

COMMERCIAL LEASE AGREEMENT

Date	Apr 6, 2023
Name of Landlord	Francois Renaud-Byrne (the “ Landlord ”)
Name of Tenant	Hybrid Power Solutions Inc. (the “ Tenant ”)
Address of the Premises	Lot 22, Parry Sound Industrial Park, Carling Ontario (the “ Premises ”)
Rent	\$2,400.00 per month (the “ Rent ”)
Rent Payment Details	The Tenant to make payment to the Landlord in the sum of \$2,400.00 on the __ day of every month starting from the Lease Start Date (the “ Rent Payment Details ”)
Deposit Amount	None
Lease Start Date	The date on which this Agreement is fully signed and delivered by the Landlord and the Tenant.
Lease End Date	The date that immediately precedes the 10 th anniversary of the Lease Start Date.

Address at which the Landlord is to be contacted	288 Judson Street, Unit 5, Etobicoke Ontario
Address at which the Tenant is to be contacted (if left blank, assumed to be Leased Premises)	288 Judson Street, Unit 5, Etobicoke Ontario
Percentage Annual Rental Increase	3.5%
Province of Jurisdiction	Ontario
Agreement Date	April 6 th , 2023
Square Footage of Premises	2.4 acres or 104,544 sqft
Tenant's Required Minimum Insurance	1 million dollars

Background

- A. This is an agreement (the "Agreement") to lease real property in accordance with the terms set out below as well as summarized above.
- B. Collectively, the Landlord and Tenant will be referred to as 'The Parties'.

THE LANDLORD AND THE TENANT, in consideration of the covenants herein contained, hereby agree as follows:

Term

1. The Term of this Agreement is 10 years and will start at 12.00 noon on the Lease Start Date and end at 12.00 noon on the Lease End Date. The Lease Start Date and Lease End Date as set out in the chart above.

2. The Tenant shall notify the Landlord in advance of any anticipated extended absences from the Premises.
3. Prior to the Lease End Date, the Parties may, in writing, agree to extend the Term of this Agreement.

Commercial Use Only

4. The Landlord agrees to lease the Premises, currently a vacant land, to the Tenant for use as a commercial premises only. The Tenant will have the right to construct a building, in this case a manufacturing space of approximately 6,000 sqft, as per pre-approved plans on the land with possibility of later expansion. The Tenant will have the right to sub-lease the Premises with the approval of the Landlord only, including the re-assignment and transfer of the Agreement, which approval will not be unreasonably withheld, conditioned or delayed.

Rent

5. The amount of Rent and Rent Payment Details are set out in the chart above.
6. The Rent will increase on an annual basis at the rate set out in the chart above, if any.
7. The first full Rent payment under this Agreement shall be due on the Lease Start Date specified in the charge above. No holidays, special events, or weekends shall excuse the Tenant's obligation to pay timely Rent as described by this Agreement.
8. The Landlord may amend the Rent Payment Details (other than the amount of Rent payable) from time to time by giving the Tenant at least thirty (30) days' notice.
9. For any payment that is not paid within one day of its due date, the Tenant shall pay a late fee equal to one twentieth (1/20) of the price of a monthly Rent payment.

Holdover

10. The Tenant shall surrender possession of the Premises immediately upon the expiration or earlier termination of this Agreement. If the Tenant remains in possession of all or any part of the Premises after the expiry of the Term with the written consent of the Landlord and without any further written agreement, or without the written consent of the Landlord, there shall be no tacit renewal or extension of this Agreement and, despite any statutory provision or legal presumption to the contrary, the Tenant shall be deemed conclusively to be occupying the Premises as a monthly tenant at will if the Landlord did consent in writing to the Tenant remaining in possession, or as a tenant if the Landlord did not consent in writing to the Tenant remaining in possession. In either case, on the same terms as set forth in this Agreement as far as such terms would be applicable to a monthly tenancy, except for any right of renewal and any Landlord indemnities. Furthermore, the Tenant shall promptly indemnify and hold harmless the Landlord from and against any and all claims incurred by the Landlord as a result of the Tenant remaining in possession of all or any part of the Premises after the expiry of the Term.

11. If Tenant maintains possession of the Premises for any period after the termination of this Agreement (henceforth, the 'Holdover Period'), Tenant shall pay to the Landlord lease payment(s) during the Holdover Period at a rate equal to 150% of the normal payment rate from the last rent period under this Agreement, pro-rated based on the actual number of holdover days.

Utilities

12. The Landlord shall be responsible for paying and maintaining provision of all utilities under this Agreement.

Maintenance

13. The Landlord shall be responsible for maintaining the Premises and any improvements thereupon in good repair at all times during the term of this Agreement and not alter the remaining use of the land on which the Premises are situate.

Possession

14. The Tenant is entitled to possession of the Premises during the Term of this Agreement. Upon expiration of the Term, the Tenant agrees to surrender the use of the Premises and by this action surrender the use, and ownership of the structure unless alternate options are agreed upon by Landlord and the Tenant at least 90 days prior to the end of the Lease.
15. The Landlord shall not directly or indirectly, through any agent, employee, or otherwise representative, lease any space within the Premises (except the Premises described by this Agreement), or permit the use or occupancy of any such space whose primary business activity is in, or may result in, competition with the Tenant's primary business activity without an express agreement in writing signed by both Parties. The Landlord hereby gives the Tenant the exclusive right to conduct its primary business activity on the Premises.

Expropriation by Government or Crown Agencies

16. This Agreement automatically becomes void if the Premises, or any material portion thereof which prevents the Tenant from conducting its business operations, are taken by way of expropriation from the Landlord by the federal, provincial, or municipal government or by a Crown agency (the "**Expropriation Process**"). During the Expropriation Process, the Tenant will have the right to claim:
 - a. Value of the Lease Agreement.
 - b. Loss of Business Revenue.
 - c. Moving and Relocation Expenses.

Quiet Enjoyment

17. During the Term of this Agreement, the Tenant shall have the right of quiet enjoyment of the Premises.

Insurance

18. The Parties shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. The Tenant's insurance shall be not less than the amount specified as the Tenant's Minimum Insurance in the chart above. The Landlord will be named as an additional insured party on any and all such policies. The Tenant shall deliver evidence to the Landlord as proof of adequate insurance in force issued by companies reasonably satisfactory to the Landlord. The Landlord shall receive advance written notice from the insurer prior to any termination of such policies. The Tenant shall also maintain any other insurance which Landlord reasonably requires for the protection of the Landlord's interests in the Premises. The Tenant is responsible for maintaining property insurance on its own property.
19. The Tenant shall maintain appropriate liability insurance on the Premises. The Tenant's insurance shall be not less than the amount specified as the Tenant's Minimum Insurance in the chart above. The Tenant shall deliver evidence to the Landlord as proof of adequate insurance in force issued by companies reasonably satisfactory to the Landlord. The Landlord shall receive advance written notice from the insurer prior to any termination of such policies.

Landlord Access to Premises

20. Subject to the Tenant's consent, which shall not be unreasonably withheld, the Landlord may enter the Premises upon 24 hours' notice for any of the following reasons:
 - a. To inspect the Premises;
 - b. To maintain the Premises;
 - c. To make repairs that the Landlord is obligated to perform;
 - d. To provide necessary services;
 - e. To show the unit to prospective buyers, lessors, or workers.
21. The Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in case of an emergency, the Landlord may enter the Premises without Tenant's prior consent.
22. During the last three months of this Agreement, or any extended Term of this Agreement, Landlord shall be allowed access to the Premises to display "For Lease" signs and show the Premises to prospective future tenants.

Alterations or Improvements

23. The Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises.
24. The Tenant may also construct such fixtures on the Premises (at the Tenant's sole expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld.
25. The Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent.
26. At the end of the Term, the Tenant, in its sole discretion, shall be entitled (but not obligated) to remove any such fixtures, alterations and improvements made to the Premises by the Tenant, and in doing so shall repair any damage caused by such

removal. The Tenant shall otherwise leave the Premises in a broom swept condition at the end of the Term, in good working order and condition, reasonable wear and tear excepted.

27. Any alterations, improvements or fixtures constructed on the lands by or on behalf of the Tenant shall remain the property of the Tenant through the Term of this Agreement. Upon the expiration or earlier termination of this Agreement, all such alterations, improvements and fixtures shall become the property of the Landlord.

Taxes

28. Taxes related to the Premises or its use shall be allocated in the following way:
- a. Real Estate Taxes- The Landlord shall pay all real estate taxes and assessments for the Premises.
 - b. Personal Taxes- The Landlord shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

Sale of Premises by Landlord

29. If the Landlord wishes to sell or otherwise transfer the Premises (or any portion thereof), and/or this Agreement, during the Term of this Agreement, then as a condition precedent to such sale or transfer, the Landlord and Tenant must first negotiate and enter into a long form of lease agreement in form and substance acceptable to both Parties. If the Parties cannot agree to a long form of lease agreement within 60 days of the Tenant receiving the Landlord's written notice of its intention to sell or transfer the Premises, the Tenant may terminate this Agreement on prior written notice to the Landlord.

Event of Default

30. The Tenant will default under this Agreement if any one or more of the following events ('the Event of Default') occurs:
- a. The Tenant fails to pay the Rent to the Landlord or any amount of it due or within any grace period.
 - b. The Tenant fails to perform any of its obligations under this Agreement or any applicable obligation under the Agreement within 10 days' of receiving notice from the Landlord of such default.
 - c. The Premises, or any part of it, is completely or partially damaged by fire or other casualty that is due to the Tenant's negligence, wilful act, or that of the Tenant's employee, family, agent, or guest.
 - d. The Tenant abandons the Premises or any part of the Premises.
 - e. The Tenant uses the Premises for any unpermitted or illegal purposes.
 - f. The Tenant becomes insolvent, commits an act of bankruptcy, becomes bankrupt, takes the benefit of any legislation that may be in force for bankrupt or insolvent debtors, becomes involved in a voluntary or involuntary winding

up, dissolution or liquidation proceeding, or if a receiver will be appointed for the affairs of the Tenant.

- g. Any other event of default provided by common law or statute.

Remedies

- 31. Upon the occurrence of any Event of Default, the Landlord has any or all of the following remedies:
 - a. Terminate the Agreement upon any notice required by common law or statute, or ninety-days, whichever is the lesser notice period, following which the Term will then immediately become forfeited and void.
 - b. The Landlord may perform any obligation of this Agreement, which the Tenant has failed to perform and seek redress from the Tenant.
 - c. The Landlord may re-enter the Premises or any part of the Premises, and in the name of the whole repossess and enjoy the same as of its former state anything contained within the Premises including any newly added structures.
 - d. Any other remedy provided for by common law or statute.
- 32. The exercise, by the Landlord, of one right or remedy will not prejudice the Landlord from exercise further rights or remedies at a future time.
- 33. Upon the expiration, termination or cancellation of the Agreement, all obligations of the Landlord to the Tenant under this Agreement will be extinguished.
- 34. Any improvements remaining on the Premises upon termination will revert to the Landlord and will be free of any encumbrance at the time of such reversion.

Destruction or Condemnation of Premises

- 35. If the Premises are partially destroyed by fire or other casualty to the extent that such resulting damage prevents the Tenant's continued use of the Premises in a normal manner as intended, or if the damage is not reasonably repairable within 60 days after the occurrence of the incident which caused the damage, or if the cost of repairs is greater than 50% of the value of the property, or if the Landlord is prevented from repairing the damage by forces beyond the Landlord's control given their reasonable level of effort, or if the property is condemned, this Agreement shall terminate upon thirty days' notice of such event.

Governing Law and Jurisdiction

- 36. It is the intention of the Parties to this Agreement that the tenancy created by this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the state of Jurisdiction set out in the chart above, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

37. If there is a conflict between any provision of this Agreement and common law or statute, then said law will prevail and such provisions of this Agreement that are inconsistent will be deleted or modified in order to comply with said law.
38. The Agreement will continue to be valid and enforceable to the extent it is held to be by law.
39. The Tenant will ensure that the Premises remain free and clear of any and all liens arising out of the work performed or materials used in making such improvements to the Premises.

Subordination of the Lease

40. This Agreement is subordinate to any mortgage that now exists, or may be given later by the Landlord, with respect to the Premises. The Landlord will use commercially reasonable efforts to obtain a non-disturbance agreement in favour of the Tenant from any mortgagee where this Agreement is subordinate to the mortgage held by such mortgagee.

Subletting

41. The Tenant will not assign, transfer or sublet the Premises or any part of the Premises without the prior written consent of the Landlord.

Notices

42. All notices from the Landlord to the Tenant will be sent to the address at which the Tenant is to be contacted in the chart above.
43. All notices from the Tenant to the Landlord will be sent to the address at which the Landlord is to be contacted in the chart above.
44. All notices to be given under this Agreement will be in writing and will be served personally or sent by courier. The effective date of any notice so given shall be the date on which it is actually received by the party to whom it is addressed, as evidenced by courier receipt if sent by messenger and by registered receipt if sent by registered mail. If the confirmation of receipt shows receipt on a day other than a business day, the notice shall be considered to be received on the next business day.

Early Termination

45. Except as otherwise permitted in this Agreement the Tenant may not terminate this Agreement prior to the end of the Term. Should the Tenant abandon the Premises or terminate this Agreement before the end of the Term other than as expressly permitted under this Agreement, the Tenant agrees that the Landlord shall be entitled to liquidated damages in the sum equivalent to the remaining months' rent will apply.

Heirs and Assigns

46. The Tenant may not transfer or assign this Agreement or any portion of this Agreement to a third party. Notwithstanding the foregoing, all covenants of this Agreement shall succeed to and be binding upon any heirs, executors, administrators, successors, and assigns of the Parties.

No Waiver

47. If Landlord fails to enforce strict performance of any part or sub-part of this Agreement, this shall not be construed as a waiver of Landlord's right to enforce the same part or sub-part later in time or to enforce any other part or sub-part.

Further General Provisions

48. Titles of clauses, sections and schedules will have no effect on the meaning of this Agreement.

49. References to the singular includes the plural and vice versa. Any noun may be of either gender as the context requires.

50. Subject to the other provisions of this Agreement, this Agreement constitutes the sole agreement between the parties, and no additions, deletions or modifications may be accomplished without the written consent of the Parties. Any oral representation made at the time of executing this Agreement are not legally valid and, therefore, are not binding upon either part.

51. Each signatory to this Agreement acknowledges receipt of an executed copy of this Agreement.

52. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have duly affixed their signatures under hand and seal on the Agreement Date as specified in the chart above.

Francois Renaud-Byrne

Hybrid Power Solutions Inc.

Per:

“Francois Renaud-Byrne”

“Alex McAulay”

Landlord

Tenant

I have the authority to bind this Corporation

Witness

Witness