

LEASE

THIS LEASE, dated December 4, 2020, is made and entered into by the Landlord and Tenant named herein who, in consideration of the covenants herein contained, agree as follows:

ARTICLE 1 - BASIC TERMS, SCHEDULES, DEFINITIONS

1.1 Basic Terms

(a) Landlord: Sabo Bros. Enterprises Ltd.

(i) Address: 5223-87 St NW, Edmonton, AB T6E 5L5
Email: office@sabobros.com

(b) (i) Tenant: Nabati Foods Inc.

(ii) Address:
Email:

(c) Address of Premises: 14811 - 134 Ave, Edmonton, AB

(d) Floor Area: 7,430 square feet, more or less

(e) (i) Term: 5 years

(ii) Commencement Date: April 1, 2021

(f) Minimum Rent:

Lease Years	\$/Sq. Ft.	\$/Annum	\$/Month *
5	10.50	78,000.00	6,500.00

(g) Security Deposit: \$13,650.00

(h) Permitted Use of Premises: Food Production

(i) Legal Description of Building: Lot 17, Block 11, as shown on Subdivision Plan #7621570 Bonaventure Industrial, in the City of Edmonton, as aforesaid.

(j) Landlord's Work: See Schedule "C"

The foregoing Basic Terms are hereby approved by the parties and each reference in this Lease to any of the Basic Terms shall be construed to include the provisions set forth above as well as all of the additional terms and conditions of the applicable sections of this Lease where such Basic Terms are more fully set forth.

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1.2 Schedules

All schedules to this Lease are incorporated into and form an integral part of this Lease.

1.3 Definitions

In this Lease, the words, phrases and expressions set forth in Schedule "B" are used with the meanings defined therein.

ARTICLE 2 - GRANT OF LEASE

2.1 Demise

The Landlord, being registered as owner of the Building legally described in Section 1.1(i), subject, however, to such mortgages and encumbrances as are registered against title thereto as of the date hereof, does hereby lease to the Tenant, for the Term and upon and subject to the covenants and conditions hereinafter expressed, the Premises indicated as outlined in red on Schedule "A" hereto and containing the number of square feet of Floor Area set out in Section 1.1(d).

ARTICLE 3 - TERM, COMMENCEMENT, RENEWAL

3.1 Term

The Term of this Lease shall be for the period set out in Section 1.1(e)(i), beginning on the Commencement Date.

3.2 Option to Renew

- (a) If the Tenant duly and regularly pays all rent and other sums hereunder to be paid and performs each and every of the covenants, conditions and provisions herein contained the Landlord shall, at the expiration of the Term, upon request in writing by the Tenant delivered to the Landlord at least six (6) months but not more than twelve (12) months prior to the expiration of the Term, grant to the Tenant at the expense of the Tenant, a renewal lease of the Premises for a further term of 5 years (the "Renewal Term") from the expiration of the Term upon the same terms and conditions as contained in this Lease except as to the inclusion of this clause and except as to the amount of Minimum Rent which shall be equal to the Fair Market Rent for the Premises at the commencement of the Renewal Term as agreed upon by the Landlord and the Tenant.
- (b) In the event that the parties are unable to agree upon the Fair Market Rent at least thirty (30) days prior to the commencement of the Renewal Term, the matter shall be determined by arbitration in accordance with the provisions of the *Arbitration Act of Alberta* (or any successor statute).

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ARTICLE 4 - RENT

4.1 Minimum Rent

The Tenant shall pay to the Landlord in and for each Lease Year, Minimum Rent in the amount per annum set out in Section 1.1(f) for the respective Lease Year, by equal consecutive monthly instalments in the amount set out in Section 1.1(f) for such Lease Year.

4.2 Payment of Minimum Rent

The first monthly instalment of Minimum Rent shall be paid on or before the Commencement Date and subsequent instalments of Minimum Rent shall be paid strictly in advance on the first day of each and every succeeding month throughout the Term.

4.3 Pro Rata Adjustment of Rent

All rent shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate rent for irregular periods of less than one (1) year or one (1) month, as the case may be, an appropriate pro rata adjustment shall be made in order to calculate rent for such irregular period.

4.4 Payments Generally

All payments by the Tenant to the Landlord of whatsoever nature required or contemplated by this Lease shall be:

- (a) paid to the Landlord by the Tenant in lawful currency of Canada;
- (b) made when due hereunder, without prior demand therefor and without any set-off, compensation or deduction whatsoever, at the office of the Landlord or such other place as the Landlord may designate from time to time to the Tenant;
- (c) applied towards amounts then outstanding hereunder, in such manner as the Landlord may, in its discretion, see fit, and without restricting the generality of the foregoing, no acceptance by the Landlord of any amount less than the full sum which is due and owing by the Tenant shall constitute an accord and satisfaction or oblige the Landlord to accept in full settlement, anything less than the full amount owing and outstanding at any time;
- (d) deemed to be rent, in partial consideration for which this Lease has been entered into, and shall be payable and recoverable as rent, such that the Landlord shall have all rights and remedies against the Tenant for default in making any such payment which may not be expressly said to be rent as the Landlord has for default in payment of rent; and
- (e) subject to an overdue charge if any such payment is not made when due, which charge shall be Additional Rent at a rate of twenty four (24.0%) per cent per annum on the overdue amount both before and after judgment payable with the next monthly instalment of Minimum Rent, all without prejudice to any other right or remedy of the Landlord.

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4.5 Security Deposit

The Tenant shall pay the Security Deposit to the Landlord which shall be retained by the Landlord without liability for interest thereon, as security for the due performance by the Tenant of its obligations under this Lease. The Security Deposit shall be applied to the first and last months' rent, without liability for interest. The Security Deposit may be applied, in the Landlord's discretion, to remedy any default by the Tenant hereunder, whether in respect to the payment of monies or otherwise, and in the absence of such default the Landlord shall return the Security Deposit to the Tenant at the expiration of the Term. If any or all of the Security Deposit is applied by the Landlord to remedy any default, then the Tenant shall forthwith upon written demand from the Landlord, remit to the Landlord such monies as are sufficient to restore the amount of money held on deposit by the Landlord to the original balance.

ARTICLE 5 - TAXES

5.1 Tenant's Taxes

The Tenant shall pay promptly when due all business, sales, machinery, equipment and all other taxes, assessments, charges and rates, as well as any permit or license fees, attributable to the Premises or the property, business, sales or income of the Tenant in respect of the Premises.

5.2 Sales Tax

The Tenant shall pay to the Landlord as Additional Rent, or as otherwise required by law, all Sales Tax. The Landlord shall determine on a reasonable basis the extent to which the Sales Tax is imposed by reason of any sum payable by the Tenant to the Landlord pursuant to any provisions of this Lease and any report of the Landlord's chartered accountant for such purpose shall be conclusive as to the amount of any Sales Tax for any period to which such report relates.

5.3 Tax Escalation

If Property Taxes increase above the "Base Property Taxes" (which for purposes of this Section shall mean the Property Taxes calculated by multiplying the 2020 mill rate of the City of Edmonton by the assessment on the completed Building as assessed by the City of Edmonton, and adding thereto all other applicable rates, levies and charges) then, and in that event, the Tenant shall pay as Additional Rent, the Tenant's Proportionate Share of the difference between the Base Property Taxes and the current Property Taxes. Such total sum to be payable to the Landlord by June 30th of any such Lease Year. Provided, however, that the Tenant will only be responsible for its Proportionate Share of the increase in Property Taxes if such increase is not attributable to any additional improvements to the said Building or any additional buildings that are now or may be constructed on the Lands. In addition, the Tenant will be solely responsible for all increase in Property Taxes attributable solely to improvements to the Premises made by or on behalf of the Tenant. The Tenant agrees to pay the Lessor a five (5%) percent penalty if payment of the Tenant's Proportionate Share of the Property Tax increase is not paid on or before June 30th of the given Lease Year.

For purposes of this Section, the Tenant's "Proportionate Share" means that proportion that the floor area of the Premises bears to the gross leasable area of the Building.

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ARTICLE 6 - UTILITIES

6.1 Not Guaranteed Supply by Landlord

Nothing in this Lease shall be deemed to be an undertaking or guarantee by the Landlord that it shall supply or continue to supply electricity, heating, ventilating, air-conditioning or other utilities to the Premises throughout the Term. To the extent that any of such utilities are supplied to the Premises by the Landlord and are not separately metered, the Tenant shall pay to the Landlord as Additional Rent a proportion of such costs, such proportion to be determined from time to time by the Landlord on the basis of the cost of supplying such utilities to the premises of all tenants receiving such utilities and the Tenant's consumption in a manner generally applicable to all tenants receiving such utilities. In the event that the Landlord does not supply or no longer supplies any or all such utilities to the Premises and any or all such utilities are furnished directly to the Tenant from the supplier utility, Additional Rent shall abate only with respect to the charges for such utilities not being supplied by the Landlord.

6.2 Tenant's Utilities

The Tenant shall pay all rates, charges, costs and expenses as may be assessed or levied and at the rates so assessed or levied by all suppliers of utilities directly to the Premises.

ARTICLE 7 - INSURANCE

7.1 Tenant's Insurance

- (a) - The Tenant shall, during the whole of the Term and during such other time as the Tenant occupies the Premises, take out and maintain the following insurance, at the Tenant's sole expense, in such form and with such companies as the Landlord may reasonably approve:
- (i) comprehensive general liability insurance, applying to all operations of the Tenant and against claims for bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises, or the Tenant's business on or about the Premises; such insurance shall include the Landlord as an additional insured and indemnify and protect both the Tenant and Landlord and shall contain a "cross liability" or "severability of interests" clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and shall be for the amount of not less than Two Million (\$2,000,000.00) Dollars combined single limit or such other amount as may be reasonably required by the Landlord from time to time; such comprehensive general liability insurance shall, for the Tenant's benefit only, include contractual liability and tenant's legal liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease; and
 - (ii) "all risks" insurance upon its merchandise, stock-in-trade, furniture, fixtures and improvements including leasehold improvements and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, and insurance upon all glass and

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plate glass in the Premises, against breakage and damage from any cause, all in an amount equal to the full replacement value thereof, which amount in the event of a dispute shall be determined by the decision of the Landlord.

- (b) The policies of insurance referred to above shall contain the following:
- (i) provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of a claim under such policies and such that such policies shall not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the insured(s);
 - (ii) provisions that such policies and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord shall be excess coverage;
 - (iii) all property insurance referred to above shall provide for waiver of the insurer's rights of subrogation as against the Landlord;
 - (iv) provisions that such policies of insurance shall not be cancelled without the insurer providing the Landlord with thirty (30) days written notice stating when such cancellation shall be effective.
- (c) Evidence satisfactory to the Landlord of all such policies of insurance shall be provided to the Landlord upon request.
- (d) The Tenant shall further during the whole of the Term maintain such other insurance in such amounts and in such sums as the Landlord may reasonably determine from time to time.

7.2 Increases in Rates

The Tenant shall not do, omit or permit to be done or omitted upon the Premises anything which shall cause any rate of insurance upon the Building or any part thereof to be increased or cause insurance to be cancelled. If any such rate of insurance shall be increased as aforesaid, the Tenant shall pay to the Landlord the amount of the increase as Additional Rent. If any insurance policy upon the Building or any part thereof is cancelled or threatened to be cancelled by reason of the use or occupancy by the Tenant or any act or omission as aforesaid, the Tenant shall forthwith remedy or rectify such use, occupation, act or omission upon being requested to do so by the Landlord, and if the Tenant fails to so remedy or rectify, the Landlord may at its option terminate this Lease forthwith and the Tenant shall immediately deliver up possession of the Premises to the Landlord.

ARTICLE 8 - USE AND OCCUPATION

8.1 Quiet Enjoyment

The Landlord covenants with the Tenant for quiet enjoyment, for so long as the Tenant is not in default hereunder, and except as provided herein.

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8.2 Use

The Premises shall be used for the purpose set forth in Section 1.1(h) and for no other purpose.

8.3 Signs

The Tenant may erect, install and maintain, all at the Tenant's sole expense, a sign of a kind and size and in a location, all in accordance with the Landlord's design criteria for the Building and as first approved in writing by the Landlord. The Tenant shall not erect, install or maintain any sign other than in accordance with this Article. At the expiration or earlier termination of this Lease, the Tenant shall, if required to do so by the Landlord, remove any such sign or signs and repair any loss or damage to the Building occasioned thereby, all at the Tenant's sole expense.

8.4 Covenant to Operate

The Tenant shall throughout the whole of the Term continuously operate, occupy and utilize the entire Premises and conduct its business therein complying strictly with the provisions of this Lease. The Tenant acknowledges that the Landlord is executing this Lease in reliance upon the Tenant's covenant herein contained and that such covenant is a material element inducing the Landlord to execute this Lease.

8.5 Compliance with Laws

The Tenant shall carry on and conduct its business from the Premises in such manner as to comply with any and all statutes, by-laws, rules and regulations of any Federal, Provincial, Municipal or other competent authority for the time being in force, and shall not do anything upon the Premises in contravention thereof.

8.6 Prohibitions

- (a) The Tenant shall not bring or permit to be brought on to the Premises any pets or animals save and except service dogs.
- (b) The Tenant shall not permit anyone to Smoke any substance whatsoever either in the Premises or in any part of the Building, nor shall the Tenant permit anyone to grow, harvest, cultivate or otherwise produce, or permit to be grown, harvested, cultivated or otherwise produced Cannabis either in the Premises or in any part of the Building.

- (c) For the purposes of this Lease:

"Cannabis" means

- (i) A cannabis plant or any part of a cannabis plant, including the phytocannabinoids produced by, or found in, such a plant, regardless of whether that part has been processed or not;
- (ii) any substance or mixture of substances that contains or has on it any part of such a plant; or

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- (iii) any substance that is identical to any phytocannabinoid produced by, or found in, such a plant, regardless of how the substance was obtained,

but specifically does not include a non-viable seed of a cannabis plant; a mature stalk, without any leaf, flower, seed, or branch of such a plant; fibre derived from the stalk of such a plant; or the root or any part of the root of such a plant; and

"Smoke" means to smoke, burn, hold or otherwise have control over a lit cigarette, electronic cigarette, pipe, or other implement designed to burn or heat any substance for the purpose of inhaling or tasting the emissions therefrom.

8.7 No Storage Containers

The Tenant shall not bring or permit to be brought on to the Premises or any portion of the Building, any moveable or immovable sheds, storage containers, sea cans or similar structures without the Landlord's consent; such consent may be arbitrarily withheld.

8.8 Nuisance

The Tenant shall not do or permit to be done or omitted anything which could damage the Building or injure, or impede the business of the Tenant or of other tenants in the Building or which shall or might result in any nuisance in or about the Premises, whether to the Landlord, any tenant of the Building, or any other party, the whole as determined by the Landlord, acting reasonably. In any of the foregoing events, the Tenant shall forthwith remedy the same and if such thing or condition shall not be so remedied, the Landlord may, after such notice, if any, as the Landlord may deem appropriate in the circumstances, correct such situation at the expense of the Tenant and the Tenant shall pay such expense to the Landlord as Additional Rent.

ARTICLE 9 - HAZARDOUS SUBSTANCES ON THE PREMISES

9.1 Hazardous Substances

The Tenant shall not cause or permit any Hazardous Substance to be brought upon, kept or used in or about the Premises without the prior written consent of the Landlord, which consent shall not be unreasonably withheld if the Tenant demonstrates to the Landlord's reasonable satisfaction that such Hazardous Substance is reasonably necessary for the Tenant's permitted use of the Premises and that it will be used, kept, stored and disposed of in a manner that complies with all Environmental Laws.

9.2 Compliance with Environmental Laws

- (a) The Tenant shall at the Tenant's own expense comply with all Environmental Laws and shall make, obtain and deliver all reports and studies as required by any governmental agency, authority or any Environmental Laws.
- (b) The Tenant authorizes the Landlord to make inquiries from time to time of any governmental agency or authority in order to determine the Tenant's compliance with the Environmental Laws. The Tenant covenants and agrees

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that it will from time to time provide to the Landlord such written authorization as the Landlord may reasonably require in order to facilitate the obtaining of such information.

- (c) The Tenant shall immediately advise the Landlord of any breach of any part of this Article or if any governmental agency or authority issues an order, notice, cancellation, amendment, charge, violation, ticket or other document concerning the release, investigation, clean up, remediation or abatement of any Hazardous Substance.

9.3 Clean Up or Removal

If any government authority shall require the clean up or removal of any Hazardous Substance held, released, spilled, abandoned or placed upon the Premises or the Building or released into the environment by the Tenant in the course of the Tenant's business or as a result of the Tenant's use or occupancy of the Premises, then the Tenant shall, at its own expense, prepare and submit for approval all necessary studies, plans and proposals, shall provide all bonds and other security required by governmental authorities and shall forthwith carry out the work required. The Tenant shall keep the Landlord fully informed of the progress of the matter and shall 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, in its discretion, that the Building, 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 cost and expense of the Tenant.

9.4 Indemnity

The Tenant shall indemnify and hold harmless the Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses arising out of or in any way related to any contamination of the Premises or the Building in any manner for which the Tenant is legally liable including, without limitation, any personal injury or property damage, a decrease in value of the Premises or the Building, damages caused by loss or restriction of rentable or useable space, or any damages caused by adverse impact on marketing of the space, any and all sums paid for settlement of claims and any lawyer's, consultant's, agent's or expert's fees. The provisions of this Section shall be in addition to any other obligations and liabilities that the Tenant may have to the Landlord at law or equity and shall survive the transactions contemplated herein and the termination of this Lease.

9.5 Ownership of Hazardous Substances

If the Tenant creates or brings to the Building or the Premises any Hazardous Substances or if the conduct of the Tenant's business shall cause there to be any Hazardous Substance at the Building or the Premises then, notwithstanding any rule of law to the contrary, such Hazardous Substance shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord notwithstanding the degree of affixation to the Premises or the Building of the Hazardous Substances, and notwithstanding the expiry or earlier termination of this Lease.

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ARTICLE 10 - CLEANING, REPAIR

10.1 Cleaning

- (a) The Tenant shall keep the Premises and, without limitation, the inside and outside of all glass windows and doors of the Premises and all exterior surfaces of the Premises and sidewalks in front of the Premises, in a neat, clean and sanitary condition and shall not allow any refuse, garbage or other loose or objectionable or waste material to accumulate in or about the Premises but rather shall dispose of the same.
- (b) The Tenant shall further protect all water and drain pipes, water closets, faucets, sinks and accessories thereto within the Tenant's control from frost and ice, and will further keep all water and drain pipes, water closets, faucets, sinks and accessories thereto free from uncleanness and obstruction that may prevent free and proper working thereof.
- (c) The Tenant shall pay for its own janitorial services, cleaning of debris, removal of garbage and such other costs as may be incurred in cleaning in accordance with this Article.
- (d) In the event the Tenant fails to clean in accordance with this Article upon notice so to do from the Landlord, the Landlord may clean the same and the Tenant shall pay to the Landlord as Additional Rent the cost thereof.

10.2 Tenant's Repairs

- (a) The Tenant shall repair the Premises, only excepting reasonable wear and tear, but including any damage to or breakage of glass, plate glass, shop windows, mouldings, storefronts, signs, doors, hardware, lighting, lamps, bulbs, ballasts, wiring, plumbing, doors (including sliding and overhead doors), weather stripping on doors, improvements, partitions, wall fixtures and all trade fixtures and furnishings of the Tenant or otherwise in or for the Premises and maintain in good condition the interior of the Premises, any appurtenances thereto, any improvements now or hereafter erected or installed therein and any apparatus or equipment of the Tenant therein or therefor.
- (b) The Tenant shall maintain all heating, ventilation, air-conditioning and plumbing facilities within the Premises and all drains therefrom in good repair and working order.
- (c) The Tenant, its employees or agents shall not mark, paint, drill or in any way deface any walls, ceilings, partitions, floors, wood, stone or ironwork without the written approval of the Landlord.

10.3 View Repairs

The Landlord may enter the Premises at any reasonable time during business hours and at any time during any emergency to view the state of repair and the Tenant shall repair according to notice in writing from the Landlord so to do, subject to the exceptions contained in this Article.

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10.4 Landlord may Maintain and Repair

If the Tenant fails to maintain and repair as required herein and according to notice from the Landlord within fourteen (14) days of receipt thereof, or such shorter period as may be reasonable in the circumstances, the Landlord may complete such maintenance and repair without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by reason thereof, and upon completion thereof, the Tenant shall pay as Additional Rent the Landlord's cost for conducting such repairs or maintenance.

10.5 Taking of Possession

The taking of possession of the Premises by the Tenant shall be conclusive evidence against the Tenant, that at the time of taking possession, the Premises were in good and fully satisfactory order and condition.

ARTICLE 11 – LANDLORD'S WORK, ALTERATIONS, FIXTURES

11.1 Landlord's Work

On or before the Commencement Date, the Landlord, at its expense, will complete the Landlord's Work as set forth in Schedule "C".

11.2 Tenant's Alterations

- (a) The Tenant shall not make or cause to be made any alterations, additions or improvements or erect or cause to be erected any partitions or install or cause to be installed any trade fixtures, exterior signs, floor covering, interior or exterior lighting, plumbing fixtures, apparatus for air-conditioning, cooling, heating, illuminating, refrigerating, or ventilating the Premises, shades, awnings, exterior decorations or make any changes to the Premises without first obtaining the Landlord's written approval thereto.
- (b) When seeking the approval of the Landlord as required by this Article, the Tenant shall present to the Landlord plans and specifications of the proposed work.
- (c) The Tenant shall promptly pay all contractors, material suppliers and workmen so as to minimize the possibility of a lien attaching to the Premises or the Building and should any claim or lien be made or filed the Tenant shall discharge the same.

11.3 Removal of Fixtures

- (a) So long as the Tenant is not in default hereunder at the expiration of the Term, the Tenant shall then have the right to remove its trade fixtures from the Premises but shall make good any damage caused to the Premises resulting from the installation or removal thereof; provided that all alterations, additions and improvements constructed and installed in the Premises and attached in any manner to the floors, walls or ceiling, including any floor covering and light fixtures, are hereby deemed not to be trade fixtures and shall remain upon and be surrendered with the Premises, except to the extent the Landlord requires removal thereof.

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- (b) If the Tenant fails to remove its trade fixtures and restore the Premises as aforesaid, all such trade fixtures shall become the property of the Landlord except to the extent that the Landlord continues to require removal thereof.
- (c) Should the Tenant abandon the Premises or should this Lease be terminated before the proper expiration of the Term due to a default on the part of the Tenant then, in such event, as of the moment of default by the Tenant, all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) shall, except to the extent the Landlord requires the removal thereof, become and be deemed to be the property of the Landlord, without indemnity to the Tenant and as additional liquidated damages in respect of such default but without prejudice to any other right or remedy of the Landlord.
- (d) Notwithstanding that any trade fixtures, alterations, additions, improvements or fixtures are or may become the property of the Landlord, the Tenant shall forthwith remove all or part of the same and shall make good any damage caused to the Premises resulting from the installation or removal thereof, all at the Tenant's expense, should the Landlord so require by notice to the Tenant.
- (e) If the Tenant, after receipt of a notice from the Landlord, fails to promptly remove any trade fixtures, furnishings, alterations, additions, improvements and fixtures in accordance with such notice, then the Landlord may enter into the Premises and remove therefrom all or part of such trade fixtures, furnishings, alterations, additions, improvements and fixtures, without any liability and at the expense of the Tenant, which expense shall forthwith be paid by the Tenant to the Landlord.

11.4 Landlord's Alterations

The Landlord reserves the right to:

- (a) make any changes or additions to the apparatus, appliances, conduits, ducts, equipment, pipes or structures of any kind in the Premises where necessary to serve adjoining premises or other parts of the Building;
- (b) make alterations or additions to the structure and facilities of the Building;

which rights may be exercised by the Landlord in its unfettered discretion and without any claim for damages or indemnification against the Landlord, its employees or agents and without diminution or abatement of rent except during any period of time during which the Tenant is unable to carry on business with the public because of the exercise of such rights by the Landlord.

ARTICLE 12 - SUBSTANTIAL DAMAGE AND DESTRUCTION

12.1 No Abatement

If during the Term the Premises shall be damaged or destroyed by any cause whatsoever such that the Premises are rendered unfit for occupancy by the Tenant, the rent hereby reserved shall not abate in whole or part except to the extent that such rent is recovered by the Landlord under any policies of insurance against rental loss which the Landlord may have taken out.

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12.2 Substantial Damage or Destruction

In the event of Substantial Damage or Destruction of the Premises, or of any other portion of the Building, whether or not the Premises be affected thereby, the Landlord may within sixty (60) days after such damage or destruction and on giving thirty (30) days written notice to the Tenant declare this Lease terminated forthwith and in such event, the Term shall be deemed to have expired and the Tenant shall deliver up possession of the Premises accordingly, rent shall be apportioned and shall be payable up to the date of termination stated in such notice and the Tenant shall be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion thereof.

ARTICLE 13 - ASSIGNMENT, SUBLETTING, SALE

13.1 Assignment and Subletting

The Tenant shall not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor grant any license or part with possession of the Premises or transfer any other right or interest under this Lease, or, if the Tenant is a corporation, cause or permit to occur either directly or indirectly any change in its ownership or control, all without the prior written consent of the Landlord, such consent not to be unreasonably withheld.

13.2 Sale by Landlord

In the event of a sale by the Landlord of any portion or all its interest in the Building, the Landlord shall thereafter be entirely relieved of the performance of all terms, covenants and obligations thereafter to be performed by the Landlord under this Lease, to the extent of the interest or portion so sold or transferred and it shall be deemed and construed without further agreement between the parties that the purchaser or transferee, as the case may be, has assumed and agreed to carry out any and all covenants of the Landlord hereunder.

ARTICLE 14 - INDEMNITY, LIENS

14.1 Tenant's Indemnity

The Tenant shall at all times during the Term, indemnify and save harmless the Landlord of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Landlord shall or may become liable, incur or suffer by reason of a breach, violation or non-performance by the Tenant of any covenant, term or provision hereof or by reason of any builders' or other liens for any work done or materials provided or services rendered for alterations, improvements or repairs to the Premises, made by or on behalf of the Tenant, or by reason of any injury occasioned to or suffered by any person or damage to any property, by reason of any wrongful act or omission, default or negligence on the part of the Tenant or any of its agents, concessionaires, contractors, customers, employees, invitees or licensees in or about the Building.

14.2 Personal Injury and Property Damage

The Landlord shall not be liable or responsible, and the Tenant shall indemnify and hold the Landlord harmless, for:

- (a) any personal injury or consequential damage of any nature whatsoever, however caused, that may be suffered or sustained by the Tenant or by any other person who may be upon the Premises; or

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- (b) any loss or damage of any nature whatsoever, howsoever caused, to the Premises, any property belonging to the Tenant or to any other person while such property is in or about the Premises.

14.3 Liens

The Tenant shall, immediately upon demand by the Landlord, remove or cause to be removed, and thereafter institute and diligently prosecute any action pertinent thereto, any builders' or other lien or claim of lien noted or filed against or otherwise constituting an encumbrance on any title of the Landlord. Without limiting the foregoing obligations of the Tenant, the Landlord may cause the same to be removed, in which case the Tenant shall pay to the Landlord as Additional Rent the cost thereof, including the Landlord's complete legal costs.

14.4 Granting of Security Interest

- (a) The Tenant shall not grant a Security Interest in any goods that have become affixed to the Premises, and the Tenant shall not affix to the Premises any goods which are subject to a Security Interest.
- (b) The Tenant shall not permit any notice claiming a Security Interest in any fixture to be registered against title to the Building and shall, immediately upon demand by the Landlord, remove or cause to be removed any such notice and institute and diligently prosecute any proceedings pertinent thereto.

ARTICLE 15 - DEFAULT, REMEDIES, TERMINATION

15.1 Default

If and whenever:

- (a) the Tenant shall be in default in the payment of any money, whether hereby expressly reserved or deemed as rent, or any part thereof, and such default shall continue for five (5) days following any specific due date on which the Tenant is to make such payment or, in the absence of such specific due date, for the five (5) days following written notice by the Landlord requiring the Tenant to pay the same; or
- (b) the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Premises shall be taken or seized in execution or attachment, or if any writ of execution shall issue against the Tenant and not be discharged within twenty-one (21) days of its issuance, or the Tenant shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver or receiver and manager shall be appointed for the affairs, business, property or revenues of the Tenant; or
- (c) the Tenant shall fail to open for business when required by the provisions of this Lease, or vacate or abandon the Premises or fail or cease to operate pursuant to the provisions of this Lease or otherwise cease to conduct business from the Premises, or use or permit or suffer the use of the Premises

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for any purposes other than as allowed pursuant to this Lease, or fail to remedy or rectify any act or omission hereunder; or

- (d) the Tenant sells or disposes of the trade fixtures, goods or chattels of the Tenant or removes them from the Premises so that there would not in the event of such sale or disposal be sufficient trade fixtures, goods or chattels of the Tenant on the Premises subject to distress to satisfy all rent due or accruing hereunder for a period of at least twelve (12) months; or
- (e) the Premises become and remain vacant for a period of five (5) consecutive days or are used by any persons other than such as are entitled to use them hereunder; or
- (f) the Tenant assigns, transfers, encumbers, sublets or permits the occupation or use or the parting with or sharing possession of all or any part of the Premises by anyone except in a manner permitted by this Lease; or
- (g) re-entry is permitted under any other term of this Lease; or
- (h) the Tenant fails to observe, perform or keep each and every of the covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and persists in such default, in the case of monetary payments, beyond the five (5) day period stipulated in paragraph (a) aforesaid or, in the case of any other default, after five (5) days written notice from the Landlord requiring that the Tenant remedy, correct or comply or, in the case of any such default which would reasonably require more than five (5) days to rectify, unless the Tenant shall commence rectification within the said five (5) day notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such default;

then, and in each of such cases, and at the option of the Landlord and in addition to any other rights or remedies the Landlord may have pursuant to this Lease or at law, the Landlord may, immediately re-enter upon the Premises and may expel all occupants thereof and remove all property from the Premises and such property may be removed and sold or disposed of by the Landlord in such manner as it deems advisable, including by private sale, or may be stored in a public warehouse or elsewhere at the cost and for the account of the Tenant, all without service of notice or resort to legal process and without the Landlord being considered guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby. If the Landlord elects to re-enter the Premises as herein provided, or if it takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make such alterations and repairs as are necessary in order to relet the Premises, or any part thereof, for such term or terms (which may be for a term extending beyond the Term) and at such rent and upon such other terms, covenants and conditions as the Landlord in its sole discretion considers advisable.

15.2 Landlord may Perform

If the Tenant shall fail to observe, perform or keep any of the provisions of this Lease to be observed, performed and kept by the Tenant, the Landlord may, but shall not be obliged to, at its discretion and without prejudice to any other right, claim or action it may have, rectify the default of the Tenant, whether or not performance by the Landlord on behalf

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of the Tenant is otherwise expressly referred to in the applicable Section of this Lease. For such purpose the Landlord may make any payment or do or cause to be done such things as may be required including, without limiting the generality of the foregoing, entry upon the Premises. Any such performance by or at the behest of the Landlord shall be at the expense of the Tenant and the Tenant shall pay to the Landlord as Additional Rent the cost thereof.

15.3 Distress

If and whenever the Tenant shall be in default in the payment of any money, whether hereby expressly reserved or deemed as rent, or any part thereof, the Landlord may, without notice or any form of legal process whatever, enter upon the Premises and seize, remove and sell by judicial or formal process or by private sale the Tenant's goods, chattels and equipment therefrom or seize, remove and sell, by judicial or formal process or by private sale, any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress or sale.

15.4 Costs and Interest

All costs, expenses and expenditures of the Landlord, incurred upon any default by the Tenant hereunder, including, without limitation, the legal costs incurred by the Landlord on an indemnification basis as between solicitor and his own client shall, forthwith on demand, be paid by the Tenant to the Landlord as Additional Rent. All rent and other sums due to the Landlord pursuant to the terms of this Lease shall be paid by the Tenant promptly when due, and if not so paid, shall bear interest from their respective due dates at the rate of twenty four (24.0%) per cent per annum, both before and after default, demand and judgment.

15.5 Vacate Upon Termination, Survival

At the termination of this Lease, whether by effluxion of time or otherwise, the Tenant shall vacate and deliver up possession of the Premises in the same state and condition as they were in upon delivery of possession to the Tenant, subject to the exceptions from the Tenant's obligation to repair and subject to the Tenant's rights and obligations in respect of removal and the Tenant shall thereupon surrender all keys to the Premises to the Landlord at the place then fixed for payment of rent and shall inform the Landlord of all combinations on locks, safes and vaults, if any, in the Premises. The indemnity agreements contained in this Lease shall survive the termination of this Lease.

15.6 Additional Rights on Re-Entry

If the Landlord shall re-enter the Premises or terminate this Lease, then:

- (a) notwithstanding any such re-entry, termination, or the Term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination shall survive;
- (b) the Landlord may use such force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and

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demands whatsoever for or in respect of any such forcible entry or any loss or damage in connection therewith or consequential thereupon;

- (c) the Landlord may relet the Premises or any part thereof for a term or terms which may be less or greater than the balance of the Term and may grant reasonable concessions in connection therewith; and
- (d) the Tenant shall pay to the Landlord on demand:
 - (i) the entire payment of the full agreed rent for the entire Term, or extension thereof, the same as if originally made payable at the time of such demand; and
 - (ii) such reasonable expenses as the Landlord may incur or has incurred in connection with the re-entering, terminating, reletting, collecting sums due or payable by the Tenant, realizing upon assets seized, including without limitation brokerage, legal fees and disbursements on an indemnification basis as between a solicitor and his own client, and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting.

15.7 No Waiver

No provision of this Lease shall be deemed to have been waived by the Landlord unless a written waiver from the Landlord has first been obtained and, without limiting the generality of the foregoing, no acceptance of rent subsequent to any default and no condoning, excusing or overlooking by the Landlord on previous occasions of any default nor any earlier written waiver shall be taken to operate as a waiver by the Landlord or in any way to defeat or affect the rights and remedies of the Landlord.

15.8 Remedies Cumulative

No reference to or exercise of any specific right or remedy by the Landlord shall prejudice or preclude the Landlord from any other remedy, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one (1) or more of such remedies independently or in combination. Without limiting the generality of the foregoing, the Landlord shall be entitled to commence and maintain an action against the Tenant to collect any rent not paid when due, without exercising the option to terminate this Lease.

15.9 Holding Over

If the Tenant continues to occupy the Premises with the written consent of the Landlord after the expiration or other termination of the Term, then, without any further written agreement, the Tenant shall be a tenant from month to month at the aggregate of:

- (a) a minimum monthly rent equal to one hundred and twenty five (125%) per cent of the monthly Minimum Rent prevailing immediately prior to expiration or termination;
- (b) Additional Rent as herein provided;

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and subject always to all of the other provisions in this Lease insofar as the same are applicable to a month to month tenancy and a tenancy from year to year shall not be created by implication of law; provided that the Lease may thereafter be terminated at any time by either the Landlord or the Tenant giving the other party at least ninety (90) days' notice of intention to terminate the same immediately prior to such determination and subject in all other respects to the terms of this Lease.

15.10 Failure to Pay

Should the Tenant fail to make any payment required by the Tenant pursuant to this Lease, the Landlord may, without prejudice to any other right or remedy of the Landlord, pay all or part of such required payment without prior notice to the Tenant and recover such payment from the Tenant as Additional Rent.

ARTICLE 16 - GENERAL PROVISIONS

16.1 Time

Time shall be of the essence hereof.

16.2 Notices

Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if:

- (a) personally delivered to the party to whom it is intended or if such party is a corporation to an officer of that corporation; or
- (b) mailed by ~~prepaid~~ registered mail, transmitted by facsimile or delivered, to the address or facsimile number of the party to whom it is intended as follows:
 - (i) if to the Landlord, at the address or number set forth in Section 1.1(a)(i);
 - (ii) if to the Tenant, to the Premises or to the address or number set forth in Section 1.1(b)(ii);

or to such other address or number as a party may from time to time direct in writing.

Any notice delivered before 4:30 p.m. local time on a Business Day shall be deemed to have been received on the date of delivery and any notice delivered after 4:30 p.m. local time on a Business Day or delivered on a day other than a Business Day, shall be deemed to have been received on the next Business Day. Any notice mailed shall be deemed to have been received seventy two (72) hours after the date it is postmarked. Any notice sent by facsimile before 4:30 p.m. local time on a Business Day shall be deemed to have been received when the sender receives the answer back confirming receipt by the recipient; provided, however, that any facsimile received after 4:30 p.m. local time on a Business Day or received on a day other than a Business Day shall be deemed to have been received on the next Business Day. If normal mail or communications service is interrupted by strike, slow-down, force majeure or other cause after the notice has been sent the notice will not be deemed to have been received until actually received. In the event normal mail service is impaired at the time of sending the notice, then personal delivery or facsimile transmission only shall be effective.

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16.3 Extended Meanings

The use of the neuter singular pronoun to refer to the Landlord or the Tenant is deemed a proper reference even though the Landlord or the Tenant is an individual, partnership, corporation or a group of two (2) or more individuals, partnerships or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one (1) landlord or tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

16.4 No Transfer on Bankruptcy

Neither this Lease nor any interest of the Tenant herein nor any estate hereby created will pass or enure to the benefit of any trustee in bankruptcy or any receiver or any assignee for the benefit of creditors of the Tenant or otherwise by operation of law.

16.5 Successors Bound

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties and if there is more than one (1) party described in Section 1.1(b), they shall all be bound jointly and severally by the terms, covenants and agreements herein on the part of the Tenant. No rights, however shall enure to the benefit of any assignee of the Tenant unless the assignment to such assignee has been first approved by the Landlord. All covenants, agreements, stipulations, obligations and other provisions of this Lease to be observed, performed and kept by the Tenant shall run with the land and therefore, be enforceable by all the successors of the Landlord.

16.6 Headings

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

16.7 Counterpart

This Lease may be executed in several counterparts and delivered by way of fax or Portable Document Format (PDF), each of which, when so executed, shall be deemed to be an original and such counterparts will constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date of this Lease.

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16.8 Tenant's Acceptance

The Tenant hereby accepts this Lease of the Premises, to be held by the Tenant, subject to the conditions, restrictions and covenants set forth herein.

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

LANDLORD: Sabo Bros. Enterprises Ltd.

Landlord signature

TENANT: Nabati Foods Inc.

Tenant signature

AHMAD YEHYA
(Please print name in full)

Witness:

Office #

Home #

Cell #


Fax #

E-mail

(780) 394-6968

ayehya@nabati.ca

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Schedule "A"



SCHEDULE "B"

DEFINITIONS

In this Lease, the following words, phrases and expressions are used with the meanings defined as follows:

1. **Additional Rent** means any sum or sums other than Minimum Rent payable by the Tenant to the Landlord pursuant to any provision of the Lease, all of which are recoverable by the Landlord as rent.
2. **Business Day** means a day that is not a Saturday, Sunday or statutory holiday in Alberta.
3. **Commencement Date** means the date set out in Section 1.1(e)(ii).
4. **Environmental Laws** mean all international, federal, provincial or municipal laws, by-laws, statutes, regulations, orders, permits, approvals or judgments having jurisdiction over the Landlord, the Tenant or the Building and relating in any way to the environment or health matters including without limitation matters relating to the use, storage and disposal of Hazardous Substances or the release of any substance into the environment.
5. **Fair Market Rent** means the amount (exclusive of Additional Rent) that a willing tenant and a willing landlord would accept in arms length, bona fide negotiations, without any additional inducements, for a lease of the Premises for a five (5) year term. Fair Market Rent shall be agreed upon or determined upon consideration of the most recent leases and market renewal leases of comparable premises in the Building or in comparable warehouses owned and managed by the Landlord which are near to the Building. If there are no such leases which are recent, consideration shall be given to the most recent new leases and market renewal leases for comparable space in other comparable warehouses that are near the Building. Appropriate adjustments may be made for lease duration, inducements and any other special term or condition of such other leases.
6. **Floor Area** has the meaning set forth in Section 1.1(d) hereof.
7. **Hazardous Substance** means any substance, product, material or good which may be detrimental to the environment, plant or animal life, or human health or which may adversely affect the condition, use or enjoyment of any real or personal property and includes, but is not limited to any substance, product, material or good declared to be hazardous or toxic pursuant to any Environmental Law.
8. **Landlord** means the party or parties described in Section 1.1(a) and the heirs, executors, administrators, successors and assigns thereof.
9. **Landlord's Work** means the work to be performed by the Landlord as set forth in Schedule "C".
10. **Lease Year** means, in the case of the first Lease Year, the period beginning on the Commencement Date and terminating twelve (12) months from the last day of the calendar month in which the Commencement Date occurs and, in the case of each subsequent Lease Year, means each twelve (12) month period after the first Lease Year.
11. **Minimum Rent** means the rent set out in Section 1.1(f).

12. **Premises** means that portion of the Building indicated and having the approximate configuration and location shown outlined in red on Schedule "A" to the Lease and containing the number of square feet of Floor Area set out in Section 1.1(d), more or less.
13. **Property Taxes** means all general, special, local improvement, school and water taxes, levies, rates, assessments and charges from time to time imposed against the Building, or any part thereof, by municipal or other governmental authorities having jurisdiction, together with the costs of contesting or negotiating the same, but exclusive of income taxes, business taxes, place of business taxes, estate, inheritance, succession, capital levy or transfer tax.
14. **Sales Tax** means any goods and services tax, sales tax, business transfer tax, value added tax or any similar tax imposed against the Landlord or the Tenant by the Government of Canada, or any provincial or municipal government, to the extent that such tax is imposed against the Landlord or the Tenant or is required to be paid or collected by the Landlord by reason of any payment by the Tenant to the Landlord pursuant to any provision of this Lease.
15. **Security Deposit** means the sum of money specified in Section 1.1(g), to be held by the Landlord in accordance with the terms of this Lease.
16. **Security Interest** means an interest in goods, chattel paper, a security, a document of title, an instrument, money or an intangible, that secures payment or performance of an obligation as more specifically defined in the *Personal Property Security Act of Alberta*, any amendments there or replacement thereof.
17. **Substantial Damage or Destruction** means such damage as, in the opinion of the Landlord's architect, requires substantial alteration or reconstruction of the Premises or of such other portion of the Building or such damage to the Premises as cannot be repaired within a period of one hundred and eighty (180) days from the time of such damage to the state wherein the Tenant could use substantially all of the Premises for its business.
18. **Tenant** means the party or parties described in Section 1.1(b) and the heirs, executors, administrators, successors and permitted assigns thereof.
19. **Building** means the lands described in Section 1.1(i) and all structures and improvements from time to time erected thereon and their appurtenances, all as the same may be expanded or altered in accordance with this Lease from time to time.

SCHEDULE C

The tenant has inspected the premises and agrees to accept the premises in "as in" condition except for that work specifically set forth which is the Landlord's responsibility.

1. Make sure all power, plumbing, heating and doors are in good working order.
2. Landlord to install a 400 amp/3phase 208-volt service, there will be a total of 400 amp's in the premises. The landlord will hook-up the current electric circuits into the new service. Any additional electric circuits is the tenants responsibility.
3. Steam clean all carpets in office area main and second floors.

The tenant shall carry out all the work necessary to complete the premises.

