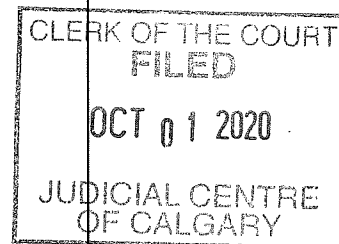


Clerk's stamp



[RULE 5.10]

COURT FILE NUMBER	2001-01887
COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL CENTRE	CALGARY
PLAINTIFF	COMPUTERSHARE TRUST COMPANY OF CANADA c/o MCAP FINANCIAL LIMITED PARTNERSHIP
DEFENDANTS	CENTRE ELEVEN CAPITAL CORP.; and CENTRE ELEVEN LIMITED PARTNERSHIP
DOCUMENT	<u><b>AFFIDAVIT OF TARA WILSON</b></u>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<b>JENSEN SHAWA SOLOMON DUGUID HAWKES LLP</b> Barristers 800, 304 - 8 Avenue SW Calgary, Alberta T2P 1C2  Geoffrey Boddy Phone: 403 571 0739 Fax: 403 571 1528 File: 14996001

Affidavit of Tara Wilson, sworn on October 1, 2020.

I, Tara Wilson, of Calgary, Alberta, have personal knowledge of the following or I am informed and do believe that:

1. I am a director and shareholder of Pulse Studios Inc. ("**Pulse Studios**").
2. The Application filed September 29, 2020 by the Receiver, MNP Ltd. ("**MNP**"), in this Action is seeking an Approval and Vesting Order regarding the sale of the property and all its assets, legally described as:

PLAN CALGARY 3946N  
BLOCK SEVENTEEN (17)  
LOTS FIFTEEN (15) TO NINETEEN (19) INCLUSIVE

AND THE WESTERLY FORTY (40) FEET THROUGHOUT  
LOTS TWENTY (20) TO TWENTY FOUR (24) INCLUSIVE

(the "Lands")

3. Pulse is a tenant of the Lands, and specifically of Suites 210A and 100A (collectively, the "Demised Premises"), municipally described as 110 10th Avenue NW, Calgary, Alberta T3E 2L2.
4. Pulse operates a dance studio within the Demised Premises.
5. A lease agreement between Centre Eleven Capital Corp. as landlord (the "Landlord") and Pulse as tenant was entered into on October 28, 2010 for a portion of the Lands (the "Original Lease Agreement"). Attached as Exhibit "A" is a copy of the Original Lease Agreement.
6. The Original Lease Agreement was renewed numerous times, and the parties executed a Lease Expansion, Renewal and Amending Agreement in February 2020 (the "2020 Lease Renewal"). Attached as Exhibit "B" is a copy of the 2020 Lease Renewal.
7. The 2020 Lease Renewal was entered into by the parties to extend the lease agreement for the Demised Premises, as well as expand the area of the Demised Premises to include the main floor space, referred to as Suite 100A, which is located below grade and has been subject to annual flooding (the "Expansion Premises").
8. The Expansion Premises had not been rented out previously because it suffered from annual flooding. The Landlord had not adequately sealed the building envelope, and the result was that flooding was a regular occurrence within the Expansion Premises.
9. Pursuant to the terms of the Original Lease Agreement, the Landlord is responsible for structural repairs, including the building envelope.
10. The parties were aware of the annual flooding issues with the Expansion Premises, and as a result, included specific terms within the 2020 Lease Renewal to address the flooding issues.
11. Pursuant to the 2020 Lease Renewal, and with the specific purpose of preventing future flooding, the Landlord was contractually obligated to complete significant flood remediation work of the Expansion Premises no later than April 1, 2020 (the "Flood Remediation Work").
12. Furthermore, in addition to the Flood Remediation Work, the Landlord provided the following assurance within the 2020 Lease Renewal:

If flooding occurs at any time during the Renewal Term in the Expansion Premises and the Tenant is unable to remain open for business, both parties

acting reasonably, all Rent payable for the Expansion Premises shall abate until full remediation has again been completed by the Landlord and the Tenant is able to reopen for business. [emphasis added]

#### **Impact of COVID-19**

13. On March 15, 2020 Pulse was forced to close its business due to the State of Emergency declared for Calgary due to COVID 19.
14. The closure had a drastic impact on Pulse and its ability to operate its business and continue to pay rent to the Landlord.
15. Pulse had to refund client fees in the amount of \$60,000 and was forced to cancel programs, shows, monthly memberships and all registered classes.
16. Pulse has lost approximately \$165,000 in revenue after being closed for 4 months. Pulse's annual income is approximately \$500,000 per year so being closed for 4 months has been catastrophic to the health of the business.
17. Despite numerous requests to the Landlord for rent relief, Pulse was required to pay rent in full during the entire pandemic.

#### **Flood Damage**

18. On June 13, 2020 the Demised Premise suffered a significant flood (the "**Flood Damage**"). The Flood Damage was a direct result of the Landlord failing to complete the Flood Remediation Work, as the building envelope was not sealed and rainwater entered directly into the building causing significant damage.
19. The Flood Damage has prevented the Expansion Premises from being used in any way, and caused significant damage to the other parts of the Demised Premises as well.
20. Immediately following the Flood Damage, the Landlord's property manager, Enam Islam, met with me and advised me that the Landlord was responsible for remediating the Flood Damage, and that I may proceed to hire a contractor to begin initial remediation, including drying and dehumidifying. I relied on Mr. Islam's representations when I hired a contractor to perform the initial remediation, that the Landlord would pay for these expenses.
21. I was shocked when I was later advised that MNP, as Receiver for the Landlord, was denying any responsibility for the Flood Damage and remediation of the Demised Premises, and was claiming that that Pulse was responsible for the costs associated for all remediation.
22. Furthermore, the Original Lease Agreement and 2020 Lease Renewal required the Landlord to insure the building under a standard all risks insurance policy. Despite this,

MNP refused to file an insurance claim, and continued to claim that Pulse was responsible for all remediation costs.

23. As a result, I proceeded to file a claim with Pulse's insurance. The claim was quickly denied, because the insurance company reviewed the lease and concluded that the Landlord was responsible for the loss.
24. However, MNP was not satisfied that Pulse's insurance did not cover the loss, and wrote directly to Pulse's insurer requesting more information and arguing that the remediation costs were solely Pulse's responsibility. In response, Pulse's insurance adjuster wrote back to MNP reinforcing its position that the Landlord was responsible. Attached as Exhibit "C" is a copy of the letter from Pulse's insurance adjuster to MNP.
25. MNP further wrote to Pulse's insurance adjuster again, seeking to compel it to cover the remediation costs on behalf of Pulse. Attached as Exhibit "D" is a copy of this letter from MNP.
26. On September 4, 2020, after involvement of my legal counsel, MNP finally submitted a claim to its insurer for the Flood Damage (the "Insurance Claim").
27. As of the date of this Affidavit, the Flood Damage has still not been repaired and the Expansion Premises are unusable by Pulse.
28. Pulse is unable to pay for the costs to repair the Flood Damage, which have been estimated at approximately \$100,000. Attached as Exhibit "E" is an invoice for the initial remediation costs. Attached as Exhibit "F" is an estimate to repair the Flood Damage to the Deemed Premises.
29. Pulse's total claim against the Landlord for breaching the lease is estimated at \$140,000, including lost profits for Pulse's inability to use the Expansion Premises.

#### **Approval and Vesting Order**

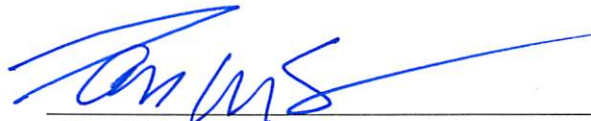
30. The Approval and Vesting Order being sought by MNP is seeking to approve the Sale Agreement for the sale for the Lands. Further, MNP is seeking to have all "Claims" regarding the "Purchased Assets" expunged.
31. I am advised by my lawyer, Geoffrey Boddy, and do believe that the requested Approval and Vesting Order will expunge Pulse's claim against the Landlord for its breach of the lease and the damages resulting.
32. Furthermore, I am advised by my lawyer, Geoffrey Boddy, and do believe that the Sale Agreement includes an assignment of all commercial leases for the Lands, including Pulse's lease.

33. I have never consented to an assignment of Pulse's lease. It is my understanding that my consent is required before Pulse's lease may be assigned.
34. The Approval and Vesting Order is seeking to vary the terms of Pulse's lease agreement without Pulse's permission or consent, so that the purchaser obtains all the benefits and none of the detriments. This is not the agreement that Pulse entered into. The proposed terms are hugely prejudicial to Pulse.
35. **Pulse did not enter into an 8-year lease agreement so that it could pay full price for a property that it is unable to use.**
36. Pulse is unable to remain in the Deemed Premises if the Flood Damage is not repaired by the Landlord. The Flood Damage is causing Pulse to lose significant profits every day, and as a result, Pulse is operating at a loss. It is unsustainable.
37. I am advised by my counsel, Geoffrey Boddy, and I do believe that the Landlord has breached the 2020 Lease Renewal.
38. I respectfully request that the Court deny or amend the Approval and Vesting Order to the extent that it unfairly varies and assigns Pulse's lease agreement.

SWORN/AFFIRMED BEFORE ME at the  
City of Calgary, in the Province of Alberta,  
this 1<sup>st</sup> day of October, 2020.



A Commissioner for Oaths in and for the  
Province of Alberta



Tara Wilson

**Matthew Scott**  
*Student-at-Law*

This is Exhibit "A" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
Student-at-law

FIRST LEASE AMENDING AGREEMENT

DATED THE 18 DAY OF January, 2011.

BETWEEN:

Centre Eleven Capital Corp.

AS THE LESSOR  
OF THE FIRST PART

AND

Pulse Studios Inc.

AS THE LESSEE  
OF THE SECOND PART

WHEREAS the Lessor and the Lessee executed a Lease (the "Lease") dated October 28, 2010 for the premises municipally described as Unit 210A, 1121 Centre Street N., Calgary, Alberta (the "Demised Premises") for a term commencing January 1, 2011 and expiring on December 31, 2015 (the "Term"):

AND WHEREAS the Lessor and the Lessee have agreed to amend the Lease to establish the Commencement Date as February 1, 2011 and the Expiry Date as January 31, 2016:

NOW THEREFORE in consideration of \$1.00 paid by the Lessee to the Lessor and the premises contained herein and in the Lease, the Lessor and the Lessee agree to amend the Lease, as follows:

1. **COMMENCEMENT DATE** - All references in the Lease to the Commencement Date being January 1, 2011 are deleted in their entirety and replaced with:

"February 1, 2011"

2. **EXPIRY DATE** - All references in the Lease to the Expiry Date being December 31, 2015 are deleted in their entirety and replaced with:

"January 31, 2016"

3. This First Lease Amending Agreement is expressly made a part of the Lease to the same extent as if incorporated therein, *mutatis mutandis*, and the parties agree that all agreements, covenants, conditions, and provisos contained in the Lease, except as amended or altered herein, shall be and remain unaltered and in full force and effect. The Lessor and the Lessee acknowledge and agree to perform and observe, respectively, the obligations of the Lessor and the Lessee under the Lease and as modified hereby. The Lessor and the Lessee hereby confirm and ratify the Lease as amended hereby.

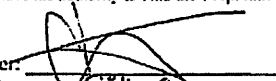
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year written above.

Centre Eleven Capital Corp.

Per:  c/s

Pulse Studios Inc.

Per: Vince Truong c/s  
Name: VINCE TRUONG  
Title: OWNER  
I have the authority to bind the Corporation.

Per:  c/s  
Name: Gill Co  
Title: owner  
I have the authority to bind the Corporation.

FIRST LEASE AMENDING AGREEMENT

DATED THE 18 DAY OF JANUARY, 2011.

BETWEEN:

Centre Eleven Capital Corp.

AS THE LESSOR  
OF THE FIRST PART

AND

Pulse Studios Inc.

AS THE LESSEE  
OF THE SECOND PART

WHEREAS the Lessor and the Lessee executed a Lease (the "Lease") dated October 28, 2010 for the premises municipally described as Unit 210A, 1121 Centre Street N., Calgary, Alberta (the "Demised Premises") for a term commencing January 1, 2011 and expiring on December 31, 2015 (the "Term");

AND WHEREAS the Lessor and the Lessee have agreed to amend the Lease to establish the Commencement Date as February 1, 2011 and the Expiry Date as January 31, 2016;

NOW THEREFORE in consideration of \$1.00 paid by the Lessee to the Lessor and the premises contained herein and in the Lease, the Lessor and the Lessee agree to amend the Lease, as follows:

- 1. **COMMENCEMENT DATE** - All references in the Lease to the Commencement Date being January 1, 2011 are deleted in their entirety and replaced with  

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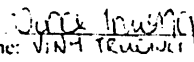
"January 31, 2016"
- 3. This First Lease Amending Agreement is expressly made a part of the Lease to the same extent as if incorporated therein, *mutatis mutandis*, and the parties agree that all agreements, covenants, conditions, and provisos contained in the Lease, except as amended or altered herein, shall be and remain unaltered and in full force and effect. The Lessor and the Lessee acknowledge and agree to perform and observe, respectively, the obligations of the Lessor and the Lessee under the Lease and as modified hereby. The Lessor and the Lessee hereby confirm and ratify the Lease as amended hereby.

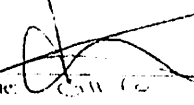
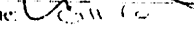
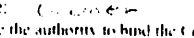
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year written above.

Centre Eleven Capital Corp.

Per:  es

Pulse Studios Inc.

Per:  es  
Name: VINA TRUONG  
Title: OWNER  
Have the authority to bind the Corporation

Per:  es  
Name:   
Title:   
Have the authority to bind the Corporation



# OFFICE LEASE

DATED THE 28 DAY OF October, 2010.

BETWEEN

Centre Eleven Capital Corp.

AS THE LESSOR  
OF THE FIRST PART

AND

Pulse Studios Inc.

AS THE LESSEE  
OF THE SECOND PART

**POSSESSION DATE:** October 1, 2010

**COMMENCEMENT DATE:** January 1, 2011

**EXPIRY DATE:** December 31, 2015

**TERM:** Five (5) Years

**MINIMUM RENT:**

Year 1	\$27,650.00 per annum
Year 2	\$29,032.50 per annum
Year 3	\$30,415.00 per annum
Year 4	\$31,797.50 per annum
Year 5	\$33,180.00 per annum

**DEMISED PREMISES:** 210A, Centre Eleven  
1121 Centre Street N.  
Calgary, Alberta T3E 2L2

**AREA:** 2,765 Square Feet (Rentable Area)\*

**NET RATE PER  
RENTABLE SQ. FT.:**

Year 1	\$10.00
Year 2	\$10.50
Year 3	\$11.00
Year 4	\$11.50
Year 5	\$12.00

- Subject to measurement in accordance with Schedule G.

PLEASE INITIAL

Lessor 

Lessee D.I.

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**PLEASE INITIAL**

Lessor     

Lessee

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PLEASE INITIAL

Lessor   *GO*  

Lessee   *0.1.*

THIS LEASE MADE THIS 28 DAY OF October, 2010

**BETWEEN:**

Centre Eleven Capital Corp. a corporate body carrying on business in the City of Calgary, in the Province of Alberta (hereinafter referred to as the "Lessor")

**OF THE FIRST PART**

- and -

Pulse Studios Inc., a corporate body carrying on business in the City of Calgary, in the Province of Alberta (hereinafter referred to as the "Lessee")

**OF THE SECOND PART**

WHEREAS the Lessor is the registered owner of that certain parcel of land described in the first part of Schedule "A" annexed hereto and made part hereof (hereinafter referred to as the "Lands");

AND WHEREAS the Lessor owns the Building on the Lands known as Centre Eleven, 1121 Centre Street N. (municipally known as 110 10<sup>th</sup> Avenue N.W.), Calgary, Alberta, T3E 2L2 (hereinafter together with its attendant common, public and service areas, all parkades, parking facilities, and all building structures situated on the Lands, called the "Building").

**ARTICLE 1  
DEMISED PREMISES**

**1.1 Demised Premises**

WITNESSETH THAT in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid, observed and performed, the Lessor does demise and lease unto the Lessee the following described premises, namely:

210A, 1121 Centre Street N., Calgary, Alberta containing 2,765 square feet of Rentable Area more or less on the Second floor of the Building, being substantially the area outlined in red on the floor plan attached hereto and marked Schedule "B" (the "Demised Premises") and made part hereof but reserving and excluding therefrom any air rights or other right, title or interest in any space above the upper side of the false ceiling from the floor of the Demised Premises, save as required for the installation of the Lessee's light fixtures, and also reserving and excluding all right, title or interest in the sub-surface and/or other area below the Demised Premises for use and occupation thereof by the Lessee for the purposes hereinafter set forth, and no other, namely as dance studio and carrying on business in the name of Pulse Studios Inc..

**1.2 Common Area**

During the Term of this Lease the Lessee shall for the purpose of the Lessee's business, have the right to use and enjoy in common with the Lessor and all other lessees or occupants or users of the Building, and in such manner and subject to such regulations and restrictions as the Lessor may from time to time designate, all services and facilities of the Building which are not installed for the exclusive use of any individual lessee and not comprising rented or rentable areas (hereinafter referred to as the "Common Area") provided that:

- (a) Notwithstanding anything herein contained to the contrary, the Lessor shall be entitled to alter the Building services or facilities, the location of the driveways or sidewalks, or Common Areas, and to extend the Building or erect new buildings or extend the Building

PLEASE INITIAL

Lessor 

Lessee U.I.

above the Demised Premises or other rentable premises or Common Areas of the Building, or add new Common Areas to or on the Building;

- (b) The Lessee shall not, without the express approval of the Lessor in writing, in any way obstruct any of the Common Areas;
- (c) The interior Common Areas of the Building shall be opened during general business hours of the Building and thereafter all or part of the interior Common Areas of the Building may be locked and the public excluded therefrom, at the discretion of the Lessor;
- (d) The Lessee herein agrees to comply with all rules and regulations that the Lessor may from time to time promulgate with respect to the parking area, including, but without restricting the generality of the foregoing, rules and regulations relating to designated parking areas, including ingress and egress;
- (e) The Lessor reserves the right to restrict the use of, or to close the parking lot (if any) after general business hours to prevent misuse and to control and designate any parking areas (if any) during general business hours;
- (f) If parking areas are provided, the Lessee, and employees, servants, agents and contractors of the Lessee, shall park in locations designated by the Lessor as employee parking areas, and shall not park in any other areas whatsoever. The Lessee, shall, upon request, promptly furnish to the Lessor the license numbers of all motor vehicles operated by the Lessee and by the Lessee's employees, servants, agents and contractors. In the event the Lessee, its employees, servants, agents or contractors park vehicles in areas other than those locations as may be designated by the Lessor, then the Lessor shall have the right to charge the Lessee TWENTY FIVE (\$25.00) DOLLARS per vehicle per day or a part of the day that such vehicle is parked in any undesignated location;
- (g) If loading or unloading areas are provided or designated by the Lessor at the rear of the Building or at the rear of the Demised Premises, the Lessee will not allow the dispatch or delivery of goods and merchandise from or to the Demised Premises by any other means or at any other location. In any event, the Lessor will have the right, from time to time, to designate alternative loading or unloading areas and restrict the hours and times during which loading or unloading will take place. Any area used by the Lessee for loading or unloading will be maintained in a clean and tidy condition and the Lessee will not allow any articles whatsoever to be stored or kept in these areas.

**ARTICLE 2  
TERM AND POSSESSION**

**2.1 Term**

TO HAVE AND TO HOLD the Demised Premises for and during the term of Five (5) Years . (the "Term") following the commencement date of the Term as hereinafter provided, and the Lessee's obligation to pay rent and any other sums payable hereunder shall, subject to Article 2.2(d) commence on the following date (hereinafter referred to as the "Commencement Date"):

**January 1, 2011**

In the event that the obligation to pay rent does not occur on the first day of the month, then the Term hereunder shall commence on the first day of the month next following such date. In that event, however, the Lessee shall pay rent and occupancy costs (as that term is hereinafter defined), for the fractional month on a per diem basis (calculated on the basis of a Thirty (30) day month) until the first day of the month when the Term hereunder commences, and all terms and conditions of this Lease will apply from such date until the Commencement Date. Thereafter the rent shall be paid in equal monthly instalments on the first day of each and every month in advance.

PLEASE INITIAL

Lessor           

Lessee U.1.

The Lessor shall grant the Lessee possession of the Demised Premises on October 1, 2010 (the "Possession Date"). From the Possession Date until the Commencement Date the Lessee shall not be liable for payment of Minimum Rent, Additional Rent or parking charges but shall be bound by all other terms of this Lease.

## 2.2 Construction of Demised Premises

In the event the Lessee requires the Lessor to construct the Demised Premises:

- (a) The Lessor shall complete the Demised Premises in accordance with the provision of Schedule "C" attached hereto.
- (b) The Lessee, prior to the commencement of the Lessor's Work, shall provide the Lessor with its space plan and construction specifications for the Demised Premises. The space plan and construction specifications shall require the prior approval and consent of the Lessor (such approval and consent not to be unreasonably withheld). Any delays with the Lessee providing the Lessor the space plan and construction drawings shall be the full responsibility of the Lessee.
- (c) Notwithstanding anything to the contrary hereinbefore contained, the Lessor may upon reasonable notice to the Lessee require the Lessee to perform parts of the Lessee's Work prior to the completion of the Lessor's Work in any case where the nature or state of all the work is such that the Lessor considers it necessary or desirable to do so. The Lessor may require that all mechanical and electrical work to be done with respect to the Demised Premises by or on behalf of the Lessee shall be carried out by the Lessor's contractors and employees at the Lessee's cost and expense.
- (d) If, for any cause other than a cause created by the Lessee, the Lessor is unable to deliver to the Lessee possession of the Demised Premises with the Lessor's Work substantially completed (as determined by the Lessor or the Lessor's Contractor) on or before the Possession Date or any other date as agreed upon, then the obligation to pay Minimum Rent shall be deferred by a period of time equal to the delay and the Commencement Date shall be deferred in order that the Lessee receive the planned Minimum Rent free period between the Possession Date and the Commencement Date as if the delay had not occurred. Notwithstanding the deferral of the Commencement Date, the Term of the Lease may be increased (at the option of the Lessor) to ensure that the Term of the Lease is consistent and that it expires on the last day of the last month of the Term. The Lessor shall not be liable for any damage suffered by the Lessee as a result of such delay of possession, including any inconvenience, loss of business or loss of profits resulting from such delay and the deferral of the Lessee's obligation to pay Minimum Rent shall be accepted by the Lessee as full compensation for any such delay.
- (e) Prior to the Commencement Date, the Lessee may with the written approval of the Lessor enter upon the Demised Premises for the purpose of installing its fixtures and equipment and making the same ready for its occupancy, in common with the Lessee and the Lessor's contractors and employees. The Lessee shall perform the Lessee's Work and cause its employees and contractors to do their work so as not to interfere with the Lessor's Work and the Lessee upon entry by itself, its agents, servants, employees, contractors, or workmen shall be bound by all terms, covenants and conditions of this Lease except those requiring payment of rent. Provided however on the Commencement Date the Minimum Rent and Additional Rent shall accrue in accordance with the terms of this Lease.
- (f) If the Lessee fails or omits to make timely submission to the Lessor of any specifications, or fails in submitting or supplying information, or in giving authorizations, or fails to perform or complete work as set out on Schedule "C" or delays in the performance of completion of the Lessee's Work, or in any manner delays or interferes with the performance of the Lessor's Work, as set out in Schedule "C", the Lessor, in addition to any other remedy it may have at law or in equity, may pursue any one of the following remedies, namely:

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- (i) The Lessor may, after written notice of its intention to do so, at the Lessee's sole cost and expense to be paid to the Lessor prior to the Lessee taking possession, including, but without limiting the generality of the foregoing, expense for such overtime as the Lessor's Architect may deem necessary and as the Lessee's duly appointed and authorized agent to proceed with the completion of any such plans and specifications or Lessee's Work, as the case may be, and such performance by the Lessor shall have the same effect hereunder as if the required plans, specifications, information, approval, authorization, work or other action by the Lessee had been done as herein required;
- (ii) The Lessor may complete the Demised Premises or cause the Demised Premises to be completed in the manner set out in Schedule "C" including the Lessee's Work described therein, and require the Lessee to pay to the Lessor, prior to the Lessee taking possession of the Demised Premises or at such other time as the Lessor shall serve notice, the Lessor's cost of completion of the Lessee's Work on the Demised Premises in accordance with the terms of Schedule "C" over and above that which would have been such costs had there been no such omission or delay together with the Lessor's cost of completion of the Lessee's Work together with a supervision fee of ten (10%) percent over and above the cost of the work done.

### 2.3 Examination of Demised Premises

The Lessee shall be deemed to have examined the Demised Premises before taking possession and such taking of possession shall be conclusive evidence as against the Lessee that at the time thereof the Demised Premises and all machinery, equipment and apparatus contained therein were in good order and satisfactory condition save only for such deficiencies of which notice may be given to the Lessor within Thirty (30) days of the Commencement Date. The Lessee agrees that there is no promise, representation, warranty, or undertaking by or binding upon the Lessor with respect to any alteration, remodelling, decorating of, or installation of equipment or fixtures in the Demised Premises except such, if any, as are expressly set forth in this Lease.

### 2.4 Estoppel Statement

At any time, and from time to time, after the Lessee's obligation to pay rent has commenced pursuant to this Article 2, the Lessee shall, on the Lessor's request, promptly execute, acknowledge and deliver to the Lessor, a written statement in the form attached hereto as Schedule "E", or such other form as the Lessor may reasonably require, specifying the Term, the Commencement Date of the Lessee's obligation to pay rent and if there have been any changes in either this Lease or the Schedules attached hereto with respect to the Demised Premises the Estoppel shall be modified to reflect such changes. Such statement shall also state that the Lessee is in possession of the Demised Premises is paying Minimum Rent and all other charges hereunder, and the Lessee has no claims, defences, set-offs or counter-claims against the Lessor and that the Lessor has fulfilled all of its obligations as may be contained herein, and it is not in breach of any covenant, condition or proviso (or, if so, specifying the nature and amount thereof). Such statement when so executed, delivered and acknowledged shall be deemed incorporated in and become part of this Lease.

## ARTICLE 3 RENT

### 3.1 Minimum Rent

Yielding and paying to the Lessor in lawful money of Canada, in every year during the Term hereof without deduction, set-off or abatement, minimum rent (the "Minimum Rent"), plus applicable G.S.T, as follows:

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**MINIMUM RENT as follows:**

Year 1	\$27,650.00 per annum
Year 2	\$29,032.50 per annum
Year 3	\$30,415.00 per annum
Year 4	\$31,797.50 per annum
Year 5	\$33,180.00 per annum

payable in equal  
monthly instalments of

Year 1	\$2,304.17 per month
Year 2	\$2,419.38 per month
Year 3	\$2,534.58 per month
Year 4	\$2,649.79 per month
Year 5	\$2,765.00 per month

**Net Rate Per Rentable Sq. Ft.:**

Year 1	\$10.00
Year 2	\$10.50
Year 3	\$11.00
Year 4	\$11.50
Year 5	\$12.00

**Rentable Area :** 2,765 square feet

Annual Minimum Rent is calculated by multiplying the net rate per rentable square foot by the Rentable Area of the Demised Premises. Rentable Area shall be calculated in accordance with the provisions of Schedule "G".

Upon the execution of the Lease, the Lessee shall complete and execute a pre-authorized debit (PAD) agreement in accordance with the Rules of the Canadian Payment Association (to be attached hereto as Schedule "J") to be forwarded to the Lessee's bank in order to authorize the Lessor to draw monthly payments equal to one twelfth (1/12) of the aggregate of the Minimum Rent payable for the forthcoming fiscal year and any Additional Rent, as determined by the Lessor acting reasonably, from the Lessee's account.

Interest on any rent or any other amounts overdue under the terms of this Lease and on any monies expended by the Lessor in consequence of any default by the Lessee at the rate of twenty-four percent (24%) per annum.

A charge of two hundred and fifty dollars (\$250.00) shall be chargeable to the Lessee by the Lessor for each payment of the Lessee's which is not processed by the Lessee's bank or for any payment not paid as per this Lease or any Schedule attached hereto.

The Lessee will and does hereby indemnify and save harmless the Lessor from and against any and all Goods and Services Taxes ("GST") and shall pay applicable GST payable by the Lessee with each instalment of Minimum Rent, Occupancy Costs and any other Additional Rent. In the event that the GST are by statute, by-law or regulation levied, imposed, charged or assessed upon or payable by the Lessor as recipient of any rent paid by the Lessee, the Lessee will reimburse the Lessor for the full amount of such GST on the date such GST becomes due and payable.

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### 3.2 Payment of Minimum Rent

On the first day of each month during the Term hereof the Lessee shall pay to the Lessor, in advance, the monthly Minimum Rent as aforesaid without any set-off, deduction, or abatement whatsoever.

For any period during which the Lessee carries on or is required to carry on business under the terms of this Lease and which period is less than a month or a year, Minimum Rent shall be payable on a per diem basis at a rate per diem which shall be one three hundred and sixty-fifth (1/365th) of Minimum Rent payable hereunder.

### 3.3 Prepaid Rent and Security Deposit

- (a) The sum of **Thirty Six Thousand Four Hundred Eight Dollars and Eighty Three Cents (\$36,408.83)** including applicable G.S.T., shall be paid by the Lessee to the Lessor upon execution of this Lease, said sum to be applied by the Lessor towards Minimum Rent, Occupancy Costs and Additional Rent (plus G.S.T.) in the first 6 months of the initial Term of the Lease as it comes due. In the event that the Lessee shall fail to occupy the Demised Premises and fulfil all its covenants and obligations herein contained, the said sum shall be forfeited to the Lessor without in any way whatsoever prejudicing other rights which the Lessor has in respect of default by the Lessee to comply with the covenants and provisions of this Lease.
- (b) The sum of **Seven Thousand One Hundred Seventeen Dollars and Thirty One Cents (\$7,117.31)** including applicable G.S.T., shall be paid by the Lessee to the Lessor upon execution of this Lease, said sum shall be applied by the Lessor towards Minimum Rent, Occupancy Costs and Additional Rent (plus G.S.T.) for the last month of the Term hereof. In the event that the Lessee shall fail to occupy the Demised Premises and fulfil all its covenants and obligations herein contained, the said sum shall be forfeited to the Lessor without in any way whatsoever prejudicing other rights which the Lessor has in respect of default by the Lessee to comply with the covenants and provisions of this Lease
- (c) The sum of **Five Thousand Five Hundred Fifty Two Dollars and Sixty One Cents (\$5,552.61)** shall be paid by the Lessee to the Lessor upon execution of this Lease as partial consideration for the execution of this Lease, and such sum shall be held by the Lessor, without liability for interest, as security for the faithful performance by the Lessee of all the terms, covenants and conditions of this Lease, and if at any time during the Term of this Lease the rent or other charges payable by the Lessee hereunder (including but not to be restricted to charges for Additional Rent and charges payable pursuant to Article 4.1 hereof) are overdue and unpaid, the Lessor may at its option, apply any portion of such security deposit toward the payment of such overdue rent or other charges not paid by the Lessee in accordance with this Lease, and if such security deposit is not so applied during the Term hereof then such sum shall be applied to those costs related to the Lessee's unperformed covenants remaining at the end of the Term. In the event the entire security deposit or any portion thereof is applied by the Lessor towards the payments of overdue rent or other charges accrued pursuant to the provisions of this Lease, the Lessee shall on the written demand of the Lessor forthwith remit to the Lessor such sum as is sufficient to restore such security deposit to the original sum deposited.

### 3.4 Intent of Lease

This Lease is a completely net lease and the Minimum Rent referred to above is to be received by the Lessor free of all outgoing whatsoever; the Lessor's responsibility shall be only for the Lessor's income taxes and any mortgage financing respecting the Lands and the Building that may now or in the future become due.

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**ARTICLE 4  
OCCUPANCY COSTS AND OTHER CHARGES**

**4.1 Occupancy Costs**

- (a) "Occupancy Costs" means the total of any and all costs, amounts and expenses incurred by the Lessor in maintaining, operating, repairing or supervising the Building in each fiscal year during the Term hereof, and in maintaining, operating and supervising the Lands, including without limitation and without duplication those set forth below:
- (i) The cost of servicing and maintaining all heating, air conditioning (if any), plumbing, electrical (including light fixtures) and other machinery and equipment including any equipment or controls used in the operation of the Building to obtain energy efficiency, and the cost of replacement of such machinery, equipment and other fixtures which by their nature require periodic replacement or substantial replacement (or alternatively at the sole option of the Lessor, such replacement cost may be amortized over the expected life of the equipment). An amount equal to the interest charged to the Lessor by any chartered bank in connection with any sum borrowed by the Lessor to pay for the cost of repairing and replacing any of the Building equipment;
  - (ii) The cost of cleaning, janitorial, and similar services, together with the cost of administering such services relating to the Demised Premises and Common Areas of the Building;
  - (iii) The costs and charges incurred by the Lessor in providing and supplying gas, water (hot and cold), electricity, sewer, communications, telephones and all other utility services in connection with the maintenance and operation of the Building except where chargeable to any specific lessees by reason of their extraordinary consumption;
  - (iv) The cost of real property, local improvement and school taxes, rates and charges and capital taxes, charged, levied or rated by any competent authority, and the cost of all appeals against increased assessments for the purposes of such taxes, rates and charges;
  - (v) The costs incurred by the Lessor in providing heating, ventilating, air-conditioning, window cleaning services, snow removal services, garbage and waste removal and disposal services and security services to the Building except where any of these costs are chargeable to any specific lessees by reason of their extraordinary consumption;
  - (vi) The costs incurred by the Lessor in operating, servicing, maintaining, repairing, renting, or purchasing any equipment and supplies used by the Lessor in the maintenance and operation of the Building, and the periodic replacement or replacement as needed of light bulbs, tubes, and ballasts throughout the Building;
  - (vii) The cost of all business, machinery or other taxes, charges and license fees which are not directly levied against or payable by any lessee or lessees or other occupants of the Building;
  - (viii) The cost of cleaning, removing snow and garbage from, servicing, maintaining, operating, repairing, replacing, supervising and policing the Common Area of the Building and Lands.
  - (ix) Wages, salaries or other compensation for the following classes of employees, agents or contractors of the Lessor performing services rendered in connection with the

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operating of the Building (but not including leasing commissions paid to agents of the Lessor or to other brokers or any other person whatsoever):

- (A) window cleaners, porters, janitors, cleaners, dusters, sidewalk shovellers and miscellaneous handymen;
  - (B) watchmen, commissionaires, caretakers and security personnel engaged in patrolling and protecting the Building;
  - (C) carpenters, engineers, firemen, mechanics, electricians, plumbers and persons engaged in the operation, maintenance and repair of the heating, air conditioning, ventilating, plumbing, electrical and elevator systems of the Building;
- (x) The wages, salaries and expenses (including any contributions to benefits) of the staff of the Building employed thereat (including building managers, if any), building department heads and assistants and the clerical and accounting staff and other personnel attached to the superintendent's office and property manager's office;
  - (xi) Uniforms of the exclusive employees specified in (A), (B), and (C) of subdivision (ix) above and the cleaning thereof;
  - (xii) Employment insurance expenses, worker's compensation insurance and pension plan payments required by law to be paid in connection with the employment of any of the exclusive employees specified in (A), (B), and (C) of subdivision (ix) above;
  - (xiii) The cost of operating and maintaining and replacing any public address system, background music, information kiosk, directory boards, and the net cost of operating, maintaining and replacing public telephones, public lockers, coat checking, conference facilities, information facilities and fitness facilities, if any;
  - (xiv) The cost of operating, leasing, owning and maintaining the Building identification sign(s), sign box(es) (if any) and all other signage on the said Lands in or on the Building complex, currently in use or to be installed in the future;
  - (xv) The cost of replacement of all cleaning and maintenance equipment (if any);
  - (xvi) The cost of consultants' and engineers' fees for the apportionment of any one or more of the Occupancy Costs;
  - (xvii) The cost of all insurance required to be placed and maintained by the Lessor pursuant to the provisions hereof and any further and additional insurance placed and maintained by the Lessor and the cost of any deductible amount paid by the Lessor in conjunction with each claim made by the Lessor under such insurance;
  - (xviii) Sales and excise taxes on goods and services provided by the Lessor to manage, operate or maintain its Building and its equipment;
  - (xix) The cost of administration at the rate of fifteen (15%) percent of the total amount of Occupancy Costs outlined in Article 4;
  - (xx) The cost of accounting, administration and bookkeeping services; and
  - (xxi) All costs incurred by the Lessor relating to any property management agreement for the Building that the Lessor has entered into in order to provide services to the lessee's of the Building and for the management and operation of the Building.
- (b) The Lessee shall be responsible for a Proportionate Share of all Occupancy Costs as outlined herein. Payments of the amounts enumerated in this Clause 4.1 shall be paid monthly, on the

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first day of each month of the Term, and shall be in an amount equal to 1/12th, as estimated by the Lessor, of the Lessee's total amount so payable.

- (c) "Proportionate Share" means a fraction, the numerator of which is the Rentable Area of the Demised Premises and the denominator of which is the Rentable Area of the Building as defined in Schedule "G".
- (d) Occupancy Costs shall include the costs of all capital improvements made to reduce or limit increases in Occupancy Costs or as required by the Lessor's insurer or any change in the laws, rules, regulations or orders of any governmental or quasi-governmental authority having jurisdiction.
- (e) With respect to those Occupancy Costs which, at the option of the Lessor can be amortized, that portion of Occupancy Costs which the Lessor, in its sole discretion, determines to be recoverable in a particular fiscal year of the Lessor shall be attributed to Occupancy Costs in such fiscal year notwithstanding that the costs being amortized were incurred prior to the Commencement Date.

#### 4.2 Additional Rent for Occupancy Costs

The Lessee shall pay to the Lessor as Additional Rent the Lessee's Proportionate Share of Occupancy Costs in addition to the Minimum Rent on the 1<sup>st</sup> day of each month during the Term.

#### 4.3 Lessee Business Tax

In addition to other payments to be made by the Lessee hereunder, the Lessee shall pay all business, sales, equipment, machinery or other taxes, charges and license fees levied or imposed by any competent authority in respect of the personnel, business, sales, equipment, machinery or income of the Lessee.

#### 4.4 Additional Expense Caused by the Lessee

In addition to other payments to be made by the Lessee hereunder, the Lessee shall pay to the Lessor within ten (10) days after the Lessor giving to the Lessee notice specifying the amount thereof:

- (a) An amount equal to any increase in taxes payable with respect to the Demised Premises or the Building or by reason of any appeal taken by the Lessee against any assessment for tax purposes of the Demised Premises or the Building.
- (b) An amount equal to any increase in taxes or insurance premiums payable with respect to the Demised Premises or the Building by reason of any installation or alteration made in, upon or to the Demised Premises, or by reason of any act, omission or default of the Lessee.
- (c) An amount equal to any increase in the annual Occupancy Costs of the Building directly attributable to any installation in or upon the Demised Premises or to the business operations or actions conducted upon the Demised Premises (including fines for the wrongful disposal of hazardous substances);
- (d) An amount equal to all reasonable professional fees incurred by the Lessor in the enforcement of the Lessee's covenants under this Lease and in respect of the recovery of any insurance claims on behalf of the Lessee, and all costs incurred or sums paid by the Lessor or any lessee or lessees or other occupants of the Building by reason of any breach of the Lessee's covenants to be performed and observed by the Lessee pursuant to the terms of this Lease.
- (e) Any and all sums payable by the Lessee to the Lessor pursuant to this Lease and any Schedule, Offer to Lease or other agreement mentioned therein.

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#### 4.5 Occupancy Costs for Portion of Month or Year

Where any Occupancy Costs or additional payment or charge is payable for a portion of a month, such Occupancy Costs, additional payment or charge shall be payable on a per diem basis which shall be one three hundred and sixty-fifth (1/365) of annual Occupancy Costs estimated by the Lessor, subject to adjustment as provided in Article 4.6.

#### 4.6 Statements of Occupancy Costs and Adjustments of Monthly Payments

Payments of the amounts enumerated in Clause 4.1 shall be paid monthly and shall be in an amount equal to 1/12th, as estimated by the Lessor. After each fiscal year (or at such time as the Lessor deems appropriate for the circumstances) and upon the Lessor giving notice thereof to the Lessee supported by a statement of account and calculation of the expenditures, the Lessee shall, within ten (10) days, pay the Lessor any deficit between the actual expenditures and the amount paid by the Lessee. Any excess of the total of such instalment payments over the actual expenditures shall be applied firstly against any rental arrears and secondly against all rent due by the Lessee under this Lease.

The failure of the Lessor to prepare or provide the Lessee with any written statement of estimated or actual Occupancy Costs and Taxes and the Lessee's Proportionate Share thereof shall not prejudice the Lessor's right to subsequently prepare or provide the Lessee with such statement. The provision of any such statement to the Lessee shall not affect the Lessor's right to subsequently prepare and provide the Lessee with an amended or corrected statement.

#### 4.7 Lessor's Records

The Lessor shall keep proper and sufficient records and accounts of all Occupancy Costs. The Lessee or its duly accredited agent may (at its sole cost and expense) at any reasonable time and upon a minimum of five (5) business days prior notice to the Lessor, inspect such records and accounts at the head office of the Lessor for the purpose of verifying any statement of annual Occupancy Costs furnished by the Lessor. Provided that any such inspection must be completed not later than six (6) months after delivery to the Lessee of a statement pursuant to Article 4.6 hereof. Provided further, that in no event shall any such inspection or planned inspection permit the Lessee to delay payment of Occupancy Costs as required by Article 4.

#### 4.8 Allocation of Occupancy Costs

The Lessor may, on such basis as the Lessor in its sole discretion determine to be fair and equitable, allocate and attribute various costs, expenses, outlays and amounts, or portions thereof, comprising Occupancy Costs to specific demised premises. In making any such allocation or attribution, the Lessor may have regard to, amongst other things, the various uses of demised premises in the Building (i.e., office or retail), vacancy, the cost of construction or improvements of portions of the Building and Lands, the area or areas of the Building or Lands in respect of which such costs, expenses, outlays and amounts have been incurred, the location of individual demised premises, and the probable or apparent use made of various portions of the Building by specific lessees, their contractors, agents, employees, licensees, concessionaires, sub-lessees, invitees and customers. Costs, expenses, outlays and amounts, or portions thereof, allocated and attributed by the Lessor in accordance with this section to specific demised premises shall be paid by such lessees on demand as rent, and shall be excluded by the Lessor from Occupancy Costs for the purpose of calculating the various lessee's Proportionate Share of Occupancy Costs.

### ARTICLE 5

#### 5.1 Interest Considered As Rent

The Lessee acknowledges that all payments arising under this Lease shall be due and payable as stipulated or upon demand (where demand is specifically required by the terms of this Lease) and that should payment not be received by the Lessor when same becomes due, the Lessee

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shall pay interest compounded monthly, at a rate equal to Two (2%) percent per month (to a maximum of 24% per annum). said interest to be (herein referred to as the "Overdue Interest Rate"). added to any sums owing by the Lessee to the Lessor on the last day of each and every month. All interest so owing by the Lessee to the Lessor shall be considered as rent for the purposes of this Lease, and upon default in payment of same by the Lessee, the Lessor shall have all remedies resulting from non-payment of rent.

ARTICLE 6

6.1 Payment of Rent

THE LESSEE COVENANTS WITH THE LESSOR

To pay the Lessee's Minimum Rent and its Proportionate Share of Occupancy Costs and any other Additional Rent to the Lessor at the address of which the Lessor may give notice in writing to the Lessee and to keep and perform and to permit no violation of each and every of the covenants, agreements, liens, provisos and conditions herein contained on the part of the Lessee to be kept performed.

6.2 Insurance (Liability, Glass and Burglary)

THE LESSEE COVENANTS WITH THE LESSOR

To insure the Lessor and the Lessee, including but without restricting the generality of the foregoing, their respective servants, employees, invitees and agents and keep them insured against all legal liability for damages to persons or property caused by the use and occupancy of the Demised Premises by the Lessee with any insurance company or companies licensed to do business in the Province of Alberta, in such amounts as the Lessor may from time to time reasonably require, which at the Possession Date or the Commencement Date of this Lease (whichever comes first) shall not be less than TWO MILLION (\$2,000,000.00) DOLLARS for any one occurrence, and to keep in force a policy of insurance which will provide that if any damage is occasioned to the Demised Premises by a person or persons during the course of a burglary, or attempted burglary, the entire cost of repairing such damage will be paid by the insurer at the request of the Lessor, and make all payments necessary for the above purposes promptly as the same shall become due and to deliver to the Lessor the several policies of such insurance and the receipt for each such payment.

To maintain insurance for replacement of all glass in the Demised Premises from any damage howsoever caused, or alternatively, to replace at the sole cost and expense of the Lessee, all glass in the Demised Premises howsoever damaged.

PROVIDED ALWAYS that if the Lessee shall at any time fail to keep insured as in this Clause 6.2 provided, the Lessor may do all things necessary to effect or maintain such insurance and all monies expended by it for that purpose shall be deemed to be rent in arrears.

6.3 Cleaning

THE LESSEE COVENANTS WITH THE LESSOR

- (a) Not to place, leave or permit or suffer to be placed, left in or upon the roads, parking lots, sidewalks and delivery areas forming part of the Lands any debris or refuse.
- (b) At all times during the said Term, at its sole cost and expense, to keep the Demised Premises in a clean, wholesome and sanitary condition free and clear of all waste paper and other substances which would be a nuisance or liable to occasion fire and will cause all dirt, rubbish, garbage and other refuse or matter on or about the Demised Premises to be carefully collected and deposited in containers provided by the Lessee and disposed of in a manner satisfactory to the Lessor. The Lessee shall not employ its own janitorial service without the written consent of the Lessor first having been obtained.

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**6.4 Blinds****THE LESSEE COVENANTS WITH THE LESSOR**

That the Lessee will use and place upon the Demised Premises only such window blinds and drapes as are first approved by the Lessor in writing and also that it will not paint or decorate the outside of the Demised Premises without the consent in writing of the Lessor. PROVIDED FURTHER that no overhanging signs of any nature whatsoever shall be affixed to the Demised Premises. All the Venetian blinds or drapes or window coverings of any kind (if any) in the Demised Premises shall be cleaned and maintained at the expense of the Lessee.

**6.5 Signs****THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee will have the entrance door, adjacent glass (if any) lettered to read its business name and office number only. the style and placement of such lettering to be of the Lessor's style and type and to be done by the Lessor's workmen at the expense of the Lessee. which expense the Lessee agrees to pay, but otherwise the Lessee shall not place any sign, lettering or advertising on or about the Building, or any part thereof.

**6.6 Re-Lamping****THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee will be responsible for the replacement (and cost thereof) of the light bulbs or tubes and ballasts and/or starters in the Demised Premises unique to the Demised Premises or installed by the Lessee.

**6.7 Leave Demised Premises in Good Repair****THE LESSEE COVENANTS WITH THE LESSOR**

Upon the expiration or sooner termination of the tenancy hereby created, the Lessee covenants:

- (a) To surrender the Demised Premises in good condition and in a state of broom swept cleanliness; PROVIDED ALWAYS that if the Lessee does not leave the Demised Premises in a state of repair or cleanliness satisfactory to the Lessor, then the Lessee will pay to the Lessor the costs of reinstating the Demised Premises to suitable condition:
- (b) To surrender all keys for the Demised Premises to the Lessor at the place then fixed for payment of rent and to inform the Lessor of all combinations on locks, safes and vaults, if any, in the Demised Premises;
- (c) That subject to the provisions of Article 6.15, all changes, alterations, additions and improvements to and upon the Demised Premises and which in any manner are affixed to the Demised Premises shall remain upon the Demised Premises and become the property of the Lessor.

**6.8 Inspection and Repair****THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee covenants with the Lessor that the Lessor, its agents, servants, employees and contractors together with workmen may enter and view the state of repairs of the Demised Premises and that the Lessee will from time to time and at any time required to do so repair the Demised Premises in accordance with a notice in writing received from the Lessor outlining the repairs which the Lessor may deem necessary. The Lessee further covenants and agrees that it will

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allow the Lessor, its agents, servants, employees, contractors, and workmen to enter in and upon the Demised Premises if and when the same shall be deemed necessary by the Lessor for the purpose of effecting any repairs pursuant to this clause.

The Lessee shall at all times during the Term of this Lease, at its sole cost and expense, properly and sufficiently repair, decorate, maintain, mend and keep the Demised Premises with the appurtenances (including, but without restricting the generality of the foregoing signs and the inside and outside plate glass windows, partitions, doors and door hardware) in good and substantial repair, reasonable wear and tear excepted, and repair and maintain all fixtures and things which at any time during the Term of this Lease are located or erected in or upon the Demised Premises, such repair and maintenance to be made by the Lessee when, where and so often as need shall be.

#### 6.9 Repair Where Lessee at Fault

##### THE LESSEE COVENANTS WITH THE LESSOR

That, if the Building, including the Demised Premises, boiler, engines, pipes and other apparatus (or any of them) used for the purpose of heating or air-conditioning the Building, or if the water pipes, drainage pipes, electric lighting, or other equipment of the Building, or the roof or outside walls of the Building, get out of repair or become damaged or destroyed through negligence, carelessness or misuse by the Lessee, its servants, agents, employees, invitees or anyone permitted by it to be in the Building, or through it or them in any way stopping up or injuring the heating or air-conditioning apparatus, elevators, water pipes, drainage pipes or other equipment, or part of the Building, the cost of the necessary repairs, replacement or alterations, plus Ten (10%) percent of such costs for overhead and supervision, shall be borne by the Lessee, (without set-off or deduction or benefit of any insurance proceeds received by the Lessor with respect to such damage or destruction) who shall pay the same to the Lessor forthwith on demand. In the event that the Lessee does not pay the same on demand, such costs shall be deemed to be rent in arrears. The Lessee further covenants and agrees to allow the Lessor, its agents, servants, employees and workmen to enter in and upon the Demised Premises at any time for the purpose of making any repairs or replacements, and do all such things as may be reasonably necessary to allow such repairs to be completed in a diligent and timely manner, and the Lessor shall not be liable to the Lessee for any inconvenience, annoyance, loss of business, or any injury suffered by the Lessee by reason of the Lessor effecting such repairs or maintenance.

#### 6.10 Interruption of Services

##### THE LESSEE COVENANTS WITH THE LESSOR


The Lessee covenants and agrees that the Lessor shall not be liable for any interruption in the supply of electricity, power, light, water, heat or air-conditioning, or the operation of the drains, or lavatory, or any other interruption of the rights and privileges hereby granted which may occur in consequence of or by reason of any accident or casualty or any matter or things beyond the control of the Lessor, or in making alterations or repairs to such service or to the Building or any part thereof howsoever the necessity may arise, and the Lessee shall make no claim to the Lessor with respect thereto, but if any such interruption occurs, the Lessor shall use its best endeavours to restore the interrupted service, rights or privileges as soon as may be reasonably done.

#### 6.11 Assignment and Subletting

##### THE LESSEE COVENANTS WITH THE LESSOR

The Lessee covenants and agrees not to assign or part with possession of the whole or any part of the Demised Premises without the consent of the Lessor in writing first having been obtained, such consent not to be unreasonably withheld; PROVIDED THAT the withholding of such consent in respect of any assignment or subletting of the whole of the Demised Premises for use for any purpose other than the purpose specified in Article 1 hereof, or to any party whose credit rating

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or references are not satisfactory to the Lessor, or to any party whom the Lessor reasonably considers would be detrimental to the operations of the Building or if the Lessee is in default of any of the terms or covenants of this Lease, is hereby agreed not to constitute an unreasonable withholding of consent to such assignment or subletting: PROVIDED HOWEVER that any consent by the Lessor to a transfer, assignment, subletting or parting with possession shall in no way discharge or release the Lessee from the full performance and observation of all the covenants, agreements, terms, provisions and conditions herein contained on the part of the Lessee to be performed and observed.

If the Lessee requests the Lessor's consent to an assignment of this Lease or to a subletting of the whole or any part of the Demised Premises to any person, firm or corporation, the Lessee shall submit to the Lessor the name of the proposed assignee or sublessee and such information as to the nature of its business and its financial responsibility and standing as the Lessor may reasonably require and the details of any financial consideration being paid by the proposed assignee or sublessee. Upon the receipt of such request and information from the Lessee, the Lessor shall have the right, exercisable in writing within fourteen (14) days after receipt, to cancel and terminate this Lease if the request is to assign this Lease or to sublet all of the Demised Premises or, if the request is to assign or sublet a portion of the Demised Premises only, to cancel and terminate this Lease with respect to such portion, in each case as of the date set forth in the Lessor's notice of exercise of such right, which shall be neither less than sixty (60) nor more than one hundred twenty (120) days following the service of such notice.

If the Lessor shall exercise such right the Lessee shall surrender possession of the entire Demised Premises or the portion which is the subject of the right, as the case may be, on the date set forth in such notice in accordance with the provision of this Lease relating to surrender of the Demised Premises at the expiration of the Term. If this Lease shall be cancelled as to a portion of the Demised Premises only, the rent payable by the Lessee under this Lease shall be abated proportionately. If the Lessor shall not exercise the right to cancel this Lease as above provided after the receipt of the Lessee's written request, then the Lessor's consent to such shall not be unreasonably withheld. In no event shall any assignment or subletting request to which the Lessor may have consented release or relieve the Lessee from his obligations fully to perform all the terms, covenants and conditions of this Lease on his part to be performed.

PROVIDED FURTHER that in the case of an Assignment, prior to the Lessor consenting to any such Assignment, the Lessee agrees that it shall execute a Guarantee in favour of the Lessor, such form which shall be acceptable to the Lessor, guaranteeing the due performance of all covenants, provisos, terms, stipulations and conditions expressed in the Lease to be performed by a Lessee, such Guarantee to be in compliance with the Guarantees Acknowledgement Act, of the Province of Alberta, and amendments thereto.

In consenting to any such assignment, sub-letting, license concession or parting with possession all monies paid by the assignee, sublessee, licensee, concessionaire, or person taking possession shall be paid to the Lessor who shall credit the same as and when received to payments required and reserved hereunder, the Lessor shall be entitled to receive any excess of such monies over and above monies payable and reserved hereunder for its own use absolutely and forever.

PROVIDED FURTHER HOWEVER, any such consent shall not be deemed or implied as a consent to any further or subsequent assignment or subletting or otherwise.

AND PROVIDED FURTHER that in any such assignment the Lessor may reserve all its rights as against the Lessee, and the Lessor may require the assignee to covenant directly with the Lessor to observe, perform and comply with the Lessee's obligations herein contained without the Lessee, as assignor, thereby being released from the Lessee's obligations herein contained.

AND PROVIDED FURTHER, that where this Lease is renewed by any assignee of the Lessee's leasehold interest in the Demised Premises, or any part thereof, the Lessee shall remain liable for the performance of the Lessee's obligations herein contained during the extended Term.

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Lessee

AND PROVIDED FURTHER, that the Lessor may require that this Lease be amended to the Lessor's then current standard form lease before any such assignment, subletting or parting with possession is consented to by the Lessor.

AND PROVIDED FINALLY, any consent by the Lessor and any documentation relating thereto, may at the Lessor's option be documented by the Lessor or its solicitors, and any and all legal costs and the Lessor's then-standard fee with respect thereto or to any documents reflecting the Lessor's consent shall be payable by the Lessee on demand as Additional Rent.

**6.12 Use of Demised Premises**

**THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee shall not use or occupy the Demised Premises for any purpose other than that as specified in Article 1.1 without the consent in writing of the Lessor and notwithstanding the foregoing the Lessee shall not carry on any business in the Demised Premises that shall be deemed a nuisance or which shall be offensive or an annoyance to or shall cause damage or inconvenience to the Lessor or to the other lessees or occupants of the Building, or owners or occupiers of neighbouring lands or premises.

The Lessee acknowledges that its continued occupancy of the Demised Premises and regular conduct of its business therein are of the utmost importance to the Lessor in avoiding the appearance and impression generally created by vacant space in a commercial building; and in facilitating the leasing of vacant space in the Building, and in the renewal of other leases in the Building, and in maintaining the character and quality if the Demised Premises are left vacant or vacated by the Lessee during the Term of this Lease, even in the event that the Lessee shall continue to pay rent as required hereunder. The Lessee therefore covenants that it shall occupy and utilize the entire Demised Premises in the active conduct of its business during the whole of the lease Term hereof, and shall conduct such business in a reputable, diligent, energetic, up-to-date, high class manner befitting this commercial Building.

The Lessee shall have the right to rent out for specific hours and during specific times its individual studios to third parties who will provide services such as or similar to yoga classes, however the Lessee shall not be allowed to rent out its individual studios to third parties for the purpose of operating or providing services such as or similar to a general business office, accounting office or financial services office.

**6.13 Compliance with Fire Insurance Regulations**

**THE LESSEE COVENANTS WITH THE LESSOR**

Not to carry on or permit to be carried on any activity or bring or keep anything upon the Demised Premises which will in any way increase the premium rate for fire insurance on the Building, or on the property kept therein, or which will conflict with any rules or regulations applicable to the Building, or which will conflict with any insurance policy on the Building, or any part thereof, or with the rules or guidelines of a competent governmental body or agency, fire department of competent jurisdiction, or the Canadian Fire Underwriter's Association, or other body having similar functions affecting the use or occupation of the Demised Premises, and the Lessee shall keep and maintain in the Demised Premises all safety appliances required by the use of the Demised Premises, and if the Lessee shall be in breach of these provisions, it shall be responsible for all consequences flowing therefrom, and notwithstanding the generality of the foregoing, if the rate of insurance on the Building, or any part thereof, or any property kept therein shall be increased, the Lessee shall pay to the Lessor the amount of such increase in fire insurance premiums.

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**6.14 Compliance with Other Laws, Regulations, Etc.****THE LESSEE COVENANTS WITH THE LESSOR**

To comply with and conform to the requirements of every applicable statute, bylaw, law, ordinance and order at any time or from time to time in force affecting the Demised Premises, or any part thereof, and/or the machinery, equipment and other facilities used in connection therewith whether or not such statute, bylaw, law, regulation, ordinance, order or requirement to be of a kind now existing or within the contemplation of the Lessor and the Lessee; and the Lessee will make no use of the Demised Premises or any part thereof, which will or may impose upon the Lessor any obligation to modify, extend, alter or replace any part of the Building, or any of the machinery, equipment and other facilities used in connection therewith; and in the event that the Lessee shall at any time or from time to time, during the Term hereof, without the written consent of the Lessor do, or permit to be done, or omit to do any act or thing which shall result in such obligation being imposed upon the Lessor, the Lessor may, at its option, either do or cause to be done, at the expense of the Lessee, the necessary work in order to comply with the relevant statute, law, bylaw, regulation, ordinance, order or requirement, or forthwith by notice in writing to the Lessee, terminate this Lease. In the event that the Lessor shall undertake any work, to be done at the expense of the Lessee hereunder, the costs thereof, plus Ten (10%) percent of such costs for overhead and supervision, shall be payable by the Lessee to the Lessor forthwith upon demand; and in the event of a termination of this Lease pursuant to the provisions of this Article, in addition to its other obligations hereunder on termination, the Lessee shall pay rent to the date of surrender of possession, and in addition reimburse the Lessor for any costs which it is obliged to pay under statute, law, bylaw, regulation, ordinance, order or regulation. In the event that the Lessee does not pay the same on demand, such costs will be deemed to be rent in arrears.

**6.15 Improvements, Alterations and Fixtures****THE LESSEE COVENANTS WITH THE LESSOR**

Subject to the provisions of Article 2.2, the Lessee will not, without the prior written consent of the Lessor, such consent not to be unreasonably withheld, make, erect or install any partitions (including moveable partition fixtures), leasehold improvements, alterations, equipment or fixtures (including trade fixtures) in or about the Demised Premises. If the Lessee desires to make, erect or install any such partitions, leasehold improvements, alterations, equipment or fixtures, the Lessee shall, at the time of its application for the Lessor's consent, inform the Lessor and furnish such plans, specifications, proposed contracts, designs, as shall be necessary therefore and contractors to be used therefore, and if the Lessor shall consent to such work being done, the Lessor shall have the right to supervise the work. The work shall be done and materials and service therefore supplied at the expense of the Lessee. Any partitions (including moveable partition fixtures) leasehold improvements, alterations, equipment or fixtures (but excluding removable Lessee trade fixtures) made, erected or installed wholly or partly at the expense of the Lessee, or by the Lessor for the Lessee's use or benefit shall become a part of the Building and be and remain the property of the Lessor upon the termination of the Term hereof. In the event that the Lessor desires to make alterations to the heating or air-conditioning or other systems, the Lessee will permit the Lessor's agents or employees at any time, to enter upon the Demised Premises and make therein such installations and connections thereto as requisite.

**6.16 Exhibit Demised Premises****THE LESSEE COVENANTS WITH THE LESSOR**

To permit the Lessor, or the agents of the Lessor, to exhibit the Demised Premises, at all reasonable hours during the last six (6) months of the Term hereof, to prospective lessees and all other persons having written authority from the Lessor, or the agents of the Lessor, and it will allow the Lessor to install a notice "For Lease" in a conspicuous place on the Demised Premises, which shall so remain without interference by the Lessee.

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**6.17 Goods Subject to Seizure****THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee covenants that none of the goods or chattels of the Lessee shall be exempt from seizure by distress for rent. If the Lessee shall vacate the Demised Premises owing rent in respect of the Demised Premises, the Lessor may, at any time, seize and sell the goods and chattels of the Lessee at any place in which the same may be located.

The Lessee waives and renounces the benefit of any present or future Act of the Legislature of the Province of Alberta which purports to take away or limit the Lessor's rights of distress, and notwithstanding any such Act, the Lessor may seize and sell all the Lessee's goods and chattels for payment of rent, accelerated rent, Additional Rent or other charges hereunder and costs. The Lessee further agrees that the Lessor, in addition to any remedy otherwise provided by law, may seize and sell the goods and chattels of the Lessee for payment of rent, Additional Rent or other charges hereunder, at any time and at any place to which the Lessee or any other person may have removed such goods and chattels, in the same manner as if such goods and chattels had remained and been distrained upon the Demised Premises and further, the Lessor shall have the right hereunder to sell, by private sale, public auction, or otherwise, any of the goods so seized.

**6.18 No Set-Off****THE LESSEE COVENANTS WITH THE LESSOR**

That the Lessee hereby expressly waives the benefits of any Act of the Legislature of the Province of Alberta or any other rule, whether in law or equity, permitting the Lessee to claim a set-off against the rental or Additional Rent or both reserved hereby for any cause.

**6.19 Notice of Defects****THE LESSEE COVENANTS WITH THE LESSOR**

To give to the Lessor prompt written notice of any accident to or defect in the plumbing, water pipes, heating and/or air-conditioning apparatus, electrical equipment, conduits or wiring, or of the damage or injury to the Demised Premises, or any part thereof, howsoever caused; PROVIDED THAT nothing herein shall be construed so as to require repairs to be made by the Lessor, except as expressly provided in this Lease.

**6.20 Subordination and Assignment****THE LESSEE COVENANTS WITH THE LESSOR**

Provided that this Lease and everything contained herein shall be subordinate to any charge or charges from time to time created by the Lessor in respect of the Lands and Building by way of mortgage or other like encumbrance, and the Lessee hereby covenants and agrees that it will at any time, and from time to time, as required by the Lessor, effectuate this postponement of its rights and privileges hereunder to the encumbrancee of any such charge or charges. It is further agreed that the Lessor may assign the rents hereunder to such encumbrancee and notice to that effect signed by the Lessor shall be sufficient authority for the Lessee to pay the rent or such portion thereof as is assigned to such encumbrancee and the receipt of such encumbrancee shall be a full and adequate discharge to the Lessee for such payment.

**6.21 Builder's Liens****THE LESSEE COVENANTS WITH THE LESSOR**

Not to permit any builder's or other liens for work, labour, services or materials ordered by the Lessee, or for the cost of which it may be in any way obligated, to attach to the Lands or the Building, and that whenever and so often as any such liens shall be filed, the Lessee shall,

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within twenty (20) days after the Lessee has notice of claim for lien, procure the discharge thereof by payment or by giving security or in such manner as is or may be required or permitted by law, at the sole expense of the Lessee; PROVIDED THAT the Lessee shall furnish proof satisfactory to the Lessor, that the lien has been discharged.

**6.22 Caveats**

**THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee shall be permitted to register a caveat in respect of this Lease (but not the Lease form) at the appropriate Land Titles Office and the Lessee shall discharge the caveat at the Lessee's expense at the end of the Term of this Lease or upon earlier termination and provide the Lessor proof satisfactory to the Lessor that said encumbrance has been discharged.

**6.23 Indemnification**

**THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee covenants and agrees to save, defend, hold harmless and indemnify the Lessor against any and all suits, claims, actions or demands of any nature or kind to which the Lessor shall or may become liable for or suffer by reason of any breach, violation or non-performance by the Lessee of any covenant, term or provision hereof or by reason of any injury occasioned to or suffered by any person or persons or any property resulting from any wrongful act, neglect or default on the part of the Lessee or any of the Lessee's employees, agents, invitees or licensees or arising out of the use and occupation by the Lessee of the Demised Premises and the business conducted thereon.

**6.24 Amendments to Lease**

**THE LESSEE COVENANTS WITH THE LESSOR**

If any holder of any mortgage or mortgages or any charge resulting from any other method of financing or refinancing, declaration of trust, debenture issue or any other such method of financing or refinancing now or hereafter in force against the Building and the Lands or upon any other lands shall at any time require any change not of a substantial nature in any of the terms, covenants and provisions of this Lease the Lessee agrees to the modification of this Lease to comply with the requirements of such party provided always that there is no increase in the rent or monies to be paid hereunder, no increase in the length of the Term hereby created and that such requirements do not impose undue burdens upon the Lessee and do not involve alterations of substance in the covenants and agreements herein contained.

**6.25 Protection of Demised Premises**

**THE LESSEE COVENANTS WITH THE LESSOR**

The Lessee shall at all times exercise and take reasonable precautions to protect the Demised Premises against fire and not keep or store, or suffer or permit to be kept or stored therein or thereupon any inflammable oils, substances or materials, or carry on any operation or work whereby any insurance on the Demised Premises may become void or voidable or which would increase the rate for insuring the Demised Premises against fire or be contrary to any municipal by-law. Provided however, in the event that the insurance rate shall be increased as aforesaid, the Lessee shall pay to the Lessor the amount by which the insurance premiums shall be so increased. If notice of cancellation shall be given respecting any insurance policy or if any insurance policy upon the Building or any part thereof shall be cancelled or refused to be renewed by an insurer by reason of the use or occupation of the Demised Premises, the Lessee shall forthwith remedy or rectify such use or occupation upon being requested to do so in writing by the Lessor, and if the Lessee shall fail to do so forthwith or shall fail forthwith to procure equivalent insurance to that cancelled or refused, the Lessor may at his option determine this Lease and the Lessee shall immediately deliver up possession of the Demised Premises to the Lessor.

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Lessor   *JS*  

Lessee   *W.L.*

**6.26 Registration and Confidentiality**

**THE LESSEE COVENANTS WITH THE LESSOR**

This Lease Agreement is of a highly confidential nature. The Lessee, its principals, employees, agents, concessionaires, franchisees, licensees and associated, affiliated or related persons agree and covenant not to disclose any of the terms of this Lease Agreement to anyone else, including any other tenant of the Building. The Lessee shall not register this Lease with any caveat the Lessee may file with respect to this Lease.

**ARTICLE 7**

**7.1 Quiet Enjoyment**

**THE LESSOR COVENANTS WITH THE LESSEE**

So long as the Lessee continues to pay the Minimum Rent and Additional Rent as herein provided and upon the Lessee performing and observing the covenants, conditions, agreements and obligations herein contained, the Lessee shall and may peaceably and quietly enjoy the Demised Premises for the Term hereby granted without any interruption, hindrance or disturbance by the Lessor or any other person or persons claiming under it except as herein provided.

**7.2 Taxes**

**THE LESSOR COVENANTS WITH THE LESSEE**

To pay all Lessor's taxes that may be charged, levied, rated or assessed against the Lands and Building, subject always to the payment by the Lessee of amounts required to be paid by the provisions of Article 4 hereto.

If any business, transfer tax, consumption tax, sales tax, goods and services tax, or any other tax is imposed on the Lessor by any governmental authority such tax being on any rent payable by the Lessee hereunder (whether Minimum Rent, Additional Rent or any other rent due pursuant to this Lease), then and in such event, the Lessee shall reimburse, without demand, the Lessor for the amount of such tax, and any such amounts to be paid by the Lessee to the Lessor hereunder, shall be deemed to be rent for the purposes of this Lease, and upon default in the payment of the same by the Lessee, the Lessor shall be entitled to pursue any and all remedy it may have for the nonpayment of rent.

**7.3 Insurance**

**THE LESSOR COVENANTS WITH THE LESSEE**

To insure and keep insured, during the Term hereof, the Building against loss under a standard "all risks" insurance policy.

**7.4 Water**

**THE LESSOR COVENANTS WITH THE LESSEE**

To supply water in the Building for domestic purposes only save as at such times as it may be turned off from the pipe main and in case the pipes affording such supply be damaged or incapable of affording the same, the Lessor shall forthwith commence repairs and shall be allowed a reasonable time to effect the necessary repairs.

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Lessee     J.L.

**7.5 Electrical Current**

**THE LESSOR COVENANTS WITH THE LESSEE**

To supply electric current reasonably sufficient for the operation of a conventional business office.

**7.6 Elevators**

**THE LESSOR COVENANTS WITH THE LESSEE**

To operate the elevators by electric or other power and, except when prevented by a failure of electric or other power or by reason of repairs or other causes beyond the control of the Lessor, to operate at least one of the said elevators each day at all reasonable times for the reasonable use of the Lessee and to permit the Lessee, its agents, clerks, servants or employees and all other persons lawfully requiring communication with it, the free use of said elevators while operating in common with other persons lawfully using same. PROVIDED, however, the Lessor reserves the right to restrict the use of the elevators outside normal office hours for the purposes of security.

**7.7 Access to Demised Premises**

**THE LESSOR COVENANTS WITH THE LESSEE**

To allow the Lessee, its agents, clerks, servants, employees and other persons transacting business with it in common with other persons entitled thereto, to enter the Demised Premises by the main entrance or entrances of the Building and to use the elevators, stairways and passages therefrom at all reasonable times, subject to the rules and regulations in regard to the Building hereto annexed.

**7.8 Lavatories**

**THE LESSOR COVENANTS WITH THE LESSEE**

When no lavatories are provided within the Demised Premises, to permit the Lessee and its employees in common with other persons entitled thereto to use such of the lavatories provided for male and female persons in the Building as shall be appropriate from time to time to the Demised Premises except at such times as the general supply of water maybe turned off.

**7.9 Heating**

**THE LESSOR COVENANTS WITH THE LESSEE**

To heat the Demised Premises with steam or other apparatus or appliances in such manner as to keep the Demised Premises at a reasonable temperature for the reasonable use thereof by the Lessee except during the making of repairs and in case the boilers, engines, pipes or other apparatus or any of them used in effecting the heating of the Demised Premises shall at any time become incapable of heating them as aforesaid, or be damaged or destroyed, to repair such damage or replace said boilers, engines, pipes or apparatus or any of them (or at the option of the Lessor) substitute other heating apparatus therefor within a reasonable time and it is agreed between the parties hereto that in case the heating apparatus or pipes connected therewith or water pipes, wash basins, plumbing or drains is or are injured by accident or freezing or from any cause, including negligence or unskilfulness of the Lessor, the Lessor will replace or repair same with reasonable dispatch having reference to the season in which such injury happens; PROVIDED, however, that the Lessor shall not be liable for indirect or consequential damages or for damages for personal discomfort or illness arising from any default of the Lessor in respect of the aforesaid matters.

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Lessee   *D.T.*

**7.10 Air Conditioning****THE LESSOR COVENANTS WITH THE LESSEE**

To operate the air-conditioning equipment between the hours of 9:00 a.m. to 11:00 p.m. from Monday to Friday, 9:00 a.m. to 10:00 p.m. on Saturday and 10:00 a.m. to 6:00 p.m. on Sunday, except Statutory Holidays, in the manner appropriate to the season of the year except during the making of repairs; PROVIDED further that the Lessor shall not be responsible for the failure of air-conditioning equipment to perform its function if such failure shall result from any arrangement of partitioning in the Demised Premises or changes or alterations thereto, or failure on the part of the Lessee to shade windows which are exposed to the sun, or from any excessive use of electrical power by the Lessee; and PROVIDED further that the Lessor shall not be liable for indirect or consequential damages for personal discomfort or illness of the Lessee, its clerks, servants, clients or customers by reasons of the operation or non-operation of the said equipment.

**7.11 Caretaking****THE LESSOR COVENANTS WITH THE LESSEE**

To employ personnel to cause, where reasonably necessary, the floors of the Demised Premises to be swept and cleaned from time to time and the desks, tables and other furniture of the Lessee to be dusted from time to time and to pay all costs therefor subject always to the payment by the Lessee of the amount required to be paid by the Provisions of Article 4.1(b) hereof, the Lessor shall not be responsible for any act or omission or commission on the part of the person or persons employed to perform such work or for any loss thereby sustained by the Lessee, the Lessee's servants, agents or others; PROVIDED that all Venetian blinds, blinds or drapes of any kind, if any, in the Demised Premises shall be cleaned and maintained at the expense of the Lessee.

**7.12 Structural Repairs****THE LESSOR COVENANTS WITH THE LESSEE**

The Lessor shall make structural repairs to the perimeter wall (excluding plate glass, windows, partitions and doors as set out in Article 6.8), roof, bearing structure and foundation of the Building PROVIDED that any and all such repairs necessitated by fire or other casualty whatsoever shall be made only in accordance with the provisions of Article 8.1 hereof. Further the Lessor will not be required to make any repairs necessitated by the negligence or default of the Lessee, its servants, agents or licensees.

**ARTICLE 8****8.1 Damage or Destruction**

**IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:**

In the event of partial or total destruction of the Demised Premises by fire, explosion, lightning, earthquake, tempest, impact of aircraft, acts of God or the Queen's enemies, riots, insurrections or other casualty, such as shall render the Demised Premises unrentable, the rent hereby reserved shall at once cease to accrue and not become payable until the Demised Premises shall be rebuilt or restored to their former condition and the Lessor shall forthwith rebate to the Lessee the proportionate part of the then current rent paid in advance for the unexpired portion of the month in which such partial or total destruction occurs. In the case of the total destruction of the Demised Premises, either the Lessee or the Lessor may within ninety (90) days after such destruction on giving notice thereof in writing to the other, terminate this Lease. PROVIDED, however, that the expression "total destruction" as used in this paragraph shall mean such damage or destruction so that in the opinion of the Lessor the Demised Premises cannot be rebuilt or repaired within a period of one hundred eighty (180) days from the time of destruction or damage. PROVIDED further

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however that if the Demised Premises are only partially destroyed the Lessor shall rebuild and restore the Demised Premises to their former condition with reasonable diligence and this Lease shall remain in full force and effect except that the rent shall abate in the proportion that the area of which the Lessee is deprived bears to the total area demised until the Demised Premises are restored. PROVIDED further no compensation or claim will be allowed by the Lessor by reason of inconvenience or annoyance arising from the necessity of repairing, altering or improving any portion of the Building however the necessity may occur.

It is expressly understood and agreed that the obligation of the Lessor to rebuild and restore the Demised Premises shall not extend to or be deemed to include the rebuilding and restoration of any alterations, partitions, equipment or installations made by the Lessee on the Demised Premises.

Notwithstanding the foregoing provisions concerning total or partial destruction of the Demised Premises, in the event of total or partial destruction of the Building (and whether or not the Demised Premises are destroyed) to such a material extent or of such a nature that in the opinion of the Lessor the Building must be or should be totally or partially demolished, whether to be reconstructed in whole or in part or not, then the Lessor may at his option (to be exercised within ninety (90) days from the date of destruction) give notice to the Lessee that this Lease is terminated with effect from the date of notice. If the Lessee is able to effectively use the Demised Premises after the destruction, such date shall not be less than thirty (30) days after the date of notice. If, in the opinion of the Lessor, the Lessee is unable to effectively use the Demised Premises after the destruction, the date given in the notice shall be the date of destruction. Upon such termination, the Lessee shall immediately surrender the Demised Premises and all its interest therein to the Lessor and the rent shall abate (if not already abated) and be apportioned to the date of termination and the Lessee shall remain liable to the Lessor for all sums accrued pursuant to the terms hereof to the date of termination.

PROVIDED HOWEVER, if such damage is due to the negligence or overt acts of the Lessee or his agents or servants then notwithstanding anything to the contrary herein contained in the event that the Lessor shall repair the Demised Premises, the cost shall be paid by the Lessee and there shall be no abatement of rent.

## 8.2 Default and Termination

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

- (a) The Lessee covenants with the Lessor and it is a condition of the Lease that:
- (i) In the event of default in the payment of rent or other charges required to be paid by the Lessee hereunder, or any part thereof, and such default continues for ten (10) days after notice of such non-payment has been delivered to the Lessee, or
  - (ii) If any of the goods or chattels on the Demised Premises are at any time repossessed, seized or taken in execution or attachment by any creditor of the Lessee, whether under bill of sale, chattel mortgage, debenture, conditional sales contract, lien note, lease of personal property or consignment contract, and if such seizure, execution or attachment has not been withdrawn, set aside, discharged or abandoned within twenty (20) days after the Lessee has had notice thereof, or
  - (iii) If a writ of enforcement or replevin order issues against the goods or chattels of the Lessee on the Demised Premises and such writ of enforcement or replevin order has not been set aside or vacated within twenty (20) days after the Lessee has had notice thereof, or
  - (iv) If any application or petition or certificate or order is made or granted for the winding-up or dissolution of the Lessee, voluntarily or otherwise, and if such

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application or petition or certificate or order has not been set aside within twenty (20) days after the Lessee has had notice thereof, or

- (v) If any insurance policy insuring the Building or the Lessor or lessees of the Building is cancelled or refused to be renewed by reasons of the use and occupation of the Demised Premises or any part thereof, or
- (vi) If the Lessee, does not, within ten (10) days after notice in writing from the Lessor, rectify or correct any non-observance of any other covenant, provision, stipulation or condition contained in this Lease not hereinbefore or hereinafter specifically referred to, except in the event such rectification requires in excess of ten (10) days in which event, if the Lessee does not within ten (10) days after notice in writing commence to rectify or correct such non-observance or non-performance and to proceed diligently therewith

THEN AND IN EVERY SUCH EVENT, at the option of the Lessor, the full amount of the current month's rent and the next ensuing three months rent instalments will immediately become due and payable together with the value of all inducements paid to the Lessee (including Tenant Inducement Payment or any other allowances, free rent, and fixturing periods) and the Lessor may immediately take legal proceedings, including distraint, for the same, together with any arrears then unpaid; further, the Lessor may, without notice or any form of legal process re-enter the Demised Premises and remove and sell the Lessee's goods, chattels and trade fixtures therefrom and may apply the proceeds of such sale to all rent due and other payments to which the Lessor is then entitled pursuant to this Lease. Any such sale may be effected in the discretion of the Lessor by public auction or otherwise, and either in bulk or by individual item, or partly by one means and partly by another, in the Lessor's sole discretion, by providing ten (10) days notice to the Lessee; further, the Lessor shall be entitled to forthwith re-enter the Demised Premises, and upon such re-entry, this Lease shall thenceforth be terminated, and be of no further force and effect, and no payment or acceptance of the rent subsequent to the event of default hereinbefore in this clause cited, shall give the Lessee the right to continued occupancy of the Demised Premises, or in any way affect the rights of the Lessor herein, or have the effect of reinstating this Lease.

In the event of non-payment of rent or any other charges or costs payable by the Lessee or in the event of breach of any other provision of the within Lease by the Lessee, the costs of the Lessor on a solicitor-client basis incurred for the purpose of enforcing any of the Lessor's rights under the Lease or otherwise, shall be paid by the Lessee to the Lessor.

- (b) NOTWITHSTANDING the obligation of the Lessor to provide the Lessee with written notice of default prior to re-entering the Demised Premises for the defaults hereinbefore referred to, the Lessor shall be entitled to forthwith re-enter the Demised Premises and terminate the Lease without any form of oral or written notice of default to the Lessee:
  - (i) If the Demised Premises at any time during the Term become vacant in consequence of their abandonment by the Lessee, or the removal of the Lessee by legal process for non-payment of rent, breach or covenant or other cause, or
  - (ii) If the Lessee ceases to conduct business from the Demised Premises for a continuous period of ten (10) working days without the prior written consent of the Lessor, or
  - (iii) If the Lessee is a corporation and if by sale or other disposition the control of the Lessee changes at any time during the Term without the prior written consent of the Lessor, or
  - (iv) If at any time during the Term hereof, the Lessee or any other person removes or attempts to remove, without the consent in writing of the Lessor, any goods or

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chattels from the Demised Premises, save and except in the ordinary course of the replacement or renovations, or

- (v) If the Lessee makes any Assignment for the benefit of Creditors, or upon becoming bankrupt or insolvent takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors, or in the case the Demised Premises are used by any other persons or for any other purpose than as herein provided without the consent of the Lessor.

NOTWITHSTANDING anything herein contained, in the event of default pursuant to Article 8.2(b) then, and in any such event (and in addition to any other legal remedy the Lessor may pursue), the then current month's rent and the next three (3) ensuing months rent (including Tenant Inducement Payment or any other allowances, free rent, and fixturing periods), shall become due and be paid together with all additional costs, if any, incurred by the Lessor in the preparation of the Demised Premises.

### 8.3 Vacancy

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That in case the Demised Premises, or any part thereof, becomes vacant, abandoned or unoccupied for a period of twenty (20) days, then, in addition to any other remedies which it may have, the Lessor (acting solely as agent of the Lessee, which agency relationship the Lessee hereby acknowledges and ratifies) upon written notice to the Lessee may, and on behalf of the Lessee, but shall not be obliged to, enter the Demised Premises either by force or otherwise, without being liable for prosecution thereof, and do all such things as the Lessor, in its uncontrolled discretion, may consider necessary and without limiting the generality of the foregoing may:

- (a) Do all things that would in the ordinary course be done by a responsible Lessee;
- (b) Do all repairs that are necessary;
- (c) Sublet the Demised Premises or assign this Lease.

PROVIDED THAT the Lessee hereby agrees:

- (a) To confirm and ratify any and all acts done on its behalf hereunder by the Lessor in respect of the Demised Premises;
- (b) Reimburse the Lessor for any and all expenses incurred by the Lessor acting on behalf of the Lessee, including the expenses in obtaining a sub-lessee or assignee; and
- (c) Execute all such documents and sub-leases as the Lessor considers advisable.

Notwithstanding any terms and conditions herein, the Lessee shall to the end or sooner determination of this Lease remain bound by and responsible for the terms, covenants, conditions and reservations contained in this Lease for the remainder of the Term, including but not to be restricted to the reservation of rent and Additional Rent.

### 8.4 Damages

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

Upon termination of this Lease by the Lessor prior to the termination thereof due to the passage of time, then, in addition to all other remedies available to the Lessor, whether herein, at law or equity, the Lessor may relet the Demised Premises or any part thereof, and the Lessee shall pay to the Lessor on demand such expenses as the Lessor may incur in reletting the Demised

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Premises, including legal costs on a solicitor and client basis, any other legal fees and real estate fees and commissions and expenses of keeping the Demised Premises in good order, and of preparing the Demised Premises for reletting, and all rent shall immediately become due and payable to the time of such termination. In addition, the Lessee shall continue to be bound by its obligations hereunder throughout the balance of the Term of the Lease and termination of the Lease by the Lessor shall not in any way affect the Lessee's obligation to pay rent and other charges due and payable pursuant to the terms hereof.

In the event that the Lessor deems it advisable to sublet the Demised Premises or assign this Lease, and in the further event that the Lessor is unable to obtain from a sub-lessee or assignee rent equivalent to the rent hereunder reserved, including Additional Rent, then the Lessee hereby covenants and agrees to reimburse the Lessor for such deficiency, PROVIDED ALWAYS that the Lessor shall make best effort to mitigate its loss. Should the Lessor call upon the Lessee to execute a sub-lease or assignment and should the Lessee fail to execute the same within five (5) days after being called to do so, then the Lessor may execute the same in its own name as agent of the Lessee with full authority to do so by virtue of this paragraph.

**8.5 Responsibility of Lessor**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That whenever and to the extent that the Lessor shall be unable to fulfil or shall be delayed or restricted in the fulfilment of any obligation hereunder in respect of the supply or provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to fulfil such obligation or by reason of any statutes, law or order-in-council or any regulation or order passed or made pursuant thereto or by reason of the order of direction of any administrator, controller or board or any governmental department or officer of other authority, or by reason of any strikes, lockouts, slowdowns, or other combined actions of workmen, or shortages of material or any other cause beyond the control of the Lessor whether of the foregoing character or not, the Lessor shall be relieved from the fulfilment of such obligation and the Lessee shall not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned.

**8.6 Compensation**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That no claim for compensation shall be made by the Lessee by reason of inconvenience, damage or annoyance arising from the necessity of repairing any portion of the Building, however the necessity may arise.

**8.7 Theft**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That the Lessor shall not be liable for the theft of any property at any time on the Demised Premises.

**8.8 Damage**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That the Lessor shall not be liable for any damage to any property at any time on the Demised Premises caused by wind or otherwise, or for any escape or leakage of smoke, gas, water, rain, snow, steam, electrical or nuclear energy, however caused, nor from damage to property or

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injury to person or persons caused by the breaking of any drain, water pipe, gas pipe, electric wire, lamp, combustion chamber, nuclear conductor or reactor however caused, nor for any accident to property of the Lessee nor for any injury howsoever caused, to any person or persons in, or about the Demised Premises.

The Lessor shall not, except to the extent of the net amount realized by the Lessor from its insurer or insurers as a result of insurance claims be liable or responsible in any way for:

- (a) Any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Lessee or any employee, agent, invitee, licensee or customer of Lessee or any other person who may be in or upon the Building or the Demised Premises, or
- (b) Any loss or damage whatsoever of or to any property belonging to the Lessee or to its employees or to any other person while such property is in or on the Building or the Demised Premises, or
- (c) Any loss, damage or injury, whether direct or indirect, to persons or property or loss of income or revenue resulting from any failure, howsoever caused, in the supply of the utilities, services or facilities provided or to be provided or repairs made to or to be made to the Demised Premises or the Building under any of the provisions of this Lease or otherwise.

**8.9 Rules and Regulations**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That the Lessor shall have the right from time to time and at any time during the Term hereof to make any and all reasonable amendments, deletions and additions to the Rules and Regulations annexed hereto. Together with all such reasonable amendments, deletions and additions made thereto by the Lessor which notice shall have been given to the Lessee as herein provided, such amendments shall be read as a part of the Lease and shall be observed, performed and complied with throughout the Term hereof the same as all other conditions, provisos, agreements and obligations herein contained and set forth. Any amendments, deletions or additions made to the said Rules and Regulations by the Lessor, as above provided, shall be binding upon the Lessee, upon the giving by the Lessor to the Lessee of written notice hereof.

**8.10 Overholding**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

In the event the Lessee remains in possession of the Demised Premises after the expiration of the Term hereby granted, or any renewal thereof, or sooner determination of this Lease, and without the execution and delivery of a new lease, the Lessor may forthwith re-enter and take possession of the Demised Premises and remove the Lessee therefrom, or, the Lessee shall, in the event of such overholding and the failure of the Lessor to re-enter, be deemed to be occupying the Demised Premises as a Lessee from month to month, at a monthly rent equal to 150% the Minimum Rent, any other rentals under this Lease for the preceding lease year, and 150 % of the Occupancy Costs (as defined in Article 4), all of which is payable in advance on the first day of each month, and subject to all of the covenants, agreements, conditions, provisions and obligations of the Lease insofar as the same are applicable to a month-to-month tenancy. A tenancy from year to year will not be created by implication of law.

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**8.11 Calculation of Rent and Definition of Additional Rent**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That rent, Additional Rent and all other charges payable by the Lessee hereunder to the Lessor shall be considered as accruing from day to day and where it becomes necessary for any reason to calculate such rent, Additional Rent and charges for an irregular period of less than one year, an appropriate apportionment and adjustment shall be made. Where the calculation of Additional Rent and charges is not made until after the termination of this Lease, the obligation of the Lessee to pay such Additional Rent and charges shall survive the termination of this Lease, and such amounts shall be payable by the Lessee to the Lessor hereunder and shall be deemed to be Additional Rent and shall be collectible by the Lessor as rent and the Lessor shall be entitled to pursue any and all remedies arising from and as a result of the non-payment of rent.

All sums to be paid by the Lessee under this Lease (other than Minimum Rent) shall be, for the purpose of collection, deemed to be additional rent (the "Additional Rent"), and shall be collectible by the Lessor as rent.

**8.12 Lessor May Perform**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

In addition to all other remedies the Lessor may have by this Lease or by law, if the Lessee shall make default in any of its obligations hereunder, the Lessor, its agents, contractors, or employees, may (but shall not be obliged so to do) enter the Demised Premises with proper notice at any time (and without notice to the Lessee in case of emergency), perform any such obligations and in such event the costs of performing such obligations plus Ten (10%) percent of such costs for overhead and supervision, shall be paid by the Lessee to the Lessor on the next ensuing months rent payment date together with interest at the Overdue Interest Rate, as that term is defined in Article 5 hereof calculated from the date of the performance of such obligation by the Lessor until payment of same to the Lessor; on default of such payment, the Lessor shall have the same remedies as on default of payment of rent.

**8.13 Scaffolds**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

If the Lessor shall desire at any time during the said Term to repair or add to or alter the Building, the Lessor shall have the right to do so and for that purpose, if necessary, to enter into and upon or attach scaffolds or other temporary fixtures to the Demised Premises, putting the Lessee to only such inconvenience as may be unavoidable.

**8.14 Waiver**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

That no waiver on behalf of the Lessor for any breach of any of the covenants, provisos, conditions, restrictions and stipulations herein contained or of the regulations hereunder, whether negative or positive in form, shall take effect or be binding upon the Lessor unless the same be expressed in writing under the authority of the Lessor, or its agents, and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Lessor's rights with respect to any other or future breach.

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Without restricting or limiting the foregoing, no waiver shall be deemed or implied by reasons of acceptance by the Lessor of rent or Additional Rent, regardless whether same is made conditional on waiver.

**8.15 Expropriation**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

If during the Term of this Lease or any renewal thereof the Building shall be acquired or condemned by expropriation for any public or quasi-public use or purpose, the Lessor and the Lessee may separately claim, receive and retain awards of compensation for loss of their respective interests, but neither the Lessor nor the Lessee shall have any claim against the other in respect of the said loss or for any unexpired Term of this Lease. In this sub-section, the expression "the Building shall be acquired or condemned by expropriation for any public or quasi-public use or purpose" shall mean the taking by competent authority of all or such part or parts of the Building by the right or exercise of any power of expropriation which results in the part or parts of the Building remaining (if any) being in the reasonable opinion of the Lessor, incapable of repair, reconstruction or alteration so as to be economically useable by the Lessee for the purposes for which the Demised Premises herein is intended.

**8.16 Right to Common Passageways**

IT IS MUTUALLY AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

Subject to the specific restrictions contained herein, and to Rules and Regulations, the Lessee for itself, its servants or agents, or other persons seeking communications with it, shall be entitled to use in common with the Lessor, its other lessees and other persons lawfully on the Building, all Common Areas.

**ARTICLE 9  
ENTIRE AGREEMENT**

It is hereby distinctly understood and agreed by and between the parties hereto that the terms and conditions set forth herein, together with the terms and conditions set forth in the Rules and Regulations and Exhibits, Schedules and/or plans annexed hereto shall supersede and take the place of any and all previous agreements or representations of any kind, written or oral, heretofore made by anyone in reference to the Demised Premises or in any way affecting the Building or equipment of which the same forms a part and that the Rules and Regulations and any Exhibits, Schedules and/or plans shall and do form a part of this Lease as fully as if the same were included in the main body hereof above the execution thereof by the parties hereto. Delivery of any unsigned copy of this Lease to the Lessee notwithstanding, insertion of all particulars in the Lease and presentation of any cheque or acceptance of any monies by the Lessor given by the Lessee as a deposit, does not constitute an offer by the Lessor and no contractual or other legal right shall be created by both parties until delivery has been made of an executed copy of the Lease to the Lessee.

**ARTICLE 10  
LEASE AMENDMENT**

This Lease shall not be modified or amended except by an instrument in writing signed by the parties hereto, or by their successors.

**ARTICLE 11  
AGENCY**

The Lessor may perform all or any of its obligations hereunder or through such managing or other agency or agencies as it may from time to time determine, and the Lessee shall, as

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from time to time directed by the Lessor, pay to any such agent any monies payable hereunder to the Lessor.

**ARTICLE 12  
NOTICES**

- (a) Any notices herein provided or permitted to be given by the Lessee to the Lessor shall be sufficiently given if mailed by registered mail, postage prepaid, addressed to the Lessor at:

Centre Eleven Capital Corp.  
400, 630 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 1G6

- (b) In every instance where it is necessary or desirable for the Lessor to serve any notice or demand upon the Lessee, notice and service will be sufficient if delivered using any of the following methods:

- (i) To deliver or cause to be delivered to the Lessee at the Demised Premises a written or printed copy thereof; or
- (ii) To forward a written or printed copy thereof by registered mail, postage prepaid, addressed to the Lessee at:

Pulse Studios Inc.  
210A, Centre Eleven  
1121 Centre Street N.  
Calgary, Alberta  
T3E 2L2

- (iii) To leave a written or printed copy thereon in or upon the Demised Premises or to affix the same upon any door leading into the Demised Premises.

All notices or demands to the Lessee shall be signed by the Lessor or its agents on its behalf and will be conclusively deemed to have been given on the day on which such notice is delivered, left or affixed, or on the next business day (other than a Saturday) following the day on which such notice is mailed, as the case may be.

- (c) The Lessor may at any time in the manner provided above give notice in writing to the Lessee of any change of address and from and after the giving of such notice the address therein specified shall be deemed to be the address of the Lessor for the giving of the notice hereunder.

**ARTICLE 13  
HEADINGS**

The headings of this Lease are for convenience only and are not to be considered a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

**ARTICLE 14  
SEVERABILITY**

If any term, covenant or condition of this Lease, or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

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ARTICLE 15  
TIME

Time shall be of the essence of this Lease save as herein otherwise specified.

ARTICLE 16  
JOINT AND SEVERAL

In the case where this Lease is executed by more than one party, all covenants and agreements herein contained shall be constructed as taken as against all executing parties, as joint and several.

ARTICLE 17  
INTERPRETATION

It is hereby agreed that in constructing these presents the word "Lessee" and the personal pronoun "he" or "she" relating thereto and used therewith shall be read and construed as "Lessee or Lessees" and "his", "her", "it", and "their" respectively as the number and gender of the party or parties referred to in each case as required and the number of the verb agreeing therewith shall be considered as agreeing with the said word or pronoun so substituted; and further provided that the Lessor, and its successors, and the Lessee and the respective executors, administrators and successors of the Lessee, as the case may be shall be respectively bound by and be entitled to the benefit of these presents and of the covenants, conditions and agreements herein contained in like manner as if the word "successors" were inserted next after the word "Lessor" and as if the words "executor and administrator", "executors and administrators" or "successors" were inserted next after the word "Lessee" throughout, so far as the nature of the case will admit and unless the context shall require different construction.

ARTICLE 18  
RELOCATION

U.1. (a) If at any time during the Term hereby granted or any renewal or extension thereof the Lessor shall determine that the Demised Premises or a portion thereof are required for the expansion of an existing or a proposed lessee of the Building, the Lessor may at its sole option, but with not less than ninety (90) days notice in writing to the Lessee (the "Relocation Notice"), elect to require that the Lessee re-locate on the date specified in the Relocation Notice (the "Relocation Date") to other premises in the Building such premises to be in the location determined by the Lessor (the "New Premises"). U.1.

U.1. (b) Upon delivery of the Relocation Notice, the Lessee shall have the option, exercisable by delivery of notice in writing to the Lessor (the "Termination Notice") up to and including the thirtieth (30th) day after delivery of the Relocation Notice, to terminate this Lease rather than relocating. In the event of delivery of the Termination Notice, within the time frame aforesaid, the Term of this Lease shall be deemed amended such that this Lease shall stand determined and at an end, and the Lessee shall forthwith deliver to the Lessor its nominee, quiet and peaceful possession of the Demised Premises in accordance with the provisions of Article 6.7. U.1.

U.1. (c) In the event that the Lessee shall not have delivered to the Lessor the termination notice as hereinbefore provided, the Lessee covenants and agrees that it shall relocate to the New Premises on the Relocation Date and the Lessor shall pay the following costs and expenses of the Lessee in respect of such relocation.

- (i) Cost of relocating any signage;
- (ii) Cost of moving such fixtures, chattels and inventory of the Lessee in the Demised Premises as are capable of being moved to the New Premises;

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0.1 (iii) Cost of the Lessor's Work and the Lessee's Work in the New Premises to be completed in accordance with Schedule "C" hereof, amended as required in respect to completion of the New Premises.

Provided however that all such costs shall have been approved in writing in advance by the Lessor, such approval not to be unreasonably or arbitrarily withheld by the Lessor and further then and from after the Relocation Date this Lease shall be deemed to be amended as follows:

0.1 (iv) The term "Demised Premises" shall be deemed to refer to the New Premises:

0.1 (ii) If the area of the New Premises is greater than or less than the area of the Demised Premises, the annual Minimum Rent of the New Premises shall be calculated at the same per square foot rental as contained in Article 3.1. It is agreed that there shall be no abatement of rent or Occupancy Costs during the relocation.

**ARTICLE 19  
SALE, DEMOLITION OR REDEVELOPMENT**

The Lessee acknowledges that if during the Term of the Lease, the Lessor:

- (a) makes a bona fide sale or otherwise disposes of the Building or any part of the Lessor's interest therein;
- (b) wishes to remodel or renovate the Building or any part thereof;
- (c) wishes to take down or demolish the Building;

The Lessor shall have the right, notwithstanding anything in the Lease herein contained, to terminate the Lease upon giving to the Lessee six (6) month's notice in writing of its intention to terminate the same and upon the expiration of the period of such notice, the Term shall stand terminated and at an end, and the Lessee shall forthwith deliver to the Lessor, or its nominee, quiet and peaceful possession of the Demised Premises.

**ARTICLE 20  
HAZARDOUS SUBSTANCES**

The Lessee shall at its own cost comply with all laws, regulations and government orders or directions relating to the use, generation, manufacture, production, processing, storage, transportation, handling, release, disposal, removal or cleanup of Hazardous Substances (including any fines for the Lessee's wrongful disposal of hazardous substances) and the protection of the environment on, under or about the Demised Premises. The Lessee shall not use or cause or permit to occur the generation, manufacture, production, processing, storage, handling, release, presence, introduction or disposal of any Hazardous Substance on, under or about the Demised Premises or the transportation to or from the Demised Premises of any Hazardous Substance except as specifically disclosed to the Lessor and permitted in this Lease. Upon the request of the Lessor during the Term, and in any event four months preceding the calendar month in which the Term expires, the Lessee shall provide to the Lessor an independent audit report, in form and substance and from qualified experts approved by the Lessor acting reasonably, regarding Hazardous Substances on, under or about the Demised Premises during the Term. Upon the demand by any governmental authority or the Lessor that removal or a cleanup be undertaken because of the presence, introduction, deposit, emission, leak, spill, discharge of Hazardous Substances at the Demised Premises during the Term the Lessee shall promptly at its own expense take all remedial action necessary to carry out a full and complete removal, cleanup and remediation in accordance with the law. No action by the Lessor and no attempt by the Lessor to mitigate damages under any law shall constitute a waiver or release of the Lessee's obligations hereunder and the Lessee shall indemnify and save harmless the Lessor from all costs and expenses incurred by the Lessor pursuant to this Lease and in respect of the Hazardous Substances and from all other damages suffered by the Lessor by reason of the Lessee's actions or

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default hereunder. The Lessee's obligations and liabilities hereunder shall survive the expiration of this Lease.

**ARTICLE 21  
SCHEDULES**

All Schedules attached to and forming part of this Lease shall be read as part of this Lease, and are as follows:

Schedule A	Legal Description of Lands
Schedule B	Demised Premises – Floor Plan
Schedule C	Lessor's and Lessee's Work
Schedule D	Rules and Regulations
Schedule E	Estoppel Statement
Schedule F	Option to Renew
Schedule G	Rentable Area Calculation
Schedule H	Parking License Agreement
Schedule I	Non-Disclosure/Confidentiality Agreement
Schedule J	Pre-Authorized Debit (PAD) Agreement
Schedule K	Signage Criteria/Design Criteria
Schedule L	Tenant Inducement Allowance

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**ARTICLE 22  
ACCEPTANCE**

The Lessee does hereby accept this Lease of the Demised Premises to be held by it as Lessee and subject to the restrictions, conditions and covenants above set forth.

The above is hereby agreed to and accepted by the Lessor on this 23 day of December, 2010.


**LESSOR:** Centre Eleven Capital Corp.

Per:  c/s


The above is hereby agreed to and accepted by the Lessee on this 28 day of October, 2010.

**LESSEE:** Pulse Studios Inc.

Per: Vince Truong c/s  
Name: VINH TRUONG  
Position: OWNER  
I have the authority to bind the Corporation.

Per:  c/s  
Name: Gill Co  
Position: OWNER  
I have the authority to bind the Corporation.

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**SCHEDULE "A"**

**LEGAL DESCRIPTION OF LANDS**

The Demised Premises are situated on the following described parcel of Lands, namely:

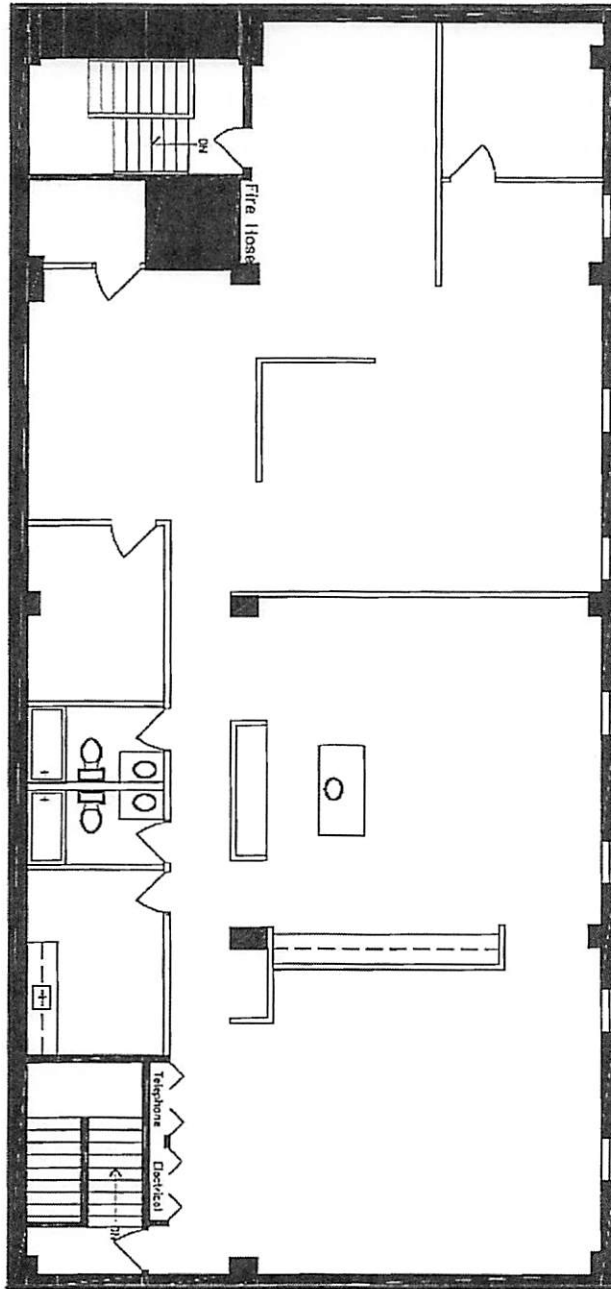
PLAN 3946N  
BLOCK 17  
LOTS FIFTEEN (15) AND NINETEEN (19) INCLUSIVE  
AND THE WESTERLY FORTY (40) FEET THROUGHOUT  
LOTS TWENTY (20) TO TWENTY FOUR (24) INCLUSIVE

**PLEASE INITIAL**

Lessor   *Ø*  

Lessee   *Ø.1.*

SCHEDULE "B"  
DEMISED PREMISES – FLOOR PLAN



PLEASE INITIAL

Lessor ✓

Lessee 01.

**SCHEDULE "C"**

**LESSOR'S AND LESSEE'S WORK**

Only those items enumerated in this Schedule "C" as "Lessor's Work" will be provided by the Lessor in the Demised Premises at the Lessor's expense in accordance with the Lessor's choice of materials.

**LESSOR'S WORK:**

1. Demolition of interior walls as agreed to between the Lessor and the Lessee on September 28, 2010.
2. Cabinetry to be removed and retained for use by the Lessee.

Any doors and surrounding frames, light fixtures and other materials so removed during demolition shall be preserved and shall remain on-site for the use of the Lessee for its new improvements.

**LESSEE'S WORK:**

All improvements to the Demised Premises in excess of the Lessor's Work are herein referred to as the "Lessee's Work" and shall be for the account of the Lessee. There shall be no construction work in the Demised Premises until such time as:

- (a) the requisite permits are obtained by the Lessee and copies provided to the Lessor;
- (b) the Lessor approves the Lessee's Work; and
- (c) a copy of the Lessee's Certificate of Insurance, as required by the Lease, is supplied to the Lessor.

**PLEASE INITIAL**

Lessor   *EO*  

Lessee   *10.1.*

**SCHEDULE "D"**

**RULES AND REGULATIONS REFERRED TO IN PARAGRAPH 8.9 OF THE ANNEXED LEASE**

1. The sidewalks, entrances, parking areas, loading areas or surrounding lands and corridors shall not be obstructed by any lessees or used by them for any other purpose than for the ingress and egress to and from their respective offices and no lessee shall place or allow to be placed in the hallway, corridors or stairways any waste paper, dust garbage, refuse or anything whatever that shall tend to make them appear unclean or untidy.
2. The skylights and windows that reflect or admit light into passageways or into any place in the Building shall not be covered or obstructed by any of the lessees, and no awnings shall be placed on the Building.
3. The Lessee, its servants, agents, assistants, employees or invitees shall use such water-closets, other water apparatus and washrooms facilities in the Building as shall be from time to time designated by the Lessor for use in connection with their demised premises. The water-closets and other water apparatus shall not be used for any purpose other than those for which they were constructed and no sweepings, rubbish, rags, ashes or other substances shall be thrown therein. The cost of repairing any damage resulting from misuse shall be borne by the lessee by whom or by whose agents, servants or employees the same is caused. Lessees shall not let the water run unless in actual use, nor shall they deface or mark any part of the Building or drive nails, spikes, hooks or screws into the walls or woodwork of the Building.
4. No safes, heavy merchandise or anything liable to injure or destroy any part of the Building shall be taken into or out of it without the consent of the Lessor and the Lessor shall in all cases retain the power to prescribe the weight and indicate the place where said safe is to stand and the cost of repairing any and all damage done to the Building by taking in or putting out a safe or during the time it is in any demised premises shall be paid for, on demand, by the lessee who so causes it. No lessee shall load any floor beyond its reasonable weight-carrying capacity.
5. The Building is a smoke-free Building. Lessees, their agents, clerks, servants or employees shall not smoke in the Building or make, commit or permit any improper noises in the Building, or interfere in any way with other lessees or those having business with them.
6. Nothing shall be thrown by the lessees, their clerks or servants, out of windows or doors or into the passages, elevator shafts or skylights of the Building.
7. No birds or animals shall be kept in or about any demised premises.
8. No one shall use any demised premises for sleeping apartments or residential purposes, for the storage of personal effects or for articles other than those required for business purposes.
9. No public or private auction or other similar type of sale of any goods, wares or merchandise shall be conducted in or from any demised premises.
10. No telephonic, telegraphic, electronic, wire service or other connection or electric wiring shall be made in places other than those designated by the Lessor and/or without the authority of the Lessor who will direct the electricians or other workmen as to where and how many wires or equipment are to be introduced and without any such directions, no boring or cutting for or otherwise will be permitted.
11. Furniture and effects shall not be taken into or removed from any demised premises except at such times and in such manner as may be previously consented to and approved by the Lessor in writing. No heavy furniture shall be moved over floors or offices, halls, landings or stairs so as to damage same.

**PLEASE INITIAL**

Lessor     

Lessee



12. All lessees must observe strict care not to allow their windows to remain open so as to admit rain or snow, or so as to interfere with the heating, cooling or air-conditioning of the Building and windows shall be locked when any demised premises are not in use.
13. It shall be the duty of the respective lessees to assist and co-operate with the Lessor in preventing injury or damage to any demised premises or to the Building.
14. Nothing shall be placed on the outside of window sills or projections of the Building nor shall a lessee place any air-conditioning unit or any other equipment or projection. No lessee may install air-conditioning equipment of any kind in any part of any demised premises without the prior written consent of the Lessor.
15. All glass and trimmings in, upon or about the doors and windows of any demised premises shall be kept whole and whenever any part thereof shall become broken, the same shall be immediately replaced or repaired under the direction and to the satisfaction of the Lessor and shall be paid for by the applicable lessee.
16. No bicycles or other vehicles shall be brought within the Building.
17. No inflammable oils or other inflammable, dangerous or explosive materials shall be brought into the Building or kept or permitted to be kept in any demised premises.
18. No additional locks shall be placed on any doors of the Building without the prior written consent of the Lessor.
19. The Lessor may determine at its sole discretion and from time to time the location of any garbage containers.
20. If customer parking is provided neither the Lessee nor its employees will use such parking areas and will use only those areas which may be designated by the Lessor.
21. Any and all keys (or access cards) supplied to any lessee, its employees, agents, contractors, servants, invitees or others acting on its behalf will be returned to the Lessor at the designated time, failing which the Lessee will be responsible for any costs incurred in the provision of security including the costs of changing any locks. For the purpose of the above, keys supplied will include any keys cut from those supplied.
22. By way of amplification of the provisions of Article 8.9 of the Lease, the Lessor shall have the right to make such further and other reasonable rules and regulations as in its judgment may from time to time be required for the safety, care and cleanliness of any demised premises and for the reservation of good order therein.

PLEASE INITIAL

Lessor     

Lessee U.T.

SCHEDULE "E"

ESTOPPEL CERTIFICATE

LESSEE'S ESTOPPEL CERTIFICATE, pertaining to the Demised Premises at 210A, 1121 Centre Street N., Calgary, Alberta in an office complex known as Centre Eleven. The undersigned is the Lessee occupying space under the name of Pulse Studios Inc. and the Lessee does hereby certify to the Lessor that:

1. The Lessee is in possession of the Demised Premises and agrees that the Lease is in good standing and in full force and effect.
2. The Lessee is paying the Minimum Rent to the Lessor as per their Lease and all other charges pursuant to the said Lease.
3. The Lessee's obligation to pay rent pursuant to their Lease commences on January 1, 2011.
4. The Demised Premises comprises an area of approximately 2,765 rentable square feet.
5. The Minimum Rent pursuant to the said Lease payable by the Lessee is as follows:  
Year 1 - \$27,650.00 per annum plus applicable G.S.T.  
Year 2 - \$29,032.50 per annum plus applicable G.S.T.  
Year 3 - \$30,415.00 per annum plus applicable G.S.T.  
Year 4 - \$31,797.50 per annum plus applicable G.S.T.  
Year 5 - \$33,180.00 per annum plus applicable G.S.T.
6. The Security Deposit, as per the Lease is Twelve Thousand Six Hundred Sixty Nine Dollars and Ninety Two Cents (\$12,669.92).
7. The Lessee has the months of N/A Minimum Rent free and has the months of N/A Minimum Rent, and Occupancy Costs free.
8. The Lessee occupies 3 underground parking stalls and pays \$195.00 plus applicable G.S.T. per month per stall.
9. The Lessee rents storage space at a monthly cost of \$ N/A.
10. There have been no changes of any nature relevant to the Lease.
11. The Lessee's lease obligations on their Demised Premises expires on December 31, 2015.

Dated at the City of Calgary in the Province of Alberta.

Dated this \_\_\_ day of \_\_\_\_\_, 2010.

LESSEE: **Pulse Studios Inc.**

Per: \_\_\_\_\_ c/s  
Name:  
Position:  
I have the authority to bind the Corporation.

Per: \_\_\_\_\_ c/s  
Name:  
Position:  
I have the authority to bind the Corporation.

PLEASE INITIAL

Lessor         

Lessee

**SCHEDULE "F"**

**OPTION TO RENEW**

Subject to the Lessee maintaining the Lease in good standing and continuing to occupy the Demised Premises, the Lessor shall grant to the Lessee one (1) option to renew the Lease (hereinafter referred to as the "Option") for a further five (5) years (hereinafter referred to as the "Renewal Term") after the expiration of the current Term upon the same terms and conditions contained in the Lease, except for the Minimum Rent, free rent periods, Tenant Improvement Allowance, this Option, Lessor's Work and any other rental inducements or other incentives relevant to this Lease. The Minimum Rent for the Renewal Term shall be negotiated between the Lessor and the Lessee based upon fair market value for improved premises of comparable quality, size, building and location as at the commencement of the Renewal Term, and such Minimum Rent shall be discussed and agreed to between the Lessor and the Lessee prior to the exercise of this Option. The Lessee shall exercise this Option by providing the Lessor written notice of its intent to do so no more than twelve (12) months and not later than six (6) months prior to the Expiry Date.

**PLEASE INITIAL**

Lessor   *Ø*  

Lessee   *U.T.*

**SCHEDULE "G"**  
**RENTABLE AREA CALCULATION**

In this Lease, the following definitions and measurement standards shall apply:

1. "Proportionate Share" means a fraction, the numerator of which is the Rentable Area of the Demised Premises and the denominator of which is the Rentable Area of the Building;
2. "Rentable Area" shall be calculated and shall mean that area applicable to the Demised Premises or the Building as defined and measured using the ANSI/BOMA Z65.1 - 1996 certified standard and methodology;
3. The Rentable Area shall be calculated from measurements made by the Lessor's Architect or Contractor and shall be conclusive and binding upon all parties; and
4. Upon the Rentable Area being calculated, or upon the Rentable Area having to be recalculated based upon development within the Building affecting the Common Area of the Building, the Lessor shall send a statement of Rentable Area to the Lessee. The statement of Rentable Area shall be binding upon both the Lessor and the Lessee.

PLEASE INITIAL

Lessor

*[Handwritten initials]*

Lessee

*[Handwritten initials]* 01. Oct 23, 2010  
*[Handwritten initials]* 01. Oct. 24, 2010

**SCHEDULE "H"**  
**PARKING LICENSE AGREEMENT**

**BETWEEN:** Centre Eleven Capital Corp. (hereinafter called the "Lessor") or agent for the Lessor.

**AND:** Pulse Studios Inc. (hereinafter called the "Lessee")

**License #:** \_\_\_\_\_

**PARKING STALL(S) #**

**Underground:** Three (3)

**Surface:**

Throughout the Term of the Lease the Lessor does hereby license the above stalls to the Lessee at a monthly cost of \$195.00 per stall per month plus applicable G.S.T...

There will be a \$250.00 charge for both late payment and/or N.S.F. cheques.

**IT IS UNDERSTOOD THAT:**

1. The Lessee shall have the sole and exclusive responsibility for securing access, egress and occupancy of the stall.
2. The Lessee agrees to save the Lessor harmless of any liability arising from or occasioned by the Lessee's use of the parking facility.
3. The Lessor shall have the right to relocate or terminate the parking stalls noted above due to extensive parkade renovations, upgrades, the parkade being closed on a permanent basis or general construction is being undertaken in the area of the parkade in which the Lessee is parking his/her vehicle(s), by the Lessor giving the Lessee thirty (30) days written notice of relocation or termination.
5. The Lessee shall be issued a parking access card and/or parking tag at a cost of twenty-five (\$25.00) per item. The parking tag deposit will be refunded to the Lessee upon the return of the parking tag issued in good condition and upon termination of the Parking License Agreement. There is no refund for parking access cards. The parking tag is only to be displayed on the rear view mirror.
7. Propane vehicles cannot, under any circumstances, be allowed to park in the underground parkade.
8. Upon notice given in writing to the Lessor five (5) days prior to the 1st day of the month, the Lessee may elect to exchange any number of the underground stalls to available surface stalls, at their then fair market price.
9. All payments are due on the first day of each month of the rental term and shall be paid in accordance with the pre-authorized debit (PAD) plan.

**PLEASE INITIAL**

Lessor   *CE*  

Lessee   *U.1.*

DATED THIS 28 DAY OF October, 2010.

**LESSOR:**

**Centre Eleven Capital Corp.**

Per:  c/s


**LESSEE:**

**Pulse Studios Inc.**

Per: Vinh Truong c/s  
Name: VINH TRUONG  
Position: OWNER  
I have the authority to bind the Corporation.

Per: \_\_\_\_\_ c/s  
Name:  
Position:  
I have the authority to bind the Corporation.

**PLEASE INITIAL**

Lessor 

Lessee 

SCHEDULE "I"

NON-DISCLOSURE/CONFIDENTIALITY AGREEMENT

BETWEEN: Centre Eleven Capital Corp. (hereinafter called the "Lessor") or agent for the Lessor.

AND: Pulse Studios Inc. (hereinafter called the "Lessee")

- 1. The Lessee shall not, except with the prior written consent of the Lessor, at any time during or following the Term of the Lease disclose or use any contents of the Parking Agreement and/or Lease Agreement.
2. Any breach by the Lessee of the above provisions of this Agreement will be deemed to constitute just cause for the termination of the Parking Agreement and the Lease Agreement by the Lessor.
3. The obligations contained in this Agreement shall continue beyond the termination of the Lease Agreement of the Lessee and will be binding upon the Lessee and the Lessee's heirs, executors, administrators and other legal representatives.

IN WITNESS WHEREOF, the Lessor has executed this Agreement under its corporate seal and the Lessee has hereunto set his hand to seal.

DATED this 28 day of October, 2010.

LESSOR: Centre Eleven Capital Corp.

Per: [Signature] c/s

LESSEE: Pulse Studios Inc.

Per: [Signature] c/s
Name: VINH TRUONG
Position: OWNER
I have the authority to bind the Corporation.

Per: \_\_\_\_\_ c/s
Name:
Position:
I have the authority to bind the Corporation.

PLEASE INITIAL

Lessor [Initials]

Lessee [Initials]

**SCHEDULE "J"**

**PRE-AUTHORIZED DEBIT (PAD) AGREEMENT**

The Lessee will execute a pre-authorized debit (PAD) form agreement in accordance with the Rules of the Canadian Payment Association. The PAD form agreement will be provided by the Lessor to the Lessee and upon execution of same it shall form part of this Lease and be attached to this Lease as Schedule "J" herein.

**PLEASE INITIAL**

Lessor   *Ø*  

Lessee   *Ø.1.*



**SCHEDULE "K"**

**SIGNAGE CRITERIA/DESIGN CRITERIA**

Lessee shall not paint, affix, display or cause to be painted, affixed or displayed, any sign on any part of the exterior or interior of the Demised Premises without obtaining the prior written approval of the Lessor and all necessary permits, licenses and consents of all authorities (and promptly providing Lessor with a copy thereof) and the Lessor shall have the right to prescribe the Design Criteria for all signage including the size, materials, colours, design features, pattern, language, wording, appearance, method of installation, location, illumination and any other specification of any sign. The Lessee, at its expense, shall (after obtaining the approval of the Lessor and the consent of all authorities as aforesaid) co-ordinate with the Lessor in order to erect, operate, maintain, repair and replace any such sign in accordance with the Signage Criteria and the Design Criteria for the Building as prescribed by the Lessor from time to time in its sole discretion. The Lessee shall be responsible for all costs relating to the Lessee's signage (including design, fabrication, installation, maintenance and removal) and pay for the electricity consumed by such any sign. If the electricity consumption for any such sign is not separately metered, the Lessee shall pay to the Lessor, on demand, such portion of the cost of such electricity as is equitably apportioned to the Demised Premises by the Lessor. In addition, for the right to use such signage fascia, the Lessee shall pay to the Lessor an amount per month, to be determined by the Lessor on or before the Term Commencement Date based on rents then charged by the Lessor to other Lessees for similar signage, subject to increase by the Lessor on no less than thirty (30) calendar days, payable to the Lessor at the same times and in the same manner that Minimum Rent is payable hereunder. The Lessee shall execute a formal signage agreement for all fascia signage and pylon signage following the execution of this Lease.

The Lessee will not, without the previous written consent of the Lessor in each instance, erect, install, or maintain any exterior sign of whatsoever nature, or any window or door sign, lettering, placard or other advertising matter of whatsoever nature if all or any part of such sign, lettering, placard or other advertising matter is painted upon or posted or otherwise affixed to the exterior of the Buildings or the Demised Premises or to the interior or exterior of or is visible through any window or door. The Lessee will not use or maintain or permit any signs or advertising media whatsoever upon, or in, or about the Demised Premises that is not of good professional quality. The Lessee will not install any exterior lighting, plumbing fixtures, shades, awnings, exterior decorations or painting or marking or erect or permit any insignia, barrier, aerial mast balloon-like device or installation, or make any change in the store front without the previous written consent of the Lessor.

In the event that the Lessee infringes any of the provisions of this paragraph and fails within 48 hours of notice by the Lessor to rectify, correct or remove the infringement the Lessor may (and the Lessee hereby authorizes the Lessor) to enter upon the Demised Premises or elsewhere as may be necessary to rectify, correct or remove the infringement as the agent of and at the cost of the Lessee. The Lessee will indemnify and save harmless the Lessor from all claims, demands, loss or damage to any person or property arising out of any such action of the Lessor or any such sign, insignia, barrier, aerial mast balloon, or other like device or installation. Prior to the termination of the Lease for any reason the Lessee will, at its sole cost, remove all signs or other installations of the kind herein referred to, making good and fully repairing any damage occasioned by such installation or removal.

Notwithstanding anything contained herein, the Lessee shall be permitted, subject to City of Calgary signage regulations, to erect a sign at its own expense on the exterior of the Demised Premises in the stairwell advertising its presence, and on the exterior of the Building facing 10<sup>th</sup> Avenue NW on the south east exposure (the "Lessee's Signage"). The Lessee agrees to remove such signage at the expiry of the Term of the Lease, and to repair any damage to the Building exterior. The Lessor acknowledges and the Lessee agrees to use either set of existing mounting screws in the brick wall if possible. The Lessee's Signage is subject to Lessor's approval.

PLEASE INITIAL

Lessor     

Lessee U.I.

**SCHEDULE "L"**

**TENANT INDUCEMENT ALLOWANCE**

The Lessee shall be provided a one time Tenant Inducement Allowance of \$10.00 per square foot (plus GST) for expenditures on the Demised Premises. The Tenant Inducement Allowance shall be payable within five (5) days upon fulfilment of all of the following conditions precedent:

- (1) execution of the Lease by the Lessee;
- (2) Lessee providing the Lessor with detailed specifications/plans of all expenditures to be made relating to the Demised Premises for approval;
- (3) completion of all the Lessee's work, as approved by the Lessor, and the delivery to the Lessor of paid invoices for bona fide expenditures incurred by the Lessee for the Lessee's Work and the final inspection of such work by the Lessor;
- (4) full occupation of the Demised Premises by the Lessee;
- (5) the Lessee's provision for the payment of all trades and sub-trades involved in the Lessee's Work, including a Statutory Declaration from the Lessee attesting to the payment of all trades and sub-trades; and
- (6) receipt by the Lessor of a Workers Compensation clearance certificate; and
- (7) An invoice detailing the expenditures made by the Lessee within the Demised Premises attaching supporting invoices from the Lessee's contractor for work performed within the Demised Premises greater than or equal to the amount of the Tenant Inducement Allowance.


Notwithstanding the above, if at the time the Tenant Inducement Allowance is payable, the Lessee is in arrears of the rent payable pursuant to the Lease, the Lessor may offset the rental arrears against a portion or the full amount of the Tenant Inducement Allowance.

**PLEASE INITIAL**

Lessor     

Lessee   D.T.

This is Exhibit "B" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



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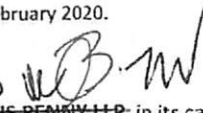
A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
*Student-at-Law*

**LEASE EXPANSION, RENEWAL AND AMENDING AGREEMENT**

THIS AGREEMENT made as of the day of February 2020.

BETWEEN:

**MNP LTD**   
~~MEYERS NORRIS PENNY LLP~~, in its capacity as  
 Receiver of the property of **CENTRE ELEVEN  
 LIMITED PARTNERSHIP** and not in its personal or  
 corporate capacity, c/o Colliers Macaulay Nicolls  
 Inc., Suite 900, 335 – 8th Avenue SW, Calgary,  
 Alberta T2P 1C9

AS THE LANDLORD  
 OF THE FIRST PART

AND

AS THE TENANT  
 OF THE SECOND PART

**PULSE STUDIOS INC.**

WHEREAS pursuant to a lease dated October 28, 2010 (the "Original Lease"), between the Landlord and the Tenant, the Tenant leased premises referenced as Suite 210A (the "Original Premises") as shown on Schedule "A" in Centre Eleven (the "Building"), which premises consist of approximately 2,765 square feet for a term commencing on January 1, 2011 and expiring on December 31, 2015 (the "Term");

AND WHEREAS by First Lease Amending Agreement dated January 18, 2011 (the "First Amendment"), the Term of the Lease was amended to commence February 1, 2011 and expire January 31, 2016;

AND WHEREAS by a Lease Renewal and Amending Agreement dated May 1, 2016 (the "Second Amendment"), the Term was renewed commencing February 1, 2016 and expiring January 31, 2019;

AND WHEREAS by a Consent to Change in Control dated September 21, 2017 (the "Change in Control"), all of the voting and equity shares of the Tenant were transferred to Tara Wilson effective March 15, 2017;

AND WHEREAS by a Lease Renewal and Amending Agreement dated January 30, 2019 (the "Third Amendment"), the Term was renewed commencing February 1, 2019 and expiring January 31, 2021 (the Original Lease, the First Amendment, the Second Amendment, the Change in Control and the Third Amendment are hereinafter collectively referred to as the "Lease");



AND WHEREAS the Landlord and the Tenant wish to amend the expiry date in the Lease to February 29, 2020, add the Expansion Premises to the Original Premises (together to be defined as the "Premises"), lease the Premises for a new lease term (the "Term") of Eight (8) years and three (3) months commencing March 1st, 2020 and expiring May 31, 2028, and further to confirm and acknowledge the terms of the Lease except as explicitly amended herein;

NOW THEREFORE this agreement witnesseth that in consideration of the mutual covenants and agreements herein contained and contained in the Lease, and such further consideration the receipt and sufficiency of which is hereby acknowledged, the Landlord and the Tenant hereby covenant and agree as follows:

1. **TERM:** The Term of the current Lease shall expire on February 29, 2020.
2. **RENEWAL TERM:** Upon the expiry of the Term of the Lease, the Landlord will lease to the Tenant and the Tenant will lease from the Landlord the Original Premises for a further period of **Eight Years (8) and Three (3) months** commencing **March 1, 2020** and expiring **May 31, 2028** (the "Renewal Term"). The Tenant accepts the Original Premises on an "as is/where is" basis.
3. **MINIMUM RENT – ORIGINAL PREMISES:** The Minimum Rent for the Original Premises during the Renewal Term shall be as follows:

Period	Annual Rate Per Square Foot	Annual Minimum Rent	Monthly Instalments
March 1, 2020 to February 28, 2021	\$7.00	\$19,355.00	\$1,612.92
March 1, 2021 to February 28, 2022	\$8.00	\$22,120.00	\$1,843.33
March 1, 2022 to February 28, 2023	\$9.00	\$24,885.00	\$2,073.75
March 1, 2023 to February 29, 2024	\$10.00	\$27,650.00	\$2,304.17
March 1, 2024 to February 28, 2025	\$11.00	\$30,415.00	\$2,534.58
March 1, 2025 to February 28, 2026	\$12.00	\$33,180.00	\$2,765.00
March 1, 2026 to February 29, 2027	\$13.00	\$35,945.00	\$2,995.42
March 1, 2027 to May 31, 2028	\$14.00	\$38,710.00	\$3,225.83

PLEASE INITIAL

Landlord	Tenant
	

4. **EXPANSION PREMISES:** Suite 100A (the "Expansion Premises") as shown outlined in red on Schedule "A" attached, containing approximately 3,096 rentable square feet.
5. **TERM FOR EXPANSION PREMISES:** The Landlord will lease to the Tenant and the Tenant will lease from the Landlord the Expansion Premises for a term of Eight Years (8) commencing on the expiry of the Fixturing Period and expiring on May 31, 2028 ("Expansion Term"). The Renewal Term and the Expansion Term shall be co-terminous.

The Tenant accepts the Expansion Premises on an "as is/where is" basis, subject to the Landlord's Base Building Work and Flood Remediation Work having been completed before the Possession Date, as described below.

6. **POSSESSION DATE FOR THE EXPANSION PREMISES:** The Tenant shall be granted possession of the Expansion Premises for the purposes of fixturing on March 1, 2020 (the "Possession Date").
7. **FIXTURING PERIOD:** Tenant shall be entitled to a Fixturing Period of ninety (90) days from and after the Possession Date for the purposes of fixturing and Tenant's improvements, during which period Tenant shall pay no Minimum Rent or Additional Rent in the Expansion Premises.
8. **GROSS RENT FREE PERIOD – EXPANSION PREMISES:** Provided the Tenant is not in default under the terms of the Lease beyond any applicable notice or cure period and is itself in possession of the Original Premises and the Expansion Premises, the Tenant shall not be liable for the payment of Minimum Rent or Additional Rent for the Expansion Premises for Twenty Four (24) months from and including June 1st, 2020 (the "Gross Rent Free Period"). The Tenant shall be bound by all other terms of this Lease including the payment of Minimum Rent and Additional Rent for the Original Premises and parking charges during the Gross Rent Free Period.
9. **MINIMUM RENT – EXPANSION PREMISES:** The Minimum Rent for the Expansion Premises during the Renewal Term shall be as follows:

Period	Annual Rate Per Square Foot	Annual Minimum Rent	Monthly Instalments
June 1, 2020 to May 31, 2022	\$0.00	\$0.00	\$0.00
June 1, 2022 to February 28, 2023	\$9.00	\$27,864.00	\$2,322.00
December 1, 2023 to February 29, 2024	\$10.00	\$30,960.00	\$2,580.00
December 1, 2024 to February 28, 2025	\$11.00	\$34,056.00	\$2,838.00
December 1, 2025 to February 28, 2026	\$12.00	\$37,152.00	\$3,096.00
December 1, 2026 to February 28, 2027	\$13.00	\$40,248.00	\$3,354.00
December 1, 2027 to May 31, 2028	\$14.00	\$43,344.00	\$3,612.00

10. **BASE BUILDING WORK – EXPANSION PREMISES:** The Landlord shall fully complete the following Base Building Work in the Building prior to the Possession Date: *May 31, 2020: W B M*
- Base building HVAC supply and exhaust system installed and ready for the Tenant's improvements.
  - Supply ceiling tiles to match existing, stacked on the floor and ready for installation by the Tenant.
  - Base building life safety completed by Landlord. Restore fire and emergency exit lighting to current code, fire alarm installed and approved by engineers and City approvals in accordance with the Tenant's layout plan. Landlord to supply all documentation required by the City of Calgary with respect to life safety to Tenant.
  - Replace all damaged drywall and clear all materials in the rear stairwell.
  - New main vestibule base building (annex) doors supplied and installed.
  - Repaint or replace the rust-stained railings and concrete at the exterior front of the annex building.
11. **FLOOD REMEDIATION WORK:** The Landlord confirms that it has or will have completed the following exterior work adjacent to the Building to remediate against future flooding, as soon as possible but no later than April 1, 2020:
- The entire 354 ft of drainage line was inspected with a camera and the line is clear;
  - The city checked their side of the line - it is clear;
  - The main drainage line from the parking lot was augered to ensure there are no obstructions;
  - Relief lines in the parkade will be left open, if required, during heavy rains;

PLEASE INITIAL

Landlord	Tenant
<i>W</i>	<i>M</i>

- e) A new drain installed approximately 6 feet from the exterior door to allow for better water flow;
- f) A new, larger threshold plate installed on the exterior door and the door to the Expansion Premises to prevent water seepage;
- g) The two planters located at the exterior door entrance dug out and a new membrane installed in order to redirect water from the Building. When the new membrane was installed, channels were cut or the grade was changed to get better drainage to the drain;
- h) One new drain in the middle of the doorway about 6 feet from the door was installed to get better flow and allow water to move;
- i) 3 holes were drilled into the slab to allow water to drain into the parkade if it backs up;
- j) The rear door has a new a 6 inch lip built to keep water from entering the rear of the Building;
- k) A trough has been installed in the parkade to divert water to a drain and keep it off the cars;
- l) A butterfly valve was installed in the drain restricting the water capacity by 50% from the adjoining property.
- m) Landlord has completed the above remediation and corrective work to the drainage that is required on the exterior and interior of the Building, and a detailed Completion Report will be provided to the Tenant directly from the engineering firm responsible for such work, to the satisfaction of the Tenant, prior to April 1st, 2020.



Landlord shall ensure that the air handling systems for the Expansion Premises and the Renewal Premises have been inspected for mold and new filters installed prior to April 1st, 2020, and thereafter inspected and maintained in accordance with standard building operating policies.

The Landlord will ensure that the Tenant continues to have access to the Renewal Premises in the Building and can carry on business as usual while such flood remediation work is being completed.

If flooding occurs at any time during the Renewal Term in the Expansion Premises and the Tenant is unable to remain open for business, both parties acting reasonably, all Rent payable for the Expansion Premises shall abate until full remediation has again been completed by the Landlord and the Tenant is able to reopen for business.

12. **BUSINESS SPONSORSHIP OF THE GATEWAY PARTNERSHIP:** The Landlord wishes to support the Tenant's Gateway Project, a community outreach dance program for underprivileged and at-risk youth. The Tenant operates as a not-for-profit organization and, therefore, such a donation can be expensed as a business sponsorship. The Landlord confirms that it will contribute Twenty Thousand Dollars (\$20,000.00) to the Gateway Project towards supporting salaries of the Tenant's dance instructors and artists in the program. The Tenant shall provide the Landlord with a receipt documenting the contribution.
13. **PARKING:** The Tenant shall lease a total of two (2) parking stalls in the Building's underground parkade at a cost of \$195.00 per stall per month, plus G.S.T., subject to change on thirty (30) days' prior notice.  
  
In addition to the underground parking stalls, the Tenant and its customers shall have "pin pad" access to the Building's underground parkade beginning at 5:00 PM on weekdays and all day on weekends at no charge for multiple vehicles throughout the Term. The Tenant agrees to abide by all parking rules. The Tenant also agrees to provide all parkers' information if required by the Landlord.
14. **SECURITY DEPOSIT:** The Landlord acknowledges that it holds a security deposit in the amount of Twelve Thousand Six Hundred and Sixty Nine Dollars and Ninety Two Cents (\$12,669.92) (the "Deposit") and shall continue to hold such sum throughout the Renewal Term, without liability for interest, as security for the faithful performance by the Tenant of all the terms, covenants and conditions of the Lease. If at any time during the Renewal Term, the rent or other charges payable by the Tenant pursuant to the Lease are overdue and unpaid, the Landlord may at its option, apply any portion of such Deposit toward the payment of such overdue rent or other charges not paid by the Tenant in accordance with the Lease, and if such Deposit is not so applied during the Renewal Term, then such sum shall be applied to those costs related to the Tenant's unperformed covenants remaining at the end of the Renewal Term. In the event the entire Deposit or any portion thereof is applied by the Landlord towards the payments of overdue rent or other charges accrued pursuant to the provisions of the Lease, the Tenant shall on the written demand of the Landlord forthwith remit to the Landlord such sum as is sufficient to restore such Deposit to the original sum deposited.

PLEASE INITIAL

Landlord	Tenant
	

- 15. **ADDITIONAL RENT:** Tenant shall pay to the Landlord as additional rent the Tenant's Proportionate Share of Occupancy Costs for the Renewal Premises and the Expansion Premises as defined in the Lease in addition to the Minimum Rent on the first (1<sup>st</sup>) day of each month during the Renewal Term and the Expansion Term, except as provided in Clause 8 herein. Landlord agrees to provide the same services to the Tenant in the Building as it does for its tenants in the Centre 11 Building, including cleaning, HVAC, and hours of operation. Tenant shall have the right to audit Landlord's Occupancy Costs, at its own expense.
- 16. **LEASE TERMS:** This Lease Expansion, Renewal and Amending Agreement is expressly made a part of the Lease to the same extent as if incorporated therein, *mutatis mutandis*, and the parties agree that all agreements, covenants, conditions, and provisos contained in the Lease except as amended or altered herein, shall be and remain unaltered and in full force and effect. The Landlord and the Tenant acknowledge and agree to perform and observe, respectively, the obligations of the Landlord and the Tenant under the Lease as modified hereby. The Landlord and the Tenant hereby confirm and ratify the Lease.
- 17. All terms capitalized herein and not otherwise defined in this Lease Expansion, Renewal and Amending Agreement shall have the same meaning as in the Lease.
- 18. This Lease Expansion, Renewal and Amending Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.
- 19. Time shall be in every respect of the essence.
- 20. This Lease Expansion, Renewal and Amending Agreement shall be governed by the laws of the Province of Alberta.

IN WITNESS WHEREOF the parties have executed this Agreement.

**LANDLORD**

~~MNP LTD~~  
~~MEYERS NORRIS PENNY LLP,~~


In its capacity as Receiver of the property of  
**CENTRE ELEVEN LIMITED PARTNERSHIP,**  
and not in its personal or corporate capacity,  
by its authorized signatories:

  
\_\_\_\_\_  
Authorized Signatory



  
\_\_\_\_\_  
Authorized Signatory

**TENANT**

**PULSE STUDIOS INC.**  
by its authorized signatory:

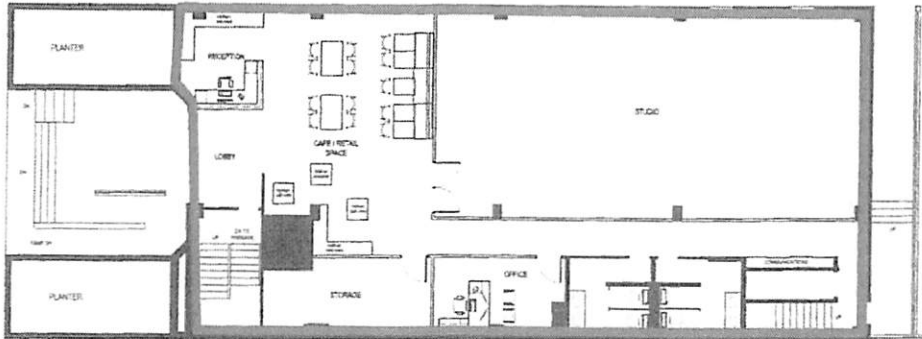
  
\_\_\_\_\_  
Authorized Signatory  
**TARA WILSON**

PLEASE INITIAL

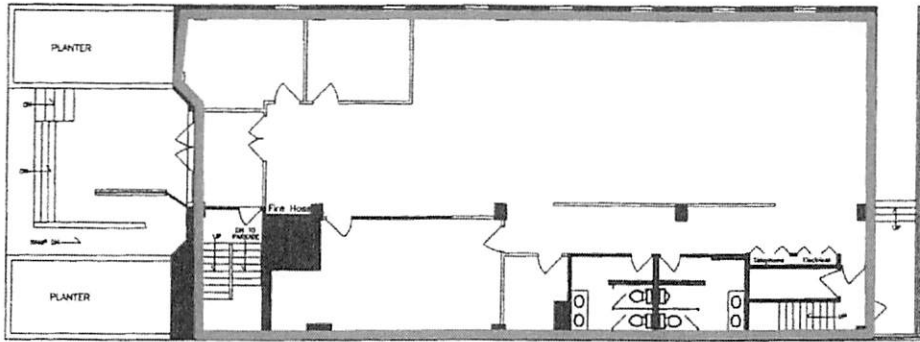
Landlord	Tenant
	

SCHEDULE "A"

PLAN OF ORIGINAL PREMISES



PLAN OF EXPANSION PREMISES

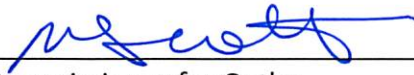


PLEASE INITIAL

Landlord	Tenant
<i>WE</i>	<i>ME</i>



This is Exhibit "C" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



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A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
*Student-at-Law*



August 6, 2020

Our File No.: CAL16648

Vanessa Allen  
1500,640 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3G4

Sent by email: [vanessa.allen@mnp.ca](mailto:vanessa.allen@mnp.ca)

Dear Madam:

RE: Our Insured : Pulse Studio Inc.  
Loss Location : 110 10<sup>th</sup> Avenue NW, Calgary  
Type of Loss : Water Damage  
Date of Loss : June 13, 2020

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This is further to your correspondence of July 30, 2020.

We have concluded our investigation into this matter on behalf of the tenant's insurers. Our review included the following documentation:

**Lease Agreement:**

Between **Center Eleven Capital Corporation – LESSOR** and **Pulse Studios Inc. – LESSEE**  
Commencement Date: **January 1, 2011**  
Term: **5 Years**

**Subsequent Agreements:**

**Lease Renewal and Amending Agreement** dated May 1, 2016  
**Lease Renewal and Amending Agreement** dated January 30, 2019  
**Lease Expansion, Renewal and Amending Agreement** dated February 2020

Review of this documentation confirms the lessor is required to insure the building with no obligation for property insurance to the lessee. As per Article 4 the lessee pays contribution to the insurance property policy of the lessor. Improvements are not defined within the lease agreement and there is no obligation within the lease for tenant to insure improvements or any part of the premises with the exception of glass and burglary. The renovation is being completed at the cost of the lessor and provided as a tenant incentive and not referred in the lease as an improvement. On this basis, the landlord is clearly responsible for the repairs required to their building.

We refer you to the following relevant sections of the lease agreement:

**Article 6 The Lessee Covenant with the Lessor**

**6.2 Insurance (Liability, Glass and Burglary)**

Lessee insures against all legal liability for damage to persons or property not less than five million dollars. Policy of insurance for burglary, attempted burglary.

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**Canadian Claims Services Inc.**

#230, 7260 – 12 Street SE, Calgary, Alberta, T2H 2S5  
Toll Free: 1.877.238.7423 Tel: 403.777.0010 Fax: 403.777.0090  
[www.canclaims.com](http://www.canclaims.com)

### 6.15 Improvements, Alterations and Fixtures

Consent required prior to Lessee make, erect or install any partitions, leasehold improvements, alterations, equipment or fixtures. **Any partitions, leasehold improvements, alterations, equipment or fixtures become part of the Building** and remain the property of the Lessor upon termination of the term hereof.

And:

### Article 7 The Lessor Covenants with Lessee

#### 7.3 Insurance

Lessor to insure and keep insured the Building against loss under a standard "all risks" insurance policy.

We trust on this basis you can promptly address this outstanding matter directly with your tenant. It is our understanding they are engaging the assistance of legal counsel should you not be prepared to fulfill your obligation for repairs.

Yours truly,



Lee-Ann Case, FCIP CRM  
Executive General Adjuster  
Phone: (403) 777-0010  
Fax: (403) 777-0090  
Email: lcase@canclaims.com

CC; Pulse Studios  
**Attention: Tara Wilson**

This is Exhibit "D" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
*Student-at-Law*

August 11, 2020

SENT VIA EMAIL: [lcas@canclaims.com](mailto:lcas@canclaims.com);

CCS Canadian Claims Services Inc. ("CSS")  
#230, 7260 – 12<sup>th</sup> Street SE  
Calgary, AB T2H 2S5

Attention: Lee- Ann Case, FCIP, CRM

Re: Centre Eleven Capital Corp. and Centre Eleven Limited Partnership - in Receivership ("Centre Eleven")  
Your reference no. CAL 16648

We refer to the lease agreement dated October 28, 2010 as between Centre Eleven Capital Corp. as landlord (the "Landlord") and Pulse Studios Inc., as tenant (the "Tenant"), as the same may be amended, renewed, restated or supplemented from time to time (collectively, the "Lease"), wherein the Landlord has leased to the Tenant Suites 210A and 100A (collectively, the "Demised Premises") in the building municipally described as 110 10<sup>th</sup> Avenue NW, Calgary, Alberta T3E 2L2 (the "Building"). MNP Ltd. is the court-appointed receiver and receiver-manager (the "Receiver") of the Landlord.

We are in receipt of your letter dated August 6, 2020 (the "Response Letter") in response to our letter to you of July 30, 2020 (the "Receiver Letter"). We have also received copies of estimates pertaining to repair to be undertaken to each of the main and the second floor of the Demised Premises as well as certain remediation work (the "Estimates").

Respectfully, we do not agree with your conclusion in the Response Letter and are of the view that the Tenant is solely responsible for the cost of the repairs set out in the Estimates and any other repairs required to the Demised Premises as a result of the Incident (as defined in the MNP Letter). The analysis of the insurance provisions you have provided in the Response Letter are not relevant to the analysis as to whether the Landlord or the Tenant is responsible for repairing the damage to the Demised Premises caused by the Incident (the "Damage").

Section 6.8 of the Lease states as follows:

The Lessee shall at all times during the Term of this Lease, at its sole cost and expense, properly and sufficiently repair, decorate, maintain, mend and keep the Demised Premises with the appurtenances (including, but without restricting the generality of the foregoing signs and the inside and outside plate glass windows, partitions, door and door hardware) in good and substantial repair, reasonable wear and tear excepted, and repair and maintain all fixtures and things which are at any time during the Term of this Lease are located or erected in or upon the Demised Premises, such repair and maintenance to be made by the Lessee when, where and so often as need shall be.

Accordingly, the Tenant has the obligation to keep the Demised Premises and all fixtures and things located or erected on or in same, at their sole cost and expense, properly and sufficiently repaired,

maintained and in good and substantial repair and to perform such repair and maintenance where and so often as needed. If the damage is in the Demised Premises it is the Tenant's responsibility.

The fact that improvements are part of the Building and remain the property of the Landlord, as pointed out in the Response Letter, is also irrelevant. So long as the improvements are a part of the Demised Premises or located or erected on or in same, their repair and maintenance is the obligation of the Tenant. From our review of the Estimates, it appears as if all of the Damage is within the Demised Premises.

The Landlord's responsibility for repair and maintenance to the Building is limited to structural repairs as per Section 7.12. of the Lease. The Landlord's insurance obligation pursuant to Section 7.3 is intended to ensure the Landlord has sufficient insurance to cover its structural repair obligations.

Accordingly, we suggest that you deal directly with the Tenant with respect to the repairs that the Tenant is obligated to make to the Demised Premises so that such repairs can be undertaken without further delay.

Should you have any questions, please contact the undersigned at 403-477-9661.

Yours truly,

**MNP LTD.** in its capacity as court-appointed  
receiver and receiver-manager over certain  
assets and undertakings of 1759255 Alberta  
Ltd., *and* not in its personal capacity



---

Vanessa Allen, B. Comm, CIRP, LIT  
Senior Vice President

cc. Tara Wilson (tara@pulsestudios.ca)

This is Exhibit "E" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



---

A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
*Student-at-Law*

**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial &amp; Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

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INVOICE #61300

GST # 89564 6776

Estimate / Work Performed

July 21, 2020

Insured; Property;	Tara Wilson / Pulse Studios 110 10 Ave NW	Business	403-837-7600
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Claim Rep; Company; Address;	TBD Contact Enam Islam Colliers Property Managment 900- 335 8 Ave SW Calgary AB T2P-1C9	Business main <u>email-enam.islam@colliers.com</u>	587-207-5843 403-266-5544
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Estimator; Company; Address;	Rockey Xerri Xerri Custom Home Builders LTD 627 16 <sup>th</sup> Street N.W. Calgary AB T2N-2C2	Business Fax email-	403-512-6605 xerrichb@hotmail.com
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Claim Number,TBDPolicy Number; TBDType of Loss; Flood to main and second floor areasDate of Loss; June 13/2020Date Contacted June 14/2020Request; price to clean up and demo in damaged areas due to floodSpecific Notes;---below---

Attached is invoice to start and complete flood remediation to contain any further damage.

Contacted June 14/2020 by Pulse studio employee and confirm excessive water entry from building main front doors, rear exit doors and cracks in exterior brick envelope.

Contacted Building management and corresponded with Colliers management Enam Islam and operator Ted Scheidt through out process. Follow up correspondence can be supplied if required.

Rockey Xerri  
403-512-6605



**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial &amp; Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

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Description	QTY	UNIT PRICE	TOTAL
Bins	1	600	600.00
June 14/20 containment call to site. 4 hr min	8	140	1120.00
June 14/20 RP employee 4 hr min	4	120	480.00
June 14/20 LR employee 4 hr min	4	120	480.00
June 14/20 DH employee 4 hr min	4	120	480.00
June 14/20 FHX employee 4 hr min	4	120	480.00
June 15/20 Drywall and insulation removal	8	100	800.00
June 16/20 Drywall and insulation removal completed	4	100	400.00
June 17/20 Further Drywall removal required	2.5	100	250.00
June 17/20 Flooring and Subflooring removal	1	980.00	980.00
June 15-17/20 CH Site clean up	24	100	2400.00
June 15/20 Rocky site inspection	1	140	140.00
June 16/20 Rocky site inspection / communication with Ted	1.5	140	210.00
June 17/20 Rocky site inspection / communication with Ted	1.5	140	210.00
Subtotal invoice			9030.00

Subtotal	9,030.00
Overhead 10%	903.00
Profit 10%	903.00
Subtotal	10,836.00
Gst	541.80
Estimated costs	11,377.80
Less Deducible	
Net Claim	11,377.80

---

Rockey Xerri  
403-512-6605

Payment due and payable 30 days of invoice date, overdue accounts will be charged 2% monthly

This is Exhibit "F" referred to in the  
Affidavit of Tara Wilson, sworn  
before me on October 1<sup>st</sup>, 2020



---

A Commissioner for Oaths  
in and for Alberta

**Matthew Scott**  
*Student-at-Law*

**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial & Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

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Estimate #61301

GST # 89564 6776

Estimate / Work Performed

August 5, 2020

Insured; Tara Wilson / Pulse Studios Business 403-837-7600  
Property; 110 10 Ave NW

Claim Rep; TBD Contact Enam Islam Business 587-207-5843  
Company; Colliers Property Managment main 403-266-5544  
Address; 900- 335 8 Ave SW [email-enam.islam@colliers.com](mailto:email-enam.islam@colliers.com)  
Calgary AB  
T2P-1C9

Estimator; Rockey Xerri Business 403-512-6605  
Company; Xerri Custom Home Builders LTD Fax  
Address; 627 16<sup>th</sup> Street N.W. email- xerrichb@hotmail.com  
Calgary AB T2N-2C2

Claim Number,TBD

Policy Number; TBD

Type of Loss; Flood to Second floor areas

Date of Loss; June 13/2020

Date Contacted June 14/2020

Request; price to supply rebuild estimate

Specific Notes;---below---

Rockey Xerri  
403-512-6605

**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial &amp; Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

Description <b>SECOND FLOOR</b>	<b>QTY</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>
Note: flooring has minor buckling due to water damage, although most of the damage is due to mold growth, dance floor area is recommended for replacement to ensure proper health standards.			
Bin	2	600	1200.00
Remove Base / flooring	1		1050.00
Fog area and sanitize concrete subfloor	1924.35	.95	1,828.13
Delivery charge for flooring to curb/ inside sec fl site	1	600	600.00
Rubber Underlay supplied and installed	1924.35	.82	1,577.97
Supply install engineered laminate oak flooring with gym finish	1924.35	14.60	28,095.51
Supply and install baseboard in dance rooms only	1		425.00
Paint trim	1		350.00
Clean up	1		50.00
Subtotal			35,176.61
Subtotal Main Floor		35,176.61	
Overhead 10%		3,517.66	
Profit 10%		3,517.66	
Subtotal		42,211.93	
Gst		2,110.59	
Estimated costs		44,322.52	
Less Deducible		TBD	
Net Claim		44,322.52	

Payment due and payable 30 days of invoice date, overdue accounts will be charged 2% monthly

**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial & Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

---

Estimate

GST # 89564 6776

Estimate /

Aug 5 / 2020

Insured; Tara Wilson / Pulse Studios Business 403-837-7600  
Property; 110 10 Ave NW

Claim Rep; TBD Contact Enam Islam Business 587-207-5843  
Company; Colliers Property Managment main 403-266-5544  
Address; 900- 335 8 Ave SW email-enam.islam@colliers.com  
Calgary AB  
T2P-1C9

Estimator; Rockey Xerri Business 403-512-6605  
Company; Xerri Custom Home Builders LTD Fax  
Address; 627 16<sup>th</sup> Street N.W. email- xerrichb@hotmail.com  
Calgary AB T2N-2C2

Claim Number,TBD

Policy Number; TBD

Type of Loss; Flood to main floor areas

Date of Loss; June 13/2020

Date Contacted June 14/2020

Request; price to rebuild damaged areas due to flood

Specific Notes;---below---

Rockey Xerri  
403-512-6605

**XERRI CUSTOM HOME BUILDERS LTD.**

Commercial &amp; Residential

627 -16 Street N.W., Calgary, Alberta T2N 2C2 Phone: 512-6605 email-xerrichb@hotmail.com

Description MAIN FLOOR	QTY	UNIT PRICE	TOTAL
Bins	1	600	600.00
Delivery charge for dricore to curb/ inside site	1	500	500.00
Underlay supplied and installed	1250	.40	500.00
Subflooring dricore in dance area supplied and installed (glued)	1250	4.75	5,937.50
Delivery charge for flooring to curb/ inside site	1	350	350.00
Supply and install dance laminate flooring as per existing	1250	4.15	5,187.50
Supply and install vinyl flooring on concrete area	1237	6.50	8,040.50
Insulate and drywall paint ready areas effected by flood	1		3,750.00
Paint complete walls and trim effected cost	1		4,020.00
Trim / Door / Baseboard S&I (does not include main front door)	1		4,482.37
Electrical inspection and completion to all plugs in effected area	1		750.00
Clean up			150.00
Subtotal			34,267.87
Subtotal Main Floor		34,267.87	
Overhead 10%		3,426.78	
Profit 10%		3,426.78	
		0	
Subtotal		41,121.43	
Gst		2,056.07	
Estimated costs		84,298.930	
Less Deducible		TBD	
Net Claim		43,177.50	

Payment due and payable 30 days of invoice date, overdue accounts will be charged 2% monthly