation for time expended by the Landlord's personnel or agents in enforcing the Landlord's rights under this Lease, and the Tenant acknowledges and agrees that such compensation is not in lieu of and shall be in addition to any other fees, costs, or compensation which is or may be payable to the Landlord. The foregoing amounts are payable to the Landlord as Additional Rent.

ARTICLE 12 - DAMAGE AND DESTRUCTION/EXPROPRIATION

12.1 Damage and Destruction

- (a) If all or any part of the Premises is damaged by fire or other casualty not caused by the negligence or wilful misconduct of the Tenant or any person for whom the Tenant is in law responsible and all or a portion of the Premises is rendered unusable by the Tenant, then Annual Basic Rent will abate, in the proportion that that part of the Premises which is rendered unusable bears to the whole of the Premises, but only to the extent that the Annual Basic Rent is covered by insurance and paid to the Landlord.
- (b) Except as provided in subsection 12.1(c) hereof, if the Premises are damaged by fire or other casualty insured against by the Landlord, the damage to the Premises will be repaired by the Landlord at its expense except that repairs to installations, alterations, additions, partitions, improvements and fixtures made by or on behalf of the Tenant or any previous tenant or occupant of the Premises or

any part thereof will be performed by the Tenant or, at the option of the Landlord, will be performed by the Landlord at the expense of the Tenant. All repairs which the Landlord is required to make under this subsection 12.1(b) will be made with due diligence, provided that the Landlord will not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of labour troubles or any other cause beyond the Landlord's control.

- (c) Notwithstanding the foregoing, the Landlord will have no obligation to repair, reconstruct or restore the Premises or the Building in which the Premises are located if any of the following occurs:
- (i) such Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within 180 days after the occurrence of such damage;
 - (ii) the holder of any mortgage or security agreement encumbering the Project elects not to permit the insurance proceeds payable upon damage to or destruction of such Building or the Premises to be used for such repair, reconstruction or restoration;
 - (iii) the damage or destruction is not fully covered by insurance maintained by the Landlord or for the Landlord's benefit;
 - (iv) the damage or destruction occurs during the last 24 months of the initial Term of this Lease or any renewal or extension thereof; or
 - (v) the Tenant has vacated or abandoned the Premises.

If the Landlord decides not to restore such Building, the Landlord will within 90 days after the happening of such fire or other casualty give to the Tenant a notice in writing of such decision and the Term and any renewal of this Lease shall expire forthwith and the Tenant will vacate the Premises and surrender them to the Landlord. If such Building is damaged to the extent set out above and the Landlord does not give notice of a decision not to restore, the Landlord will diligently proceed to repair such Building, excluding installations, additions, partitions, improvements and fixtures made by or on behalf of the Tenant or any previous tenant or occupant of the Premises, subject to any reasonable delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of labour troubles or any other cause beyond the Landlord's control. Upon the termination of this Lease by the Landlord as provided in this subsection 12.1(c) the Tenant's liability for the Rent will cease as of the day following the fire or casualty.

12.2 Expropriation

Both the Landlord and the Tenant agree to co-operate with each other in respect of any expropriation of all or any part of the Premises or any other part of the Project, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled in law. If and to the extent that any portion of the Project other than the Premises is expropriated, then the full proceeds accruing therefrom or awarded as a result thereof, shall belong solely to the Landlord and the Tenant will abandon or assign to the Landlord any rights which the Tenant may have or acquire by operation of law to such proceeds or award and will execute such documents as in the opinion of the Landlord are or may be necessary to give effect to this intention.

If at any time during the Term:

- (a) more than 20% of the Gross Rentable Area of the Project; or
- (b) more than 20% of the area of the common areas of the Land; or
- (c) any other portion of the Project (to such an extent that, as determined by the Landlord's architect, the vacant possession of the Premises will be required in order to render the remaining portion of the Project into a complete architectural unit),

is acquired or expropriated by any lawful expropriating authority, or if reasonable access to the Premises is materially and adversely affected by any such acquisition or expropriation, then in any of such events, at the option of the Landlord, this Lease shall cease and terminate as of the

date of the interest acquired or expropriated vesting in such expropriating authority and the Tenant shall have no claim against the Landlord for the value of any unexpired portion of the Term or for damages or for any reason whatsoever. If the Landlord does not so elect to cancel this Lease by notice as aforesaid, this Lease shall continue in full force and effect without any reduction or abatement of Rent, provided that if any part of the Premises is expropriated and as a result thereof the area of the Premises is physically reduced, then from and after the date of such physical reduction, the Rentable Area of the Premises shall be adjusted to take into account any such reduction in area, and the Annual Basic Rent payable by the Tenant pursuant to subsection 1.1(e) and section 3.1 shall be adjusted on the basis of the rental rates set out therein.

ARTICLE 13- ADDITIONAL PROVISIONS

It is hereby agreed by the Landlord and the Tenant as follows:

13.1 No Warranties

No representations, warranties, agreements or conditions have been made to the Tenant other than those expressed herein, and no agreement collateral to this Lease will be binding upon the Landlord unless it is made in writing and duly executed on behalf of the Landlord.

13.2 Notices

Any notice, demand, request, consent or objection required or contemplated by any provision of this Lease, unless otherwise specifically provided herein, shall be given in writing and delivered either: (i) personally; (ii) by prepaid courier service; (iii) by facsimile with confirmation of transmission; or (iv) by registered mail, postage prepaid, and if to the Landlord at the Landlord's office as specified on page one of this Lease, and if to the Tenant at the Premises (whether or not the Tenant has departed from, vacated or abandoned the same), or, at the Landlord's option, to the Tenant's registered office address. Notwithstanding the provision of any statute or law relating thereto, service by means of electronic mail of any notice required to be given in writing by either party hereto pursuant to this Lease shall not constitute good and effective service.

Any notice shall be considered to have been given or made: (i) if delivered personally or by prepaid courier, on the day of delivery; (ii) if sent by facsimile and received on or before 4:30 p.m. local time for the recipient, on the day of transmission if transmitted on a business day; (iii) if sent by facsimile and received after 4:30 p.m. local time for the recipient or if transmitted on any day other than a business day, on the next business day following; or (iv) if sent by registered mail, 3 business days following the date upon which it was mailed. Either party may from time to time by notice in writing to the other designate another address or addresses in Canada as the address to which notices are to be sent. If the postal service is interrupted or substantially delayed or threatened to be interrupted or delayed, any notice shall only be delivered by one of the alternate methods stated above.

If two or more persons are named as, or bound to perform the obligations of, the Tenant hereunder, notice given as herein provided to any one of the persons constituting the Tenant or so bound shall be deemed to be notice simultaneously to all persons constituting the Tenant and to all persons so bound. Any notice given to the Tenant shall be deemed to have been given simultaneously to the other of them and to all persons bound by their obligations hereunder.

13.3 Overholding

If the Tenant holds over after the expiration of the Term or any renewal thereof and the Landlord accepts Rent or any portion thereof the new tenancy thereby created shall be deemed a monthly tenancy and not a yearly tenancy and shall be subject to the covenants and conditions contained in this Lease insofar as they are applicable to a monthly tenancy except that the monthly instalments of Annual Basic Rent will be 150% of the monthly instalments of Annual Basic Rent payable for the last month of the Term or any renewal thereof, and in addition the Tenant will be liable for all costs, expenses, losses and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord.

13.4 Inability to Perform

Whenever and to the extent that the Landlord is unable to fulfil, or is delayed or restricted in the fulfilment of any obligation under this Lease by reason of being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to fulfil any 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, or by reason of not being able to obtain any permission or authority required thereby, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord may extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant will not be entitled to compensation for any inconvenience, nuisance or discomfort or damage thereby occasioned, and will not be entitled to cancel or terminate this Lease.

13.5 Joint and Several Liability

If there are two or more Tenants, Indemnifiers or persons bound by the Tenant's obligations under this Lease, their obligations are joint and several.

13.6 Continuation of Obligations

This Lease and the obligations of the Tenant under it will continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

13.7 Landlord's Limit of Liability

The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned means the Landlord as set out on page 1 while it retains its interest in the Premises, but upon sale, transfer or other disposition of that interest, the Landlord will be automatically relieved of and from all liability arising out of the requirement for performance of any obligations on the part of the Landlord contained in this Lease, it being understood and agreed that the obligations contained in this Lease on the part of the Landlord will be binding upon the Landlord, its successors and assigns, only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the execution of any further instrument on the part of the Landlord, the Tenant or any other person. Furthermore, any liability of the Landlord under this Lease shall be limited to its interest in the Project from time to time. If the Landlord consists of more than one person, the liability of each shall be several and limited to its percentage interest in the Project.

13.8 Rights Against the Landlord

- (a) The obligations of and rights against the Landlord with respect to the performance or observance of any covenant, agreement or condition to be kept, observed or performed by the Landlord under or pursuant to this Lease shall be performed and satisfied and enforced only against, and recourse hereunder shall be had only against, the Project and the interest of the Landlord therein and no obligations of the Landlord with respect to the performance or observance of any covenant, agreement or condition to be kept, observed or performed by the Landlord under or pursuant to this Lease shall be personally binding on, and no recourse shall be had, judgement issued or execution or other process levied against the Landlord except to the extent that such process is necessary for the enforcement of any covenant, condition or agreement to be kept, observed or performed by the Landlord under or pursuant to this Lease. If the Landlord consists of more than one corporation, the liability of each such corporation shall be several and be limited to its percentage interest in the Project.
- (b) If the Landlord is or at any time becomes a partnership or joint venture and the partnership or joint venture agreements in connection with such partnership or joint venture provides that only the assets of the partnership or joint venture and not the assets of the separate partners or joint venturers be available for the satisfaction of the Landlord's obligations hereunder, the Tenant acknowledges and agrees that the liability of the partners or joint venturers shall be limited accordingly, and that recourse shall not be had to the partners or joint venturers separately or to their separate assets.

13.9 Registration of Lease

The Landlord will not be obligated to execute or deliver this Lease in form registrable under the Land Title Act of British Columbia or any other statute of the Province of British Columbia and the Tenant will not register this Lease or any claim based on it. All costs and expenses in connection with registration of this Lease (if permitted by the Landlord) and any plans required for registration will be paid by the Tenant.

13.10 Relocation

The Landlord shall have the right from time to time, on not less than 60 days' notice to the Tenant, to relocate the Tenant to other premises within the Project having approximately the same area as the Premises. If the Landlord relocates the Tenant prior to occupancy of the Premises by the Tenant, it shall reimburse the Tenant for all expenses already incurred by the Tenant in preparing to move into the Premises to the extent that such expenditure is for materials not capable of being used in the other premises. If the Landlord relocates the Tenant after occupancy by the Tenant, the Landlord shall deliver the relocated premises to the Tenant improved to a standard and using materials of approximately the same quality as the leasehold improvements which exist in the existing Premises at the time of relocation and shall reimburse the Tenant (upon receipt of copies of receipted third party invoices) for reasonable direct costs resulting from such relocation, including, without limitation, moving costs, reprinting of a limited supply of stationery and supplies and disconnection and reconnection of telephone and computer equipment and systems. In no case will the Tenant be reimbursed or compensated for indirect costs including without limiting the generality of the foregoing, overhead, overtime charges or loss of profits, and the Tenant will minimize costs by re-using all fixtures and trade fixtures from the Premises where it is feasible to do so. The Landlord agrees to use reasonable efforts to effect the relocation with a minimum of disruption to the Tenant's business. The Landlord and the Tenant shall enter into a lease amending agreement in the Landlord's standard form to confirm the terms of the relocation including, without limitation, any adjustment to the Annual Basic Rent if the Rentable Area of the relocated premises is different than the Rentable Area of the existing Premises and to confirm that all other terms and conditions of this Lease shall apply with respect to the relocated premises for the remainder of the Term.

13.11 Right of Inspection Without Notice

If the Landlord, acting reasonably, believes:

- (a) that as a result of any act or omission of the Tenant, its officers, employees, servants, agents or contractors, the Landlord may be exposed to liability, a claim or an action for a claim, or the Premises or the Building may suffer damage;
- (b) the Tenant is about to permanently vacate the Premises prior to the expiration of the Term;
- (c) the Tenant is or is about to become bankrupt or insolvent; or
- (d) if any other event causes the Landlord to believe that the payment of Rent or the observance or performance by the Tenant of its obligations to be observed and performed under this Lease is about to be impaired or that the Tenant is about to remove all or substantially all of its fixtures, equipment and inventory from the Premises;

then the Landlord may at any time, without notice, enter the Premises for the purposes of inspection, using such force as it deems necessary for that purpose and without being liable for any action in respect thereof or for any loss or damage occasioned thereby and the Tenant expressly releases the Landlord from any and all actions, proceedings, claims or demands whatsoever in respect of such entry, and acknowledges and agrees that such entry shall not be a breach of section 9.1.

ARTICLE 14 - INTERPRETATION

14.1 Interpretation

The parties agree that:

- (a) This Lease will be construed in accordance with, and governed by, the laws of the Province of British Columbia.
- (b) Where required, the singular number shall include the plural and the neuter gender the masculine or feminine.
- (c) All of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate provision hereof.
- (d) If any provision or provisions of this Lease is found to be illegal or not enforceable it or they will be considered separate and severable from this Lease

and its remaining provisions will remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

- (e) Time is of the essence of this Lease.
- (f) Any captions, headings and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained therein will in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.
- (g) This Lease has been negotiated and approved by the parties. Certain text in this Lease may be bolded and underlined and certain text may be deleted by way of a line through the applicable text. Such bolding and underlining and lines through the applicable text have been used to identify changes to the Landlord's Standard Form of Lease. All bolded and underlined text shall be read as if not bolded and underlined and all text deleted by way of a line shall be deemed not to exist.
- (h) This Lease will extend to, be binding upon and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors and permitted assigns.
- (i) There are no covenants, promises, undertakings, representations or conditions expressed or implied, collateral or otherwise, oral or written, between the parties forming part of or in any way affecting or relating to this Lease or the Premises save as expressly set out in this Lease, and this Lease sets out the entire agreement between the parties with respect to the subject matter of this Lease and will not be modified, amended or waived except by an instrument in writing duly executed and delivered by the parties or by their successors and permitted assigns.
- (j) All obligations of the Tenant which arise during the Term pursuant to this Lease and which not been satisfied and the end of the Term or early termination thereof and all indemnities of the Tenant contained in this Lease shall survive the expiration or other termination of this Lease.
- (k) This Lease may be executed in any number of counterparts with the same effect as if the parties had executed the same instrument, and all such counterparts will be construed together and will constitute one and the same instrument. The execution of this Lease by any party hereto will not become effective until a counterpart hereof has been executed by the party and delivered to the other party. Such delivery may be made by facsimile transmission or other method of electronic transmission (such as PDF) of the execution page hereto to the other party by the party signing the particular counterpart, and it is agreed that reproductions of signatures by way of facsimile, PDF or other means of electronically transmitting documents and signatures will be treated as though reproductions were executed originals.

14.2 Beneficial Ownership [Redacted - landlord names / commercially sensitive information]

██████████ is the registered owner of the Project and holds it as the nominee and agent for ██████████ which is the beneficial owner thereof.


ARTICLE 15 - ADDITIONAL PROVISIONS

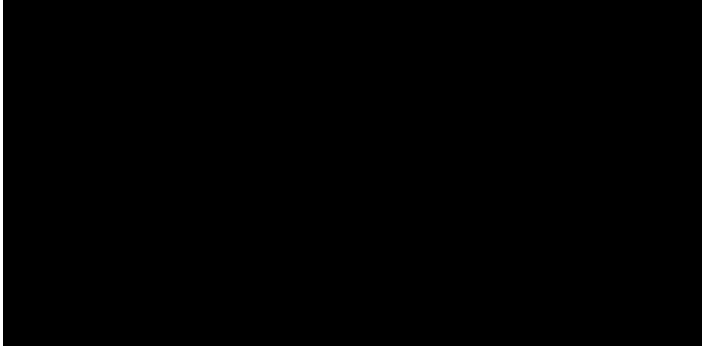
15.1 Additional Provisions

The additional provisions which are set forth in Schedule "E" are hereby incorporated in and form a part of this Lease for all purposes. In the event of a conflict between the terms and conditions of ARTICLE 1 to ARTICLE 14, inclusive, of this Lease, the terms and conditions in Schedule "E" will prevail and will supersede those terms and conditions in ARTICLE 1 through ARTICLE 14, inclusive.

IN WITNESS WHEREOF the parties hereto have duly executed and delivered this Lease as of the day and year first above written.

BY THE LANDLORD:

 by its [Redacted - landlord name / commercially sensitive information]
authorized signatory:



[Redacted - signature / personal information]


 by its [Redacted - landlord name / commercially sensitive information]
authorized signatory:



[Redacted - signature / personal information]

BY THE TENANT:

NEXTLEAF SOLUTIONS LTD. by its
authorized signatories:

 [Redacted - signature]

Authorized Signatory

Paul Pedersen

Print Name

CEO

Title

Authorized Signatory

Print Name

Title

SCHEDULE "A"

Description of Land/Premises

PART I - Land

Legal Description: [Redacted - commercially sensitive information]

[Redacted - commercially sensitive information]

PART II - Premises

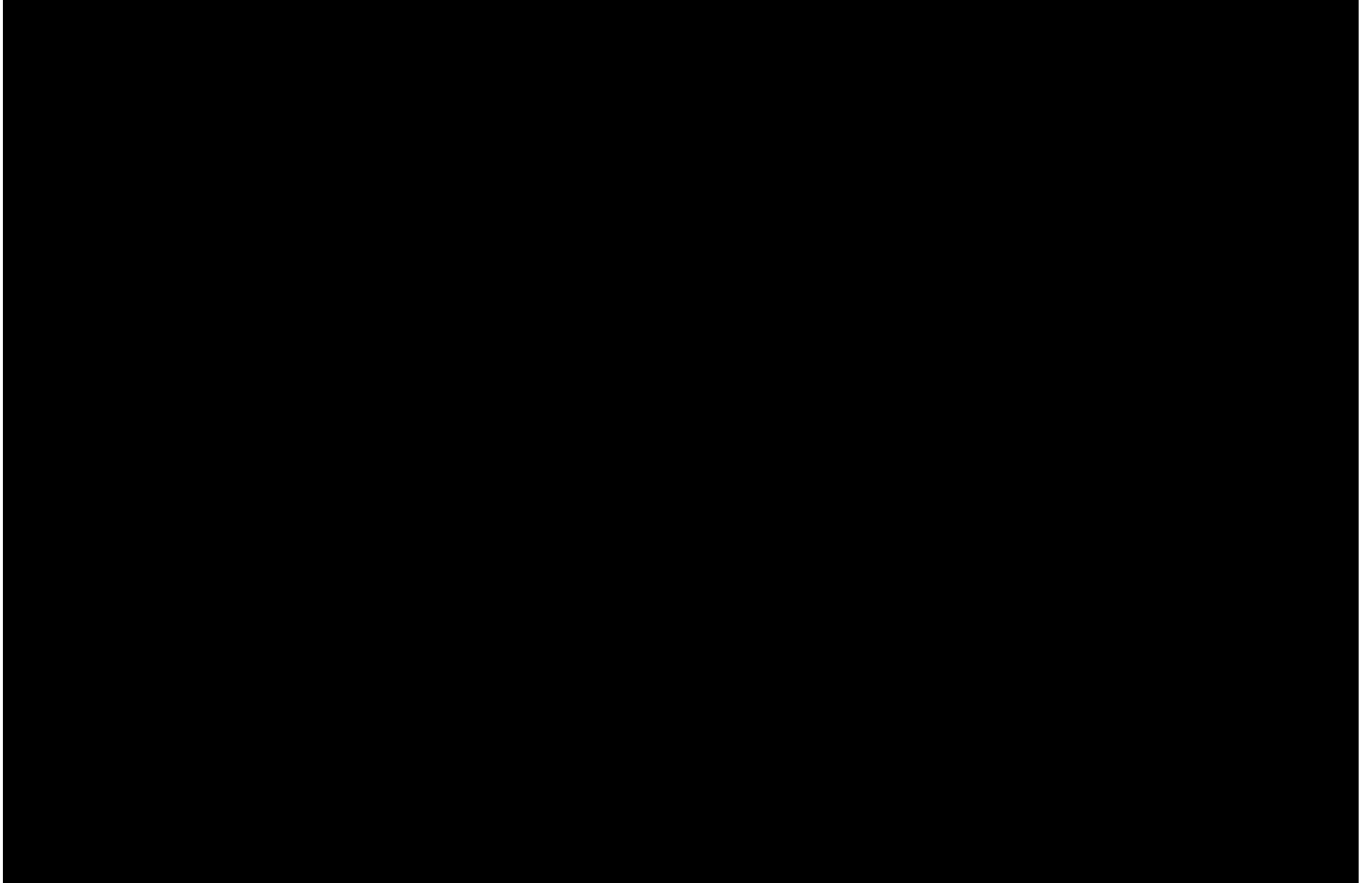
Civic Address: [Redacted - commercially sensitive information]

[Redacted - commercially sensitive information]

SCHEDULE "B"

Plan of Premises

[Redacted - commercially sensitive information]



SCHEDULE "C"

Definitions

- (a) "Additional Rent" means all sums other than Annual Basic Rent, payable by the Tenant to the Landlord under this Lease except for such sums stated to be an amount owed by the Tenant to the Landlord separate from Rent;
- (b) "Adopted Accounting Practices" means generally accepted accounting principles (commonly known as "GAAP") or recognized national or international accounting standards such as IFRS as may be adopted from time to time by the Landlord;
- (c) "Annual Basic Rent" means the amount set out in subsection 1.1(e);
- (d) "Buildings" means all buildings and improvements erected or to be erected on the Land and "Building" means any one of such buildings or improvements erected or to be erected on the Land;
- (e) "Commencement Date" means the date set out in subsection 1.1(c);
- (f) "Expiry Date" means the date defined in section 2.1;
- (g) "Fiscal Period" means a period as designated by the Landlord from time to time, all or part of which falls within the Term. The Landlord may have different Fiscal Periods for any one or more of the components of Additional Rent. Where any Fiscal Period contains less than 12 months, costs shall be pro-rated as determined by the Landlord, to make any calculation required under this Lease;
- (h) "Gross Rentable Area" means, whether referring to the whole Project or any portion thereof, the total, from time to time, of the Rentable Areas of all rentable premises in the Project or in such portion, including the Premises, as the case may be;
- (i) "Hazardous Substances" means any contaminant, pollutant, dangerous or potentially dangerous or noxious or toxic substance, hazardous waste, flammable or explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCBs and substances or any other materials declared or defined to be hazardous, toxic, contaminants or pollutants, or which at any time during the Term are regulated as a threat under or pursuant to, any applicable laws, regulations, requirements or guidelines in the Province of British Columbia, including any applicable laws, regulations, requirements or guidelines of the Government of Canada or of the Government of the Province of British Columbia or of the municipality in which the Premises are located, or of any other lawful governmental authority having jurisdiction, or are capable of posing a threat to public health or the environment, and mould;
- (j) "Land" means the lands described in Part I of Schedule "A" hereto;
- (k) "Landlord's Mortgagees" means the mortgagees, debenture holders and trustees on behalf of a mortgagee holding Mortgages;
- (l) "Lease" means this Lease together with all schedules attached hereto;
- (m) "Lease Year" means, in the case of the first Lease Year, the period beginning on the Commencement Date and ending 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, shall mean each 12 month period after the first Lease Year;
- (n) "Management Fee" means that management fee payable pursuant to section 3.3;
- (o) "Mortgages" has the meaning set out in section 8.4;
- (p) "Operating Costs" means all costs and expenses incurred by the Landlord in the operation, maintenance and repair of the Project in each Lease Year, including without limitation:

- (i) the cost of providing cleaning, debris removal, supervisory and maintenance services;
- (ii) the cost of providing water, electricity, telephone and other utilities and services, (if not separately metered and charged to specific premises);
- (iii) the cost of repairing, maintaining and replacing heating, cooling and ventilating systems for both rentable and non-rentable space;
- (iv) the cost of providing janitorial service (if any);
- (v) the cost of all repairs and replacements to the Project;
- (vi) the cost of replacing machinery or equipment which by its nature requires periodic replacement;
- (vii) the cost of snow clearance and salting (if necessary);
- (viii) the cost of repairing and restriping parking areas and roadways;
- (ix) the cost of landscaping and maintaining any landscaped areas on the Project;
- (x) the cost of security and supervision (if any);
- (xi) the cost of all insurance maintained by the Landlord in respect of the Project or any part thereof and any deductibles in respect thereto;
- (xii) accounting costs incurred in connection with maintenance and operation including computations required for the imposition of charges to tenants and audit charges for the reporting of charges hereunder;
- (xiii) the amount of that portion of salaries, wages and fringe benefits paid to employees which is attributable to the operation and maintenance of the Project and amounts paid to independent contractors for any services in connection with such operation and maintenance;
- (xiv) management fees for management functions performed by an independent contractor; and
- (xv) amortization or depreciation of the costs referred to in (iii), (v) and (vi) above as determined in accordance with Adopted Accounting Practices as applied by the Landlord, if such costs have not been charged fully in the Fiscal Period in which they are incurred, and interest on the undepreciated or unamortized balance of such costs, compounded annually, at an annual rate equal to 2% above the Prime Rate in effect on the first day of each Fiscal Period,

but excluding capital taxes or the Landlord's income taxes or other taxes personal to the Landlord which do not relate to the Project; PROVIDED that in computing Operating Costs, if less than 100% of the Gross Rentable Area of the Project is completed or occupied during any period for which a computation must be made, the amount of Operating Costs will be increased by the amount of the additional costs determined by the Landlord, acting reasonably, that would have occurred had 100% of the Gross Rentable Area of the Project been completed or occupied during that period;

- (q) "Premises" means that portion of the Project described in Part II of Schedule "A", shown outlined in bold black line on the plan attached as Schedule "B" and having the Rentable Area set out in subsection 1.1(b), more or less;
- (r) "Prepaid Rent" means the prepaid rent set out in subsection 1.1(g);
- (s) "Prime Rate" means the annual rate of interest announced from time to time by the Canadian chartered bank chosen by the Landlord as the daily rate of interest used by such bank as a reference rate in setting rates of interest for Canadian dollar commercial loans and commonly referred to by such bank as its Canadian "prime rate".
- (t) "Project" means the Land and the Buildings;

- (u) "Project Components" means the segment of the Project (of which the Building in which the Premises are located shall be one and which together comprise the entire Project), which may be designated by the Landlord from time to time pursuant to section 3.5;
- (v) "Property Manager" means, if any, that property manager retained, from time, by the Landlord to manage the Project on its behalf;
- (w) "Proportionate Share; Tenant's Proportionate Share" means the fraction, having as its numerator the Rentable Area of the Premises and as its denominator the Gross Rentable Area of all premises within the Project designated for lease to tenants, whether leased or not provided that, if and whenever pursuant to section 3.5 of this Lease the Landlord (i) has established and designated Project Components, in respect of Operating Costs or Taxes which pertain only to a Project Component in which the Premises are included, or (ii) is allocating Operating Costs among only certain elements or premises within the Building in which the Premises are located, in respect of such Operating Costs, the denominator utilized in such calculation will be the total Gross Rentable Area of all premises to which such amount is being allocated;
- (x) "Relative Portion" means, with respect to any amount payable under this Lease, the fraction which has as its denominator the period of time expressed in days in respect of which an amount payable hereunder is calculated and which has as its numerator the number of days within the same calculation period which fall within the Term or any renewal period;
- (y) "Rent" means Annual Basic Rent and Additional Rent;
- (z) "Rentable Area" means the area (expressed in square feet or square meters) of any rentable area in the Project calculated in accordance with the Industrial Buildings Standard Methods of Measurement (ANSI/BOMA Z65.2-2009), using the Exterior Wall Methodology. For the purposes of determining Annual Basic Rent, the area of the Rentable Mezzanine (as determined pursuant to the said Standard Methods) shall be included, but the area of the Rentable Mezzanine shall be excluded for the purposes of determining Operating Costs and Taxes
- (aa) "Roof" means the roof of the Building in which the Premises are located including the roof membrane, insulation and deck and all structural components of the roof;
- (bb) "Sales Taxes" means all goods and services, harmonized sales, business transfer, multi-stage sales, sales, use, consumption, value-added or other similar taxes imposed by any federal, provincial or municipal government upon either the Landlord or the Tenant in respect of this Lease which is measured by or based in whole or in part directly upon the Rent payable under this Lease or in respect of the rental or rental value of premises under this Lease or the payments made by Tenant hereunder or the goods and services provided by Landlord hereunder including without limitation, the rental of the Premises and the provision of administrative services to Tenant hereunder, whether existing at the date of this Lease or hereafter imposed by any governmental authority including, without limitation, goods and services tax, harmonized sales tax, value added tax, business transfer tax, sales tax, federal sales tax, excise taxes or duties or any tax similar to the foregoing;
- (cc) "Security Deposit" means the security deposit set out in subsection 1.1(h) and, if applicable, such additional amount paid pursuant to section 4.6 of this Lease;
- (dd) "Taxes" means the total of all taxes, local improvements or similar rates, duties, assessments and/or charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, parking levies implemented or imposed by Metro Vancouver and/or any other governmental or statutory authority, carbon tax, assessments both general or special or any rate, duty, assessment, charge or tax levied, charged or assessed in lieu thereof now or at any time hereafter levied or imposed upon or in respect of the Project or any part thereof and capital taxes payable by the Landlord based in whole or in part on the capital employed by the Landlord in the Project, by any governmental or statutory authority whether federal, provincial, municipal or otherwise, together with all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in good faith contesting or appealing any such taxes, levies, rates, assessments or charges levied in lieu thereof, but excluding Tenant's Taxes;

- (ee) "Tenant's Taxes" means all taxes, license and permit fees, rates, duties and assessments imposed or levied by a municipality or any other lawful authority covering any period during the Term and any renewal thereof and relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of improvements to the Premises built, made or installed by the Tenant, on behalf of the Tenant or at the Tenant's request, or charges in respect to the provision by a municipality or other lawful authority of refuse disposal service to the Tenant relating to the Premises, or charges imposed by a municipality, fire service or police service for false alarms, whether any such taxes, license and permit fees, rates, duties, assessments, or charges are payable by law by the Tenant or by the Landlord and whether such taxes are included by the taxing authority in the taxes, licenses, rates, duties, assessments and charges imposed or levied on or with respect to the Premises or the Project, and Sales Taxes; and
- (ff) "Term" means the term specified in subsection 1.1(d), commencing on the Commencement Date and expiring on the Expiry Date.

SCHEDULE "D"

Sign Criteria

All signage will be provided by the Tenant at its expense. All signage must be in accordance with the "Signage Bylaw" of the municipality in which the Premises are situated, and reflect the signage standard which may be in effect for the Project, from time to time. Signage design, including dimensions and location, together with applicable plans and drawings, must be submitted to the Landlord for its prior written approval.

SCHEDULE "E"

Additional Provisions

1. Option to Extend

- (a) If:
- (i) the Tenant is not then in material default under this Lease; and
 - (ii) the Tenant gives the Landlord not less than six months' and not more than 12 months' written notice prior to the expiry of the initial Term, of the Tenant's intention to extend the initial Term;

then the Tenant will have the right to extend the initial Term upon the expiry of the initial Term for a further period of five years (the "Extended Term") upon the same terms and conditions as are set out in the Lease, except that:

- (iii) there will be no further right to extend the Term;
- (iv) any free rent allowance, or fixturing period, or tenant improvement allowance or other tenant incentive or inducement of any kind whatsoever, or any requirement on the Landlord's part to do any landlord's work in connection with the Lease, shall not apply to the Extended Term; and
- (v) the Annual Basic Rent payable by the Tenant during the Extended Term shall be as agreed upon between the parties prior to that day which is 180 days before the commencement of the Extended Term based on the prevailing fair market basic rent at the commencement of the Extended Term for similarly improved premises of similar size, quality, use and location in buildings of a similar size, quality and location in Coquitlam or, failing such agreement by such date, then as determined by arbitration in accordance with subclause 1(b) below.

The monthly Annual Basic Rent payable during the Extended Term until the Annual Basic Annual Rent for the Extended Term is determined will be 150% of the monthly Annual Basic Rent which was payable in the last full month of the initial Term. The Annual Basic Rent shall be applied retroactively to the commencement of the Extended Term and any amount owing by either party to the other by virtue of this retroactive application shall be paid within 14 days of the determination of the Annual Basic Rent for the Extended Term. In no event will the Annual Basic Rent payable during the Extended Term be less than the Annual Basic Rent payable during the last year of the initial Term.

- (b) If the parties fail to agree upon the Annual Basic Rent payable during the Extended Term by a date 60 days prior to the commencement date of the Extended Term, either party may by notice in writing to the other require that the Annual Basic Rent payable in respect of the Extended Term be determined by arbitration on the basis set out in subclause 1(a)(v) above, such arbitration to be carried out by one arbitrator under the *Arbitration Act* (British Columbia), and amendments thereto, or any like statute in effect from time to time, if the parties can agree on one arbitrator, or if the parties cannot so agree within 14 days after they have started to negotiate as to who the single arbitrator shall be, each shall select one arbitrator and the two so selected shall within 21 days of the appointment of both of them select a third arbitrator. The decision of such arbitrator (or arbitrators) shall be final and binding upon the parties. The costs of such arbitration shall be borne equally by the parties (except that each shall bear the cost of any arbitrator selected solely by it). Except as otherwise provided for herein, the provisions of the said *Arbitration Act* shall apply. All arbitrators shall be persons then active in the Province of British Columbia as accredited Real Estate Appraisers and each shall have not less than five years' experience as an appraiser in the area where the Premises are located.
- (c) If the Tenant fails to exercise its option to extend the Term in accordance with this section, then the Tenant's rights under this clause will terminate and be null and void.

2. Basic Rent Free Period

Provided that the Tenant is Nextleaf Solutions Ltd. and the Tenant is in possession of the whole of the Premises, has executed and delivered this Lease and is not in default thereunder, the Tenant shall not be responsible for the payment of Annual Basic Rent for the first two months of the initial Term. However, the Tenant shall be required to pay all other expenses and charges provided for in the Lease throughout such period.

3. Landlord's Improvement Work

The Premises will be provided to the Tenant by the Landlord on the Commencement Date strictly on an "as is, where is" basis, except that the Landlord will, at its expense, ensure that all plumbing, mechanical, electrical, heating, ventilation and air-conditioning systems serving the Premises are in proper working order (the "Landlord's Improvement Work") prior to the Commencement Date. All other leasehold improvements required in connection with the Tenant's use and enjoyment of the Premises shall be provided by the Tenant at the Tenant's cost.

4. Tenant's Improvement Work

Any improvement work required in order to prepare the Premises for use by the Tenant which is not specified as Landlord's Improvement Work, including, without limitation:

- (a) the removal of the existing wall dividing the main floor office/showroom area from the warehouse; the Tenant may add and/or replace and/or relocate the office demising wall to create a smaller office showroom space and result in a large warehouse area;
- (b) the telephone and data cable lines; and
- (c) the installation of a security system and security bars

(the foregoing collectively the "Tenant's Improvement Work")

shall be the sole responsibility of the Tenant, at its cost. The Tenant shall be required to prepare working drawings of the Tenant's Improvement Work and obtain the written consent of the Landlord thereto before commencing the Tenant's Improvement Work, such consent not to be unreasonably withheld. All Tenant's Improvement Work shall be done at the Tenant's sole cost and expense by qualified and licensed contractors and subcontractors who shall be subject to the approval of the Landlord, acting reasonably.

All such Tenant's Improvement Work shall be performed in a first class manner in accordance with the provisions of this Lease.

5. Permits and Licences

The Tenant shall be responsible, at its cost, for obtaining all necessary building permits and approvals as required by the relevant regulatory authorities for the Tenant's Improvement Work. Such permits and approvals must be secured before the Tenant commences the Tenant's Improvement Work. In addition, the Tenant shall be responsible for obtaining, at its cost, its business licence and occupancy permit and any additional permits and licences as may be required for the operation of the Tenant's business in the Premises.

6. Fixturing Period

Provided this Lease has been executed by the Tenant, that evidence of the insurance required pursuant to this clause 6 has been provided to the Landlord, the Landlord has approved the Tenant's plans and drawings and the Tenant has received all applicable municipal permits and approvals, the Tenant will be given access to the Premises in common with the Landlord, its employees, contractors and agents, on June 1, 2018, and thereupon the Tenant will then have a fixturing period of thirty (30) days expiring on June 30, 2018 (the "Fixturing Period"), for the purpose in which to undertake the Tenant's Work and to receive and stock merchandise. During the Fixturing Period, the Tenant shall, at its own expense, undertake to completion the Tenant's Work in accordance with the plans and specifications approved by the Landlord. During the Fixturing Period, the Tenant shall be bound by all of the terms and conditions of this Lease save for payment of Rent, provided that the Tenant shall be responsible for all utilities used in the Premises during the Fixturing Period and shall be responsible, at its cost, for the removal of all garbage, waste and debris arising out of the undertaking of

the Tenant's Work. Entry by the Tenant into the Premises during the Fixturing Period shall be at the Tenant's risk and without interference with the Landlord's Improvement Work which must be performed by the Landlord in the Premises or the Building. Prior to entry into the Premises for undertaking the Tenant's Work, the Tenant must obtain and provide to the Landlord the insurance required by this Lease and must keep in force and provide to the Landlord throughout the period of the Tenant's Work course of construction insurance with a general liability provision of not less than \$5,000,000, which insurance must name the Landlord as an additional insured. The Tenant will perform or cause to be performed the Tenant's Work in a first class manner, using materials of good quality and in compliance with all applicable codes, bylaws, laws, ordinances, rules and regulations of all governmental and quasi-governmental authorities with jurisdiction. Any damage to the Building caused during the performance of the Tenant's Work by the Tenant, its contractor, subcontractors, tradespersons or material suppliers shall be repaired immediately by the Tenant, at the Tenant's expense, or at the Landlord's option, by the Landlord, at the Tenant's expense, and the Tenant shall also pay to the Landlord upon demand as Additional Rent an administration fee of 15% of the cost of the work and the materials.

7. Option to Lease Temporary Premises

Any time prior to March 20, 2018, the Tenant may elect, in writing, to lease the Temporary Premises (as hereinafter defined) from the Landlord as set forth hereunder with the basic terms and conditions that shall govern the leasing of the Temporary Premises in an alternative location by the Landlord to the Tenant as follows:

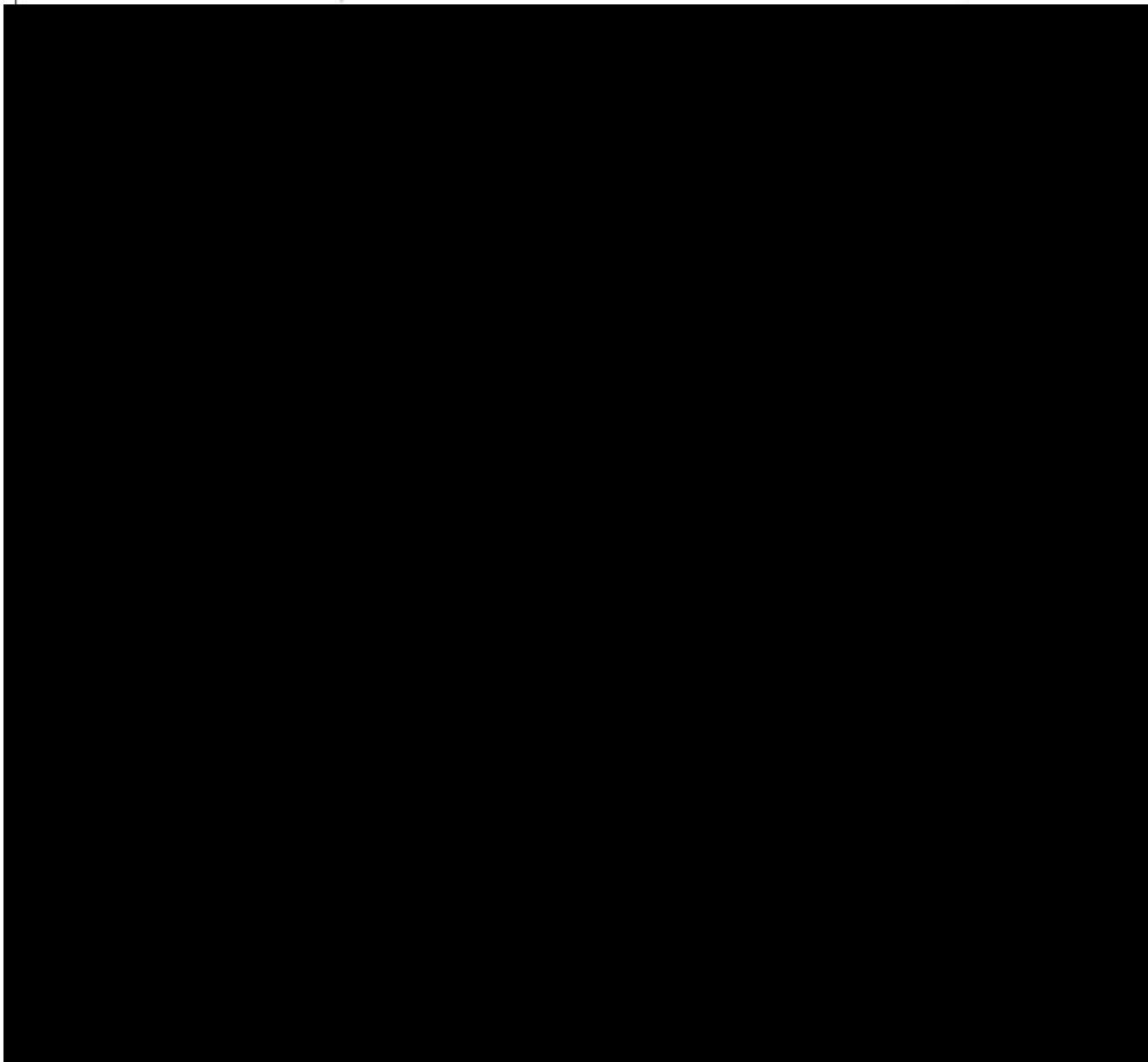
- (a) the Landlord shall lease to the Tenant those premises consisting of a taped off area of approximately 2,000 square feet, located at the rear of Unit 101 - 669 Ridley Place, Delta, BC (Annacis Island), which is shown outlined in bold black on that plan attached hereto as Exhibit E-1 (the "Temporary Premises");
- (b) the form of lease for the Temporary Premises shall be this Lease amended to reflect the terms and conditions of the leasing of the Temporary Premises;
- (c) the term of the lease of the Temporary Premises shall commence on April 1, 2018 and end on May 31, 2018; there shall be no right of overholding and upon the expiration the Tenant shall vacate the Temporary Premises;
- (d) on the first day of each and every calendar month occurring during the term of the lease for the Temporary Premises, the Tenant shall pay to the Landlord the sum of \$500.00, plus Sales Taxes, in advance, in lawful money of Canada, without any deduction or set-off whatsoever. Such sum shall constitute all amounts payable by the Tenant to the Landlord as gross rent under the Lease for the relevant month, except for charges for electricity, gas and other utility charges for the Temporary Premises which shall be paid by the Tenant within 10 days of receipt of an invoice therefor from the Landlord;
- (e) the Tenant shall take out and maintain insurance coverage as set forth in the Landlord's Lease;
- (f) upon expiry of the term of the lease of the Temporary Premises, the Tenant shall deliver to the Landlord vacant possession of the Temporary Premises in a neat, clean and tidy condition.

A default under this Lease shall be deemed a default under the lease for the Temporary Premises and a default under the lease for the Temporary Premises shall be deemed a default under this Lease, and all the rights and privileges of the Landlord under this Lease applicable to a default shall apply in either instance. In the event this Lease is terminated for whatever reason, the Landlord and the Tenant covenant and agree that the lease for the Temporary Premises shall be deemed to have been terminated concurrently without further act or notice of either the Landlord or the Tenant, and In the event the lease for the Temporary Premises is terminated for whatever reason, the Landlord and the Tenant covenant and agree that this Lease shall be deemed to have been terminated concurrently without further act or notice of either the Landlord or the Tenant.

Exhibit – 1

Plan of Temporary Premises

[Redacted - commercially sensitive information]



SCHEDULE "F"

Security Interest - Remedies on Default

TENANT:

NEXTLEAF SOLUTIONS LTD.

ADDRESS OF LEASED PREMISES:

██████████ [Redacted - commercially sensitive information]
████████████████████
██

DATE:

For reference March 15, 2018

1. If the Security Interest becomes enforceable, the Landlord may, at its option:
 - (a) appoint any Person as receiver of all or any part of the Collateral. The word "receiver" as used in this section 1 includes both a receiver and a receiver and manager. The Landlord may, from time to time, remove or replace any appointed receiver, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver or for the sale of all or any part of the Collateral. Any receiver will have and may exercise all rights and powers conferred upon the Landlord under this Lease together with such other rights and powers which such receiver may have at law or in equity. Any receiver will be considered to be the agent of the Tenant so far as the responsibility for the receiver's acts is concerned and the Landlord will not be responsible for any act or omission on the part of the receiver, whether wilful, negligent, imprudent or otherwise;
 - (b) take such steps as it considers necessary or desirable to obtain possession of all or any part of the Collateral and the Tenant agrees that the Landlord may, by its servants, agents or receiver, at any time during the day or night and without prior notice, enter the Leased Premises where the Collateral may be found for the purpose of taking possession of or removing or immobilizing the Collateral or any part of it;
 - (c) in connection with the realization of the Collateral, carry on all or any part of the business and undertaking of the Tenant and may enter upon, occupy and use all or any part of the property owned or used by the Tenant (including the Collateral) for such time as the Landlord sees fit, free of charge, and neither the Landlord nor any agent or receiver appointed by the Landlord will be liable to the Tenant for any negligent or imprudent act or omission in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with or dispose of the Collateral or any part of it in the manner, upon the terms and conditions and at the time or times as may seem to it advisable, without notice to the Tenant. The mode, terms and conditions of disposition of the Collateral or any part of it will be in the sole discretion of the Landlord and it will be deemed to be commercially reasonable for the Landlord to dispose of the Collateral or any part of it in the ordinary course of its business. Without limiting any other rights the Landlord may have, the Landlord may purchase all or any part of the Collateral at a private sale, auction, tender, public sale or any other mode of disposition;
 - (e) charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and his own client basis and fees for receivers, managers, accountants and other professionals) in connection with the Landlord's realizing or preparing to realize on the Collateral (including without limitation obtaining advice in preparation for or otherwise in respect of such realization) or otherwise dealing with the Collateral in accordance with the provisions of this Lease and all such sums will be payable by the Tenant to the Landlord on the earlier of demand and payment of any such sum by the Landlord, and will be secured by the Security Interest; or

- (f) if it deems it necessary for the proper realization of all or any part of the Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Collateral, and the amount paid, together with all costs and expenses of the Landlord incurred in that connection, will be payable by the Tenant to the Landlord on the earlier of demand and payment thereof by the Landlord, and will be secured by the Security Interest.

None of the foregoing remedies shall be exclusive of or dependent on any other remedy, but any one or more of such remedies may be exercised from time to time independently or in combination.

- 2. The Landlord will have the right to postpone indefinitely the sale of the Collateral or any part of it and shall further have the right, pending that sale, to lease the Collateral or any part of it to any person for any period as the Landlord in its absolute discretion deems necessary in order to recover or to attempt to recover any indebtedness secured by the Security Interest.
- 3. The Landlord will not be liable or accountable for any failure to realize or otherwise deal with the Collateral or any part of it and will not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Landlord, the Tenant or any other person in respect of the Collateral.
- 4. All monies received or collected by the Landlord in respect of the Collateral may be applied and reapplied as the Landlord deems fit.