

Schedule C Agreement to Lease - Commercial

Form 512

for use in the Province of Ontario

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

TENANT:, and

LANDLORD: **THMR DEVELOPMENT INC.**

for the lease of **2** **Brock St W**

..... dated the day of, 20.....

1. VERIFY FINANCIAL COVENANT - LANDLORD'S CONDITION

This Offer is conditional for ten (10) business days following the acceptance of this offer upon the Landlord verifying the financial covenant of the Tenant to their satisfaction, in the Landlord's sole and absolute discretion.

The Tenant agrees to provide the Landlord with the following documents not later than three (3) business days following the acceptance of this Offer:

- a) A copy of each Tenant's (or each business signatory's) Driver's License;
- b) A copy of the Tenant's Articles of Incorporation;
- c) A bank confirmation letter, including details of all the Tenant's personal accounts, business accounts, lines of credit, and loans;
- d) The two (2) most recent bank statements for the Tenant's personal and business accounts;
- e) A recent Credit Report confirming the Tenant's credit score, including the status, payment history, credit limit, balance, and any amounts past due for each account included in the report;
- f) A copy of the Tenant's "Master Business License" (if applicable), detailing the Tenant's business name registration;
- g) A copy of the Tenant's two (2) most recent Notice of Assessment Statements issued by Canada Revenue Agency; and
- h) Any other information or documents the Landlord may reasonably request.

Unless the Landlord gives notice in writing delivered to the Tenant not later than ten (10) business days following the acceptance of this Offer, that this condition has been waived, fulfilled or amended, this Offer shall be null and void and the deposit shall be returned to the Tenant in full without deduction.

This condition is included for the benefit of the Landlord and may be waived at the Landlord's sole option by notice in writing to the Tenant within the time period stated herein.

2. LANDLORD'S CONDITION - SOLICITOR APPROVAL

This Offer is conditional upon the approval of the terms hereof by the Landlord's Solicitor. Unless the Landlord gives notice in writing to the Tenant not later than ten (10) business days following the acceptance of this Offer, that this condition has been waived, fulfilled or amended, this Offer shall be null and void and the deposit shall be returned to the Tenant in full without deduction. This condition is included for the benefit of Landlord and may be waived at the Landlord's sole option by notice in writing to the Tenant within the time period stated herein.

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

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INITIALS OF LANDLORD(S): 

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3. OPTION TO EXTEND LEASE TERM

(a) **Required Conditions:** The Tenant may extend the lease term for an additional 5 years (the "Extended Term"), provided all of the following conditions are met (collectively, the "Required Conditions"):

- i. The Lease has been executed in a form acceptable to the Landlord.
- ii. The Tenant is not habitually in default of the Lease terms.
- iii. The Tenant is not in default of any covenants for which the Landlord has issued a written notice.
- iv. The Tenant is in possession of the Premises and conducting business.
- v. The Tenant is not insolvent, bankrupt, or undergoing any insolvency proceedings.
- vi. No bankruptcy petition or receiving order has been made against the Tenant.
- vii. No receiver or other person has taken control of the Tenant's assets or business.
- viii. The Tenant has not assigned the Lease.

(b) **Exercise of Option:** The Tenant may extend the Term if it provides written notice to the Landlord (an "Exercise Notice") between 12 and 9 months before the original Term's expiration. The Exercise Notice must be unconditional and meet all Required Conditions. Failure to meet these requirements renders the right to extend null and void.

(c) **Extension Terms:** If the Tenant validly exercises this option, the Lease will be deemed to have commenced on the original Commencement Date and will now include the Extended Term. The Minimum Rent for the Extended Term will be the fair market rental value, as mutually agreed by the parties, but not less than the Minimum Rent paid in the 12 months prior to the Extended Term.

(d) **Rent Determination:** If the parties have not agreed on the Minimum Rent for the Extended Term 7 months before its commencement, the Tenant may revoke its Exercise Notice by giving written notice to the Landlord no later than 6 months prior. If the Tenant does not revoke the notice and rent remains undecided 3 months before the Extended Term begins, rent will be determined by arbitration under the Arbitration Act, 1991 (Ontario).

4. BY-LAWS AND CODES

The Tenant covenants to comply with all applicable governmental bylaws and codes governing the use of the demised premises.

5. ALTERATIONS & IMPROVEMENTS

The Tenant may make any necessary alterations and improvements to said premises, at the Tenant's own expense, subject to the Landlord's written consent, and such consent shall not be unreasonably withheld. All alterations and improvements shall be in compliance with all applicable governmental bylaws and codes governing the use of the demised premises.

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6. MAINTENANCE AND REPAIRS

(a) The Landlord shall, throughout the term, maintain the Development (other than individual leasable premises in the Development) in good and clean operating condition and repair, as would a reasonably prudent owner.

(b) The Tenant shall, at all times during the Term, at its sole cost, keep and maintain the Premises (including all equipment and systems in and serving the Premises) in good order, condition, and repair as would a prudent owner. Failure to properly maintain the Premises shall be considered a breach of the Lease.

(c) The Tenant may not make any leasehold improvements, repairs or alterations to or install any trade fixtures in the Premises unless it first obtains the Landlord's prior written consent and otherwise complies with the relevant terms of the Lease.

7. WORKMANLIKE & PROFESSIONAL MANNER

Any work carried out by the Tenant, their employees, agents or contractors shall be done in a workmanlike and professional manner and in compliance with all applicable governmental bylaws and codes governing the use of the demised premises.

8. TRADE FIXTURES

Upon the expiration or sooner termination of the term, the Tenant shall remove from the Premises all signs, the Tenant's trade fixtures, furnishings, equipment, inventory, other personal property, any identifying characteristics relating to the Tenant's use of the Premises and, if required by the Landlord, all leasehold improvements installed by or on behalf of the Tenant (other than those which the Landlord has agreed in writing, at the time that it gave its consent to the installation of such leasehold improvements, do not have to be removed).

9. WARRANTY - MECHANICAL, HEATING, VENTILATING, HVAC & ELECTRICAL EQUIPMENT

The Landlord warrants that all mechanical, heating, ventilating, air conditioning and electrical equipment will be in good working order, normal wear and tear excepted, on or before the occupancy date set herein.

10. RENT PAYMENT OPTIONS

The Tenant agrees to provide post-dated cheques to the Landlord no later than two weeks before occupying the premises to cover the rent payments for the first year of the lease term. The Tenant further agrees to provide the Landlord with post-dated cheques no later than two weeks prior to the beginning of each subsequent year of the lease term to cover the rent payments for said subsequent year.

Alternatively, the Tenant may opt to participate in the Landlord's pre-authorized debit program (the "PAD Program") to facilitate automatic rent payments. The Landlord will enroll the Tenant in the PAD Program, and the Tenant must complete the necessary forms and provide proof of bank account details or any other required documentation, as requested by the Landlord, no later than two weeks before the commencement of the lease term or two weeks before the start of any subsequent lease year.

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11. SIGNAGE

The Tenant may install in, upon, or about the said premises any signs and advertising material which shall remain the property of the Tenant, which the Tenant must remove upon the expiration of the Lease, provided that all damage caused is repaired and the premises left in good repair. All signs and location(s) are to be approved beforehand in writing by the Landlord (such consent not to be unreasonably withheld) and must conform with all applicable governmental bylaws and codes.

The Tenant will not cause or permit any signs, pictures, advertisements, notices, lettering, or decorations (the "Signage") to be painted, affixed, or displayed on any part of the the exterior of the Leased Premises or any interior areas visible from the exterior of the Leased Premises, without prior written approval from the Landlord in each and every instance. Such approval will not be unreasonably withheld, provided the Signage complies with the Landlord's signage criteria for the building. All aspects of the Tenant's Signage, including size, colour, location, method of affixation, and type, shall be subject to the Landlord's prior written approval.

12. HST ON RENT

The Tenant acknowledges that HST will be collectable by the Landlord on both the Minimum Rent and Additional Rent.

13. POSSESSION

Notwithstanding any other provision of this Offer or the commencement of the Term or any fixturing period, the Tenant may not have access to the Premises until it has provided the Landlord with:

- (a) an insurance certificate, in a form acceptable to the Landlord, showing that the Tenant has taken out the insurance required by the Lease to be taken out by the Tenant;
- (b) a copy of the Formal Lease executed by the Tenant and the Indemnifier.
- (c) either post-dated cheques or all required documentation and information needed by the Landlord to enroll the Tenant in the PAD Program, ensuring automatic rent payments are set up before occupancy, pursuant to Section 10 of this Offer.

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14. ASSIGNMENT AND SUBLETTING

(a) The Tenant may not assign this Offer.

(b) The Tenant may not assign the Lease, in whole or in part, nor sublet nor part with nor share possession of all or any part of the Premises or engage in any transaction which results in a change of the direct or indirect control of the Tenant (collectively, a "Transfer") without the Landlord's prior written consent in each instance and without complying with the terms of the Lease relating to Transfers.

15. NO REGISTRATION

The Tenant may not register this Offer, nor any notice of this Offer, against title to the lands forming part of the Development. If the Tenant registers any such notice, the Landlord may terminate this Offer upon written notice to the Tenant.

16. INSURANCE

The Tenant shall throughout the Term, at the Tenant's own cost and expense, take out and keep in full force and effect and in the name of the Tenant and naming the Landlord and the Mortgagee as additional insureds, the following insurance:

(a) Insurance upon property of every description and kind owned by the Tenant or for which the Tenant is legally liable and which is located within the Building in an amount at least equal to the full replacement value thereof and with coverage against at least the perils of fire and standard extended coverage including sprinkler leakages (where applicable);

(b) The replacement cost of all leasehold improvements, chattels and equipment owned or operated by the Tenant or by others on behalf of the Tenant in the Leased Premises including plate glass insurance;

(c) Business interruption insurance in such amounts as will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against by the Tenant hereunder;

(d) Public liability and property damage insurance including personal injury liability, contractual liability and owners' protective insurance coverage with respect to the Leased Premises and the Tenant's use of the Common Area. Such policies shall be written on a comprehensive basis within inclusive limits of not less than Five Million Dollars (\$5,000,000.00) for bodily injury or property damage or such higher limits as the Landlord or the Mortgagee may reasonably require from time to time; and

(e) Any other form of insurance as the Tenant or the Landlord or the Mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

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17. NET LEASE

(a) The Lease will be a completely carefree and net lease to the Landlord. Without limiting the generality of the foregoing, throughout the Term the Tenant shall pay, without duplication, the following:

(i) the Tenant's "Proportionate Share" (being a fraction, the numerator being the rentable area of the Premises and the denominator being the rentable area of the Building) of all expenses of every nature and kind incurred by or on behalf of the Landlord in connection with the Development, together with the Landlord's standard administrative fee of 15% of all such expenses and the real property taxes for the Development (the "Operating Costs");

(ii) the Tenant's share, as set out in the Lease, of the real property taxes in respect of the Development (the "Real Property Taxes"); and

(iii) the cost of all utilities consumed in the Premises. The Lease will contain provisions allowing for equitable adjustments to the preceding amounts payable by the Tenant.

(b) All amounts payable by the Tenant under this Offer and the Lease, other than Minimum Rent, are called "Additional Rent" and Minimum Rent and Additional Rent are called "Rent".

(c) The Landlord shall estimate the Operating Costs and the Real Property Taxes for such period as the Landlord may determine (currently being the period January 1 to December 31) (the "Fiscal Period") and the Tenant shall pay to the Landlord, as Additional Rent, such estimated amount in equal monthly instalments in advance on the first day of each month during the Term. The Landlord shall provide the Tenant with a statement providing details of the actual amounts payable following the end of each Fiscal Period and any necessary adjustments will be made between the parties within 30 days following the date that the Landlord provides such statement to the Tenant, subject to the terms of the Lease.

(d) The Landlord estimates, but does not guarantee, that the Tenant's share of the Operating Costs and the Real Property Taxes will be \$13.50 per square foot of the rentable area of the Premises per annum for the Fiscal Period ending December 31, 2025. For clarity, such estimate has no bearing on, and is not to be taken into account in determining, the actual amounts payable by the Tenant pursuant to such sections and in no way limits the amounts payable by the Tenant pursuant to such sections.

(e) All Rent payable by the Tenant to the Landlord is payable without notice or demand and without abatement, deduction or set off for any reason whatsoever.

(f) Rent is considered as accruing from day to day under the Lease from the Commencement Date. If, for any reason, it becomes necessary to calculate Rent for an irregular period of less than 1 year or less than 1 calendar month, then an appropriate apportionment and adjustment will be made on a per diem basis based upon a period of 365 days.

(g) The Tenant shall pay to the Landlord all HST payable as a result of the Tenant paying Rent, which payment shall be made at the same time as the Rent to which the HST relates is to be paid in accordance with the terms of this Offer or the Lease.

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18. INDEMNITY

The undersigned, _____, (the "Indemnifier") is hereby added as a party to this Agreement to Lease.

The Indemnifier hereby covenants and agrees with the Landlord to:

- (a) Observe and perform all of the Tenant's covenants throughout the Term of the Lease;
- (b) Indemnify and save harmless the Landlord from any losses, costs, or damages arising out of any failure to observe and perform the Tenant's covenants; and
- (c) Execute and deliver the Landlord's standard form of Indemnification Agreement at the same time that the Tenant executes the Lease. The Landlord's standard form of Indemnification Agreement will contain terms not addressed in this Offer and will expand upon upon conditions and deal in greater detail with some or all of the provisions of this Offer. During the negotiations over the Lease, the Landlord will consider any reasonable changes to the Indemnification Agreement which may be proposed by the Tenant and its lawyers.

19. CALCULATING TIME PERIODS

- (a) Any reference in this Agreement to a time or date shall be deemed to be the time or date in the time zone where the Premises or Property is located.
- (b) For the purposes of clarification, any reference in this Agreement to a "business day" shall specifically exclude Saturdays, Sundays, and statutory and civic holidays in the province of Ontario.
- (c) When calculating any period of time within which, or following which, any act is to be done, or any steps are to be taken pursuant to the provisions of this Agreement, the day which is the reference date in computing any such period of time, shall be excluded from the calculation.
- (d) If no specific reference is made to "business days" when computing a particular time period pursuant to the provisions of this Agreement, then whenever the last day of such period would accordingly fall on a Saturday, Sunday, or a statutory or civic holiday in the province of Ontario, the period of time in question shall then be deemed to end on the next succeeding business day.

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