



***Buffalo & Fort Erie
Public Bridge Authority***

REQUEST FOR PROPOSALS

FOR

***CANADIAN DUTY FREE STORE OPERATOR
AT THE PEACE BRIDGE***

*100 Queen Street
Fort Erie, Ontario L2A 3S6*

*Date Issued: July 21 , 2025
Submission Deadline: September 12, 2025*

BUFFALO & FORT ERIE PUBLIC BRIDGE AUTHORITY

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I. INTRODUCTION

A. General Information

The Buffalo and Fort Erie Public Bridge Authority (“the Authority”), owner and operator of the Peace Bridge, is seeking proposals from potential tenants (each a “Proponent”) who will be responsible for and will operate a duty free shop at the Peace Bridge, for a minimum period of 5 years (the “RFP”) with one fifteen year renewal option.

The Authority is interested in achieving a long term lease arrangement with a responsible and responsive operator who is able to independently operate a duty free shop in a professional manner. The objective of this RFP is to select a Proponent with whom the Authority may enter into a lease agreement (“the “Selected Proponent”).

This RFP is not intended to create and does not create any legally binding contract with any Proponent. No legal relationship or obligation shall be created between any Proponent and the Authority until the execution of a lease between the Selected Proponent and the Authority.

The successful proponent must obtain a license to operate a duty free shop from the Canada Border Services Agency (CBSA). Continued operation of the duty free shop is contingent upon keeping a CBSA license in accordance with applicable federal regulations, notwithstanding any Authority lease provisions.

All qualified applicants will be afforded equal opportunity without discrimination because of race, gender, creed, religion, color, sex, age, disability, marital status, or other protected characteristics.

Please note that any reference to dollar amounts in this RFP or any of the Appendices refers to Canadian dollars.

II. DESCRIPTION OF THE AUTHORITY AND THE DUTY FREE SHOP

A. Name of Contact Person

The Proponent’s principal contact with the Authority will be Kimberlee Kaiser, Corporate Administrator (the “Authority’s Contact Person”).

Proponents intending to respond to this RFP should notify Kimberlee Kaiser, Corporate Administrator, via email at kak@peacebridge.com and provide the contact name of a representative of the Proponent and their coordinates.

B. Background Information

The Authority is a body corporate and politic constituting a public benefit corporation created under the laws of the State of New York and by an act of the Parliament of Canada and consented to by the United States Congress. The Authority is governed by a ten member Board consisting of five members from New York State and five members from Canada. The mission of the Authority is to be known as the premier Canada/U.S. international border crossing, an effective steward for trade and tourism, and excellence in customer service.

The Authority owns and operates the Peace Bridge which is located at the Niagara River Crossing between Buffalo, New York and Fort Erie, Ontario. The roadway is a minimum of 36 feet wide from interior rail to interior rail. There is a four-foot wide service path for maintenance access on the north side of the bridge and an 8-foot wide pedestrian sidewalk/bikeway with an observation platform along the south side of the bridge.

The Peace Bridge is a three-lane bridge with twelve-foot wide lanes, able to accommodate heavy-duty commercial loads. The center lane of this three-lane bridge is reversible, allowing two-lane operation in one direction during peak hours. The main approaches to the Peace Bridge on the United States side are the New York State Thruway (I-190) and Porter Avenue, a four lane arterial. On the Canadian side, the principal approach highways are the Queen Elizabeth Way (QEW), Highway 3, a four lane highway, and the Niagara Parkway. The Peace Bridge is the second busiest border crossing between Canada and the United States with approximately 4.8 million vehicles crossing during calendar year 2024.

A duty free shop at the Peace Bridge was first opened for business in 1986 and was one of the earliest land border duty free shops in Ontario. The current duty free shop building that is available for lease is a freestanding building with over 28,000 square feet of retail space and with dedicated parking for 146 cars, 24 trucks and 10 buses. The duty free shop is situated on the Canadian side of the Peace Bridge servicing U.S. bound traffic with a dedicated overhead signed vehicle entrance directly off the Peace Bridge approach route with great visibility to incoming traffic and easy access for travelers.

In addition to the sale of consumer goods, the existing duty free shop also includes a currency exchange service and an ATM machine. The duty free shop previously housed a McDonalds and a Tim Hortons restaurant. A restaurant or similar food service offering **must** be included in any submitted proposal.

The duty free shop underwent approximately \$6,000,000 in renovations which were completed in 2019. As such, it is expected that the building and duty free shop will not require any immediate major renovations. As such, the Successful Proponent should expect to essentially occupy a turnkey operation, although minor repairs, adjustments, outfitting or other modifications may be warranted by the Successful Proponent based upon their business plan and offerings. The Successful Proponent will have the ability to purchase the fixtures at a price negotiated with the receiver appointed over the property of the current operator. Refer to Appendix B for a recent building condition report.

Operations of the current duty-free store are occurring under a court appointed receiver. The Successful Proponent will be required to work with the receiver to ensure a smooth transition of store operations. The Successful Proponent will also be required to purchase the inventory (at cost) from the receiver upon taking possession of the premises.

The Authority offers the Successful Proponent the exclusive right during the term of the lease agreement to lease any part of the Authority's specified property located in Canada and servicing U.S. bound traffic for any duty-free shop, banking, currency exchange, restaurants or any associated retail operations or retail services. As part of this exclusive right, if at the end of the 5 year initial term of the Lease the Successful Proponent has met all requirements of the Lease and is eligible to exercise the 15 year renewal option, a lease extension fee of \$5,000,000 will be required as a condition of the extension of the Lease term.

The Successful Proponent will have the opportunity to sublease space in the duty free shop to subtenants with product offerings that are complementary (such as banking, currency exchange, restaurants, commercial retail operations or services) to the duty free shop . The Successful Proponent is required to include a restaurant or similar food service offering in its proposal. As the duty free shop is part of the Authority operations it is zoned "P- Public in the Town of Fort Erie Zoning By-law. Please see the attached zoning and permitted use at Appendix F.

The Successful Proponent will be required to obtain a Letter of Credit in the amount of \$500,000 or an amount equivalent to three (3) months of projected rent, whichever is greater. Commercial terms established within the lease that comprise rent consist of two categories; an annual base rent and a percentage rent payment based on gross sales. The base rent is a fixed minimum annual rent that is payable on a monthly basis. The percentage rent is also payable monthly and is the percentage of all of the gross sales achieved from the leased premises, excluding the gross sales from all of the subtenants. Each Proponent must include a proposal on what the base rent, percentage rent rate, and any proposed annual increases, will be under the lease as part of the Proposal.

Additional background information with respect to the duty free shop is attached to this RFP as follows:

Appendix A – Form of Lease

Appendix B – Building Condition Report

Appendix C – Property Tax Information

Appendix D –Authority's lands including the duty free shop

Appendix E – Summary of historical traffic volume and range of sales at the duty free shop

Appendix F - Zoning and permitted use

Appendix G - Financial terms template example

Appendix H – Existing building plans

III. DESCRIPTION OF THE RFP PROCESS

A. Proposal Calendar

The following is a list of key dates and times (all Eastern time) up to and including the date a Proponent's proposal in response to this RFP ("Proposal") is due to be submitted:

Requests for Proposals issued	July 21, 2025
Due date for submission of questions	July 28, 2025 at 12:00 PM Eastern
Questions to be answered	August 1, 2025 at 5:00 PM Eastern
Due date for Proposals	September 12, 2025 at 1:00 PM Eastern

B. Expected Notification and Contract Dates

Selected Proponent notified	October 10, 2025
Lease commencement	No later than December 1, 2025

The Selected Proponent must obtain all required licenses and permits to operate the duty free shop and must be prepared to commence operations at the duty free shop on the lease commencement date.

These dates are expected timelines and the Authority reserves the right to alter or extend the timelines for the RFP Process at any time prior to the Proposal submission deadline and will provide written notice of any changes to Proponents.

C. Inquiries

This RFP is available through the Authority's website (www.peacebridge.com/RFP) and through MERX™. For further information about MERX™ call 1-800-964-MERX or visit the MERX™ website (www.merx.com).

Inquiries concerning the RFP must be made by, **July 28, 2025, at 1:00 PM Eastern** via e-mail to:

BUFFALO & FORT ERIE PUBLIC BRIDGE AUTHORITY
Attn: Kimberlee Kaiser, Corporate Administrator kak@peacebridge.com

All questions and answers will be posted online at www.peacebridge.com/RFP and <http://www.merx.com> by **August 1, 2025**. *Contact with personnel of the Authority, other than the designated Contact Person, regarding this RFP may be grounds for elimination from the selection process.*

Communications to Proponents by the Authority will be provided solely by the Authority's Contact Person. Information obtained from any other source is not binding on the Authority.

The Authority will not provide information or answer questions with respect to duty free shop licensing requirements. Proponents can access basic information posted on the Canadian Border Services Agency (CBSA) website at <http://www.cbsa-asfc.gc.ca/import/dfs-bht-eng.html> and will need to contact the CBSA directly to obtain the information they require on duty free licensing.

D. Modifications to the RFP

The Authority may modify any part of the RFP prior to the deadline for submission of Proposals by issuance of a written addendum. Any addendum issued by the Authority will be posted to the Authority website and www.merx.com. No other statements whether oral or in writing, unless such statements have been posted on the Authority website and www.merx.com as set out in this RFP, shall amend the RFP.

It is the Proponent's sole responsibility to ensure that it has received all addenda issued by the Authority and to ensure that the addenda have been considered in their proposal. Proponents are urged to register to receive the RFP documents from MERX™ and to select automatic notification of addenda issuance when registering on MERX™. Proponents may seek confirmation of the number of addenda issued under this RFP by writing to the Authority's Contact Person, notwithstanding, the onus remains on the Proponent to ensure it has received all addenda and failure on the part of the Proponent to do so shall not incur any liability for the Authority.

E. Errors and Omissions

Proponents discovering any ambiguity, conflict, discrepancy, omission or other error in this RFP, should immediately notify via e-mail, prior to the due date for Proposals, the Authority's Contact Person and advise of such error and request clarification or modification of the RFP. Modifications to this RFP or any clarifications will be issued by written addenda published on the Authority website and www.merx.com.

If a Proponent fails to notify the Authority prior to the due date for Proposals, of a known error or an error that reasonably should have been known, the Proponent assumes all risk. If awarded any contract, the Proponent shall not be entitled to additional compensation or time by reason of the error.

It is the Proponent's obligation to identify any errors or omissions, conflicts or ambiguities in the RFP as soon as possible.

F. Inquiries by Proponents – Clarifications

It is the Proponent's obligation to seek clarification from the Authority on any matter it considers to be unclear in relation to this RFP otherwise the basis of interpretation of this RFP and its contents shall reside solely with the Authority.

Proponents are permitted to submit questions or request information during the RFP process. All questions or requests for information must be submitted in writing and solely to the Authority's Contact Person as identified in section C above. Responses to Proponent clarification questions will be published on the Authority website and www.merx.com in accordance with the Timetable set out in this RFP.

If the Proponent believes that a question is of a commercially sensitive or confidential nature relating to the Proponent, a Proponent may request that a response to the question be kept confidential by clearly denoting the question as "Confidential". If the Authority decides that a question marked "Confidential", or the Authority's response to such a question, must be published to all Proponents, then the Authority will notify the Proponent and provide the Proponent with the opportunity to proceed with the question as a public question or to withdraw the question. However, if the Proponent does not withdraw the question, then the Authority may, at its sole discretion, provide a response to all Proponents by way of written Addendum. If the Authority in its review determines that a question is of a commercially sensitive or confidential nature, it will respond directly to the Proponent.

Notwithstanding, if in the sole opinion of the Authority, one or more other Proponents submits a question on the same or similar topic to a question previously submitted by another Proponent as "Confidential", the Authority may provide a response to such a question to all Proponents by way of written addendum; and if the Authority determines there is any matter which should be brought to the attention of all Proponents, whether or not such matter was the subject of a question, including a question marked "Confidential", the Authority may, in its discretion, publish the question, response or information with respect to such matter to all Proponents by way of written addendum.

G. Prohibited Conduct

i. No Lobbying

A Proponent, any Proponent team members including key personnel, and their respective directors, officers, employees, consultants, agents, advisors and representatives will not engage in any form of political or other lobbying whatsoever, to any party, in relation to the lease, this RFP, CBSA licensing process, or the competitive selection process, including for the purpose of influencing the outcome of the competitive selection process. Further, no such person (other than as expressly contemplated by this RFP) will attempt to communicate in relation to this RFP, or the competitive selection Process, directly or indirectly, with any representative of the Authority, (including any member of the Board of Directors), or any director, officer, employee, agent, advisor, consultant or representative of any of the foregoing, as applicable, for any purpose whatsoever in relation to this RFP, or the competitive

selection process, including for the purpose of influencing the outcome of the competitive selection process.

Violation of this provision will be grounds for immediate disqualification.

From the date this RFP is issued until the lease award has been announced, no Proponent-initiated contact with any Authority official shall be permitted regarding this RFP, other than written inquiries to the Authority's Contact Person, as described in this section.

ii. No Collusion

A Proponent shall not engage in any illegal business practices, including activities such as bid-rigging, price-fixing, bribery, fraud, coercion or collusion. A Proponent shall not engage in any unethical conduct, including lobbying, as described above, or other inappropriate communications; offering gifts to any employees, officers, agents, elected or appointed officials or other representatives of the Authority; submitting proposals containing misrepresentations or other misleading or inaccurate information; or any other conduct that compromises or may be seen to compromise the competitive process provided for in this RFP.

A Proponent and any Proponent team members, their employees, agents and representatives involved with the Proponent's Proposal, including key personnel, will not discuss or communicate, directly or indirectly, with any other Proponent or any director, officer, employee, consultant, advisor, agent or representative of any other Proponent (including any Proponent team member or key personnel of such other Proponent) regarding the preparation, content or representation of their Proposals.

By submitting a Proposal, a Proponent, on its own behalf and as authorized agent of each firm, corporation or individual member of the Proponent or Proponent team, represents and confirms to the Authority, with the knowledge and intention that the Authority may rely on such representation and confirmation, that its Proposal has been prepared without collusion or fraud, and in fair competition with Proposals from other Proponents.

iii. Conflict of Interest

In addition to the other information and representations made by each Proponent in the Submission Form, each Proponent must declare whether it has an actual or potential Conflict of Interest (as defined in Part IV, Section B, item 2).

If, at the sole and absolute discretion of the Authority, the Proponent is found to be in a Conflict of Interest, the Authority may, in addition to any other remedies available at law or in equity, disqualify the proposal submitted by the Proponent.

The Proponent, by submitting the Proposal, warrants that to its best knowledge and belief no actual or potential Conflict of Interest exists with respect to the submission of the proposal or performance of the contemplated contract other than those disclosed in the Submission Form. Where the Authority discovers a Proponent's failure to disclose

all actual or potential Conflicts of Interest, the Authority may disqualify the Proponent or terminate any contract awarded to that Proponent pursuant to this procurement process.

H. Site Visits

During the solicitation period, Proponents may elect to schedule Site Visits of the current facility, to view the current conditions in the non-public areas of the Fort Erie duty free shop. As the facility is an operating business, any such visit must not interfere with the on-going operations of the location.

In order to schedule a site visit, Proponents must submit a written request to the Authority Contact Person, identifying the names and number of persons and anticipated date of visit.

The Proponent must execute a Non-Disclosure Agreement prior to any scheduled site visit of the non-public areas of the Fort Erie duty free shop. The Authority will be present during any scheduled site visits of non-public areas.

Any statement made during the course of any Site Visit by the Authority or any other person attending or participating in the Site Visit is not to be relied upon in any way by the Proponent for any purpose in responding to the RFP unless such statements are confirmed in writing by way of an Addendum to this RFP.

I. Proponent Due Diligence

The Authority does not make any representation, warranty or guarantee as to the accuracy of the information contained in the RFP or in addenda to this RFP.

The Proponent is solely responsible, at its own cost and expense, to carry out its own independent research, due diligence or to perform any other investigations, including seeking independent advice, considered necessary by the Proponent to satisfy itself as to all existing conditions affecting the proposed lease and retail operations at the duty free shop.

Proponents agree that by submitting a Proposal in response to this RFP, they certify that they have read and agree to comply with all terms set out in this RFP.

Submission of a Proposal constitutes incontrovertible acceptance by the Proponent of the conditions contained in this RFP, excepting any Proponent proposed revisions to the Form of Lease that are open to negotiation which must be clearly and specifically noted in the Proposal submitted and confirmed in the lease executed between the Authority and a Selected Proponent.

J. No Reimbursement and No Claim

There is no expressed or implied obligation for the Authority to reimburse responding Proponents for any expenses incurred in any way in preparing Proposals in response to this RFP. The Proponent shall bear all costs associated with the preparation and submission of a Proposal, including but not limited to the possible cost of any Site Visit, presentation, negotiating a lease and any related travel.

By submitting a Proposal, Proponents waive any claim or cause of action that they may have as against the Authority as a result of the conduct of this RFP process or any resulting lease.

K. Proponent Amendments or Withdrawal of Proposal

At any time prior to the Proposal submission deadline, Proponents may amend or withdraw a submitted Proposal. Any amendment should clearly indicate which part of the Proposal the amendment is replacing.

Any amendment to the Proponent's Financial Proposal must be submitted in a separate sealed envelope and must be clearly labeled on the exterior as an amendment to the Financial Proposal.

L. Authority's Rights

The Authority has no obligation to any Proponent to award a lease at the conclusion of this process. The highest rent Proposal will not necessarily be selected.

This RFP is not intended, nor should it be interpreted, to be an offer, an acceptance, a lease or any type of binding agreement, nor to commit the Authority to proceed with this or any other process. Notwithstanding any written or verbal communications, or series of communications, to the contrary, the Authority shall not be deemed to have entered into a lease or any other binding agreement to lease unless and until both the Authority and the Selected Proponent have fully executed and delivered a formal lease agreement.

This RFP and the form of lease appended to the RFP do not purport to be all-inclusive or to contain everything that a Proponent might wish or require. The Authority makes no representation or warranty, whether expressed or implied, as to the accuracy or completeness of any such material, information, reports or statements and expressly disclaims any and all liability for any errors or omissions in all information, materials, reports or in any other written or oral communication obtained by, given to, or made available to any Proponent.

No implied contract or lease of any kind whatsoever by or on behalf of the Authority shall arise or be implied from anything contained in this RFP.

In addition to the rights expressed in this RFP, the Authority reserves the right at its sole discretion, where it may serve the Authority's best interest, to:

1. make changes and amendments to the requirements of this RFP at any time;
2. refuse to answer questions that do not pertain directly to the subject matter of this RFP;
3. waive formalities and accept Proposals which substantially comply with the requirements of this RFP;
4. request additional information or clarifications from Proponents, including but not limited to references and service capacity, and incorporate a Proponent's response to that request for clarification into the Proponent's Proposal;
5. retain all Proposals submitted and to use any ideas in a Proposal regardless of whether that Proposal is selected;
6. request the Proponent to submit financial statements, proof of insurability, proof of security, certifications, or other information, if not included within their original Proposal, and to consider this material as part of the Proponent's Proposal;
7. request written clarification or the submission of supplementary written information from any Proponent. This is not an opportunity for the Proponent to correct any errors or enhance its Proposal in a material way;
8. verify with the Proponent or with a third party any information set out in a Proposal. The Authority has no obligation to verify or investigate any information it may receive from any Proponent or third party;
9. disqualify any Proposal where the Proposal contains misrepresentations, or inaccurate or misleading information;
10. disqualify any Proponent that in the Authority's sole discretion has a conflict of interest or an unfair advantage, whether real, perceived, existing now or likely to arise in the future or who has engaged in Prohibited Conduct as defined in this RFP;
11. conduct background checks and credit checks on a Proponent and/or its proposed team members, key personnel, employee, shareholders, officers, directors, or affiliates;
12. during the evaluation of Proposals, assess a Proponent's Proposal on the basis of:
 - a) the Proponent's submissions in response to this RFP;
 - b) a financial analysis determining the actual cost of the Proposal when considering factors including ongoing operating costs arising over a multi-year time period;
 - c) information provided by references, including financial references; or

- d) information provided by a Proponent pursuant to the Authority exercising its clarification rights under this RFP process;
13. correct arithmetical errors in any or all Proposals where such errors affect extended totals. Arithmetical corrections shall only be made based upon the unit prices submitted by the Proponent. Corrections to sums, differences or other arithmetical operations based on the amounts (submitted by the Proponent) will be identified by the Authority and acknowledged in each instance by the initials of the Proponent's and the Authority's authorized signatories. Such corrections will become part of the Proponent's Proposal. Failure of the Proponent to acknowledge such corrections shall result in its Proposal being deemed non-responsive and disqualified;
 14. conduct interviews or site visits with Proponents, upon forty-eight (48) hours notice, to seek clarification or verify any or all information provided by the Proponent in its Proposal;
 15. negotiate with any Proponent or more than one Proponent with respect to any of the requirements in the Proposal or the RFP;
 16. discuss and negotiate with one or more Proponents relating to the scope described in the RFP and the form of lease;
 17. cease negotiations with any Proponent and proceed to the next ranked Proponent;
 18. accept or reject a Proposal if only one Proposal is submitted;
 19. select any Proposal other than the Proponent whose Proposal reflects the highest rent;
 20. reject any or all Proposals; and
 21. cancel this RFP at any time without any lease award or issue a new RFP for the same or similar lease.

M. Ineligible Person

The Authority, at its sole discretion, may determine that a person is ineligible to participate in this RFP if a Proponent, or one of its proposed team members, key personnel, employee, shareholders, officers, director, or affiliate:

1. has had a direct or indirect involvement in the preparation of this RFP;
2. is currently, or has in the past, engaged in litigation or any proceeding with the Authority; or is an officer, director, or shareholder of a person that has in the past, engaged in litigation or any proceeding with the Authority;
3. has previous or current commitments, relationships or financial interests that could be viewed as creating a real, perceived or apparent conflict of interest in relation to this RFP; or
4. has had a history of poor performance that the Authority has experienced.

An ineligible person may be eligible to participate if the Proponent has received prior written consent from the Authority at the time of its Proposal submission. Any requests for consent to the Authority must be presented in writing to the Authority's Contact Person explaining the situation involving the ineligible person and the steps whether undertaken or proposed, to mitigate or minimize the issue causing their ineligibility. The Authority may in its discretion provide consent but is in no way obligated to provide consent in relation to any ineligible person.

Proponents will provide the Authority with any required consent or authorization that the Authority needs to conduct background and credit checks on the Proponent and its proposed team members, key personnel, employees, shareholders, officers, directors, or affiliates.

IV. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Proposals

The following material is required to be received by **September 12, 2025, 1:00 PM Eastern** for a proposing Proponent to be considered:

Proposals are to be submitted in two (2) separate, sealed, envelopes:

- 1.1 The Technical Proposal, consisting of five (5) hard copies and one (1) electronic copy of the Proposal, to include the items described in item a. (i) through (x) and the Proponent's response to section B, items 1 through 7; and
- 1.2 The Financial Terms Proposal, consisting of one (1) hard copy and one (1) electronic copy of the Proponent's response to section B, item 8. **No financial terms, dollar or percentage amounts of rent(s) or capital investments are to be included within the Proponent's Technical Proposal. Failure to comply with this requirement alone may result in the disqualification of the Proposal.**
 - a. Five hard copies and one electronic copy of the Proposal to include the following:
 - (i) *Title Page* – Title page showing the RFP's subject; the Proponent's name; the name, address, and telephone number of the contact person; and the date of the Proposal.
 - (ii) *Table of Contents*
 - (iii) *Transmittal Letter* – A signed letter of transmittal briefly stating the Proponent's understanding of the principal terms of the lease, the commitment to enter into the lease in a form to be agreed upon between the Proponent (if Selected) and the Authority and including those

provisions identified as mandatory provisions in Part V, Section B of this RFP, a statement of the reasons for which the Proponent believes itself to be best qualified to operate the duty free shop, a commitment that the Proponent agrees to purchase all existing inventory (at cost) held by the receiver upon taking possession of the leased premises and a statement that the Proposal is a firm and irrevocable offer. The transmittal letter should also state the name, telephone number and e-mail address of the official within the Proponent who will serve as the Authority's primary contact concerning the Proposal. An unsigned Proposal will be rejected.

- (iv) *Non-collusive Proposal Certification* – The Proponent must provide a signed statement certifying the following:
- the Proposal is genuine and is not made in the interest of, or on behalf of, an undisclosed person, firm or corporation, or any other party;
 - that the Proponent has not directly or indirectly induced or solicited any other Proponent to submit a false or sham Proposal, or decline to submit a Proposal;
 - that the Proponent has not sought, by collusion, to obtain any advantage over any other Proponent or over the Authority; and
 - that the person signing the Proposal is entitled to represent the Proponent, empowered to submit the bid, and authorized to sign a lease with the Authority.
- (v) *Conflict of Interest Declaration* - The Proponent must provide a signed statement containing one (1) of the following subparagraphs (Proponents should refer to the definition of Conflict of Interest as defined in section B. 2 below):
- The Proponent declares that there is no actual or potential Conflict of Interest relating to the preparation of its proposal, and/or the Proponent does not foresee an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the RFP;
- OR
- The Proponent declares that there is an actual or potential Conflict of Interest relating to the preparation of its proposal, and/or the Proponent foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the RFP

If the proponent declares an actual or potential Conflict of Interest, the Proponent must set out details of the actual or potential Conflict of Interest.

The Proponent must also identify any individuals, as employees, advisors, or in any other capacity who (a) participated in the preparation of the

Proponent's Proposal; AND (b) were employees of the Authority and have ceased that employment prior to the Proposal Submission Deadline, by providing the following information within its Proposal:

Name of Individual:

Job Classification (of last position with the Authority):

Last Date of Employment with the Authority:

Name of Last Supervisor with the Authority:

Description of Individual's Job Functions (at last position with the Authority):

Description of Nature of Individual's Participation in Preparation of Proposal:

(Repeat above for each identified individual)

The Proponent agrees that, upon request, the Proponent shall provide the Authority with additional information from each individual identified above prescribed by the Authority.

- (vi) *Proof of the Proponent's ability to obtain the required level of insurance:* The Proponent must provide with its Proposal a Statement of Insurability duly completed and executed by the Proponent's Underwriter/Broker, licensed to operate in Canada, demonstrating that the Proponent is able to obtain and maintain the required type(s) and level(s) of insurance as required in the Form of Lease.
- (vii) *Statement of CBSA eligibility criteria met :* The Proponent must provide a statement detailing how they meet the CBSA eligibility criteria necessary to obtain a license to operate a duty free store.
- (viii) *Consent to Surety:* The Proponent must provide with its Proposal a signed written surety statement from a recognized Canadian financial institution stating that (if awarded a Lease) the Proponent is eligible to provide a letter of credit, to the benefit of the Authority, in the amount of \$500,000 (CAD) or 3 months proposed rent, whichever is greater, to be made available upon award of any Lease.
- (ix) *Proposal –* The detailed Proposal should follow the order set forth in Section IV(B) of this RFP.
- (x) *Lease Form –* Include a copy of the lease form showing any proposed revisions as well as a memo detailing the proposed revisions as required by Section V(B) of this RFP. Subject to any changes required by the Authority, the Successful Proponent's Proposal will be incorporated into the Lease or in an Operating Agreement that the Proponent will be required to execute concurrent with the Lease.

- (xi) Proponents must send the completed Proposal to the following address:

BUFFALO & FORT ERIE PUBLIC BRIDGE AUTHORITY

**Attn: Kimberlee Kaiser, Corporate Administrator
100 Queen Street, Fort Erie, ON L2A 3S6**

B. Proposal

1. General Requirements

The purpose of the Proposal is to demonstrate the qualifications, competence and capacity of the Proponent seeking to lease the building from the Authority and operate the duty free shop in conformity with the requirements of this RFP and the form of lease attached as Appendix A.

As such, the substance of Proposals will carry more weight than their form or manner of presentation. The Proposal should demonstrate the qualifications of the Proponent and of the particular personnel responsible for the retail operations of the duty free shop.

The Proposal should address all the points outlined in this RFP. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the Proponent's capabilities to satisfy the requirements of the RFP.

While additional data may be presented, the following subjects, item Nos. **2 through 8**, must be included. They represent the criteria against which the Proposal will be evaluated.

Responses are limited to 25 pages, excluding the title page, table of contents, transmittal letter, non-collusive Proposal certificate, conflict of interest certificate, Lease Form and memo on the Proponents requested revisions to the Form of Lease, letters from the Proponent's insurance broker/underwriter and surety/bank; and requested resumes, prepared as single-sided pages on 8 ½ x 11 inch paper using at least 10 point type with standard margins.

For clarity purposes, the Authority requests that you restate each question, with the answer stated directly below each question.

2. Independence

The Proponent must provide an affirmative statement that it is independent of the Authority and that the Proponent and its personnel will avoid any actual, apparent, or perceived conflict of interest. Conflict of interest is defined as:

"Conflict of Interest" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the Proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) communicating with any person with a view to

influencing preferred treatment in the RFP process including the giving of a benefit of any kind, by or on behalf of the Proponent to anyone employed by, or otherwise connected with, the Authority; or (ii) engaging in conduct that compromises or could be seen to compromise the integrity of the open and competitive RFP process and render that process non-competitive and unfair; or

(b) in relation to the performance of its contractual obligations under any resulting Lease, the Contractor's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgment; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations.

3. Proponent Qualifications and Experience

The Proponent should include the following information in its Proposal:

- a. Proponent name and location of Proponent headquarters. To the extent that any functions of the management and operation of the duty free shop will occur at a location other than at the duty free shop itself, please indicate the location where these functions will be based.
- b. Description of the Proponent, including ownership structure, number of employees, list of directors and officers, number of years in business, and a brief description of the Proponent's business.
- c. List the Proponent's experience as an operator of any duty free store or other retail operations for the last five years, and include information in the following format:
 - i. Name and address of retail location
 - ii. Number of years in business
 - iii. Brief description of services provided
 - iv. Average sales (daily, monthly, yearly)
- d. Provide financial statements for last six (6) fiscal years of the Proponent (audited if available) and, if the most recent fiscal year end of the Proponent is more than four months prior to the date of the Proposal, also the most recent interim financial statements of the Proponent.
- e. The Proposal must contain representations by the Proponent [or, if the Proponent is not a substantial entity, by a related substantial entity or individual(s)] that:
 - i. all financial statements provided as part of the Proposal have been prepared in accordance with GAAP and present fairly the financial condition of the Proponent at the dates of such statements,

- ii. no material adverse change in the business or financial condition of the Proponent has occurred since the date of the most recent financial statements provided as part of the Proposal,
 - iii. the Proponent has filed all tax returns required to be filed at the date of the Proposal and has paid all taxes owing as at the date of the Proposal,
 - iv. during the three years prior to the date of the Proposal, the Proponent has not been a party to or otherwise subject to any material litigation or judicial proceeding nor is any such litigation or proceeding threatened at the date of the Proposal,
 - v. the Proponent is in compliance, in all material respects, with all laws applicable to the Proponent and its business,
 - vi. during the three years prior to the date of the Proposal, the Proponent has not received any notice from any government or governmental body or agency of, or otherwise been involved in, any investigation, inquiry, charge or proceeding involving or affecting the Proponent,
 - vii. during the three years prior to the date of the Proposal, the Proponent has not made an assignment in bankruptcy, being petitioned into bankruptcy or been the subject of a receivership or other insolvency proceeding, and
 - viii. during the three years prior to the date of the Proposal, the Proponent has not been subject to, and is not at the date of the Proposal subject to, any judgment, court order or writ of execution.
- f. If awarded any Lease as a result of this RFP, Proponents are required to obtain a license to operate a duty free shop from the Canadian Border Services Agency (CBSA). Proponents must list whether there are any impediment(s) that would prevent them from obtaining a license from CBSA prior to the lease commencement date.
- g. Proponents are to include a description of past marketing and sales programs they have developed that successfully increased sales at other retail stores.

4. Experience of Manager and Key Personnel

The Proponent should identify the Manager and key personnel who will be primarily engaged in the operation of the duty free shop:

- a. General qualifications: general education, training, length of experience, positions held, time with the Proponent, and so forth.
- b. Adequacy for assignment: experience in specific sector or field.
- c. Provide resumes for key personnel.

5. Experience

The Proponent should describe any other retail operations that the Proponent has owned or managed in the last five years which are similar to the retail operation as described in this RFP. Describe the retail operation, dates and duration of operation and the name and telephone number of a contact (independent of the Proponent) that can confirm the nature of the Proponent's experience. From these prior engagements, as a reference provide also the contact name, address and telephone number of the landlord.

6. Distinguishing Features

The Proponent should identify and describe the most important attributes that distinguish the Proponent's business from other similar businesses, and how those attributes will benefit the Proponent in operating the duty free shop at the Peace Bridge. The Proponent should identify and describe how it is involved or plans to be involved in the local community and describe any benefits that its business will bring to the local community as the operator of the duty free shop at the Peace Bridge.

7. Identification of Anticipated Potential Problems

The Proposal should identify and describe any anticipated potential problems/challenges in operating the duty free shop, the Proponent's approach to resolving these problems and any special assistance that will be requested from the Authority.

8. Financial Terms and Business Plan

The Authority is interested in achieving a long term lease arrangement with a responsible and responsive operator who is able to independently operate a duty free shop in a professional manner which will increase the number of visitors and customers to the shop and increase sales. The Authority will not be responsible for expenses incurred in preparing and submitting the Proposal. Such costs should not be included in the Proposal.

In a separate, sealed envelope, clearly labelled "Financial Terms and Business Plan", the Proposal should: (please see Appendix G for further clarification of financial terms)

- a. Describe proposed measures to increase efficiency, traffic and sales, while maintaining high quality services.
- b. Describe any renovation or remodeling plans for the duty free shop.
- c. Describe the transition, mobilization, and start-up plan for the duty free shop
- d. Describe the proposed base rent and percentage rent rate, including details on whether the percentage rent rate is a fixed percentage rate or a percentage rate that escalates based on gross sales levels, together with the proposed rate of increase year over year.

- e. Describe the proposed sub tenancy arrangements that the Proponent will pursue with other operators.
- f. Describe the forecasted sales at the duty free shop by the Proponent and its subtenants during the term of the lease.
- g. Describe the forecasted operating costs and any capital costs anticipated by the Proponent during the term of the lease.
- h. Describe any capital investment proposed by the Proponent to enhance the facility / property over the course of any Lease (any such proposals, if accepted by the Authority will form a part of any resulting Lease).

V. Lease

A. General

The form of lease that will be entered into between the Selected Proponent and the Authority is appended to this RFP at “**Appendix A**”.

The Authority reserves the right to modify the form of lease. The Authority will not use a Proponent’s prepared form of lease and the Successful Proponent will be required to enter into a lease based on the Authority’s form of lease as described below.

B. Lease Provisions

The Successful Proponent will be responsible for independently operating the duty free shop, including all required maintenance, repairs and replacements that are required for the building, the building systems and the surrounding lands, but excluding certain repairs or replacements to the building structure that will be made by the Authority if needed. These obligations are described in the form of lease.

Section 4.02 (Annual Base Rent) in the form of lease needs to be completed. As part of the Proposal, Proponents must include details on the proposed annual base rent.

Section 4.03 (Percentage Rent) in the form of lease needs to be completed. As part of the Proposal, Proponents must include details on the proposed percentage rent rate and any proposed graduated percentage rate scale or percentage escalations for calculating percentage rent.

As part of the Proposal, Proponents should include details on any capital investments and timeframe for implementation proposed by the Proponent to enhance the facility / property over the course of any Lease (any such proposals, if accepted by the Authority will form a part of any resulting Lease).

Proponents are discouraged from making changes to the form of lease, however, Proponents who wish to propose changes to the form of lease should provide a clean and blacklined version of the form of lease that contains the proposed changes as part of the Proposal together with a memo detailing the proposed changes to the form of lease by reference to the section numbers in the form of lease and include reasons for

each change. Modified forms of lease should be included as part of the Financial Proposal and NOT be submitted with Technical Proposals. The Authority reserves the right to accept or reject any Proponent proposed changes to the form of lease in its sole and absolute discretion.

Notwithstanding the foregoing, the Authority will not consider revisions to the following provisions that are contained in the form of lease:

- a. Section 1.01(d) – The minimum term of the Lease is 5 years. Proponents may propose a longer extension term if required to support its proposed capital investments into the facility
- b. Section 2.02 – Net Lease
- c. Section 1.01(h) - Lease Extension Fee
- d. Article VII – Utilities
- e. Article VIII - HVAC
- f. Section 9.02(a) – 24 hour a day 365 days a year operation.

VI. EVALUATION PROCEDURES

A. Review of Proposals

The Authority will in its sole and absolute discretion select evaluators to participate on an Evaluation Committee. The Evaluation Committee will review qualifications of the Proponents and conduct the evaluation of Proposals. All Evaluation Committee members will be required to sign a Confidentiality and Non-Disclosure Agreement and Conflict of Interest declaration, to ensure any non-public information contained in a Proponent's proposal is not disclosed as well as to ensure the absence of Conflict of Interest in this process. The Authority may engage the services of an independent Fairness Monitor to oversee the RFP process, all communications between the Authority and any Proponents, and to oversee the Evaluation Committee in their evaluation of the Proponent proposals and the selection by the Authority of any Selected Proponent. If engaged, the Fairness Monitor will monitor that all proposals are evaluated based on the stated criteria in this RFP and will oversee Evaluation Committee meetings in which the proposals receive their final evaluation and ranking. The Fairness Monitor will also be present for any presentation by a Proponent if the Authority requests a Proponent to make an oral presentation as part of the final evaluation process.

After the qualifications/experience for each Proponent have been established, the financial terms and lease terms of the Proposal will be examined. The Proponent representing the best overall value to the Authority (considering the written proposal, presentation, financial terms and lease terms) will be recommended as the Selected Proponent.

The rent payment is an important factor in the selection of a tenant and retail operator, however, it will be considered with the overall value of the Proposal. The Authority is not obligated to accept the highest rent Proposal.

The Authority reserves the right to retain all Proposals submitted and use any idea in a Proposal regardless of whether that Proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Proponents meeting the mandatory criteria will also have their Proposals evaluated for both (i) expertise and experience and (ii) financial terms and lease terms. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Criteria

- a. The Proponent must demonstrate that they meet the CBSA requirements to be considered as a “qualified” person to obtain a license to operate a duty free store (as described in Part 1, section 3, subsection (3) and (4) , and demonstrate sufficient financial capacity to meet the security requirements (as set out in Part 1, section 4) of the Duty Free Shop Regulations ((SOR/86-1072) (<http://laws-lois.justice.gc.ca/eng/regulations/SOR-86-1072/page-1.html#h-4>), and the Proponent does not demonstrate any material impediment(s) that would prevent them from obtaining a license from CBSA prior to the lease commencement date.
- b. The Proponent must be independent and have no conflict of interest, as demonstrated in the Proponent’s signed Non-Collusive Proposal Certification and Conflict of interest Declaration contained within its Proposal.
- c. The Proponent must adhere to the mandatory instructions in this RFP on preparing and submitting its Proposal (as identified by use of the term ‘must’), including the requirement for the Proposal to be submitted to the identified address on or before the Due Date for submission of Proposals. The mandatory items to be included in the Proponent’s response package are as follows:
 1. Title page
 2. Table of Contents
 3. Transmittal letter
 4. Non-collusive Proposal Certification
 5. Conflict of Interest Declaration
 6. Proof of ability to obtain required insurance coverage
 7. Statement of CBSA eligibility criteria met
 8. Consent to Surety
 9. Proposal – in the manner as prescribed by this RFP
 10. Lease Form - The Proponent must demonstrate their ability to meet the insurance and security requirements as required by the Lease in

Appendix A, as demonstrated in the signed statements provided by the Proponent's underwriter/insurance broker and bank contained within its Proposal.

11. Financial Terms and Business Plan contained within a sealed envelope, separate from the Technical Proposal and clearly marked as "Financial Terms and Business Plan".

2. Expertise and Experience

- a. The Proponent's background, qualifications and past experience and performance with operating duty free shops or other retail stores.
- b. Management and key personnel qualifications and past experience and performance with operating duty free shops or other retail stores.
- c. The Proponent's approach towards identifying and resolving potential problems/challenges in operating the duty free store.
- d. The Proponent's distinguishing features and proposals for increasing efficiency, traffic and sales at the duty free shop.

3. Financial Terms and Lease Terms

- a. Financial terms, including annual base rent, percentage rent, proposed increase(s), and any proposed capital investment(s). See Appendix G for further clarity.
- b. Lease terms, including revisions requested by the Proponent to the form of lease.

C. Evaluation of Proposals

The following evaluation criteria will be used as the basis for evaluating Proposals:

Proponent's background and historical performance in operating a duty free store or other similar retail operation:	15%
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Proponent's management and key personnel qualifications and experience	20%
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Proponent's experience in cross-border and tourism driven operations	10%
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Proponent's value proposition to increase sales and capture volume	10%
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Proponent's distinguishing characteristics and value added ideas	10%
--	------------

Financial and Lease Terms, including minimum base rent, percentage rent(s) and any proposed capital investments by the Proponent, together with any requested revisions to the Lease Terms by the Proponent (such as but not limited to term of Lease, and any investments or costs required of the Authority)	30%
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Financial and Lease Terms proposed will be evaluated on the total requirement, considering the overall benefit of each Proposal to the Authority over the term of the proposed Lease. The Authority will use financial analysis, such as but not limited to

Net Present Value calculation(s) and other assessment tools, to determine the Proposal that provides the best overall benefit to the Authority; such Proposal will receive full points on this criterion. All other Proposals will receive a pro-rated score on this criterion based on the difference between their proposed Financial and Lease Terms from the Proposal with the best overall benefit to the Authority.

Financial results and general financial health as evidenced by information provided in the proposal as identified in Part IV Section B 3 (d) and (e), **5%**

D. Final Selection

The Authority will select a Proponent (the Selected Proponent) based upon the recommendation of the Evaluation Committee in accordance with the evaluation criteria and process described in this RFP, as identified by the Authority.

It is anticipated that a Proponent will be selected by **October 10, 2025**. Following notification of a Selected Proponent, it is expected that the Authority and the selected Proponent will meet within fifteen (15) days of notice of the Proponent being selected to negotiate the final terms of the lease. If terms cannot be reached, the Authority reserves the right to cease negotiations with the Proponent and move to the next ranked Proponent and commence lease negotiations. If those negotiations are unsuccessful, the Authority reserves all rights available to it as described in this RFP. It is expected that a lease will be executed between both parties by **December 1, 2025**

The Authority reserves the right to enter into negotiations with any Selected Proponent in order to determine satisfactory terms and conditions of a lease.

Subject to the Authority's rights under this RFP, the Authority will not negotiate the terms and conditions of the Form of Lease that are based upon the mandatory provisions as identified in Part V, Section B of this RFP.

The Authority may, however, elect to negotiate the following elements of the Selected Proponent's Proposal:

- a) pricing;
- b) schedule, payment schedule and implementation plan;
- c) changes, amendments or revisions to other provisions of the Form of Lease (not identified as mandatory provisions in Part V, Section B of this RFP); and
- d) any aspect of the Proposal submitted that does not fully respond to the Authority's requirements,

without offering other Proponents an opportunity to adjust their Proposals. Such negotiated changes, amendments or modifications will become part of the Proponent's Proposal.

The Authority will limit the negotiation period for any Form of Lease to not more than fifteen (15) calendar days, or other such longer period of time as may be determined by the Authority in its sole discretion, commencing from the date the Authority invites the first Proponent to enter into negotiations. Failure to successfully conclude the negotiations with the first Proponent within the fifteen (15) calendar days may result in

such Proponent's Proposal not being considered further, as determined by the Authority. In such an event the Authority may select the next highest ranked Proponent, as the Selected Proponent and enter into negotiations with them.

In the event the Authority determines, in its sole discretion, that the negotiations have not or cannot be concluded successfully, the Authority shall inform the Selected Proponent in writing that the negotiations have concluded unsuccessfully and that their Proposal shall not be considered further. The process shall continue until a Form of Lease is finalized, until there are no more Proponents remaining who are eligible to negotiate with the Authority, or the Authority cancels the RFP Process.

There will be no binding lease unless and until the Authority and the Proponent, whose Proposal has been accepted, have executed the Form of Lease as described in this RFP.

The Authority will not conduct debriefing sessions with unsuccessful Proponents.

APPLICABLE LAW

This RFP, and any lease, which may subsequently arise from this RFP, shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The exclusive jurisdiction for any disputes which arise from this RFP or any lease which may arise from this RFP shall be the Superior Court of Justice, at Welland, Ontario, provided this court has the requisite jurisdiction.

The section titles are for convenience only and shall not be construed to affect the meanings of the sections titled.

APPENDIX A

BUILDING LEASE

BETWEEN

BUFFALO AND FORT ERIE PUBLIC BRIDGE AUTHORITY

- AND -

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Execution Page

SCHEDULES :

SCHEDULE “A”	LEGAL DESCRIPTION OF THE LANDS
SCHEDULE “B”	PLAN OF LEASED PREMISES
SCHEDULE “C”	RULES AND REGULATIONS

THIS LEASE is dated as of the ● day of ●, 20●.

B E T W E E N:

**BUFFALO AND FORT ERIE PUBLIC BRIDGE
AUTHORITY**, an entity created pursuant to an Act of the State of
New York, with the consent of the United States Congress, and by
an Act of the Government Of Canada

(the “**Landlord**”)

AND:

●

(the “**Tenant**”)

**ARTICLE I
BASIC LEASE TERMS**

1.01 Basic Lease Terms

(a) Landlord: Buffalo and Fort Erie Public Bridge Authority

Address of Landlord:

(b) Tenant:

Address of Tenant:

(c) Leased Premises: The Building and the portion of the Lands as identified in
Schedule “B”.

(d) Term: 5 years.

(e) Commencement Date: October 1, 2025.

(f) Termination Date: October 31, 2030

(g) Letter of Credit: \$500,000 or 3 months proposed rent, whichever is greater.

- (h) Extension Options: One option to extend the term for an additional period of fifteen years. A non-refundable and fully-earned fee of \$5,000,000 (the “**Lease Extension Fee**”) is required upon exercise of the option to extend the Lease.

ARTICLE II DEFINITIONS AND INTERPRETATION

2.01 Definitions

In this Lease and the schedules forming part of it, the following definitions apply:

- (a) “**Additional Rent**” means all money or charges which the Tenant is required to pay under this Lease (except Base Rent, Percentage Rent and Sales Taxes) whether or not they are designated “Additional Rent” whether or not they are payable to the Landlord or to third parties.
- (b) “**Additional Services**” means those services provided to the Tenant at its request, as additional services, which are not part of the services provided by the Landlord to the Tenant in accordance with the terms of this Lease and charged as Operating Costs including, but not limited to, maintenance, repair, janitorial or cleaning services. Additional Services also includes any services provided by the Landlord on behalf of the Tenant in respect of any obligations of the Tenant required under this Lease which the Tenant fails to observe and perform.
- (c) “**Adverse Effect**” means any one or more of:
 - (i) impairment of the quality of the natural environment for any use that can be made of it;
 - (ii) injury or damage to property or to plant or animal life;
 - (iii) harm or material discomfort to any Person;
 - (iv) an adverse effect on the health of any Person;
 - (v) impairment of the safety of any Person;
 - (vi) rendering any property or plant or animal life unfit for human use;
 - (vii) loss of enjoyment of a normal use of property; and
 - (viii) interference with the normal conduct of business.
- (d) “**Alterations**” has the meaning ascribed to that term in Section 12.02.
- (e) “**Applicable Laws**” means any statutes, laws, by-laws, regulations, ordinances and requirements of governmental and other public authorities having jurisdiction over or in respect of the Leased Premises or the Property, or any portion thereof, and all

amendments thereto at any time and from time to time, and including but not limited to the Environmental Laws.

- (f) “**Architect**” means the architect, engineer or land surveyor named by the Landlord from time to time.
- (g) “**Base Rent**” means the annual base rent payable by the Tenant and described in Section 4.02.
- (h) “**Building**” means the building located on the Lands as shown on Schedule B as it exists from time to time.
- (i) “**Building Systems**” means: (i) the equipment, facilities and all systems, services and installations from time to time installed in or servicing the Leased Premises (or any portion thereof) including, but not limited to: mechanical (including plumbing, sprinkler, drainage and sewage) and electrical systems and appurtenances thereto; utilities (including, without limitation, electricity, water, hydro and gas), lighting, sprinkler, life safety (including fire prevention, communications, security and surveillance); computer (including environmental, security and lighting control); and (ii) all machinery, appliances, equipment, apparatus, components, computer software and appurtenances forming part of or used for or in connection with any of such systems, services, installations and facilities including, but not limited to, boilers, motors, generators, fans, pumps, pipes, conduits, ducts, valves, wiring, meters and controls, and the structures and shafts housing and enclosing any of them.
- (j) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.
- (k) “**Business Taxes**” means every tax, duty and licence fee which is levied, rated, charged or assessed against or in respect of the business carried on in the Leased Premises or in respect of the use or occupancy of the Leased Premises by the Tenant whether the taxes, rates, duties, assessments or licence fees are rated, charged or assessed by any Government Authority during the Term.
- (l) “**Claims**” means any threatened or actual claim, demand, action, cause of action, administrative order, requirement or proceeding, damage, loss, cost, fine, penalty, interest, liability and expense including, without limitation, reasonable engineering and legal fees and disbursements on a full indemnity basis.
- (m) “**Commencement Date**” means the date set out in Subsection 1.01(e).
- (n) “**Contaminants**” means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that causes or may cause an Adverse Effect and includes any waste, dangerous good, hazardous product, controlled substance or any other substance or thing regulated or reportable under any Environmental Laws.

- (o) **“Environmental Approvals”** means all applicable permits, licences, authorizations, consents, directions and approvals required by Governmental Authorities pursuant to Environmental Laws in respect of the Leased Premises and the equipment, structures, substances and activities located or carried on therein or thereon by the Tenant.
- (p) **“Environmental Laws”** means all existing and future federal, provincial and municipal laws, regulations, by-laws, ordinances, notices, orders, rules, protocols, policies, directions and guidelines and all present and future principles of common law and equity relating to the protection of the environment, including Contaminants, pollution and waste management.
- (q) **“Environmental Site Assessment”** or **“ESA”** includes a visual and instructive inspection of property, buildings, structures, soils, bedrock and groundwater, including the installation of monitoring and measurement devices, for the purpose of determining the presence of Contaminants or compliance with Environmental Laws.
- (r) **“Event of Default”** has the meaning ascribed to that term in Section 17.01.
- (s) **“Extension Term”** has the meaning ascribed to that term in Section 3.06.
- (t) **“Governmental Authorities”** means all applicable federal, provincial and municipal agencies, boards, tribunals, ministries, departments, inspectors, officials, employees, servants or agents having jurisdiction and **“Government Authority”** means any one of them.
- (u) **“HVAC System”** means the whole of any systems required for the supply of heating, ventilating or air-conditioning to the Building and the improvements, fixtures, appurtenances, equipment and systems associated with or required therefor and for the further processing and distribution or exhaust of air such as ducts, diffusers, reheat coils, controls and other apparatus and equipment therefor.
- (v) **“Landlord”** means the party named in Subsection 1.01(a) and all successors and assigns of such party.
- (w) **“Lands”** means the lands more particularly described in Schedule “A”.
- (x) **“Leased Premises”** means collectively the Building and the portion of the Lands as identified in Schedule “B”.
- (y) **“Leasehold Improvements”** means all fixtures, improvements, installations, Alterations and additions from time to time made, erected or installed by or on behalf of the Tenant or any former occupant of the Leased Premises, including cabling, trenches, concrete bases, doors, hardware, partitions (including moveable partitions) and wall-to-wall carpeting, but excluding furniture and equipment not in the nature of fixtures.

- (z) **“Lease Extension Fee”** means the fee described in Subsection 1.01(h).
- (aa) **“Letter of Credit”** means the letter of credit described in Section 4.09.
- (bb) **“Licence”** shall mean the licence, permission, registration, authorization, appointment, power, jurisdiction, or other similar right granted or conferred by the Government of Canada upon the Tenant and allowing the Tenant to operate a duty free shop at the Leased Premises.
- (cc) **“Mortgage”** means any mortgage or other security against the Leased Premises or the Landlord's interest in this Lease, from time to time, including, without limitation, any assignment of rents and **“Mortgagee”** means the holder of such security from time-to-time.
- (dd) **“Operating Costs”** has the meaning ascribed to that term in Section 6.04.
- (ee) **“Percentage Rent”** means the percentage rent payable by the Tennant and described in Section 4.03
- (ff) **“Permitted Use”** means the operation of a duty free shop and related services (such as banking and travel related services).
- (gg) **“Person”** if the context allows, includes any person, firm, partnership or corporation, or any group of persons, firms, partnerships or corporations or any combination of them.
- (hh) **“PPSA”** means the *Personal Property Security Act*, RSO 1990 c. P.10.
- (ii) **“Prime Rate”** means the annual rate of interest announced from time to time by the Canadian chartered bank chosen by the Landlord as the daily rate of interest used by such bank as a reference rate in setting rates of interest for Canadian dollar commercial loans and commonly referred to by such bank as its Canadian “prime rate”.
- (jj) **“Property Taxes”** means all real property taxes, rates, duties, levies, fees, charges (including local improvement charges) and assessments, whether general or special, that are levied, rated, charged or assessed against the Lands, the Leased Premises or any part of it from time to time by any lawful taxing authority, whether federal, provincial, regional, municipal, school or otherwise and any taxes or other amounts which are imposed in lieu of, as a substitute for or in addition to, any of the foregoing whether or not similar to or of the foregoing character or not and whether or not in existence at the Commencement Date, and any such taxes levied or assessed against the Landlord on account of its ownership of the Lands or its interest in it, including capital taxes imposed on the Landlord and including taxes levied on the Landlord on account of rents payable by the Tenants, and all legal and other professional fees and interest and penalties on deferred payments incurred by the Landlord in contesting or appealing any Property Taxes.

- (kk) **“Release”** means, in respect of Contaminants, without limitation, a spill, leak, disposal, dumping, pumping, pouring, emission, emptying, discharge, deposit, injection, escape, release or leaching.
- (ll) **“Released Persons”** includes the Landlord, the property manager for the Leased Premises, if any, the Mortgagee and their respective directors, officers, employees, agents, contractors and other Persons for whom they are responsible in law.
- (mm) **“Rent”** means collectively the Base Rent, Percentage Rent and Additional Rent payable under this Lease.
- (nn) **“Rental Year”** means a period of time, the first Rental Year of the Term commencing on the Commencement Date, and ending on the last day of the month of December next following. After the first Rental Year each Rental Year of the Term will consist of a period of twelve (12) calendar months, but the last Rental Year of the Term will terminate on the Termination Date or earlier termination of the Term. Despite what is stated above, if the Landlord considers it necessary or convenient, it may from time to time, by written notice to the Tenant, specify an annual date from which each subsequent Rental Year is to commence for the purposes of any other provision of this Lease, and the Rental Year then current for that purpose or those purposes will terminate on the day immediately preceding the commencement of the new Rental Year.
- (oo) **“Roof Licence”, “Roof Top Equipment” and “Roof Licensee’s Employees”** have the meanings ascribed to those terms in Section 15.04
- (pp) **“Rules and Regulations”** means the rules and regulations promulgated by the Landlord from time to time pursuant to the terms of this Lease, including, without limitation, with respect to health, safety, preservation of property, maintenance, traffic flow, parking, the flying of flags, or relating to the delivery of goods and merchandise to the leased Premises.
- (qq) **“Sales Taxes”** means all goods and services, harmonized sales taxes, business transfer, value-added, national sales, multi-stage sales, sales, use or consumption taxes or other taxes of a similar nature imposed by any lawful taxing authority upon the Landlord or the Tenant with respect to Rent, this Lease, the rental of space pursuant to this Lease, or the goods and services provided by the Landlord to the Tenant, including, without limitation, the provision of administrative services to the Tenant hereunder.
- (rr) **“Tenant”** means the party named in Subsection 1.01(b). A reference to “Tenant” includes, where the context allows, the employees, agents, contractors, invitees and licensees of the Tenant, and any other Persons over whom the Tenant may reasonably be expected to exercise control, including but not limited to any and all sub-tenants, licensees or assignees of the Leased Premises or any portion thereof, and such other Persons for whom the Tenant is responsible at law.

- (ss) **“Tenant’s Audited Gross Sales”** shall mean a statement of the Tenant’s Gross Sales prepared and verified by the auditor of the Tenant in accordance with generally accepted auditing principles completed in a form and manner satisfactory to the Landlord acting reasonably.
- (tt) **“Tenant Construction Criteria”** means the criteria provided, upon request, by the Landlord to the Tenant from time to time setting out the construction criteria relating to Alterations and which may also provide for Landlord’s reasonable review and supervision fees.
- (uu) **“Tenant’s Gross Sales”** means the total dollar amount of all sales of goods or services made on or from the Leased Premises by the Tenant to the Tenant’s customers (excluding sales by any subtenant to the subtenant’s customers) during the specific period(s) of time referred to herein. In the case of currency exchange or financial services it shall mean the gross revenue derived from that service and not the total of the actual currency exchanged. Tenant’s Gross Sales includes but is not limited to:
 - (i) orders taken or received at the Leased Premises or any offsite sales outlet servicing the Leased Premises, whether by telephone, internet or other electronic means, or in writing or other form of communication and whether the orders are filled from the Leased Premises or elsewhere,
 - (ii) deposits not refunded to purchasers; and
 - (iii) all other receipts and receivables (including interest, instalment and finance charges) from business conducted in or from the Leased Premises, whether the sales or other receipts or receivables are made by cheque, cash, credit, charge account, exchange or otherwise and whether the sales are made by means or mechanical or other vending devices in the Leased Premises. Bank charges or uncollectible credit accounts or charges made by collection agencies will not be deducted and no allowances will be made for bad debts. Each charge or sale made on instalment or credit will be treated as a sale for the full selling price in the month for which the charge, sale or rental is made, regardless of the time when the Tenant receives payment (whether full or partial).

There shall be excluded or deducted, as the case may be, from the calculation of Tenant’s Gross Sales:

- (i) all refunds of merchandise, the sale price of which has already been included in the Tenant’s Gross Sales;
- (ii) all sales taxes, harmonized sales taxes, goods and services taxes, or any other taxes imposed in lieu thereof;
- (iii) discounts, allowances or credits given to the Tenant’s customers;

- (iv) all interest, finance or carrying charges charged by the Tenant above the selling price to its customers, as incidental to the sale and with no profit to the Tenant; and
- (v) gift or merchandise certificates or cards provided that such gift or merchandise certificate or card shall be included in the calculation of Gross Sales at the time of their redemption on the Leased Premises.
- (vv) **“Term”** means the period of time set out in Subsection 1.01(d).
- (ww) **“Termination Date”** means the date set out in Subsection 1.01(f).
- (xx) **“Transfers”** and **“Transferee”** have the meanings ascribed to that terms in Article XIV.
- (yy) **“Unavoidable Delay”** means any delay by a party in the performance of its obligations under this Lease caused in whole or in part by any acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, sabotage, war, blockades, insurrections, riots, epidemics, washouts, nuclear and radiation activity or fallout, arrests, civil disturbances, explosions, unavailability of materials, breakage of or accident to machinery, any legislative, administrative or judicial action which has been resisted in good faith by all reasonable legal means, any act, omission or event, whether of the kind herein enumerated or otherwise, not within the control of such party, and which, by the exercise of control of such party, could not have been prevented. Insolvency or lack of funds on the part of such party shall not constitute an unavoidable delay.

2.02 Net Lease

This Lease is a completely carefree net lease to the Landlord. Except as otherwise stated in this Lease, the Landlord is not responsible for any costs, charges, expenses or outlays of any nature whatsoever arising from or relating to the Leased Premises, or the use and occupancy of the Leased Premises, or the contents or the business carried on in the Leased Premises; and the Tenant will pay all charges, impositions, costs and expenses of every nature relating to the Leased Premises.

2.03 Extended Meanings

Use of the neuter singular pronoun to refer to the Landlord or the Tenant is considered a proper reference even though the Landlord or the Tenant is an individual, a partnership, a corporation, or a group of two or more individuals, partnerships or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to either corporations, associations, partnerships or individuals, males or females, will in all instances be assumed as though they were fully expressed.

2.04 Entire Agreement

There are no covenants, representations, warranties, agreements or other conditions expressed or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Lease,

save as expressly set out or incorporated by reference herein and this Lease and the schedules attached hereto constitute the entire agreement duly executed by the parties hereto.

2.05 Governing Law

This Lease shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

2.06 Time of the Essence

Time is of the essence of this Lease and each part of it.

2.07 No Limitation

Any statement or provision in this Lease followed by words denoting inclusion or example, such as “including” or “such as”, and then listing or referring to specific matters or items shall not be read so as to limit or restrict the generality of such statement or provision regardless of whether or not words such as “without limitation” or “without limiting the generality of the foregoing” precede such list or reference.

2.08 Headings and Captions

The table of contents, article numbers, article headings, section numbers and section headings in this Lease are inserted for convenience of reference only and are not to be considered when interpreting this Lease.

2.09 Severability

Each provision of this Lease is distinct and severable. If any provision of this Lease, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Lease, or the legality, validity or enforceability of that provision in any other jurisdiction.

2.10 Successors and Assigns

The rights and liabilities of the parties shall enure to the benefit of their respective successors and assigns, subject to any requirement for consent by the Landlord hereunder.

2.11 No Partnership or Agency

The Landlord does not in any way or for any purpose become a partner of the Tenant in the conduct of its business, or otherwise, or a joint venturer, or a member of a joint enterprise with the Tenant, and the relationship of principal and agent is not created as a result of the entering into of this Lease.

2.12 Joint and Several Liability

The liability to pay Rent and perform all other obligations under this Lease of each Person signing this Lease as the Tenant where the Tenant is more than one Person, shall be deemed to be joint and several.

2.13 Landlord as Agent

The Tenant agrees that the Landlord acts as agent or trustee for the Released Persons to the extent necessary to ensure that all exculpatory provisions and indemnities included in favour of the Released Persons in this Lease are enforceable by the Landlord against the Tenant.

2.14 Interpretation

The Landlord and the Tenant agree that notwithstanding any rule of law or equity, presumption, principle of construction, law or statutory enactment to the contrary:

- (a) in any controversy, dispute, contest, arbitration, mediation or legal proceeding of any kind, including an action, lawsuit, motion, application, reference or appeal regarding the interpretation, validity or enforcement of this Lease or any of its provisions, there shall be no inference, presumption or conclusion drawn whatsoever against either the Landlord or the Tenant by virtue of that party having drafted this Lease or any portion thereof or by virtue of this Lease being drawn using the Landlord's form;
- (b) any deletion of language or wording from this Lease prior to execution by the Landlord and the Tenant shall not be construed to have any particular meaning or to raise any presumption, construction or implication including, without limitation, any implication that by the deletion of certain language or wording, the Landlord and the Tenant intended to state the opposite of the deleted language or wording; and
- (c) the selection or use of any bold, italicized, underlined or coloured print in this Lease shall not be construed to have any particular meaning or to raise any presumption, construction or implication.

2.15 Reasonableness

Except as may be otherwise specifically provided in this Lease, whenever the Landlord or the Tenant is required to use its discretion or to consent or approve any matter under this Lease, the Landlord and the Tenant agree that such discretion shall be reasonably exercised and that such approval or consent will not be unreasonably or arbitrarily withheld or delayed.

2.16 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Lease is binding unless it is executed in writing by the party to be bound. No waiver of, failure to exercise, or delay in exercising, any provision of this Lease constitutes a waiver of any other provision

(whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

ARTICLE III GRANT AND TERM

3.01 Demise

In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord demises and leases to the Tenant and the Tenant rents from the Landlord the Leased Premises.

3.02 Commencement and Termination Date of Term

The Tenant will have and hold the Leased Premises for and during the Term commencing on the Commencement Date and expiring on the Termination Date, unless terminated earlier pursuant to the provisions hereof.

3.03 “As Is” Condition of Leased Premises

The Tenant agrees to accept the Leased Premises in an “as is, where is” condition, except as otherwise provided herein. The Tenant further agrees that, except as may be specifically set out herein, there is no promise, representation or undertaking binding upon the Landlord with respect to any alteration, remodelling or decoration of the Leased Premises or with respect to the installation of equipment or fixtures in the Leased Premises, or to prepare them or make them suitable for the Tenant's occupancy and use.

3.04 Delay in Possession

Should the Tenant be delayed by any fault of the Landlord or any other reason (other than the fault of the Tenant) in taking possession of the Leased Premises at the start of the Commencement Date, then and only then shall the Commencement Date and the Term be postponed for the same number of days that the Tenant is delayed in taking possession of the Leased Premises. The Tenant acknowledges and agrees that such postponement shall be full settlement for any claims it might have against the Landlord for such delay.

3.05 Restrictive Covenant

The Landlord hereby agrees that it shall not at any time during the Term, lease, sublease, licence or allow the occupation of any part of the Landlord's property located in Canada, servicing U.S. bound traffic, for any duty-free, banking, currency exchange or for any other retail operation, services or purposes which are or may be in any way competitive with the facilities and services offered within the Leased Premises.

3.06 Right to Extend the Term

Provided that the Tenant: (i) is itself in physical occupation of the whole of the Leased Premises; (ii) has duly and regularly paid the Rent, (iii) is actively operating from the Premises and performs

all of the covenants, provisos and agreements on the part of Tenant to be paid and performed in this Lease; and (iv) has given Landlord no less than twelve (12) months' written notice and no more than eighteen (18) months' written notice prior to the expiry date of the Term of its election to extend the Term and has, at the same time as providing such notice paid to the Landlord the Lease Extension Fee, Tenant shall have the right and option to extend the Term for one (1) additional period of fifteen (15) years (the "**Extension Term**") upon the same terms and conditions as in this Lease except that there shall be no further right to extend the term. If Tenant elects to exercise its said option to extend, and the Lease Extension Fee has been paid, the Term shall be automatically extended for the Extension Term covered by the option so exercised. If Tenant shall fail to pay to the Landlord the Lease Extension Fee or to give notice in writing exercising its option to extend within the time stipulated in this Section 3.06 the Tenant's rights to extend the Term of this Lease shall be null and void. There will be no further right to extend the Term beyond the Extension Term.

The parties shall execute a lease extension agreement prepared by the Landlord to reflect the terms of the Extension Term.

ARTICLE IV RENT

4.01 Covenant to Pay

The Tenant will pay Rent as provided in this Lease, together with all applicable Sales Taxes, duly and punctually by way of electronic funds transfer ("**EFT**") from the Tenant's bank account. The Tenant undertakes to execute and deliver concurrently with this Lease such documentation as may be required by the Landlord and its bank in order to effect payment of Rent by EFT. Any invoice sent by the Landlord to the Tenant pursuant to the provisions of this Lease, other than for pre-authorized monthly Rent payments, shall be paid for by cheque to the Landlord at its address set out in Subsection 1.01(a) or as the Landlord otherwise directs.

4.02 Base Rent

The Tenant covenants and agrees to pay to the Landlord the annual Base Rent payable in twelve (12) equal monthly instalments on the first day of each month during the Term herein in advance together with all applicable taxes. For the first year of the Lease the Base Rent shall be _____. The Base Rent for the second and each succeeding year of the Lease shall be _____.

4.03 Percentage Rent

The Tenant covenants and agrees with the Landlord that if, during any month (including any broken calendar month) of the Term of the Lease, _____ percent (____%) of the Tenant's Gross Sales during such monthly period exceeds the monthly Base Rent for the same monthly period, the Tenant will within twenty-five (25) days following the conclusion of such monthly period, pay the resulting difference together with all applicable taxes, to the Landlord as Percentage Rent.

The Tenant covenants and agrees with the Landlord that if, during any month (including any broken calendar month) of the Extension Term of the Lease, _____ percent (____%) of the

Tenant's Gross Sales during such monthly period exceeds the monthly Base Rent for the same monthly period, the Tenant will within twenty-five (25) days following the conclusion of such monthly period, pay the resulting difference together with all applicable taxes, to the Landlord as Percentage Rent.

The Landlord and the Tenant agree that any money required to be paid as Percentage Rent as set forth in the Lease shall be deemed to be Rent and be collectible as Rent and the Landlord shall have the same remedies in respect of arrears of Percentage Rent as it has in respect to arrears of Base Rent.

4.04 Additional Services of the Landlord

The Tenant shall pay to the Landlord the costs of all Additional Services provided by the Landlord to the Tenant, together with an administration fee equal to fifteen percent (15%), forthwith on demand as Additional Rent.

4.05 Traffic Personnel

In the event that the Landlord determines that additional traffic personnel are required as a result of the operations of Tenant, Landlord shall add such additional personnel as may be required, and Tenant and Landlord shall each pay one-half of the cost of such additional personnel.

4.06 Sales Tax

In addition to Rent the Tenant shall pay all Sales Taxes. The amount of such Sales Taxes will be calculated by the Landlord in accordance with the applicable legislation and will be paid to the Landlord (or to the lawful taxing authority, as the Landlord may direct) on the due date of the amounts in respect of which such Sales Taxes are payable. All such payments shall be made prior to the date that the same shall become due and payable and any interest and any penalties assessed as a result of any default in or late payment of same shall be the sole responsibility of the Tenant. Notwithstanding any other provision of this Lease, the amount payable by the Tenant under this Section 4.06 shall be deemed not to be Rent but the Landlord shall have all of the same remedies for and rights of recovery of such amount as it has for the recovery of Rent under this Lease or otherwise.

4.07 Accrual of Rent

Rent shall be considered as accruing from day to day hereunder from the Commencement Date. If it is necessary for any reason to re-calculate such Rent for an irregular period during the relevant Rental Year, an appropriate apportionment and adjustment shall be made on a per diem basis based upon a 365 day calendar year.

4.08 Rent and Payments Generally

All Rent and other payments by the Tenant to the Landlord of whatsoever nature required or contemplated by this Lease, which are payable by the Tenant to the Landlord, shall:

- (a) be paid when due hereunder, without prior demand therefor and without any abatement, set-off, compensation or deduction whatsoever (except as otherwise specifically provided for in this Lease);
- (b) be applied towards amounts then outstanding hereunder in such manner as the Landlord determines in its sole discretion;
- (c) bear interest at a rate equal to twenty-four percent (24%) per annum, calculated and payable monthly from the date such Rent or other payments became due to and including the date of payment;
- (d) an administrative charge of \$150.00 will be charged in connection with any late payment or returned cheque to cover the Landlord's additional administration costs;
and
- (e) if the Commencement Date is on a day other than the first day of a calendar month or if the Term ends on any day other than the last day of the month, Rent for the fractions of a month at the Commencement Date and at the end of the Term shall be calculated on a pro rata basis.

4.09 Letter of Credit

The Tenant covenants that, on or before the Commencement Date, the Tenant shall deliver to the Landlord an irrevocable and unconditional letter of credit (the "**Letter of Credit**") in favour of Landlord issued by a Schedule 1 Canadian chartered bank in the amount of \$500,000.00 or 3 months proposed rent (whichever is greater), which shall be held by the Landlord during the Term and any Extension Term. The Letter of Credit shall be in such form as is approved in advance by the Landlord. If at any time during the Term or any Extension Term, the Tenant defaults in the payment of any Rent or other amounts payable under this Lease or in the performance of any of its other obligations under this Lease or if this Lease is surrendered, terminated, disclaimed or repudiated whether by Landlord as a result of default of Tenant or in connection with any insolvency or bankruptcy of Tenant or otherwise, then Landlord at its option may, in addition to any and all other rights and remedies provided for in this Lease or at law, draw a portion of or all of the principal amount of the Letter of Credit, whereupon the proceeds thereof shall be applied to compensate Landlord for damages suffered by it as the result of Tenant's default, and the balance, if any, will be returned to the Tenant. If the Landlord draws all or part of the Letter of Credit, the Tenant shall provide the Landlord with a replacement Letter of Credit in the full amount of \$500,000 upon written demand from the Landlord to do so.

The rights of Landlord hereunder, in respect of the Letter of Credit, shall continue in full force and effect and shall not be waived, released, discharged, impaired or affected by reason of the release or discharge of Tenant in any receivership, bankruptcy, insolvency, winding-up or other creditors' proceedings including, without limitation, any proceedings under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies Creditors' Arrangement Act* (Canada), or the surrender, disclaimer, repudiation or termination of the Lease in any such proceedings and shall continue with respect to the periods prior thereto and thereafter as if the Lease had not been surrendered, disclaimed, repudiated, or terminated.

At the end of the Term or any Extension Term if applicable and provided that the Tenant is not then in default, which default remains uncured, under the terms of this Lease, the Landlord shall return the Letter of Credit, or the remaining balance of the Letter of Credit if it has been drawn upon in accordance with the terms hereof, to the Tenant.

4.10 Security Interest

The Tenant hereby grants to the Landlord a security interest in all of its present and after-acquired personal property (as defined by the PPSA) of whatsoever nature or kind, including, without limitation, any proceeds (as defined by the PPSA), to secure the performance of Tenant's obligations under this Lease, including, without limitation, the obligation to pay Rent. Any default under this Lease shall entitle the Landlord to enforce its security interest in accordance with the PPSA, including the right to appoint a receiver or a receiver and manager of the property of the Tenant subject to the Landlord's security interest or apply to the court for an order appointing a receiver or receiver and manager over the Tenant.

ARTICLE V FINANCIAL INFORMATION

5.01 Monthly Statements

The Tenant shall furnish in writing to the Landlord by the fifth (5th) calendar day of the succeeding month, monthly statements of the Tenant's Gross Sales, patron counts, vehicle counts for the preceding month, and any other similar financial or statistical information which the Landlord may request. The monthly statement of the Tenant's Gross Sales shall: (i) state that the Tenant's Gross Sales as reported in the monthly statement is in accordance with the definition of Tenant's Gross Sales in Subsection 2.01(uu); (ii) contain a certification by the Tenant that the monthly statement is correct; (iii) is in the detail and form that the Landlord requires; and (iv) without limiting the requirements stated above, shows (1) the amount of Tenant's Gross Sales for the preceding month, (and fractional months, if any, at the commencement or end of the Term); (2) the amount of Tenant's Gross Sales for all preceding months of the Rental Year, (and fractional months, if any, at the commencement or end of the Term); and (3) the monthly payments made on account of Basic Rent and Percentage Rent for the Rental Year.

5.02 Annual Statements

The Tenant shall furnish in writing to the Landlord within thirty (30) calendar days of the end of each year of this Lease and any renewal thereof, the Tenant's Audited Gross Sales statements. Failure of the Tenant to comply with this provision shall at the option of the Landlord constitute a default under the terms of this Lease and the Landlord shall be entitled to exercise all of its rights and remedies as herein provided.

5.03 Financial Information

- (a) The Tenant shall, upon request, provide the Landlord with such information as to the financial standing and corporate organization of the Tenant and the Indemnifier as the Landlord requires. Failure of the Tenant to comply with the Landlord's request shall be a default under this Lease.

- (b) Without limiting the generality of the foregoing, the Tenant and the Indemnifier shall provide the Landlord with their respective most recent annual financial statements immediately upon request and in any event within one hundred and twenty (120) days of the end of each fiscal year of the Tenant and the Indemnifier.
- (c) The Tenant agrees to provide to the Landlord prompt notice of any anticipated or impending financial difficulties that could lead to a secured creditor exercising, or providing notice of an intention to exercise, its remedies, including a notice under Section 244 of the *Bankruptcy and Insolvency Act* (Canada).

5.04 Books and Records

The Tenant will keep in the Leased Premises or at its principal office in Canada, for at least four (4) years after the end of each Rental Year, adequate books and records kept in accordance with generally accepted accounting principles that show inventories and receipts of merchandise at the Leased Premises and daily receipts from all sales, charges, services and other transactions, in or from the Leased Premises made by the Tenant and any other Persons conducting business in or from the Leased Premises as well as sales tax returns, pertinent original sales records, and any other sales records that the Landlord reasonably requires and that would normally be examined by an accountant pursuant to accepted auditing standards in performing a detailed audit of Tenant's Gross Sales. The Tenant will also cause the records described above to be kept by all Persons doing business in or from the Leased Premises. The Tenant, and all other Persons conducting business in or from the Leased Premises, will record at the time of the sale, in the presence of the customer, all receipts from sales, charges, services or other transactions whether for cash or credit, in a cash register or registers having a sealed cumulative total and any other control features that are required by the Landlord.

5.05 Corporate Books and Records

The Tenant shall make all corporate books and records of the Tenant available to the Landlord for inspection at all reasonable times.

5.06 Right to Examine

The Tenant shall make available for inspection and audit by a representative of Landlord, at reasonable times during business hours, all such books, records and other information in order to allow Landlord to verify such statements of Tenant's Gross Sales and the inventories of merchandise at the Leased Premises. The Landlord and its authorized representatives may examine the Tenant's records and procedures during regular business hours, and may have a Person in the Leased Premises to check, verify and tabulate the Tenant's Gross Sales, or to examine accounting records and procedures including control features affecting the determination of the Tenant's Gross Revenue.

5.07 Audit

- (a) The Landlord may, at reasonable times, cause a complete audit to be made of the Tenant's business and records relating to the calculation of the Tenant's Gross Sales. If the auditor reports that the Tenant's records and procedures are insufficient

to permit a determination of the Tenant's Gross Sales for a Rental Year, or a part of a Rental Year, or that the Tenant is not complying with this ARTICLE V, the Landlord may deliver to the Tenant an estimate (which will be final and binding on the Tenant) of the Tenant's Gross Sales for the relevant period and the Tenant will immediately pay to the Landlord the amount shown in the estimate to be owing.

- (b) If any inspection or audit by Landlord reveals an understatement by Tenant of the Tenant's Gross Sales by more than two percent (2%) and such understatements occur twice or more within any five-year period, Tenant shall pay Landlord on demand for the cost of each such inspection and audit, as well as five (5) times the amount by which Rent was understated or underpaid for each applicable period.
- (c) The Landlord must inspect and audit under this Section 5.07 within two years after the date of each annual statement and Landlord's inspection and audit shall be limited to the period covered by such statement.

5.08 Tenant's Failure

If the Tenant fails to deliver a statement or an audit opinion required under this ARTICLE V within the time required, the Landlord may, on five (5) days' notice to the Tenant, employ an auditor to examine the Tenant's books and records to certify the amount of the Tenant's Gross Sales for the period related to the statement or the audit opinion, and the Tenant will pay to the Landlord, on demand, as Additional Rent the cost of the examination together with the sums shown by the examination to be owing on account of Percentage Rent with interest on the latter calculated from the date the statement or the audit opinion was required at five percent (5%) above the Prime Rate.

ARTICLE VI PROPERTY TAXES AND OPERATING COSTS

6.01 Property Taxes Payable by the Tenant

The Tenant shall pay to the Landlord, as Additional Rent, all Property Taxes levied, rated, charged or assessed throughout the Term, on or in relation to the Leased Premises, or any part thereof, in accordance with the following:

- (a) payment shall be due in equal monthly installments over each taxation period or such shorter period as Landlord may reasonably require such that the Landlord will have received an amount sufficient to pay each installment of Property Taxes when due to the taxing authorities. Prior to the commencement of each taxation period, the Landlord shall estimate the amount of such equal monthly installments and notify the Tenant in writing of such estimate. From time to time during the taxation period, the Landlord may re-estimate the amounts payable for such taxation period, in which event the Landlord shall notify the Tenant in writing of such re-estimate and fix monthly installments for the remaining balance of such taxation period;
- (b) to the extent that a separate assessment and separate tax bill for Property Taxes in respect of the Leased Premises are not provided by the assessment and/or taxing authorities, the Tenant will pay a share of Property Taxes levied, rated, charged or assessed on or in relation

to all of the Lands on such basis as the Landlord shall reasonably and equitably determine. To the extent the Leased Premises are assessed and billed separately with respect to any Property Taxes, then, at the election of the Landlord, the Tenant's share of such Property Taxes shall be computed on the basis of such separate assessments or apportionments; and

- (c) if the Landlord so directs, the Tenant shall pay Property Taxes directly to the taxing authorities. In that event, the Tenant shall make payment on or before the due date of each installment and shall provide to the Landlord on demand evidence of payment in the form of receipted bills.

6.02 Contesting Property Taxes

Property Taxes, or the assessments in respect of Property Taxes which are the subject of any contest by Landlord or Tenant, shall nonetheless be payable in accordance with the foregoing provisions hereof, provided, however, that in the event Tenant shall have paid any amount in respect of Property Taxes in excess of the amount ultimately found payable as a result of the disposition of any such contest, and Landlord receives a refund in respect thereof, the appropriate amount of such refund shall be refunded to or, at the option of Landlord, credited to the account of Tenant. Landlord may contest any Property Taxes with respect to the Leased Premises or all or any part of the Lands and appeal any assessments related thereto and may withdraw any such contest or appeal or may agree with the relevant authorities on any settlement, compromise or conclusion in respect thereof and Tenant consents to Landlord's so doing. Tenant will co-operate with Landlord in respect of any such contest and appeal and shall make available to Landlord such information in respect thereof as Landlord requests. Tenant will execute forthwith on request all consents, authorizations or other documents as Landlord requests to give full effect to the foregoing.

Tenant will not contest any Property Taxes or appeal any assessments related to the Leased Premises or the Lands. However, provided Landlord is not otherwise contesting such assessment, Tenant may contest any separate assessment that relates solely to the Leased Premises, with the consent of Landlord, such consent not to be unreasonably withheld, provided that Tenant shall be solely responsible, and shall indemnify Landlord, for all costs, penalties or fees, relating to such contest, including without limitation, any resulting increase in Property Taxes. Tenant shall pay to Landlord forthwith upon demand such reasonable share as allocated by Landlord, acting reasonably, of all costs and expenses of any kind incurred by Landlord bona fide and acting reasonably in obtaining or attempting to obtain information in respect of or a reduction or re-allocation in respect of Property Taxes and any assessments related thereto including, without limitation, legal, appraisal, administration and overhead costs.

6.03 Business Taxes

In each and every year during the Term, the Tenant shall either pay all Business Taxes as Additional Rent or discharge within fifteen (15) days after they become due and indemnify the Landlord from and against payment of, and any interest or penalty in respect of Business Taxes.

6.04 Operating Costs

In each Rental Year, the Tenant will pay to the Landlord, as Additional Rent, the costs, expenses, fees, rentals, disbursements and outlays of every nature and kind paid, payable or incurred by or on behalf of the Landlord in owning, maintaining, repairing, replacing, operating, administering and managing the Leased Premises (the “**Operating Costs**”). The Operating Costs shall include, without limitation or duplication, all of the following costs, expenses, fees, rentals, disbursements and outlays:

- (a) the cost of the Landlord's insurance premiums on lands, buildings, improvements, equipment and other property in the Leased Premises together with all amounts falling below the level of the Landlord's insurance deductibles which are paid by the Landlord in connection with claims made against it, including the costs of the insurance detailed in Section 11.06. The Landlord's insurance and costs of insurance may include, without limitation, (A) loss of insurable gross profits attributable to the perils insured against by the Landlord or commonly insured against by landlords, including loss of Rent and other amounts receivable from the Tenant pursuant to this Lease, (B) commercial general liability coverage including the exposure of personal injury, bodily injury and property damage occurrence, including all contractual obligations coverage and including actions of the employees, contractors, subcontractors and agents working on behalf of the Landlord and (C) costs and expenses for defending and payment of claims below deductibles;
- (b) accounting, auditing, legal and other professional and consulting fees relating to any reports or actions required to be taken by the Landlord under the terms of this Lease;
- (c) the cost of any and all environmental inspections and Environmental Site Assessments of the Leased Premises conducted by the Landlord from time to time which are not the responsibility of the Tenant;
- (d) the cost of any and all repairs, replacements (including major repairs and any repairs and replacements required to comply with all Applicable Laws, or the requirements of the Landlord's insurers), preventative and ongoing maintenance and operation, inspection, engineering and service contracts and consulting services, if any, relating to the Leased Premises;
- (e) all costs incurred in contesting or appealing Property Taxes with respect to the Leased Premises or related assessments, including legal, appraisal and other professional fees and administration and overhead related thereto;
- (f) all other direct and indirect costs and expenses of every kind, to the extent incurred in or allocable to the operation, supervision, administration or management of all or any part of the Leased Premises, or any of its appurtenances; and
- (g) Sales Taxes on the purchase of goods and services included in the calculation of Operating Costs to the extent that the Landlord has not recovered an input tax credit

or refund in respect of the same; notwithstanding any other provision of this Lease, the amount payable by the Tenant under this paragraph shall be deemed not to be Rent but the Landlord shall have all of the same remedies for and rights of recovery of such amount as it has for the recovery of Rent under this Lease or otherwise.

6.05 Payment of Operating Costs

Before the commencement of each Rental Year, the Landlord will estimate the Operating Costs. The Tenant shall pay such estimated amount to the Landlord in equal consecutive monthly instalments, each in advance on the first day of each month during such Rental Year. The Landlord may from time to time during a Rental Year re-estimate any items of Operating Costs and may fix monthly instalments for the then remaining balance of the Rental Year so that such items will have been entirely paid during such Rental Year.

Within one hundred and twenty (120) days after the end of such Rental Year, the Landlord will determine and provide the Tenant with a statement in reasonable detail for the relevant Rental Year of the Operating Costs and Property Taxes. If the total of the monthly instalments paid by the Tenant in respect of estimated Operating Costs and Property Taxes for such Rental Year is less than the amount of Operating Costs and Property Taxes payable for such Rental Year shown on such statement, the Tenant shall pay the difference to the Landlord no later than the first day of the month immediately following the month in which the Tenant receives the statement. Provided that the Tenant is not in default, if the estimated amount of such monthly instalments paid is greater than the actual amount of Operating Costs and Property Taxes payable for such Rental Year, the difference shall be applied in reduction of future payments, if any, due under this Lease, or if no future payments are due, shall be refunded to the Tenant. Neither party may claim a re-adjustment in respect of Operating Costs and Property Taxes for a Rental Year except by written notice delivered to the other party within one year after the delivery date of the Landlord's statement of Operating Costs and Property Taxes.

ARTICLE VII UTILITIES

7.01 Charges for Utilities

The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the utilities to the Leased Premises and shall indemnify the Landlord from and against payment of, and any interest or penalty, in respect of all such utilities. The Tenant, at its own cost and expense, shall procure each and every permit, licence or other authorization required pertaining to any work required in respect of utilities consumed in or for the Leased Premises. The Tenant acknowledges and agrees that in the event any such utility supplier requires as a condition of the utility supply, or as a condition of constructing any infrastructure or installing any equipment to enable the utility supplier to provide such utility for the Tenant's use or consumption, that an agreement or contract shall be entered with the utility supplier and/or that a letter of credit or other form of security be posted with or delivered to the utility supplier, the Tenant shall, upon the written request of the Landlord, execute and deliver such agreement in the Tenant's name to such supplier, and cause to be issued, at the Tenant's sole cost and in the Tenant's name and deliver such letter of credit or other security to such supplier.

Should the Tenant fail to execute and deliver any such agreement or to cause to be issued and delivered such letter of credit or to pay such other security deposit, within twenty (20) days of receipt of the Landlord's written notice that it do so, the Landlord shall be entitled on behalf of and as lawful attorney for the Tenant to execute and deliver such agreement in the name of and on behalf of the Tenant, and to pay such deposit on behalf of the Tenant, and in such event the Landlord's costs of so doing shall be payable by the Tenant forthwith upon demand as Additional Rent.

7.02 Tenant Not to Overload Facilities

The Tenant shall not install any equipment which overloads the capacity of any utility, electrical or mechanical facilities in the Leased Premises. The Tenant agrees that if any changes proposed or use by the Tenant requires additional utility, electrical or mechanical facilities, the Landlord may, in its sole discretion, if they are available, elect to install them in accordance with plans and specifications to be approved in advance in writing by the Landlord and the cost thereof, together with an administration fee equal to fifteen percent (15%) of such cost, shall be payable on demand by the Tenant as Additional Rent.

7.03 No Liability

In no event shall the Landlord be liable for any injury to the Tenant, its employees, agents or invitees, or to the Leased Premises, or to any property of the Tenant or anyone else, for any loss of profits or business interruption, indirect or consequential damages, or for any other costs, losses or damages of whatsoever kind arising from any interruption or failure in the supply of any utility or service to the Leased Premises.

ARTICLE VIII

HVAC

8.01 HVAC System

The Tenant shall be responsible, at its sole cost, for operating, maintaining, repairing and replacing the HVAC System throughout the Term. The Tenant covenants and agrees to take out and keep in force throughout the Term a standard servicing contract with a reputable company for the preventative maintenance and service of the HVAC System. Thirty (30) days prior to the end of each Rental Year (excluding the initial 2025 partial Rental Year), the Tenant will provide the Landlord with a certificate from a recognized, reputable heating and air-conditioning contractor approved in writing by the Landlord, stating that the HVAC System is in good working order. If such certificate is not provided, the Landlord may obtain such a certificate on behalf of the Tenant and if required, perform all necessary repairs and replacements to the HVAC System, and the cost of such certificate and work, together with an administration fee equal to fifteen percent (15%) of such cost, shall be payable by the Tenant to the Landlord as Additional Rent, forthwith on demand.

8.02 Landlord's Right to Maintain / Repair HVAC System

In the event that the Tenant neglects or refuses to maintain and repair the heating, ventilating and/or air conditioning system and equipment serving the Leased Premises, then the Landlord, after five (5) days written notice to the Tenant during which period the Tenant has not commenced to

maintain or repair the system and equipment, may maintain and repair the heating, ventilating and/or air conditioning system and equipment serving the Leased Premises and the Tenant shall reimburse the Landlord its costs and expenses of all such repairs, replacements to and maintenance and operation of the heating, ventilating and air conditioning equipment and systems which serve the Leased Premises in accordance with the terms of Article 7.5.

8.03 Tenant's Responsibility

The Tenant will heat and ventilate the Leased Premises at all times throughout the Term in order to maintain reasonable conditions of temperature and humidity within the Leased Premises, in accordance with the terms of this Lease and all Applicable Laws.

ARTICLE IX USE OF THE LEASED PREMISES

9.01 Use of the Leased Premises

The Tenant shall not use the Leased Premises for any purpose other than the Permitted Use. The Tenant acknowledges that the Landlord is making no representations with respect to the zoning of the Property or the compliance therewith of the Tenant's Permitted Use and it shall be the Tenant's sole responsibility to satisfy itself in this regard.

9.02 Conduct and Operation of Business

The Tenant shall occupy the Leased Premises during the Term of the Lease and shall continuously and actively carry on the Permitted Use in the whole of the Leased Premises. In the conduct of the Tenant's business pursuant to this Lease the Tenant shall:

- (a) operate its business 24 hours a day, seven days a week, 365 days a year with due diligence and efficiency and maintain an adequate staff to properly serve all customers;
- (b) observe, obey and abide by the Rules and Regulations
- (c) comply with the operating agreement between the Tenant and the Landlord executed concurrent with the execution of this Lease;
- (d) keep the Leased Premises clean, neat and free of hazards and fire dangers at all times;
- (e) perform all landscaping and maintenance of all outside areas, including cleaning, line painting, snow and ice clearing and removal and salting of sidewalks, driveways and parking facilities and all lawn and garden maintenance;
- (f) provide policing, supervision and security as required;
- (g) maintain proper lighting in the parking facilities;

- (h) take any and all action necessary to prevent any of its employees from affecting the orderly flow of traffic in or upon the Leased Premises or any other lands owned by the Landlord;
- (i) not erect, paint, affix display or maintain any sign, picture, advertisement, notice, lettering or decoration on any part of the exterior of or in any part of the Building without, in each case, the prior written approval of the Landlord, and all signs erected by the Tenant shall comply with all Applicable Laws;
- (j) dispose of all waste or recyclable material at a location in the Leased Premises at such times and in such manner as may be directed by the Landlord from time to time and in accordance with Applicable Law;
- (k) obtain a Licence and maintain its Licence in good standing;
- (l) provide adequate public restrooms for the anticipated number of travelers using the Peace Bridge, including persons who may not be patrons of the duty free shop; and
- (m) abide by any and all directives of Canada Border Services Agency in regards to the conduct of the Tenant's business.

9.03 Termination, Etc. of Licence

In the event that the Licence is terminated, revoked, suspended, or expires, the Tenant shall: (a) notify the Landlord in writing; and (b) cause the Licence to be reinstated or renewed within 60 days of such termination, revocation, suspension or expiration.

9.04 Traffic

The Tenant agrees that it shall be responsible to provide any and all traffic direction required in or upon the Leased Premises.

9.05 Nuisance and Waste

The Tenant shall not commit any waste upon, or damage to, the Leased Premises or commit any nuisance or other act or thing and will not perform any acts or carry on any practices which may damage the Leased Premises. The Tenant will not permit any odours, vapours, steam, water, vibrations, noises or other undesirable effects to emanate from the Leased Premises or any equipment or installation therein which, in the Landlord's opinion, are objectionable, and the Tenant will not cause any interference with the safety, comfort or convenience of the Landlord.

9.06 Observance of Law

The Tenant shall, at its own expense, comply with all Applicable Laws affecting the Leased Premises or the use or occupation thereof including, without limitation, police, fire and health regulations and requirements of the fire insurance underwriters. The Tenant shall carry out **[any]** modifications, alterations or changes to the Leased Premises and the Tenant's conduct of business in or use of the Leased Premises which are required by any such authorities.

ARTICLE X
TENANT'S ENVIRONMENTAL COVENANT AND INDEMNITY

10.01 Compliance with Environmental Laws and Environmental Approvals

The Tenant shall comply with all applicable Environmental Laws and shall obtain and comply with any Environmental Approvals that may be required for the Tenant's use of the Leased Premises. Without restricting the generality of the foregoing, the Tenant shall not use, generate, handle, transport, manufacture, refine, treat, store, remove, recycle or dispose of any Contaminant on the Leased Premises except in compliance with all applicable Environmental Laws.

10.02 Release of a Contaminant

- (a) In the event of a Release of a Contaminant at or from the Leased Premises other than in compliance with Environmental Laws, the Tenant shall immediately notify the Landlord of the Release and shall at its own expense, immediately retain a qualified environmental consultant acceptable to the Landlord, acting reasonably, to prepare a report assessing the full nature and extent of the Release and recommending the work plan to remediate the Release and to restore the Leased Premises, any affected abutting lands, as well as the natural environment, to the condition they were in before the Release, and the Tenant shall submit this report to the Landlord for the Landlord's approval acting reasonably.
- (b) Upon the Landlord's approval of the report and at the sole option of the Landlord, either the Tenant shall arrange for the implementation of the work plan, or the Landlord shall arrange for the implementation of the work plan, in either case at the cost of the Tenant, together with an administration fee of fifteen percent (15%) of such cost, which shall be payable as Additional Rent forthwith upon receipt of written demand for payment from the Landlord.
- (c) In the event that the Landlord, acting reasonably, does not approve of the report submitted by the Tenant, the Landlord shall retain a qualified environmental consultant to prepare a report, the cost of which plus an administration fee of fifteen percent (15%) of such cost, shall be borne by the Tenant. Upon the completion of the report, at the sole option of the Landlord, either the Tenant shall arrange for the implementation of the work plan, or the Landlord shall arrange for the implementation of the work plan, in either case at the cost to the Tenant together with an administration fee of fifteen percent (15%) of such costs, which shall be payable as Additional Rent forthwith upon receipt of written demand for payment from the Landlord.
- (d) In addition, the Tenant shall be liable to the Landlord for loss of rent, loss of profits, or for any consequential, incidental, indirect, special or punitive damages of any kind resulting from the Release and any remediation required pursuant to this Section.

10.03 Environmental Site Assessment

The Landlord and its agent shall have the right to enter upon the Leased Premises and conduct an Environmental Site Assessment from time to time. In the event the ESA discloses a Release, any apparent or imminent contravention of Environmental Laws or other matter requiring remediation or other action in order to prevent a Claim from arising for which the Tenant or any person for whom the Tenant is responsible at law, the Tenant shall pay for the ESA; in the event the ESA does not disclose such a Release or other condition, the cost of the ESA shall be paid for by the Landlord.

10.04 Tenant's Environmental Indemnity

The Tenant hereby indemnifies and saves harmless the Released Persons from and against any and all Claims which may be made against the Released Persons as a direct or indirect result of the failure or neglect by the Tenant to comply with any Environmental Laws or Environmental Approvals in respect to the Leased Premises, as a direct or indirect result of the existence on, in, under or adjacent to the Leased Premises of any Contaminant attributable to the Tenant's use or occupation of the Leased Premises or as a result of any Claims made against the Tenant arising from or involving Environmental Laws. This indemnity shall survive the termination or surrender of this Lease or any renewal or extension thereof and shall continue in full force and effect without time limit.

10.05 Governmental Authority Requirements

If any Governmental Authority having jurisdiction shall lawfully require the investigation, monitoring or remediation of any Contaminant used, held, released, discharged, abandoned or placed upon the Leased Premises or Released into the environment by the Tenant, then the Tenant shall, at its own expense, subject to Section 10.02, carry out all lawfully required work and shall provide to the Landlord full information with respect to all such work and comply with all applicable Environmental Laws with respect to such work. At the option of the Landlord, the Landlord may itself undertake such work or any part thereof at the cost and expense of the Tenant and that cost and expense plus an administration fee equal to fifteen percent (15%) shall be paid to the Landlord forthwith on demand as Additional Rent.

10.06 Pre Existing Contaminants

The Landlord hereby releases the Tenant from liability to the Released Persons for any and all Claims which may be made against the Released Persons as a result of the existence as at the Commencement Date of any Contaminant on, in, under or adjacent to the Leased Premises.

10.07 Responsibility for Environmental Contaminants

- (a) Despite any statutory provision or rule of law to the contrary, any Contaminants brought to or resulting from activities carried out on the Leased Premises during the Term or any renewal or extension thereof shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord despite the degree of affixation of the Contaminants or the goods contained in the Contaminants to the Leased Premises and despite the expiry, repudiation,

disclaimer or earlier termination of this Lease; and, at the option of the Landlord, to the extent there is non-compliance with applicable Environmental Laws, any substance, including soil and groundwater contaminated by such Contaminants shall become the property of the Tenant.

- (b) The Tenant covenants and agrees to carry out at the request of the Landlord at its own cost and expense, remediation of all Contamination of the Leased Premises arising out of the Tenant's uses or occupation thereof so that the soil and groundwater condition of the Leased Premises and any affected areas beyond the Leased Premises or property owned or controlled by a third party, complies with remediation criteria set out in guidelines, policies, criteria or otherwise established under Environmental Laws. Risk assessment will not be used unless agreeable to the Landlord. This covenant shall survive the Termination Date.
- (c) At the option of the Landlord, the Landlord may itself undertake such work or any part thereof at the cost and expense of the Tenant and that cost and expense plus an administration fee equal to fifteen percent (15%) shall be paid to the Landlord forthwith on demand as Additional Rent; but having commenced such work, the Landlord shall have no obligation to the Tenant to complete such work.
- (d) The obligations of the Tenant hereunder relating to Contaminants shall survive any assignment, expiry, repudiation, disclaimer or earlier termination of this Lease. To the extent that the performance of those obligations requires access to or entry upon the Leased Premises, the Tenant shall have such entry and access after such expiry, repudiation, disclaimer or earlier termination only at such times and upon such terms and conditions as the Landlord may reasonably from time to time specify.

ARTICLE XI

INSURANCE AND INDEMNITY

11.01 Tenant's Insurance

The Tenant will obtain and maintain the following insurance throughout the Term and any renewal or extension thereof:

- (a) "All risks" (including flood and earthquake) property insurance for the full replacement cost, insuring (a) all property owned by the Tenant, or for which the Tenant is responsible, and located within the Leased Premises including, but not limited to, fittings, fixtures, additions, alterations, partitions and all other Leasehold Improvements, and (b) the Tenant's furniture, inventory and equipment;
- (b) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount equal to at least the replacement cost of the property with respect to all boilers and machinery owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant in the Leased Premises;

- (c) Business interruption insurance for a minimum period of twenty-four (24) months or such longer period that will reimburse the Tenant for direct and indirect loss of earnings and profit attributable to damage caused by the perils insured against under Subsections (a) and (b) above, and other perils insured by prudent tenants, or attributable to prevention of access to the Leased Premises by civil authorities;
- (d) Commercial general liability insurance under a standard commercial general liability form which shall include coverage against bodily injury, including death, and property damage. Such insurance shall:
 - (i) include extensions such as personal injury, blanket contractual liability, employer's liability, owner's and contractor's protective liability, cross liability, severability of interests coverage, breach of warranty clause and non-owned automobile insurance;
 - (ii) cover the Tenant's use of the Leased Premises, including all of the Tenant's activities and operations therein and any other Persons performing work on behalf of the Tenant, and those for whom the Tenant is responsible at law;
 - (iii) be written on an "occurrence" form with inclusive limits of liability not less than Five Million Dollars (\$5,000,000.00) per occurrence or such higher limits as the Landlord may require from time to time;
 - (iv) include tenant's legal liability insurance covering the perils of "all risks" for the replacement cost of the Leased Premises, including loss of use thereof; and
 - (v) include standard automobile insurance covering third party liability with limits of liability not less than One Million Dollars (\$1,000,000.00) per accident, plus accident benefits, for all automobiles owned or operated by or on behalf of the Tenant; and
- (e) Any other form of insurance the Tenant, the Landlord or its Mortgagee may require from time to time, in form, in amounts insured, and for perils or risks insured against, which a prudent tenant would insure.

11.02 Requirements of Insurance

- (a) The policies required under Sections 11.01(a), 11.01(b), 11.01(c) and 11.01(d) above will also contain a waiver of all subrogation rights which the Tenant's insurers may have against the Released Persons whether or not the damage is caused by their act, error, omission or negligence.
- (b) All policies will:
 - (i) be placed with insurers acceptable to the Landlord, in a form acceptable to the Landlord;

- (ii) name the Released Persons and such other Persons as the Landlord may designate from time to time, as additional insureds;
 - (iii) be primary, and not excess or contributing with any other insurance available to the Landlord;
 - (iv) provide for deductibles which are acceptable to the Landlord;
 - (v) not be invalidated as respects the interests of the Released Persons, or any of them, by reason of any breach or violation of warranty, representation, declaration or condition contained in the policies, or any of them; and
 - (vi) contain a condition by insurers to notify the Released Persons in writing not less than thirty (30) days before any cancellation or material change in policy conditions is effected.
- (c) The Tenant will deliver certificates of insurance duly executed by the Tenant's insurers or their duly authorized representatives, evidencing that all such insurance described above is in full force and effect prior to going into occupancy of the Leased Premises and thereafter at least thirty (30) days prior to the expiry of the then current term of the insurance. Such certificates must confirm the limits and special conditions of such insurance as required by this Section. No review or approval by the Landlord of any such insurance certificates shall operate to derogate from or diminish the Landlord's rights under this Lease.

11.03 Sign Insurance

The Tenant shall insure and keep insured, at its expense, all signs relating to the Tenant's business placed or erected on the exterior of the Leased Premises for and in its name and in the name of the Landlord. The Tenant waives any right of complaint as to the form and location of the Landlord's existing signs.

11.04 Increase in Insurance Premiums

The Tenant will comply promptly with all requirements of the Insurer's Advisory Organization and of each insurer pertaining to the Leased Premises. If the occupancy of the Leased Premises, the conduct of business in the Leased Premises or any acts or omissions of the Tenant in the Leased Premises, or any part thereof, cause an increase in premiums for the insurance carried from time to time by the Landlord on the Leased Premises, the Tenant shall pay the increase as Additional Rent immediately after invoices for the additional premiums are rendered by the Landlord.

11.05 Cancellation of Insurance

If any insurance policy on the Leased Premises is cancelled, or threatened by the insurer to be cancelled, or if the coverage under any insurance policy is reduced in any way by the insurer because of the use or occupation of any part of the Leased Premises by the Tenant or by any occupant of the Leased Premises, and if the Tenant fails to remedy the condition giving rise to the cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after

notice by the Landlord, the Landlord may either: (a) re-enter and take possession of the Leased Premises immediately by leaving upon the Leased Premises a notice of its intention to do so, following which the Landlord will have the same rights and remedies as are contained in Article XVII; or (b) enter upon the Leased Premises and remedy the condition giving rise to the cancellation, threatened cancellation or reduction of coverage, and the Tenant will immediately pay the costs and expenses to the Landlord, together with an administration fee equal to fifteen percent (15%) of such costs and expenses, which costs and expenses may be collected by the Landlord as Additional Rent, and the Landlord will not be liable for any damage or injury caused to any property of the Tenant or others located on the Leased Premises as the result of the entry. Such an entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment.

11.06 Landlord's Insurance

The Landlord will obtain and maintain the following insurance throughout the Term of this Lease and any renewal or extension thereof:

- (a) insurance on the Building and improvements and equipment contained therein owned or leased by Landlord or which Landlord desires to insure against damage by fire and extended perils coverage in those reasonable amounts and with those reasonable reductions that would be carried by a prudent owner of a reasonably similar premises, having regard to size, age and location;
- (b) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount equal to at least the replacement cost of the boilers and machinery owned by the Landlord, including the HVAC System;
- (c) public liability and property damage insurance with respect to the Landlord's operations in the Leased Premises, in those reasonable amounts and with those reasonable deductibles, that would be carried by a prudent owner of a reasonably similar premises, having regard to size, age and location; and
- (d) such other forms of insurance which the Landlord or the Mortgagee considers advisable from time to time.

Despite this Section 11.06, and regardless of any contribution by the Tenant to the costs of insurance premiums: (i) the Tenant is not relieved of any liability arising from or contributed to by its negligence or its wilful acts or omissions; and (ii) no insurable interest is conferred upon the Tenant under any policies of insurance carried by the Landlord and the Tenant has no right to receive any proceeds of any such insurance policies. The costs of the Landlord's insurance under this Section 11.06 will be included in Operating Costs.

11.07 Loss or Damage

None of the Released Persons shall be liable for any death or injury from or out of any occurrence in, upon, at or relating to the Leased Premises, or damage to property of the Tenant or of others located on the Leased Premises, and will not be responsible for any loss of or damage to any property of the Tenant or others from any cause whatsoever, whether or not the death, injury, loss

or damage results from the negligence of the Released Persons, or any of them. Without limiting the generality of the foregoing, the Released Persons will not be liable for any injury or damage to Persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Leased Premises or from the pipes, appliances, plumbing works, roof, subsurface of any floor or ceiling or from the street or any other place, or from any dampness or by any other cause whatsoever. None of the Released Persons shall be liable for any damage caused by occupants of adjacent property, or the public, or caused by construction or by any private, public or quasi public work. All of the property of the Tenant kept or stored on the Leased Premises shall be kept or stored at the risk of the Tenant only, and the Tenant will indemnify the Released Persons and save them harmless from any claims arising out of any damages to that property including, but not limited to, any subrogation claims by the Tenant's insurers.

11.08 Indemnification of the Landlord

Despite anything to the contrary contained in this Lease, the Tenant will indemnify the Released Persons and save them harmless from and against any and all Claims (including loss of Rent payable by the Tenant under this Lease), in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, or any occurrence in, upon or at the Leased Premises, or the occupancy or use by the Tenant of the Leased Premises, or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant or by anyone permitted to be on the Leased Premises by the Tenant. If a Released Person, without fault on its part, is made a party to any litigation commenced by or against the Tenant, then the Tenant will protect, indemnify and hold the Released Person harmless and will pay all costs, expenses and reasonable legal fees (on a substantial indemnity basis) incurred or paid by the Released Person in connection with that litigation. The Tenant will also pay all costs, expenses and legal fees (on a substantial indemnity basis) that may be incurred or paid by the Landlord in enforcing the terms, covenants and conditions in this Lease, unless a court decides otherwise. This indemnity will survive the Termination Date.

ARTICLE XII MAINTENANCE, REPAIRS AND ALTERATIONS

12.01 Maintenance and Repairs and Replacement by the Tenant

The Tenant shall, throughout the Term and any extension or renewal thereof, at its sole cost, keep the Leased Premises in a first class condition, as required by the Landlord. The Tenant shall, at its sole cost and expense, maintain, repair and replace, as required, the following:

- (a) the whole of the Leased Premises including, but not limited to, entrances, and all glass, windows and doors, including their frames and mouldings;
- (b) all signs (both interior and exterior), partitions, trade fixtures and Alterations located in or upon the Leased Premises;
- (c) the exterior areas of and facilities on the lands included in the Leased Premises which include, without limitation, the parking areas, driveways, sidewalks, loading

areas, concrete aprons, curbs, gutters, access points, control gates, security barriers or fences, landscaped areas;

- (d) the structural components of the Building including, without limitation, the roof (including the roof deck and roof membrane), foundations, interior walls, interior concrete slab floors and exterior walls; and
- (e) all Building Systems.

If any of the foregoing repairs or replacements (excluding repairs or replacement of the HVAC System) are of a capital nature that are required as a result of the useful life of a capital asset coming to an end and are capable of being amortized by the Landlord according to generally accepted accounting principles, the Tenant may request that same be paid for by the Landlord and charged back to Tenant as Additional Rent with the costs of such items to be amortized over such period as determined by Landlord, provided that such determination is made in accordance with generally accepted accounting principles, on a straight line basis to zero and interest to be calculated and paid annually during the Term on the unamortized cost of such items in respect of which amortization is included at 4% per annum in excess of the Prime Rate. For greater certainty, capital repairs do not include (i) repairs necessary to keep an asset in as good working condition as such asset was as of the Commencement Date (reasonable wear and tear excepted); (ii) any wear on or elimination of parking lot lines, black topping or asphalt sealing, or tarring or asphaltting of cracks or holes or asphaltting of less than the entire of the driveway or parking lot; or (iii) any replacement of glass in the windows.

The Landlord shall cooperate with the Tenant so that in the performance of the Tenant's covenants in this Section 12.01 and the Tenant will have the benefit of any warranties held by the Landlord in respect of the Building.

12.02 Landlord's Approval of Alterations

- (a) Except as provided in Section 12.02(b), the Tenant will not make any repairs, alterations, replacements, Leasehold Improvements or improvements (collectively the "**Alterations**") to the Leased Premises without first obtaining the Landlord's prior written approval.
- (b) The Tenant shall not be required to obtain the Landlord's prior written approval for any minor decorations to the interior of the Building.

12.03 Permitted Alterations

- (a) Prior to commencing any Alterations, the Tenant will submit to the Landlord:
 - (i) details of the proposed Alterations including drawings and specifications;
 - (ii) any indemnification or security against liens, costs, damages and expenses the Landlord requires; and
 - (iii) evidence that the Tenant has obtained the necessary consents, permits, licences and inspections from all governmental authorities having jurisdiction.

- (b) Permitted Alterations shall be performed at the Tenant's sole cost in a good and workmanlike manner by competent workmen whose labour union affiliations are compatible with others employed by the Landlord and its contractors, in accordance with the drawings and specifications approved by the Landlord and subject to the reasonable restrictions imposed by the Landlord, all in accordance with the Tenant Construction Criteria.
- (c) Despite anything to the contrary contained in this Section, the Landlord may, at its option, complete any permitted Alterations. Upon completion of the permitted Alterations, the Tenant will pay to the Landlord, upon demand, as Additional Rent, the cost of the permitted Alterations as well as any fees related thereto as may be set out from time to time in the Tenant Construction Criteria, together with an administration fee equal to fifteen percent (15%) of such costs.

12.04 Landlord's Inspection

The Tenant permits the Landlord and its agents, upon reasonable prior notice to the Tenant and during normal business hours (except in emergency) of the Tenant without interference to the operations of the Tenant, to enter the Leased Premises to examine the condition, management and operation thereof. In addition to the Tenant's obligations under Section 12.01, the Tenant shall effect the maintenance and carry out any work referred to in that Section in accordance with notice from the Landlord following its inspection. The failure to give the notice does not relieve the Tenant from its obligations under Section 12.01.

12.05 Surrender of the Leased Premises

On the Termination Date or earlier termination of the Term, the Tenant shall peaceably surrender up the Leased Premises to the Landlord in first class condition, will deliver all of the keys for the Leased Premises to the Landlord and will inform the Landlord of all combinations of locks, safes and vaults, if any, in the Leased Premises. The Tenant shall also remove its trade fixtures and the Leasehold Improvements in accordance with the provisions of Section 12.08 at the Termination Date or earlier termination of the Term.

12.06 Repair where Tenant at Fault

Despite anything to the contrary contained in this Lease, if the Leased Premises or any part thereof, requires repair or replacement because of the act of the Tenant, the cost of such repair or replacement, together with an administration fee equal to fifteen percent (15%) of such cost, shall be paid by the Tenant to the Landlord as Additional Rent on demand.

12.07 Tenant Not to Overload Floors

The Tenant will not bring upon the Leased Premises, or any part thereof, any machinery, equipment, article or thing that by reason of its weight, size or use might in the opinion of the Landlord damage the Leased Premises and shall not at any time overload the floors of the Building.

12.08 Removal and Restoration by the Tenant

- (a) Any Leasehold Improvements made by the Tenant, or made by the Landlord on the Tenant's behalf, immediately shall become the property of the Landlord and will not be removed from the Leased Premises except that: (i) the Tenant may, during the Term, in the usual course of its business, and with the prior written consent of the Landlord, remove the trade fixtures which it has installed, but only if they have become excess for the Tenant's purposes or if the Tenant is substituting new and similar trade fixtures, and the Tenant is not in default under this Lease; (ii) the Tenant will, at the expiration of the Term, at its cost, remove all of its trade fixtures installed in the Leased Premises and those Leasehold Improvements which the Landlord requires to be removed; and all Contaminants required pursuant to ARTICLE X.
- (b) The Tenant will repair any damage to the Leased Premises caused by the installation or removal of the items described in subsection (a) above. This obligation will survive the Termination Date or earlier termination of the Term.
- (c) If the Tenant does not remove any of the items described in subsection (a) which it is required to remove, the Landlord may do so and the Tenant will pay the Landlord's removal, disposal, sale and storage charges. Any Leasehold Improvements or other items not removed shall, at the Landlord's option, become the property of the Landlord and may be removed from the Leased Premises and sold or disposed of by the Landlord in such manner as it deems advisable.
- (d) The parties agree that the Tenant's trade fixtures do not include any of the following: (i) the HVAC System; (ii) floor coverings, ceilings, partitioning and draperies; (iii) light fixtures; (iv) washroom fixtures and hot water tank; (v) electrical service including any transformer; (vi) internal stairways; (vii) show windows and doors; and (viii) signs, all of which are Leasehold Improvements.

12.09 Notice of Defects

The Tenant will notify the Landlord of any damage to, or deficiency or defect in, the Leased Premises, and any equipment, utility systems or installations located therein or thereon, immediately following the date the Tenant becomes aware of such damage, deficiency or defect, whether or not the Landlord has an obligation to repair the damage, or remedy the deficiency or defect.

12.10 Liens

The Tenant will promptly pay its contractors, material men, suppliers and workmen and will do everything necessary to ensure that no lien is registered against the Leased Premises or against the Landlord's interest in the Leased Premises, or against the Tenant's interest in the Leased Premises. If such a lien is made, filed or registered on title to the Leased Premises, the Tenant will discharge it, or cause it to be discharged, immediately, at the Tenant's expense. If the Tenant fails to discharge any such lien as required herein, the Landlord, in addition to its other remedies hereunder, at law or in equity may, but shall not be required to, discharge the lien by paying the

amount claimed into court, together with any security for costs, or by paying the amount claimed directly to the lien claimant and the amount so paid, together with all related costs and expenses, including solicitor's fees (on a substantial indemnity basis) and an administration fee equal to fifteen percent (15%) of such costs and expenses, all of which shall be payable by the Tenant on demand as Additional Rent.

ARTICLE XIII

DAMAGE AND DESTRUCTION AND EXPROPRIATION

13.01 Damage or Destruction to the Leased Premises

Subject to the following, if the Building, or any portion thereof, are damaged or destroyed by fire or by other casualty, Rent shall abate in proportion to the area of that portion of the Building which, in the opinion of the Architect, is thereby rendered unfit for the purposes of the Tenant until the Building is repaired and rebuilt, and the Landlord shall repair and rebuild the Leased Premises. Notwithstanding the foregoing, if the Tenant has caused or contributed to the damage or destruction, it shall not be entitled to any abatement of Rent. Rent shall recommence to be payable one (1) day after the Landlord notifies the Tenant that the Tenant may reoccupy the Building for the purpose of undertaking its work.

13.02 Rights to Termination

Notwithstanding any other provisions of this Lease:

- (a) if the Building or any portion thereof are damaged or destroyed by any cause whatsoever and cannot be rebuilt within one hundred and eighty (180) days of the damage or destruction, the Landlord may, instead of rebuilding the Building, terminate this Lease by giving to the Tenant notice of termination within thirty (30) days after the occurrence of such damage or destruction and thereupon Rent shall be apportioned and paid to the date of the occurrence of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord; and
- (b) if the Building shall, at any time, be wholly or partially damaged or destroyed to the extent that twenty-five percent (25%) or more of the Building has become unfit for use, the Landlord may elect, within thirty (30) days from the date of the occurrence of such damage or destruction, to terminate this Lease on thirty (30) days' notice to the Tenant, in which event Rent shall remain payable until the date of termination.

13.03 Certificate Conclusive

Any decisions regarding the extent to which the Leased Premises have become unfit for use or the length of time required to complete any repair or reconstruction shall be made by the Architect whose decision shall be final and binding upon the parties.

13.04 Insurance Proceeds

Notwithstanding Sections 13.01 and 13.02, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are insufficient to pay for the costs of rebuilding the Building, or are not payable to or received by the Landlord, or in the event that any Mortgagee or other Person entitled thereto shall not consent to the payment to the Landlord of the proceeds of any insurance policy for such purpose, or in the event that the Landlord is not able to obtain all necessary approvals and permits from Governmental Authorities to enable it to rebuild the Building, the Landlord may elect, on written notice to the Tenant, within thirty (30) days following the occurrence of such damage or destruction, to terminate this Lease, and the Tenant shall immediately deliver up vacant possession of the Leased Premises to the Landlord in accordance with the Landlord's notice.

13.05 Landlord's Rights of Rebuilding

In performing any reconstruction or repair, the Landlord may use drawings, designs, plans and specifications other than those used in the original construction of the Building and may alter or relocate the Building. The Landlord shall have no obligation to grant to the Tenant any allowances or inducements to which it may have been granted at the beginning of the Term, and shall not be required to repair any damage to Leasehold Improvements (which include the HVAC System), fixtures, chattels the Tenant's trade fixtures or any other property of the Tenant.

13.06 Negligence of the Tenant

Notwithstanding anything to the contrary contained in this Lease, if any damage or destruction by fire or other casualty to all or any part of the Leased Premises is due to the fault or the negligence of the Tenant, the Tenant shall be liable for all costs and damages incurred or suffered by the Landlord without prejudice to any other rights and remedies of the Landlord and without prejudice to the rights of subrogation of the Landlord's insurer.

13.07 Expropriation

If all or any part of the Leased Premises is taken or expropriated by any lawful expropriating authority, or purchased under threat of such taking, or if part of the Leased Premises is taken so that substantial alteration or reconstruction of the Building is necessary or desirable as a result thereof, this Lease shall automatically terminate on the date on which the expropriating authority takes possession. Upon any such taking or purchase, the Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements, and the Tenant shall not have, and shall not advance, any claim against the Landlord for the value of the Tenant's property or its leasehold estate or the unexpired Term, or for costs of removal or relocation, or business interruption expense or any other damages arising out of such taking or purchase. Nothing herein shall give the Landlord any interest in or preclude the Tenant from seeking and recovering on its own account from the expropriating authority any award or compensation attributable to the taking or purchase of the Tenant's improvements, chattels or trade fixtures, or the removal, relocation or interruption of its business. If any such award made or compensation paid to either party specifically includes an award or amount for the other, the party first receiving the same shall promptly account therefor to the other.

ARTICLE XIV
ASSIGNMENT, SUBLETTING, PARTING WITH POSSESSION AND CORPORATE
CONTROL, ETC

14.01 Transfers

- (a) The Tenant shall not assign this Lease in whole or in part, sublet all or any part of the Leased Premises or part with or share possession of all or any part of the Leased Premises to any Person, (in each case, a “**Transfer**” and any such assignee, subtenant, occupant or any other Person to whom a Transfer is to be made is a “**Transferee**”) without the Landlord’s prior written consent, which consent, subject to the Landlord’s termination right set out in Section 13.02, shall not be unreasonably withheld. At the time the Tenant requests the Landlord’s consent to a Transfer, the Tenant shall provide the Landlord with a true copy of the offer and any information the Landlord may require with regard to the reputation, financial standing and business of the proposed Transferee, together with payment of a non-refundable Landlord’s administrative fee as determined from time to time by the Landlord (which fee is currently One Thousand, Two Hundred and Fifty Dollars (\$1,250.00) plus applicable Sales Taxes). This restriction on Transfer also applies to any Transfer by operation of law.
- (b) Within thirty (30) days following the date the Tenant requests the Landlord to consent to a Transfer and provides all the information required by the Landlord in order to consider such request, the Landlord shall notify the Tenant in writing (i) whether or not it elects to terminate this Lease or such part of it as is the subject of the Transfer and (ii) the date of such termination of this lease, if applicable. If the Landlord elects to terminate this Lease or such part of it as is the subject of the Transfer, the Tenant shall, within fifteen (15) days after receipt of the Landlord’s notice of its election to terminate, notify the Landlord whether it shall: (i) refrain from the Transfer; or (ii) accept the termination of this Lease or such part of it as is the subject of the Transfer. If the Tenant fails to deliver its notice within the fifteen (15) day period, this Lease, or such part of it as is the subject of the Transfer, shall be terminated upon the date for termination provided for in the Landlord’s notice. If the Transfer relates only to part of the Leased Premises, and this Lease is terminated as to that part, then the Tenant shall be required, at its sole cost and expense and subject to the terms of Section 12.02, to demise the Leased Premises to permit such termination to occur. If the Tenant advises the Landlord that it intends to refrain from the Transfer, then the Landlord’s election to terminate this Lease, or such part of it as is the subject of the Transfer, will have no effect.

14.02 Consent Required--Transfer

- (a) The Landlord shall not be considered to be unreasonably withholding its consent, and may, whether or not it would otherwise be considered unreasonable, refuse to

give its consent, if its reason or reasons for doing so is or are based upon all or any of the following factors:

- (i) any factor which a court of law would consider to be reasonable;
 - (ii) the Tenant is in default under this Lease, whether or not an Event of Default has occurred;
 - (iii) the proposed Transfer does or could result in violation or breach of any covenants or restrictions affecting the Lands;
 - (iv) the Transferee does not have a good credit rating, is not of substantial means, is not capable of financing its acquisition of the Tenant's business and this Lease on terms and conditions at least as favourable as those originally obtained by the Tenant or has a history of unsuccessful business operations in the business conducted on the Leased Premises;
 - (v) the Transferee previously has been bankrupt or insolvent or has defaulted under the terms of any lease for industrial, commercial or office premises whether leased from the Landlord or other parties; or
 - (vi) any Mortgagee, whose consent is required, refuses to consent to the Transfer for whatever reason.
- (b) Upon any Transfer, the Landlord may collect Rent from the Transferee and apply the net amount collected to the Rent required to be paid under this Lease, but no acceptance by the Landlord of any payments by a Transferee shall be construed as a waiver of any right of the Landlord, or the acceptance of the Transferee as tenant or a release of the Tenant from the performance of its obligations under this Lease. Any document effecting the Transfer of this Lease and every document consenting to the Transfer shall be prepared by the Landlord or its solicitors and the legal costs and other expenses in connection with such documents shall be paid to the Landlord by the Tenant upon demand, as Additional Rent, in addition to the administration fee described in Section 14.01(a)
- (c) Any Transfer shall be subject to the following conditions:
- (i) the Transferee and the Tenant shall promptly execute an agreement agreeing with the Landlord whereby the Transferee shall be bound by all the Tenant's obligations under this Lease as if the Transferee had originally executed this Lease as tenant and the Tenant shall agree to remain jointly and severally liable with the Transferee on this Lease and any renewals or extensions thereof and will not be released from any obligations under this Lease as amended from time to time;
 - (ii) if the Transferee agrees to pay the Tenant or any Person any amount in excess of the Rent payable under this Lease or provides any other benefit in each case in consideration for the Transfer, the Tenant shall pay such excess

amount or an amount equal to such benefit to the Landlord at the same time as the Rent is due and payable hereunder; and

- (iii) the Tenant shall pay for all of the Landlord's reasonable legal costs incurred to approve and complete all agreements necessitated by the Transfer.

14.03 No Advertising of the Leased Premises

The Tenant shall not advertise the whole or any part of the Leased Premises or this Lease for the purpose of a Transfer and will not permit any broker or other Person to do so on its behalf.

14.04 Grant of Security

- (a) The Tenant shall not assign as security, mortgage, charge or encumbrance of this Lease or the Leased Premises or any part of the Leased Premises or other arrangement under which either this Lease or the Leased Premises become security for any indebtedness or other obligation (in each case, a “**Grant of Security**” and any Person to whom a Grant of Security is to be made is a “**Creditor**”) without the Landlord’s prior written consent, which consent, subject to the Landlord’s termination right set out in Section 13.02, shall not be unreasonably withheld. At the time the Tenant requests the Landlord’s consent to a Grant of Security, the Tenant shall provide the Landlord with a true copy of the applicable agreement and any information the Landlord may require together with payment of a non-refundable Landlord’s administrative fee as determined from time to time by the Landlord (which fee is currently One Thousand, Two Hundred and Fifty Dollars (\$1,250.00) plus applicable Sales Taxes).
- (b) Within thirty (30) days following the date the Tenant requests the Landlord to consent to a Grant of Security and provides all the information required by the Landlord in order to consider such request, the Landlord shall notify the Tenant in writing (i) whether or not it elects to terminate this Lease or such part of it as is the subject of the Grant of Security and (ii) the date of such termination of this Lease, if applicable. If the Landlord elects to terminate this Lease the Tenant shall, within fifteen (15) days after receipt of the Landlord’s notice of its election to terminate, notify the Landlord whether it shall: (i) refrain from the Grant of Security; or (ii) accept the termination of this Lease. If the Tenant fails to deliver its notice within the fifteen (15) day period, this Lease shall be terminated upon the date for termination provided for in the Landlord’s notice. If the Tenant advises the Landlord that it intends to refrain from the Grant of Security, then the Landlord’s election to terminate this Lease.
- (c) Should the Landlord elect to terminate the Lease pursuant to this Section, Subsection 17.02(a) shall apply.

14.05 Consent Required Grant of Security

- (a) The Landlord shall not be considered to be unreasonably withholding its consent, and may, whether or not it would otherwise be considered unreasonable, refuse to

give its consent, if its reason or reasons for doing so is or are based upon all or any of the following factors:

- (i) any factor which a court of law would consider to be reasonable;
- (ii) the Tenant is in default under this Lease, whether or not an Event of Default has occurred;
- (iii) the proposed Grant of Security does or could result in violation or breach of any covenants or restrictions affecting the Lands;
- (iv) any Mortgagee, whose consent is required, refuses to consent to the Transfer for whatever reason.

14.06 Corporate Ownership

- (a) If the Tenant is a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription from time to time of all or any part of the corporate shares of the Tenant, or of any holding body corporate or subsidiary body corporate of the Tenant, or any corporation which is an affiliated body corporate of or is associated with the Tenant (as those terms are defined in the *Canada Business Corporations Act*, as amended, which results in any change in the effective voting control of the Tenant shall be considered to be a Transfer to which Article XIV **Error! Reference source not found.** of this Lease apply.
- (b) Within thirty (30) days following the date the Tenant notifying the Landlord of a change referred to in paragraph (a), the Landlord shall notify the Tenant in writing whether or not it elects to terminate this Lease. Should the Landlord elect to terminate the Lease pursuant to this Section, Subsection 17.02(a) shall apply.
- (c) This Section 14.06 does not apply to the Tenant as long as: (i) the Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or the United States; or (ii) the Tenant is a private corporation and is controlled by a public corporation described in item (i).

14.07 Officers, Directors, Etc

- (a) The Tenant shall notify the Landlord in writing in the event of any change in the: (a) directors; (b) officers; or (c) senior management of the Tenant responsible for the management of the Tenant's business at the Leased Premises.
- (a) Within thirty (30) days following the date the Tenant notifying the Landlord of a change in the: (a) directors; (b) officers; or (c) senior management of the Tenant responsible for the management of the Tenant's business at the Leased Premises the Landlord shall notify the Tenant in writing whether or not it elects to terminate this Lease. Should the Landlord elect to terminate the Lease pursuant to this Section, Subsection 17.02(a) shall apply.

14.08 Assignment or Transfer by the Landlord

If the Landlord sells, leases or otherwise disposes of the Leased Premises, or if it assigns this Lease or any interest of the Landlord in it, then, to the extent that the purchaser, transferee or assignee assumes the obligation of the Landlord under this Lease, the Landlord shall, without further agreement, be released from all liability with respect to the Landlord's obligations under this Lease. In addition, upon the Landlord transferring any outstanding Letter of Credit to the purchaser, transferee or assignee, the Landlord shall be released from all liability to the Tenant in connection therewith.

ARTICLE XV ACCESS

15.01 Right to Show the Leased Premises

The Landlord and its agents have the right to enter the Leased Premises at all times to show them to prospective tenants.

15.02 Emergencies

If the Tenant is not personally present to permit an entry into the Leased Premises at any time when for any reason an entry is necessary or permitted, the Landlord or its agents may forcibly enter them without liability and without affecting this Lease.

15.03 Access Not Re-entry

Any entry by the Landlord on the Leased Premises in accordance with the provisions of this Lease shall not be considered a re-entry or a breach of covenant for quiet enjoyment.

15.04 Roof Rights

- (a) The Landlord may at any time, and from time to time, prior to or during the Term, grant a licence (a “**Roof Licence**”) to one or more third parties for the purpose of installing, operating and maintaining equipment (“**Roof-Top Equipment**”) on the roof of the Building, it being understood and agreed that the Roof-Top Equipment does not include any part of the HVAC System. Without limiting the rights which the Landlord may grant to the Roof Licensee, the Roof Licensee shall:
 - (i) be entitled to have such access to the Leased Premises at times agreed upon by the Tenant, the Tenant hereby agreeing to act reasonably in dealing with a Roof Licensee’s request for such access, as it may require in order to install, operate, maintain and repair the Roof-Top Equipment. For greater certainty, the foregoing right shall apply to the Roof Licensee’s employees, servants, agents, contractors and those Persons for whom the Roof Licensee is responsible in law (collectively, the “**Roof Licensee’s Employees**”);
 - (ii) be entitled to:

- (1) sell or otherwise deal with any good or service generated or provided by the Roof-Top Equipment in such manner as a Roof Licensee may determine; and
- (2) install such equipment and wiring and cabling as may be required so that goods or services generated or provided by the Roof-Top Equipment can be distributed off-site of the Property; and
- (iii) be under no obligation to sell or otherwise make available to the Tenant any good or service generated or provided by the Roof-Top Equipment.

The Tenant shall not interfere with the exercise by the Roof Licensee of any rights granted to it by the Landlord.

- (b) If the Landlord grants a Licence to a Roof Licensee, then upon the commencement of the installation of the Roof-Top Equipment on the roof of the Building:
 - (i) the Tenant will have no further maintenance, repair or replacement obligations with respect to any damage to the Leased Premises caused by the Roof Licensee or the Roof Licensee's Employees; and
 - (ii) the Landlord shall thereafter be responsible, at its sole cost, for repairing all damage:
 - (1) caused to the roof (including, without limitation, the roof membrane) by the Roof-Top Equipment, including, without limitation, repairing all leaks in the roof caused by the Roof-Top Equipment; and
 - (2) to the Leased Premises caused by the Roof Licensee or the Roof Licensee's Employees, the Landlord and its contractors being entitled to have such access to the Leased Premises as may be required in order to carry out repair of any such damage.
- (c) except as set out in Subsection 15.04(b)(ii), the Landlord shall have no liability whatsoever for and the Tenant hereby releases the Landlord from all Claims arising out of damages, injuries (including, without limitation, bodily injuries) or losses (including without limitation, loss of life) caused or contributed to by the Roof-Top Equipment, the Roof Licensee or the Roof Licensee's Employees; and
- (d) if the Roof-Top Equipment is subsequently removed from the roof of the Building, the Landlord will (at its sole cost) repair all damage to the roof of the Building caused by the installation and removal of the Roof-Top Equipment and thereafter the provisions of Subsection 15.04(b) shall cease to have effect.

15.05 Right to Install Solar Panels

The Landlord shall be entitled to have such access to the Leased Premises at times agreed upon by the Tenant, the Tenant hereby agreeing to act reasonably in dealing with the Landlord's request for such access, as it may require in order to install, operate, maintain and repair solar panels on the roof of the Building. The Landlord will not disturb the operation of the Tenant's business any more than is reasonably necessary in the circumstances while carrying on such work, but will not be liable for any damages, whether direct, indirect or consequential, to any Person or property in respect of any temporary interference with or denial of access during the performance of such work, or in any other way in respect of the performance of such work, or for failure to perform such work.

ARTICLE XVI STATUS STATEMENT, ATTORNMENT AND SUBORDINATION

16.01 Status Statement

Within ten (10) days after a written request by the Landlord, the Tenant shall deliver, in a form supplied by the Landlord, a status statement or certificate to any Mortgagee or purchaser of the Leased Premises, or to the Landlord, stating the following:

- (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and identifying the modification agreements) or if this Lease is not in full force and effect, the certificate shall so state;
- (b) the Commencement Date;
- (c) with reasonable particularity, details respecting the Tenant's financial standing and corporate organization.

16.02 Subordination and Attornment

The Tenant's rights under this Lease are subordinate to any Mortgages registered on title to the Lands, or any part thereof, from time to time. Upon request, the Tenant shall subordinate this Lease and all of its rights under it, in the form the Landlord requires, to any such Mortgage, and if requested, the Tenant shall attorn to the Mortgagee. The Tenant shall, if possession is taken under, or any proceedings are brought for the foreclosure of, or the power of sale is exercised under any Mortgage granted by the Landlord or otherwise in existence against the Leased Premises, attorn to the Mortgagee, and recognize the Mortgagee, as the Landlord under this Lease.

ARTICLE XVII DEFAULT

17.01 Event of Default

An "Event of Default" shall be considered to have occurred when any one or more of the following happens:

- (a) the Tenant fails to pay any Rent when it is due whether or not written notice of the failure is given from the Landlord to the Tenant;
- (b) the Tenant fails to observe or perform any other of the terms, covenants, conditions or agreements contained in this Lease, aside from the covenant to pay Rent, and such failure continues for ten (10) days after notice from the Landlord to the Tenant specifying the failure;
- (c) the Term or any of the goods, chattels or fixtures of the Tenant on the Leased Premises are seized or taken in execution or attached by any creditor;
- (d) a creditor with security over the Term or any of the goods, chattels or fixtures of the Tenant on the Leased Premises takes steps to enforce or indicates its intention to enforce its security;
- (e) a writ of execution or sequestration is issued against the goods, chattels or fixtures of the Tenant;
- (f) the Tenant makes a sale of all or substantially all of its inventory or other assets out-of-the-ordinary course of business other than in a Transfer approved by the Landlord;
- (g) the Tenant sells or disposes of Leasehold Improvements or trade fixtures or removes them or any of them from the Leased Premises without complying with Section 12.08;
- (h) the Tenant abandons or attempts to abandon the Leased Premises;
- (i) the Leased Premises remain vacant or the Tenant ceases to operate its business at the Leased Premises as required by Subsection 9.02(a) for ten (10) consecutive days or more without the prior written consent of the Landlord;
- (j) the Leased Premises are used by any Person other than those Persons entitled to use them under this Lease;
- (k) the Tenant makes an assignment for the benefit of creditors or commits any act of bankruptcy as defined in the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy application is brought against the Tenant and that application is not withdrawn or dismissed within ten (10) days or a bankruptcy order is made against the Tenant;
- (l) proceedings under Part III of the *Bankruptcy and Insolvency Act* (Canada) or under the *Companies' Creditors Arrangement Act* (Canada) are commenced by or in respect of the Tenant;
- (m) an order is made for the winding up or liquidation of the Tenant, or the Tenant voluntarily commences winding-up or liquidation proceedings;

- (n) an application is made for the appointment of a receiver or receiver and manager and that application is not dismissed or withdrawn within ten (10) days or a receiver or receiver and manager is appointed over the Tenant's property by a creditor or the court;
- (o) any insurance policy covering any part of the Leased Premises is, or is threatened to be, cancelled or adversely changed or the premium cost is, or may be, significantly increased as a result of any act or omission by the Tenant or any person for whom the Tenant is responsible in law;
- (p) the Tenant's Licence is terminated, revoked, suspended, or expires and: (i) the Tenant fails to notify the Landlord; or (ii) the Licence is not reinstated or renewed within 60 days of such termination, revocation, suspension or expiration;
- (q) the Tenant fails to comply with Section 5.01;
- (r) the Tenant: (i) substantially, continually or repeatedly fails to produce records and follow procedures sufficient to permit a determination of the Tenant's Gross Sales as contemplated by Section 5.07; or (ii) the Tenant's Gross Sales is understated by two percent (2%) or more on more than three (3) occasions when inspected and audited by the Landlord as contemplated by Section 5.07;
- (s) the Tenant fails to observe or perform any Rule or Regulations or other of the terms, covenants, conditions or agreements contained in this Lease and such failure continues for ten (10) days after notice from the Landlord to the Tenant specifying the failure; or
- (t) any default or event of default occurs under any lease or agreement to lease relating to other properties owned by the Landlord, leased to or occupied by the Tenant or any Person related to the Tenant.

17.02 Rights of the Landlord

Upon the occurrence of any Event of Default the following provisions apply:

- (a) The Landlord may terminate this Lease by notice to the Tenant, or re-enter the Leased Premises and repossess them and, in either case, enjoy them as of its former estate and the Landlord may remove all Persons and property from the Leased Premises and the property may be sold or disposed of by the Landlord as it considers advisable or may be stored in a public warehouse or elsewhere at the cost and for the account of the Tenant, all without service of notice or resort to legal process and without the Landlord being guilty of trespass or being liable for any loss or damage which may be occasioned thereby.
- (b) If the Landlord elects to re-enter the Leased Premises as provided in this Section, or if it takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time, without terminating this Lease, make those alterations and repairs which are

necessary in order to re-let the Leased Premises or any part of them for a term (which may be for a term extending beyond the Term) and at a rent and upon those other terms, covenants and conditions which the Landlord, in its discretion, considers advisable. Upon each reletting, the rent received by the Landlord from the reletting shall be applied first to the payment of any indebtedness other than Rent due under this Lease from the Tenant to the Landlord; second to the payment of any costs and expenses of the reletting including brokerage fees and solicitors' fees and the costs of the alterations and repairs; third to the payment of Rent due and unpaid under this Lease; and the residue, if any, shall be held by the Landlord and applied towards payment of future Rent as it becomes due under this Lease. If the rent received from the reletting during any month is less than the Rent to be paid during that month by the Tenant under this Lease, the Tenant will pay the deficiency, which shall be calculated and paid monthly in advance on or before the first day of each month. No re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant. Despite any reletting without termination, the Landlord may at any time afterwards elect to terminate this Lease for the previous breach. If the Landlord at any time terminates this Lease for any breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it incurs by reason of the breach including, without limitation, the costs of recovering the Leased Premises, solicitors' fees (on a substantial indemnity basis) and the worth, at the time of the termination, of the excess, if any, of the amount of Rent and charges equivalent to Rent required to be paid under this Lease for the remainder of the Term over the then reasonable rental value of the Leased Premises for the remainder of the Term.

- (c) The Landlord may remedy, or attempt to remedy, the default of the Tenant and in so doing may make any payments due or alleged to be due by the Tenant to third parties and may enter upon the Leased Premises to do any work or other things therein or thereon, in which case all the Landlord's costs and expenses, together with an administration fee of fifteen percent (15%) of such costs and expenses, shall be payable on demand by the Tenant as Additional Rent. The Landlord will not be liable for any loss or damage resulting from any action or entry by the Landlord under this Subsection 17.02(c) and will not be considered to have breached any covenant for quiet enjoyment.
- (d) The Landlord may recover from the Tenant the full amount of the current month's instalment of Rent together with the next three (3) months' instalments of Rent, all of which shall be deemed to be accruing on a day-to-day basis, and shall immediately become due and payable as accelerated Rent, and the Landlord may immediately distrain for such accelerated Rent together with any other Rent arrears.

17.03 Expenses

If legal action is brought for recovery of possession of the Leased Premises, for the recovery of Rent or any other amount due under this Lease, or because of the breach of any other terms, covenants or conditions contained in this Lease on the part of the Tenant to be kept or performed,

and a breach is established, the Tenant shall pay to the Landlord all the expenses incurred in connection with it, including solicitor's fees (on a full or complete indemnity basis), unless a court otherwise orders.

17.04 Waiver of Exemption from Distress

Despite anything to the contrary contained in this Lease or the provisions of applicable legislation, none of the goods and chattels of the Tenant on the Leased Premises at any time and from time to time during the Term, or any extension or renewal thereof, shall be exempt from levy by distress for Rent in arrears and the Tenant hereby waives any rights it has or might otherwise have under any such applicable legislation in that regard. If any claim is made for such an exemption by the Tenant, or if distress is made by the Landlord, this Section may be pleaded as an estoppel against the Tenant in any action brought to test the right of the levying upon any of those goods which are named as exempted in any sections of any applicable legislation.

17.05 Remedies Generally

The exercise by the Landlord of any particular remedy does not preclude the Landlord from exercising any other remedy in respect of the occurrence of an Event of Default. No remedy shall be exclusive or dependant upon any other remedy, and the Landlord may from time to time exercise one or more of its remedies generally or in combination, those remedies being cumulative and not alternative.

ARTICLE XVIII MISCELLANEOUS

18.01 Rules and Regulations

The Rules and Regulations set out in Schedule "C" attached hereto form part of this Lease and the Tenant shall comply with and observe such Rules and Regulations throughout the Term. The Tenant's failure to comply with and observe the Rules and Regulations shall be a default under this Lease in the same manner as if the Rules and Regulations were set out as covenants in this Lease. The Landlord may from time to time establish new Rules and Regulations or amend, supplement or terminate the existing Rules and Regulations. Notice of the Rules and Regulations and any amendments, supplements or termination thereof, shall be given to the Tenant and the Tenant shall comply with and observe same from the date upon which it is so notified. In the event of the conflict between the Rules and Regulations the other provisions of this Lease, the provisions of the Lease shall govern.

18.02 Overholding

If the Tenant remains in possession of the Leased Premises after the end of the Term, or any renewal or extension thereof, without having executed and delivered a new lease, it shall be considered to be occupying the Leased Premises as a tenant from month-to-month on the same terms and conditions as are set out in this Lease, except that it shall be liable for payment of Rent at the rate equal to 150% of the Base Rent and Percentage Rate which it was responsible for paying during the last month of the Term, or any renewal or extension thereof, together with Additional

Rent as set out in this Lease. In addition, the Landlord may exercise all of its rights and remedies under this Lease and at law to remove the Tenant from the Leased Premises.

18.03 Notices

Any notice, demand, request, consent or other instrument which may be or is required to be given under this Lease shall be delivered in person or sent by registered mail postage prepaid and shall be addressed: (a) if to the Landlord at the address set out in Subsection 1.01(a) or to such other Person or at such other address as the Landlord designates by written notice; (b) if to the Tenant, at the address set out in Subsection 1.01(b) or at such other address as the Tenant designates by written notice. If there is more than one Tenant, any notice under this Lease may be given by or to any one of them and will have the same effect as if given by or to all of them. Any notice, demand, request, consent or other instrument shall be conclusively deemed to have been given or made on the day upon which the notice, demand, request, consent or other instrument is delivered, or, if mailed, then seventy-two (72) hours following the date of mailing and the time period referred to in the notice begins to run from the time of delivery or seventy-two (72) hours following the date of mailing. Either party may at any time give notice in writing to the other of any change of address of the party giving the notice and upon the giving of that notice, the address specified in it shall be considered to be the address of the party for the giving of notices under this Lease. If the postal service is interrupted or is substantially delayed, or is threatened to be interrupted, any notice, demand, request, consent or other instrument will only be delivered in person.

18.04 Registration

The Tenant will not register this Lease or any notice thereof on title to the Lands without the prior written consent of the Landlord and the Landlord's approval of the form and content of such registration.

18.05 Quiet Enjoyment

Provided the Tenant pays the Rent and other sums provided for under this Lease, and observes and performs all of the terms, covenants, and conditions on its part to be observed and performed, the Tenant will peaceably and quietly hold and enjoy the Leased Premises for the Term without hindrance or interruption by the Landlord or any other Person lawfully claiming by, through or under the Landlord subject, however, to the terms, covenants and conditions of this Lease.

18.06 Unavoidable Delay

Notwithstanding anything to the contrary contained in this Lease, if any party hereto is *bona fide* delayed or hindered in or prevented from performance of any term, covenant or act required hereunder by reason of Unavoidable Delay, then performance of such term, covenant or act is excused for the period of the delay and the party so delayed, hindered or prevented shall be entitled to perform such term, covenant or act within an appropriate time period after the expiration of the period of such delay. However, the provisions of this Section 18.06 do not operate to excuse the Tenant from the prompt payment of Rent and any other payments required by this Lease.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

**BUFFALO AND FORT ERIE PUBLIC
BRIDGE AUTHORITY**

Per _____
Name:
Title:

Per _____
Name:
Title:

I/We have authority to bind the Compact

- **TENANT**

Per _____
Name:
Title:

I have the authority to bind the Corporation

SCHEDULE "A"
LEGAL DESCRIPTION OF THE LANDS

PT LT 229-233 PL 519, PT LT 166-180 PL 519, PT DOUGLAS ST PL 505, PT LANE PL 519 ABUTTING LT 229-233, PT MAIN ST PL 519 CLOSED BY R0691414, R0458946, BB98631 & R0114588, PT LT 221-223 PL 519, LT 224, 225, 226 PT LT 227 PL 519, PT FOURTH ST PL 519, PT WADSWORTH ST PL 505 CLOSED BY R0691414, LT 81-91 PL 519, LANE PL 519 ABUTTING LT 81 TO 88 & LT 88 TO 91 CLOSED BY BB57684, LT 116-126 PL 519, LANE PL 519 ABUTTING LT 119 TO 126 & 116 TO 119 CLOSED BY BB30073 & R0143454 LT 181-195 PL 519, LANE PL 519 ABUTTING LT 181-195 CLOSED BY R0691414, LT 55-85 PL 524, PT PRICELAND RD PL 524 CLOSED BY R0221079, LT 1-4 PL 505 E/S DOUGLAS ST, LT 5 PL 505 N/S GARRISON RD, PT LT 6 PL 505 N/S GARRISON RD, PT LT 7 PL 505 W/S WADSWORTH ST, LT 8-10 PL 505 W/S WADSWORTH ST, LT 1-4 PL 505 E/S WADSWORTH ST, PT LT 5-8 PL 505 W/S NORTH ST, PT QUEENSBURY RD PL 524 CLOSED BY R0691414 PT 1, 2, 5, 6, 7, 8, 9, 10, 11, 12 59R10134, PT 1, 2, 3, 12 59R8848, PT 1 59R9201, AS IN R0655269, R0660595, R0658993 EXCEPT PT 1 59R11984, S/T BB29712, S/T R0485157, S/T R0486298, S/T R0486299, S/T R0688285, S/T R0688286, S/T R0688288, T/W R0655269; FORT ERIE E.

Being all of PIN 64220-0290 (LT)

SCHEDULE "B"
LEASED PREMISES PLAN



SCHEDULE "C"
RULES AND REGULATIONS

The Tenant shall not place or cause to be placed any additional locks upon any doors of the Building without the approval of the Landlord and subject to any conditions imposed by the Landlord.

The washrooms 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. Any damage resulting from misuse shall be borne by the Tenant by whom or whose agents, servants, or employees cause the damage. The Tenant shall not let the water run unless it is in actual use, and shall not deface or mark any part of the Building.

No one shall use the Building for sleeping apartments or residential purposes, or for the storage of personal effects or articles not required for business purposes.

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APPENDIX B



FINAL Baseline Property Condition Assessment

1 Peace Bridge Plaza
Fort Erie, Ontario

Prepared for:

**Buffalo & Fort Erie Public Bridge
Authority**

100 Queen Street
Fort Erie, ON L2A 3S6

June 4, 2025

Pinchin File: 111444.001



Baseline Property Condition Assessment

1 Peace Bridge Plaza, Fort Erie, Ontario
Buffalo & Fort Erie Public Bridge Authority

June 4, 2025
Pinchin File: 111444.001
FINAL

Issued to: Buffalo & Fort Erie Public Bridge Authority
Issued on: June 4, 2025
Pinchin File: 111444.001
Issuing Office: Hamilton, ON
Primary Pinchin Contact: Ryan Boyd, CTech
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Author: Brandon Lane, C.Tech.
Senior Project Technologist, Building Science & Sustainability

Reviewer: Majid MilaniNia, P.Eng.
Senior Project Engineer, Building Science & Sustainability



EXECUTIVE SUMMARY

Pinchin Ltd. (Pinchin) was retained by Buffalo & Fort Erie Public Bridge Authority (Client) to conduct a Baseline Property Condition Assessment (BPCA), subject to the limitations outlined in Section 6.0 of this report. As discussed with the Client this service did not include any specialist review of items such as mechanical/electrical systems, structural components, fire and life safety systems, etc. The municipal address for the property is 1 Peace Bridge Plaza, Fort Erie, Ontario (the Site). Pinchin conducted a visual assessment of the Site on May 13, 2025, at which time Pinchin interviewed and was accompanied by the Sales Planning & Business Manager of the Site (hereafter referred to as the Site Representative).

Pinchin was advised by the Client that the purpose of the BPCA was to assess visible deficiencies as part of internal due diligence requirements for the potential lessees of the Site.

The Site is an irregular-shaped property approximately 6.4 acres in area. The Site is occupied by a single storey commercial retail building with a partial second storey office area occupied by a single occupant (the Site Building).

The Site Building is reported to have been constructed in approximately 1998 with a footprint area of approximately 23,500 Square Feet (SF) and total building area of approximately 29,500 SF. The Site Building possesses asphalt surfaced parking areas adjacent to the north and west elevations with parking available for 138 vehicles. An additional concrete surfaced parking area is located at the south portion of the Site which is used for transport truck parking. Parking for 16 transport trucks is available at the concrete surfaced parking area.

The Site Building is constructed with a cast-in-place concrete slab-on-grade (i.e., no basement level) with cast-in-place concrete foundation walls. The superstructure of the Site Building is comprised of a steel-framed support structure (i.e., beams, columns and open web steel joists) supporting steel roof decks and wood trusses supporting wood roof sheathing at the second-floor office area. The exterior walls of the Site Building are clad with a combination of Exterior Insulation and Finishing System (EIFS) and architectural concrete block masonry.

The Site Building appeared to be in satisfactory condition at the time of the Site assessment. Based on our visual assessment the Site Building appears to have been constructed in general accordance with standard building practices in place at the time of construction. The assessment did not reveal any visual evidence of major structural failures, soil erosion or differential settlement.

It was reported to Pinchin and confirmed based on visual observations that several renovations were completed to the Site Building in approximately 2018 to 2019. These renovations include the following;



- The installation of a retrofitted Spray Foam Polyurethane (SPF) membrane roof system atop the existing roof system at the main 'near-flat' portion of the roof (i.e., ~17,300 SF).
- Replacement of the sloped asphalt shingled roof system atop the second floor office area.
- Removal and replacement of the main entrance motion activated sliding doors and adjacent glazing.
- Renovation of the interior finishes within the main retail area of the Site Building including updating the flooring, walls and ceiling finishes.
- The removal and installation of five natural gas-fired heating and electrically powered cooling packaged HVAC units.
- The replacement of the main fire alarm panel serving the Site Building.

No immediate repair requirements were noted. Repair requirements (under replacement reserves) over the term of the analysis (i.e., 10 years) of \$268,000.00 have been identified. \$175,000.00 of this total has been identified for asphalt repairs/replacement within the parking areas.

During the Site visit, deficiencies relating to the roof systems, wall systems, interior finishes, Site features and mechanical/electrical systems were noted. Of particular note, recommendations, repairs and replacements for the following items are included throughout the term of the analysis:

- Pinchin recommends and has included an allowance for the replacement of deteriorated exterior sealants within the early portion of the term of analysis;
- Pinchin recommends and has included allowances for the repair/replacement of deteriorated asphalt within the term of analysis;
- Pinchin recommends and has included an allowance for the replacement of the older rooftop packaged HVAC unit serving the Site Building; and
- Based on age, Pinchin recommends and has included a preliminary allowance for the replacement of the emergency generator and automatic transfer switch within the term of analysis.

Regular maintenance should be conducted on the roof systems, wall systems, structural elements, interior finishes, Site features and the mechanical/electrical systems to ensure that the Expected Useful Life (EUL) of the major components is realized. Repair costs for the aforementioned items have been included over the term of the analysis (i.e., 10 years) included within Appendix I. The specific deficiencies identified during the BPCA and their associated recommendations for repair are described in the main



body of the report. These deficiencies should be corrected as part of routine maintenance unless otherwise stated within the report. Costs associated with desired upgrades have not been carried.

Consideration has been given regarding required ongoing maintenance and repairs of the major elements and at the direction of the Client, Pinchin has utilized a threshold of \$5,000.00 per system, per year as a limit in determining and carrying anticipated expenditures.

Anticipated expenditures associated with maintenance and reparation of the major components below the threshold are presumed to be carried within the annual operating budget and excluded from the Summary of Anticipated Expenditures.

This Executive Summary is subject to the same standard limitations as contained in the report and must be read in conjunction with the entire report.



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1.0 INTRODUCTION

Pinchin Ltd. (Pinchin) was retained by Buffalo & Fort Erie Public Bridge Authority (Client) to conduct a Baseline Property Condition Assessment (BPCA), subject to the limitations outlined in Section 6.0 of this report. As discussed with the Client this service did not include any specialist review of items such as mechanical/electrical systems, structural components, fire and life safety systems, etc. The municipal address for the property is 1 Peace Bridge Plaza, Fort Erie, Ontario (the Site). Pinchin conducted a visual assessment of the Site on May 13, 2025, at which time Pinchin interviewed and was accompanied by the Sales Planning & Business Manager of the Site (hereafter referred to as the Site Representative).

Pinchin was advised by the Client that the purpose of the BPCA was to assess visible deficiencies as part of internal due diligence requirements for the potential lessees of the Site.

The Client has advised Pinchin that the following documents are available for review:

- “Baseline Property Condition Assessment – 1 Peace Bridge Plaza, Fort Erie, Ontario”, prepared by Pinchin Ltd., prepared for Buffalo Fort Erie Peace Bridge Authority and dated January 2016.

It was reported to Pinchin that the costs associated with ongoing general maintenance of the major components of the Site Building are carried as part of the annual operating budget for the Site. At the direction of the Client a threshold of \$5,000.00 per system, per year has been utilized in determining anticipated expenditures. Anticipated expenditures associated with maintenance and reparation of the major components below the threshold are presumed to be carried within the annual operating budget and excluded from the Summary of Anticipated Expenditures. The term of analysis requested by the Client was 10 years.

The results of the BPCA are presented in the following report. This report is subject to the Terms and Limitations discussed in Section 6.0.

2.0 SCOPE AND METHODOLOGY

The scope of the BPCA included a visual examination (without any intrusive testing or demolition of finishes to observe hidden areas) of the following:

- The building envelope, comprised of the exterior walls, windows, exterior doors and roof systems;
- The structural elements (i.e., slabs, beams, columns and walls);
- The interior finishes of the common areas and a selection of the individual premises;
- The Site features;



- The mechanical systems (i.e., HVAC, domestic hot water, plumbing, etc.); and
- The electrical systems.

The object of the BPCA included the following:

- A visual examination of the property in order to assess the condition of the major elements;
- Review of general documentation on the repair/maintenance history of the elements, if available;
- cursory review of previous reports pertaining to the Site Building, if made available by the Site Representative;
- Interviews and discussions with on-Site personnel regarding the repair/maintenance conducted on the Site Building;
- Documentation of observed existing deficiencies observed within the various elements;
- Photographic documentation of various components and observed deficiencies; and
- Compilation of Pinchin's findings in a formal written report including observed deficiencies, together with a list of recommendations for repair/replacement with associated estimated costs for both short and long term.

The report provides:

- A basic description of each of the various major components of the Site Building;
- A list of deficiencies noted with respect to the components examined; and
- Recommendations and cost estimates for the corrections recommended.

Cost estimates provided in this report are preliminary Class "D" and provided only as an indication of the order of magnitude of the remedial work. These values have been arrived at by determining a representative quantity from the visual observations made at the time of our Site visit and by applying current market value unit costs to such quantities and or a reasonable lump sum allowance for the work. More precise cost estimates would require more detailed investigation to define the scope of work. They are not intended to warrant that the final costs will not exceed these amounts or that all costs are covered. The estimates assume the work is performed at one time and do not include costs for potential de-mobilization and re-mobilization if repairs/replacement are spread out over the term of analysis.

All costs are identified in 2025 Canadian Dollars, and do not include consulting fees or applicable taxes. (For consulting fees, Pinchin typically recommends a budget allowance of 10% to 15% of the costs identified).



Baseline Property Condition Assessment

1 Peace Bridge Plaza, Fort Erie, Ontario
Buffalo & Fort Erie Public Bridge Authority

June 4, 2025
Pinchin File: 111444.001
FINAL

All cost estimates assume that regular annual maintenance and repairs will be performed to all building elements at the facility. No cost allowance is carried for this regular maintenance.

The cost estimates provided in this report are based on costs of past repairs at similar buildings, recent costing data such as "RS Means Repair and Remodelling Cost Data – Commercial/Residential" and "Hanscomb's Yardsticks for Costing", or Pinchin's professional judgment.

Unless otherwise stated, the replacement costs identified for an element reflects the cost to remove and replace the existing element with the same type of element.

3.0 OBSERVATIONS AND COMMENTS

3.1 Site Information



General view of the west elevation of the Site Building.



General view of the south elevation of the Site Building.



Baseline Property Condition Assessment

1 Peace Bridge Plaza, Fort Erie, Ontario
Buffalo & Fort Erie Public Bridge Authority

June 4, 2025
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General view of the east elevation of the Site Building.



General view of the north elevation of the Site Building.

Table 3.1 - Site Information

Site Occupant/Name	Peace Bridge Duty Free		
Site Address	1 Peace Bridge Plaza, Fort Erie, Ontario		
<i>Existing Land Use Type</i>	Commercial	<i>Primary On-Site Activity</i>	Retail Building
<i>Multi-Tenant/Single Occupant</i>	Single Occupant	<i>Number of Units</i>	One
<i>Date First Developed</i>	Unknown	<i>Site Area</i>	~ 6.4 acres
<i>Number of Buildings</i>	One	<i>Building Footprint Area(s)</i>	~ 23,500 SF
<i>Number of Stories (Excluding Basement)</i>	Single (with partial second storey office)	<i>Total Building Area(s)</i>	~ 29,500 SF
<i>Date Building(s) Constructed</i>	~ 1998	<i>Area of Tenant Spaces</i>	~ 29,500 SF
<i>Date Building(s) Renovated</i>	2018/2019	<i>Basement and/or U/G Parking</i>	N/A

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Table 3.1 - Site Information

Site Occupant/Name	Peace Bridge Duty Free		
<i>Type of Roof System(s)</i>	Built-Up asphalt Roof (BUR) Asphalt shingled Spray Polyurethane Foam (SPF) roof	<i>Number of Levels U/G</i>	N/A
<i>Type of Wall Cladding</i>	Exterior Insulation and Finishing Systems (EIFS) Architectural concrete block masonry	<i>Area of Roof System(s)</i>	BUR ~200 SF SPF Roof ~ 17,300 SF Sloped asphalt shingled ~ 6,400 SF
<i>Type of Doors</i>	Insulated Glass (IG) units within aluminum frames Solid wood doors within metal frames Hollow metal doors within metal frames Sectional metal overhead doors	<i>Types of Windows</i>	Fixed Insulated Glass (IG) units within aluminum frames
<i>Number of Above Grade Parking Spaces</i>	138	<i>Electrical Source</i>	Canadian Niagara Power Inc.
<i>Surface Type</i>	Asphalt and concrete surfaced parking areas and driveways Cast-in-place concrete walkways Soft landscaping (i.e., grassed areas)	<i>Type of Heating/Cooling</i>	Natural gas-fired heating and electrically powered cooling rooftop mounted HVAC units Natural gas-fired suspended unit heater Electrically powered baseboard heaters

3.2 Roof Systems

The main roof system of the Site Building consists of a Spray Polyurethane Foam (SPF) roof system which is presumed to have been installed atop the existing roof system atop a layer of rigid insulation atop metal roof decks. A Built-Up asphalt Roof (BUR) installed atop a layer of rigid insulation atop a metal roof deck is located atop the tower at the northwest portion of the Site Building. The condition of the existing roof system below the SPF roof system, the presence of vapour barriers or the type or the thickness of the insulation could be verified, as the scope of the work did not include destructive testing.



The roof system atop the second-floor office area consists of a sloped asphalt shingled roof system installed atop wood roof sheathing atop wood trusses. Neither the presence of a vapour barrier, nor the thickness of the insulation could be verified, as the scope of the work did not include destructive testing.

Drainage of the near flat roof systems is provided by internal roof drains which presumably drain to the municipal sewer system. Drainage of the sloped asphalt shingled roof systems is via perimeter eavestroughs which discharge onto the lower SPF roof system. The Site Representative reported that the SPF roof system was installed along with the replacement of the sloped asphalt shingled roof system in approximately 2018 to 2019 (i.e., ~ 6 to 7 years old). Given its observed condition, the BUR system is estimated to be original to the construction of the Site Building (i.e., ~ 27 years old).

Penetrations through the roof system consist of plumbing vents, roof drains, a roof hatch, HVAC curbing and pitch pockets serving conduits. The total area of the SPF roof system is approximately 17,300 SF while the total area of the BUR system is approximately 200 SF. The total area of the sloped asphalt shingled roof system is approximately 6,400 SF. No active leaking within the roof systems was reported during the assessment.

Table 3.2 outlines the findings of the inspection of the roof systems:

Table 3.2 – Roof Systems

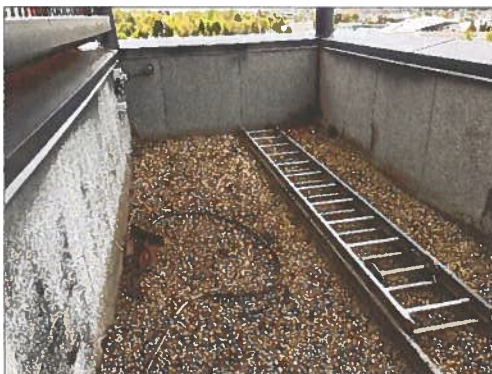
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none">None observed/reported.	<ul style="list-style-type: none">None required.
Minor Deficiencies/Findings	
<ul style="list-style-type: none">The BUR system is estimated to be approximately 27 years old and has surpassed its Expected Useful life (EUL). Additionally, evidence of a suspected prior roof leak was noted at the gypsum board below the roof hatch accessing the BUR system.	<ul style="list-style-type: none">Replacement of the BUR system is recommended within the early portion of the term of analysis and is anticipated that replacement can be completed at a below threshold cost.
<ul style="list-style-type: none">Metal perimeter flashing sealants noted to be deteriorated (i.e., de-bonded, aged, etc.).	<ul style="list-style-type: none">Replacement of deteriorated sealants is recommended as part of ongoing general maintenance of the roof systems.
<ul style="list-style-type: none">A roof drain was noted to be missing a ballast/debris guard at the main SPF roof system.	<ul style="list-style-type: none">Install a ballast/debris guard at the affected roof drain.
<ul style="list-style-type: none">Corrosion noted at the metal casing of an exhaust fan.	<ul style="list-style-type: none">Clean corrosion from the exhaust fan casing and apply a corrosion inhibitive coating.
<ul style="list-style-type: none">Peeling paint noted at the top surface of the roof hatch accessing the BUR system.	<ul style="list-style-type: none">Repaint the surface of the roof hatch.



General view of the SPF roof system.



Partial view of the sloped asphalt shingled roof system.



General view of the BUR system atop the tower at the northwest portion of the Site Building.



View of suspected prior repairs at the lap joints of the upturn flashing cap sheets of the BUR system.



View of a typical location of a deteriorated flashing sealant.



View of a roof drain missing a ballast/debris guard.



View of corrosion noted at the casing of an exhaust fan.



View of peeling paint noted at the top surface of the roof hatch accessing the BUR system.

It has been Pinchin's experience that the Expected Useful Life (EUL) of an SPF roof system typically lasts approximately 20 years, a BUR system typically ranges between 20 to 25 and a sloped asphalt shingled roof system typically ranges between 15 to 20 years, depending on the quality of building materials used, the quality of workmanship during installation and the level to which the roof system has been maintained. The Site Representative reported that the SPF roof system was installed along with the replacement of the sloped asphalt shingled roof system in approximately 2018 to 2019 (i.e., ~ 6 to 7 years old). Given its observed condition, the BUR system is estimated to be original to the construction of the Site Building (i.e., ~ 27 years old). Replacement of the BUR system is recommended within the early portion of the term of analysis and is anticipated that replacement can be completed at a below threshold cost. Pinchin recommends that regular annual maintenance be performed on the roof systems throughout the term of the analysis. Annual walk-on roof inspections are recommended to ensure any deficiencies or issues are discovered in a timely manner.

3.3 Wall Systems

The exterior walls of the Site Building are clad with a combination of Exterior Insulation and Finishing System (EIFS) and architectural concrete block masonry. The back-up wall systems serving the Site Building were noted to consist of concrete block masonry walls.



The window systems of the Site Building consist of fixed Insulated Glass (IG) units set within aluminum frames installed within punched storefront configurations. The windows of the second-floor office were noted to consist of fixed IG units set within aluminium frames within a horizontal strip configuration located on the north elevation of the Site Building. Based on manufacture date stamps within the window assemblies the windows and entrance door at the west elevation were manufactured in 2019 (i.e., ~ 6 years old). Manufacture date stamps within the remainder of the windows indicate 1998 (i.e., ~ 27 years old) as the year of manufacture where randomly observed.

The main entrance exterior doors serving the Site Building are comprised of motion activated, horizontally sliding IG units set into aluminum frames located on the west elevation of the building. Secondary entrance doors serving the Site Building consist of hollow metal doors within metal frames. Doors leading into the mechanical rooms consist of painted hollow metal doors within metal frames. Doors serving the stairwells consist of hollow core metal doors within metal frames complete with Georgian Wired Glass (GWG) inserts. Overhead doors serving the loading docks of the Site Building are located on the north elevation and consist of a combination of sectional, insulated metal doors and overhead metal roll-up doors.

Table 3.3 outlines the findings of the inspection of the wall systems:

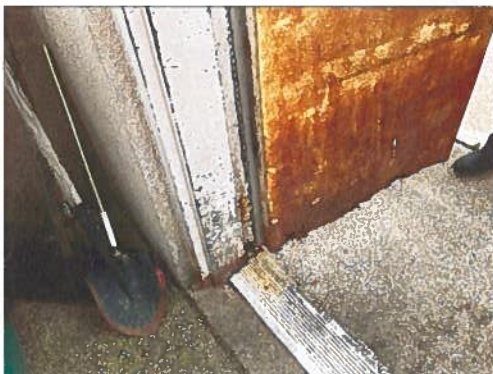
Table 3.3 – Wall Systems	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none">EIFS perimeter joint sealants, areas of window perimeter sealants and masonry control joint sealants were noted to be deteriorated (i.e., aged, de-bonded).	<ul style="list-style-type: none">Pinchin recommends and has included an allowance for the replacement of deteriorated sealants within the early portion of the term of analysis.
Minor Deficiencies/Findings	
<ul style="list-style-type: none">The exterior man door at the loading bay area is significantly corroded.	<ul style="list-style-type: none">Replacement of the affected door and frame is recommended.
<ul style="list-style-type: none">Minor corrosion noted at the steel posts supporting the main entrance canopy.	<ul style="list-style-type: none">Clean corrosion from the steel posts and apply a corrosion inhibitive coating. Monitor for further deterioration throughout the term of analysis.
<ul style="list-style-type: none">A broken IG unit was noted at the northeast portion of the Site Building.	<ul style="list-style-type: none">Replace the broken IG unit.



View of a typical deteriorated EIFS perimeter sealant.



View of a typical deteriorated masonry control joint sealant.



View of the corroded man door at the loading bay area.



View of minor corrosion at the steel posts supporting the main entrance canopy.



View of the broken IG unit at the northeast portion of the Site Building.

The wall, window and door systems of the Site Building were generally noted to be in serviceable condition at the time of the Site visit. Pinchin recommends and has included an allowance for the replacement of deteriorated sealants within the early portion of the term of analysis.

It has been Pinchin's experience that EIFS is prone to micro cracking which may permit water infiltration over time. Pinchin recommends that the EIFS be monitored throughout the term of the analysis and if deficiencies are observed that they be repaired.

As long as the above-mentioned deficiencies are addressed and that regular annual maintenance is performed the walls, windows and door systems of the Site Building should continue to perform in a satisfactory manner throughout the term of the analysis.

3.4 Structural Elements

As outlined in the scope of work, a visual assessment of the condition of the structural elements was carried out on the elements which were visible at the time of the inspection. The Site Building is constructed with a cast-in-place concrete slab-on-grade (i.e., no basement level) with cast-in-place concrete foundation walls. The superstructure of the Site Building is comprised of a steel-framed support structure (i.e., beams, columns and open web steel joists) supporting steel roof decks and wood trusses



supporting wood roof sheathing at the second-floor office area. No structural drawings were available to Pinchin for review.

Table 3.4 outlines the findings of the inspection of the structural elements:

Table 3.4 – Structural Elements

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• None observed/reported.	• None required.
Minor Deficiencies/Findings	
• None observed/reported.	• None required.

Assessment of the original or existing building design, compliance with prior or current Building Code or detection or comment upon concealed structural deficiencies are outside the scope of work. Accordingly, the findings are limited to the extent that the assessment has been made based on a walk-through visual inspection of accessible areas of the structure. Pinchin's visual review of the structural elements and information provided by the Site Representative indicated that no major deterioration existed within the visibly accessible components of the Site Building.

3.5 Elevator Systems

The Site Building is not equipped with vertical transportation systems.

Table 3.5 – Elevator Systems

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• N/A	• N/A
Minor Deficiencies/Findings	
• N/A	• N/A

3.6 Interior Finishes

As outlined in the scope of work, the interior finishes of the Site Building were reviewed during the Site assessment. The floor finishes within the office areas of the Site Building consist of a combination of carpeting and ceramic floor tiles. Flooring within the retail areas consist of a combination of laminate floor planks vinyl floor tiles and ceramic floor tiles. Flooring within the washrooms consist of ceramic floor tiles. Flooring within the mechanical/electrical areas and within the shipping/receiving area consist of exposed concrete floor slabs.



Wall finishes within the office areas and the retail areas consist primarily of painted gypsum board. Ceramic wall tiles were noted within the washrooms. Walls within the shipping/receiving area and within the mechanical/electrical rooms consist of painted and unpainted concrete block masonry. The ceiling finishes within the Site Building primarily consist of suspended ceiling assemblies complete with lay-in ceiling tiles and painted gypsum board with areas of exposed roof structure/roof decking.

It was reported to Pinchin that the interior finishes, including removal and replacement of the flooring, walls and ceiling finishes, within the main retail area were renovated in 2018 (i.e., ~ 7 years ago).

Table 3.6 outlines the findings of the inspection of the interior finishes:

Table 3.6 – Interior Finishes

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none">• None observed/reported.	<ul style="list-style-type: none">• None required.
Minor Deficiencies/Findings	
<ul style="list-style-type: none">• Moisture-stained gypsum board noted at ceilings within the second storey office area.	<ul style="list-style-type: none">• No active leaking was reported or observed. Remove the affected gypsum board, identify and repair any source of moisture and replace the gypsum board.
<ul style="list-style-type: none">• Damaged vinyl floor tiles noted at the vacant restaurant space at the east portion of the Site Building.	<ul style="list-style-type: none">• Replace the damaged vinyl floor tiles.
<ul style="list-style-type: none">• Moisture damaged gypsum board noted within janitorial closets around mop sinks.	<ul style="list-style-type: none">• Remove the affected gypsum board, identify and repair any source of moisture, if any, and replace the gypsum board. Consider installing water resistant wall finishes around the mop sinks (i.e., ceramic tile, vinyl sheets, etc.).
<ul style="list-style-type: none">• Minor linear cracking noted in the concrete block masonry wall within the main sprinkler room.	<ul style="list-style-type: none">• Repoint the mortar at the affected area and monitor the area for further deterioration throughout the term of analysis.



View of typical interior finishes within the retail area.



View of typical interior finishes within the office areas.



View of typical interior finishes within the shipping/receiving area.



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View of moisture stained gypsum board at a ceiling within the second floor office area.



View of moisture damaged gypsum board noted at a ceiling within the stairwell at the northwest portion of the Site Building.



View of damaged vinyl floor tiles at the vacant restaurant area.



View of moisture damaged gypsum board noted adjacent to a mop sink within a janitorial closet.



View of linear cracking noted at a concrete block masonry wall within the main sprinkler room.

The interior finishes within the Site Building were generally observed to be in serviceable condition. Pinchin recommends that the above referenced minor deficiencies be addressed and that regular annual maintenance of the interior finishes be performed throughout the term of the analysis.

3.7 Site Features

The Site Building occupies approximately 8% of the 6.4 acre Site. The remainder of the Site is surfaced with soft landscaping (i.e., grassed areas with trees) and parking areas surfaced with asphalt pavement. The asphalt surfaced parking areas are located adjacent to the north and west elevations of the Site Building which provide parking for 138 vehicles. An additional concrete surfaced parking area is located at the south portion of the Site which is used for transport truck parking. Parking for 16 transport trucks is available at the concrete surfaced parking area.

Drainage of the Site pavements is provided by on-Site catch basins which presumably drain the water to the municipal sewer system. Since the inspection was limited to visible areas no examination of the catch basins was performed and no review of the initial compliance with code was performed. The inspection of underground or concealed components is outside the scope of work. No issues were reported with the catch basins or their ability to drain the Site.



Soft landscaping was noted on the west and east portions of the Site. Cast-in-place concrete walkways were noted adjacent to all elevations of the Site Building. A driveway consisting of a cast-in-place concrete surface is located adjacent to the south elevation of the Site Building. An outdoor patio consisting of a stamped concrete slab enclosed with a metal railing and pickets is located adjacent to the northeast portion of the Site Building. The loading bay at the southwest portion of the Site Building consists of a cast-in-place concrete ramp enclosed within perimeter walls which extend from the exterior walls of the Site Building and are clad with EIFS. Chain link fencing was noted to border the north and a portion of the east perimeter of the Site. Vehicular access to the Site is provided by freeway exits from the Queen Elizabeth Way at the west and east portions of the Site as well as an entrance from Central Avenue at the east portion of the Site.

Table 3.7 outlines the findings of the inspection of the Site features:

Table 3.7 – Site Features	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none">• Areas of linear cracking, alligator cracking and potholes noted in the asphalt paved surfaces of the Site.	<ul style="list-style-type: none">• Pinchin recommends and has included allowances for the repair/replacement of deteriorated asphalt within the term of analysis.
Minor Deficiencies/Findings	
<ul style="list-style-type: none">• Minor linear cracking noted at the concrete walkways adjacent to the Site Building.	<ul style="list-style-type: none">• Rout and seal minor linear cracking within the concrete walkways and monitor for further deterioration throughout the term of analysis.
<ul style="list-style-type: none">• Corrosion noted at steel bollards adjacent to the west elevation of the Site Building.	<ul style="list-style-type: none">• Clean corrosion from the steel bollards and apply a corrosion inhibitive coating.
<ul style="list-style-type: none">• Corrosion observed at the metal railing at the walkway adjacent to the southwest corner of the Site Building and at the patio area adjacent to the north elevation of the Site Building.	<ul style="list-style-type: none">• Due to the amount of corrosion observed, replacement of the railing is recommended.
<ul style="list-style-type: none">• Areas of linear cracking observed in the concrete parking surface at the south portion of the Site.	<ul style="list-style-type: none">• Rout and seal cracking within the concrete parking surface and monitor for further deterioration throughout the term of analysis.
<ul style="list-style-type: none">• Corrosion observed at the steel supports of the display sign at the east portion of the Site.	<ul style="list-style-type: none">• Clean corrosion from the steel supports and apply a corrosion inhibitive coating.
<ul style="list-style-type: none">• Areas of impact damage and linear cracking noted at the concrete curbs at the parking areas.	<ul style="list-style-type: none">• Repair of the affected curbs is recommended as part of ongoing general maintenance of the Site features.



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General view of the asphalt surfaced parking area adjacent to the west elevation of the Site Building.



View of the concrete surfaced transport truck parking area at the south portion of the Site.



View of an area of pitting and potholes in the asphalt paved surface at the west portion of the Site.



View of a linear cracking in a concrete walkway.



View of corrosion at steel bollards adjacent to the west elevation of the Site Building.



View of corrosion noted at the metal railing at the walkway adjacent to the southwest corner of the Site Building and at the patio area adjacent to the north elevation of the Site Building.



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View of a linear crack within the concrete surface of the transport truck parking area at the south portion of the Site.



View of corrosion observed at the steel supports of the display sign at the east portion of the Site.



View of a damaged concrete curb.

The Site features appeared to be in serviceable condition at the time of the Site assessment. Pinchin recommends and has included allowances for the repair/replacement of deteriorated asphalt within the term of analysis. Pinchin also recommends that regular annual maintenance of the Site features be performed throughout the term of the analysis. Assessment of or comment upon concealed deficiencies and any buried/concealed utilities or components are outside the scope of work.



3.8 Mechanical Systems

3.8.1 Major Service Providers

The following providers serve the subject property:

Water	-	Town of Fort Erie
Electric	-	Canadian Niagara Power Inc.
Sewer	-	Town of Fort Erie
Natural Gas	-	Enbridge
Police	-	Niagara Regional Police Service
Fire	-	Fort Erie Fire Department

3.8.2 Heating, Ventilation and Air Conditioning (HVAC)

Heating, cooling and ventilation throughout the Site Building is provided primarily by natural gas-fired heating and electrically powered cooling rooftop HVAC units. A summary of the rooftop packaged HVAC units is provided in the table below:

Manufacturer	Age	Heating Capacity	Cooling Capacity
Lennox	2018	240,000 BTUH	12.5 tons
Lennox	2018	240,000 BTUH	10 Tons
Lennox	2018	240,000 BTUH	10 Tons
Lennox	1998	120,000 BTUH	~ 3 Tons
Lennox	2018	65,000 BTUH	3 Tons
Lennox	2018	240,000 BTUH	12.5 Tons

- Supplemental heating within the shipping/receiving area is provided by a natural gas-fired suspended unit heater. It was reported to Pinchin that the suspended unit heater is original to the construction of the Site Building (i.e., ~ 27 years old) and operates in a satisfactory manner.
- Supplemental heating within the office areas and other select areas within the Site Building is provided by electrically powered baseboard heaters.

The inspection of the interior of boilers, pressure vessels, equipment, fan coils, ductwork or associated mechanical, etc., was beyond the scope of work. It should be noted that the heating and cooling duct work within the Site Building may contain interior insulation. The Site Representative was unaware of the



presence of insulation within the duct work within the Site Building. It is Pinchin's experience that interior insulation within duct work is prone to deterioration or development of mould which may require removal of the insulation. In the case where interior insulation is present within the duct work, Pinchin recommends that the duct work insulation be inspected for the presence of mould.

3.8.3 Domestic Hot Water

Domestic Hot Water (DHW) within the Site Building is provided by a natural gas-fired, self-contained unit which was noted to have been manufactured "John Wood" in 2016 (i.e., ~ 9 years old). The DHW heater possesses an approximate input heating capacity of 52,200 BTUH and an approximate storage capacity of 60 US gallons. There was no reported shortage of hot water within the Site Building.

3.8.4 Plumbing

Drainage piping within the Site Building consists of Acrylonitrile Butadiene Styrene (ABS) and cast-iron as observed where visible. It was noted, where visible, that the plumbing for the domestic cold and hot water consisted of copper piping. Due to the concealed nature of the plumbing systems, the condition of the systems could not be verified.

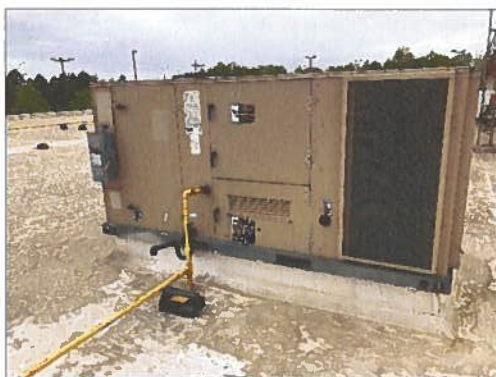
The main incoming domestic water line branches from the main sprinkler riser located in the main sprinkler room of the Site Building. No backflow prevention devices were noted on the incoming main water line.

3.8.5 Fire Protection

Fire protection within the Site Building is provided by sprinkler systems which provide protection throughout all accessed areas of the building. A cabinet containing an extra supply of sprinkler heads and an installation tool were noted within the sprinkler room. The sprinklers are reportedly equipped with electronic flow alarms which are tied to the fire alarm panel and monitored by "Accu-Lock" an independent contractor. The fire protection systems are reportedly serviced annually by "Niagara Fire" and were last inspected in November 2024. Supplemental fire protection within the Site Building is provided by stand-alone chemical fire extinguishers which were noted within various strategic locations.

Table 3.8 outlines the findings of the inspection of the mechanical systems:

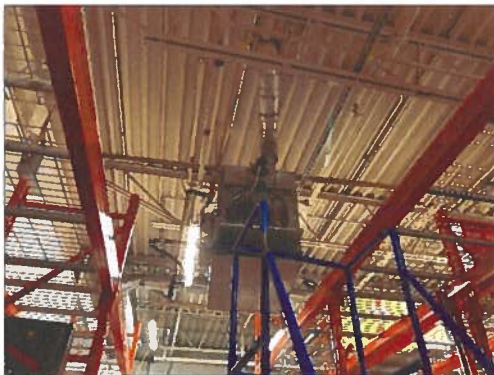
Table 3.8 – Mechanical Systems (including HVAC, DHW, Plumbing, and Fire Protection)	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none"> One rooftop packaged HVAC unit is approximately 27 years old and has surpassed its EUL. 	<ul style="list-style-type: none"> Pinchin recommends and has included an allowance for the replacement of the older rooftop packaged HVAC unit serving the Site Building.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> The suspended unit heater serving the shipping/receiving area of the Site Building is reportedly original to the construction of the Site Building and has surpassed its EUL. 	<ul style="list-style-type: none"> Based on age, replacement of the suspended unit heater is recommended within the term of analysis and can be managed at a below threshold cost.
<ul style="list-style-type: none"> The DHW heater serving the Site Building is approximately 9 years old and is anticipated to reach the end of its EUL within the term of analysis. 	<ul style="list-style-type: none"> Replacement of the DHW heater as it reaches the end of its EUL is recommended within the term of analysis and can be completed at a below threshold cost.
<ul style="list-style-type: none"> No backflow prevention device was noted at the main incoming domestic water line. 	<ul style="list-style-type: none"> Installation of a backflow prevention device at the main incoming domestic water line is recommended.



View of a typical rooftop packaged HVAC unit serving the Site Building.



View of the older rooftop packaged HVAC unit serving the Site Building.



View of the suspended unit heater serving the shipping/receiving area of the Site Building.



View of the DHW heater serving the Site Building.



View of the main incoming domestic water line.

Note: No backflow prevention device.



View of the main sprinkler riser.

In summary, the mechanical systems within the Site Building were noted to be performing in a satisfactory manner at the time of the Site assessment. Based on age, Pinchin recommends and has included an allowance for the replacement of the older rooftop packaged HVAC unit serving the Site Building. Assuming that regular annual maintenance is performed, no other major expenditures are anticipated relating to the mechanical systems throughout the term of the analysis.

In accordance with the proposed scope of work, no physical or destructive testing or design calculations were conducted on any of the major components of the building. Similarly, the inspection of the interior of ductwork or associated mechanical components was not included in the scope of work. Accordingly, the findings are limited to the extent that the assessment was made visually from the exterior of the systems.

3.9 Electrical Systems

3.9.1 Electrical Power

The electrical power for the Site Building is supplied from a concrete pad-mounted transformer located on the east portion of the Site which feeds the main electrical room of the Site Building via underground wires. The electrical service for the Site Building includes a "Siemens" main switchgear unit with a maximum rating of 1,200 Amperes based on the attached data label.



The Site Building possesses a 35 kW "Onan" diesel fired emergency power generator was noted within the main electrical room. Power to the Site Building is automatically transferred via an automatic transfer switch. The automatic transfer switch was also noted to be manufactured by "Onan". Based on the attached data labels the generator set and automatic transfer switch are original to the construction of the Site Building in 1998 (i.e., ~ 27 years old). Diesel is stored in a 680-litre steel tank manufactured by "DTE Industries Ltd." also in 1998 (i.e., ~ 27 years old). Inspections and servicing of the emergency generator is reportedly performed by "Niagara Generator" an independent contractor. It was reported that the emergency generator supplies power to the fire alarm panel and associated systems (i.e., pull stations and heat detectors), the emergency lighting and emergency exit signs.

No problems were observed or reported relating to the electrical systems of the Site Building.

3.9.2 Fire Alarm System and Life Safety

The fire alarm system serving the Site Building consists of a multi-zone and single stage system complete with an "EST" fire alarm panel. The main fire alarm panel is located within the main entrance vestibule at the west portion of the Site Building. The fire alarm monitors hardwired pull stations and heat detectors which are located throughout the building. The systems are reportedly monitored by "Accu-Lock and Security" an independent contractor. Inspections and servicing of the fire alarm system is reportedly performed by "Niagara Fire" an independent contractor with the last date of inspection for the fire alarm panel and associated systems taking place in November 2024. Emergency lighting and illuminated exit signs are located throughout the Site Building which are powered by the emergency generator.

Table 3.9 outlines the findings of the inspection of the electrical systems:

Table 3.9 – Electrical Systems (including Electrical Power and Fire Alarm and Life Safety)	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none">The emergency generator and automatic transfer switch is approximately 27 years old and is anticipated to reach the end of its EUL within the term of analysis.	<ul style="list-style-type: none">Based on age, Pinchin recommends and has included a preliminary allowance for the replacement of the emergency generator and automatic transfer switch within the term of analysis.
Minor Deficiencies/Findings	
<ul style="list-style-type: none">Several exit signs were not illuminated at the time of the Site assessment.	<ul style="list-style-type: none">Ensure all exit signs throughout the Site Building are properly illuminated.



View of the pad-mounted transformer serving the Site.



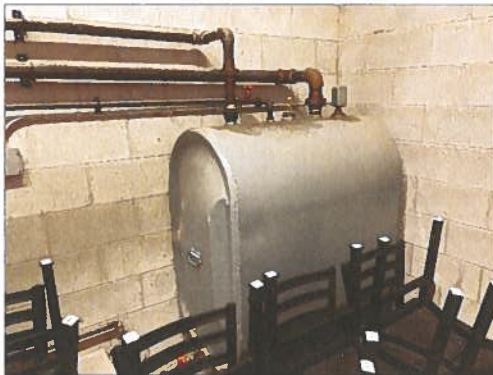
View of the main switchgear unit serving the Site Building.



View of the emergency generator serving the Site Building.



View of the automatic transfer switch serving the Site Building.



View of the diesel storage tank within the main electrical room.



View of the fire alarm panel serving the Site Building.



View of a typical illuminated exit sign.

Note: This unit was not illuminated at the time of the Site assessment.

Upon inspection the electrical and life safety systems were noted to be performing in a satisfactory manner. As the current assessment was performed as a Baseline Property Condition Assessment without Specialist review, our information of the electrical systems is solely based on review of the above-noted on-site labeling. The Client should contact the electrical service provider to verify the incoming electrical supply capacities, if required. Based on age, Pinchin recommends and has included a preliminary allowance for the replacement of the emergency generator and automatic transfer switch within the term of analysis. The electrical and life safety systems should continue to perform satisfactorily throughout the term of analysis assuming regular annual maintenance is provided.

4.0 KNOWN VIOLATIONS OF CODE

It was reported to Pinchin by the Site Representative that no outstanding violations from the Building Department existed pertaining to the property. Compliance with the National Building Code (NBC) and National Fire Code (NFC) was not reviewed as it was beyond the scope of this survey.

5.0 CONCLUSIONS AND RECOMMENDATIONS

Based on Pinchin's review of the property, conducted on May 13, 2025 the Site Building appeared to be in satisfactory condition. Based on our visual assessment the Site Building appears to have been constructed in general accordance with standard building practices in place at the time of construction.

The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.

No immediate repair requirements were noted. Repair requirements (under replacement reserves) over the term of the analysis (i.e., 10 years) of \$268,000.00 have been identified. \$175,000.00 of this total has been identified for asphalt repairs/replacement within the parking areas.



During the Site visit, deficiencies relating to the roof systems, wall systems, interior finishes, Site features and mechanical/electrical systems were noted. Of particular note, recommendations, repairs and replacements for the following items are included throughout the term of the analysis:

- Pinchin recommends and has included an allowance for the replacement of deteriorated exterior sealants within the early portion of the term of analysis;
- Pinchin recommends and has included allowances for the repair/replacement of deteriorated asphalt within the term of analysis;
- Pinchin recommends and has included an allowance for the replacement of the older rooftop packaged HVAC unit serving the Site Building; and
- Based on age, Pinchin recommends and has included a preliminary allowance for the replacement of the emergency generator and automatic transfer switch within the term of analysis.

Regular maintenance should be conducted on the roof systems, wall systems, structural elements, interior finishes, Site features and the mechanical/electrical systems to ensure that the EUL of the major components is realized. Repair costs for the aforementioned items have been included over the term of the analysis (i.e., 10 years) included within Appendix I. The specific deficiencies identified during the BPCA and their associated recommendations for repair are described in the main body of the report. These deficiencies should be corrected as part of routine maintenance unless otherwise stated within the report. Costs associated with desired upgrades have not been carried.

Consideration has been given regarding required ongoing maintenance and repairs of the major elements and at the direction of the Client, Pinchin has utilized a threshold of \$5,000.00 per system, per year as a limit in determining and carrying anticipated expenditures.

Anticipated expenditures associated with maintenance and reparation of the major components below the threshold are presumed to be carried within the annual operating budget and excluded from the Summary of Anticipated Expenditures.

6.0 TERMS AND LIMITATIONS

This work was performed subject to the Terms and Limitations presented or referenced in the proposal for this project.

Information provided by Pinchin is intended for Client use only. Pinchin will not provide results or information to any party unless disclosure by Pinchin is required by law. Any use by a third party of reports or documents authored by Pinchin or any reliance by a third party on or decisions made by a third party based on the findings described in said documents, is the sole responsibility of such third parties.



Pinchin accepts no responsibility for damages suffered by any third party as a result of decisions made or actions conducted. No other warranties are implied or expressed.

In accordance with the proposed scope of work, no physical or destructive testing or design calculations were conducted on any of the components of the buildings. Assessment of the original or existing building design, or detection or comment upon concealed structural deficiencies and any buried/concealed utilities or components are outside the scope of work. Similarly, the assessment of any Post Tension reinforcing is not included in the scope of work. Determination of compliance with any Codes is beyond the scope of this Work. The Report has been completed in general conformance with the ASTM Designation: *E 2018 – 24 Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*.

It should be noted that Pinchin has attempted to identify all the deficiencies required by this Standard associated with this project. Pinchin does not accept any liability for deficiencies that were not within the scope of the investigation.

As indicated above the personnel conducting the building assessment, where applicable, have performed a non-specialist review of the building and all associated finishes and related systems including the mechanical and electrical (including fire alarm and life safety) systems, Site features, etc. The personnel conducting the assessment are knowledgeable of building systems and construction, but not technical specialists in each of these fields. The intent of Pinchin's comments on these systems are for the sole purpose of identifying areas where Pinchin has observed a noteworthy condition which will lead to a likely significant expenditure during the term of the assignment and/or where Pinchin would recommend that the Client consider a further, more detailed investigation. The budget costs for remedial work for each specific item has been provided to the best of our ability and will provide an order of magnitude cost for the individual item and the overall possible remedial work. Our experience has shown that the costs that Pinchin have provided are appropriate and of reasonable accuracy for the purpose intended. It should be noted that the budget cost or reserve costs for any specific item may vary significantly based on the fact that the schedule or phasing of the future remedial work is unknown at this time, the impact on building operations of this remedial work is unknown at this time and that no intrusive inspection or detailed design work is included in the BPCA. If a more accurate, detailed or documented reserve cost is required at this time the Client should request Pinchin to provide the additional proposal to provide a more accurate cost estimate.

**Baseline Property Condition Assessment**

1 Peace Bridge Plaza, Fort Erie, Ontario
Buffalo & Fort Erie Public Bridge Authority

June 4, 2025
Pinchin File: 111444.001
FINAL

It should be noted that recommendations and estimates outlined in this report do not include allowances for future upgrading of components pertaining to Client or tenant fit-up that may be necessary or required by Authorities Having Jurisdiction (AHJ).

The assessment is based, in part, on information provided by others. Unless specifically noted, Pinchin has assumed that this information was correct and has relied on it in developing the conclusions.

It is possible that unexpected conditions may be encountered at the Site that have not been explored within the scope of this report. Should such an event occur, Pinchin should be notified in order to determine if we would recommend that modifications to the conclusions are necessary and to provide a cost estimate to update the report.

The inspection of the interior of boilers, pressure vessels, equipment, fan coils, ductwork or associated mechanical, etc., was beyond the scope of work. It should be noted that the heating and cooling duct work within the Site Building may contain interior insulation. The Site Representative was unaware of the presence of insulation within the duct work within the Site Building. It is Pinchin's experience that interior insulation within duct work is prone to deterioration or development of mould which may require removal of the insulation. In the case where interior insulation is present within the duct work, Pinchin recommends that the duct work insulation be inspected for the presence of mould.

Due to the concealed nature of the plumbing system the condition of the risers could not be verified.

Environmental Audits or the identification of designated substances, hazardous materials, PCBs, insect/rodent infestation, concealed mould and indoor air quality are excluded from this BPCA report.

Further to the aforementioned, determination of the presence of asbestos containing material within the building such as drywall joint compound or the lead content within the older paint finishes was beyond the scope of work.

This report presents an overview on issues of the building condition, reflecting Pinchin's best judgment using information reasonably available at the time of Pinchin's review and Site assessment. Pinchin has prepared this report using information understood to be factual and correct and Pinchin is not responsible for conditions arising from information or facts that were concealed or not fully disclosed to Pinchin at the time of the Site assessment.

\\pinchin.com\ham\Job\111000s\111444 BUFFALO FORTER.100QueenStree.DDIL.BCA\0111444.001 BUFFALO FORTER.1PeaceBridgeP.DDIL.BCA\Deliverables\111444.001 FINAL BPCA 1PeaceBridgePlaza FortErieON, BuffaloFortEriePublicBridgeAuth_JUN2025.docx

Template Master Report for Single Storey Retail Building, PCA, March 4, 2025

APPENDIX I

Table 1 – Summary of Anticipated Expenditures

Appendix C

Property Tax Information

Below is the historical tax assessment for the Duty Free location based on the valuation as determined by MPAC in a 2016 assessment.

Year	Assessment	Taxes due
2022	2,901,952	69,102
2023	2,901,952	73,799
2024	2,901,952	77,964
2025	2,901,952	77,964*

* estimated

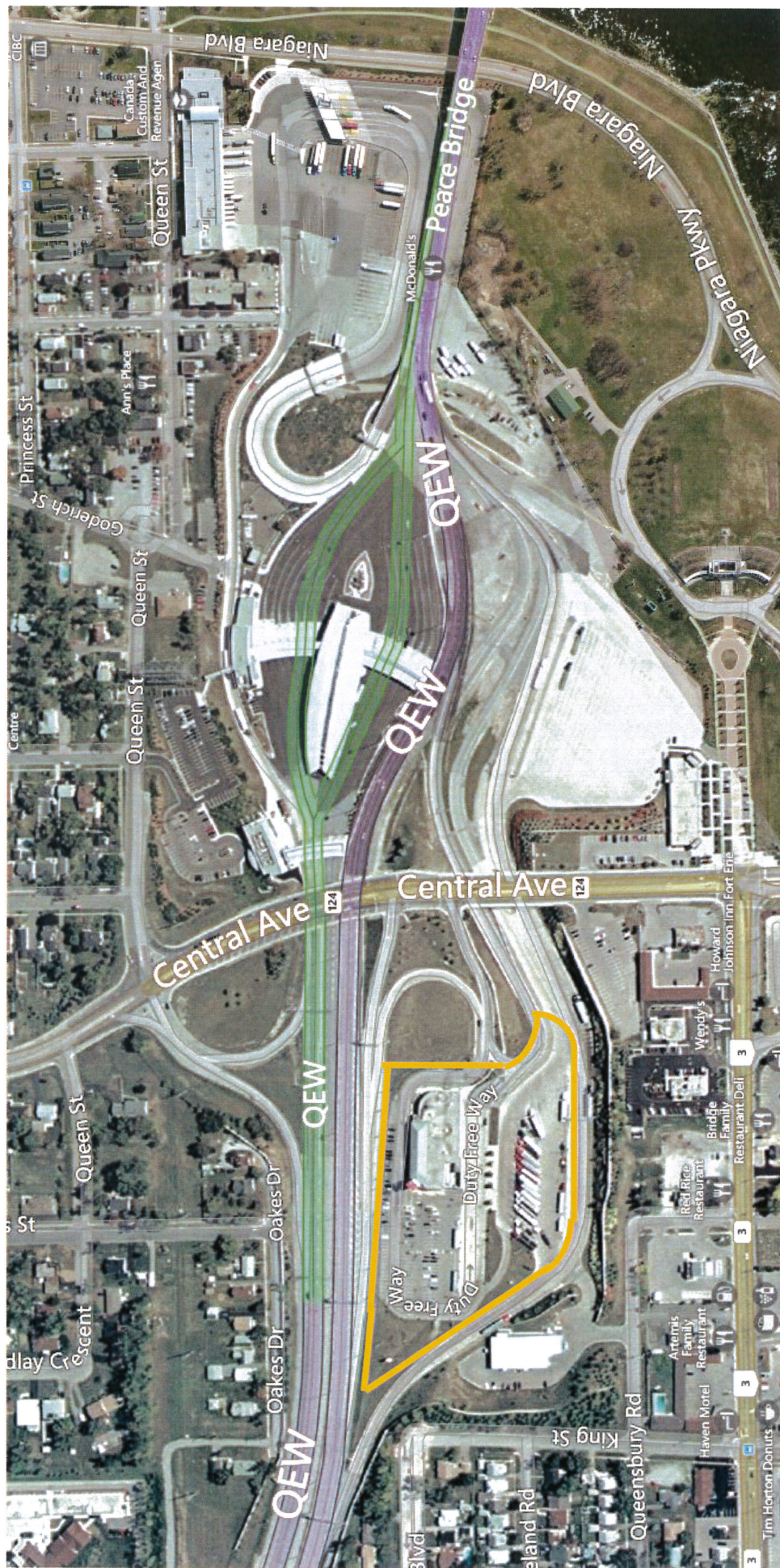
APPENDIX D





LEGEND

- | | |
|----|------------------------------------|
| 1 | Peace Bridge |
| 2 | CBSA Commercial Vehicle Inspection |
| 3 | CBSA Passenger Vehicle Inspection |
| 4 | BFEPPA Administration |
| 5 | Toll facilities |
| 6 | CBSA Refugee Processing Center |
| 7 | Peace Bridge Duty Free |
| 8 | Commercial Vehicle Staging Yard |
| 9 | NEXUS/FAST Enrollment Center |
| 10 | BFEPPA Maintenance Shop |
| 11 | Q.E.W. Fort Erie |



Appendix E

Historical Traffic Information

Below is the historical traffic for the past five (5) years at the Peace Bridge

Year	Volume		Yearly Average
	Passenger	Commercial	USD Exchange Rate
2019*	4,021,579	1,094,241	1.33
2020	876,229	1,022,228	1.34
2021	682,366	1,111,690	1.25
2022	2,232,200	1,079,923	1.30
2023	3,394,021	1,090,614	1.35
2024	3,739,580	1,062,499	1.37

*Last year of normalized operations. The audited sales report reflected \$18,396,000 of sales during the calendar year 2019.

APPENDIX F

SECTION 32 – PUBLIC (P) ZONE

32.1 Subject to the General Provisions of Section 6 and all other applicable requirements of this By-law, the provisions of this section apply in all Public (P) Zones.

32.2 PERMITTED USES

- (a) Public uses and operations carried on by, or on behalf of the Town of Fort Erie, Regional Municipality of Niagara, Province of Ontario, Government of Canada or agency thereof, and specifically including the Peace Bridge Authority and The Niagara Parks Commission, and, without limiting the generality of the foregoing shall include public libraries, post offices, police stations, public hospitals, water treatment plants, sewage treatment plants, works and yards, weigh-scales and fruit and vegetable inspection stations.
- (b) Uses, buildings and structures accessory to any use permitted in clause (a) of this Subsection.

32.3 REGULATIONS

Minimum Lot Frontage	30m
Minimum Lot Area	1400 sq.m.
Maximum Lot Coverage	50 percent
Minimum Yard Requirements	No building or structure shall be used or erected within 5 metres of any lot line, or within 7.5 metres of any street line, or within 7.5 metres of the boundary of any Residential Zone
Minimum Parking Requirements	<ul style="list-style-type: none">i) Parking spaces shall be provided on the same lot on which the principal use is located, sufficient in number to accommodate the employees, of, and the visitors to, the public use or uses on such lotii) No parking space or part thereof shall be located and no land shall be used for the temporary parking or storage of any motor vehicle within 1.5 metres of any lot line which does not abut a street, or within 3 metres of any street line or boundary of any Residential Zone
Minimum Landscaping Requirements	A landscaping area in the form of a planting strip having a minimum width of 2 metres shall be provided and thereafter maintained adjacent to every portion of any lot line that abuts any Residential Zone

32.4 SUPPLEMENTARY REGULATIONS FOR WATER POLLUTION CONTROL PLANTS

Minimum Lot Frontage	30m
Minimum Lot Area	1400 sq.m.
Maximum Lot Coverage	50 percent
Minimum Front Yard Setback	15m

Minimum Side Yard Setback	7.5m
Minimum side yard setback abutting a public street	8 m
Minimum rear yard setback	10m
Minimum setbacks for parking and storage areas	8 m abutting a street line
Minimum Landscaping Requirements	A landscaping area in the form of a planting strip having a minimum width of 7.5 metres shall be provided and thereafter maintained adjacent to every portion of any lot line that abuts any Residential Zone

EXCEPTIONS TO THE PUBLIC (P) ZONE

P-145 (229-1995) 1 Municipal Centre Drive

These lands are zoned "Public P-145 Zone" and all of the provisions that relate to lands zoned "Public P Zone" by this by-law shall apply to those lands zoned "Public P-145 Zone" on Schedule A except that in addition to the permitted uses set out in Subsection 32.2 (a), these lands may also be used to conduct lottery events licensed by the Town of Fort Erie and the Province of Ontario.

P-262 (129-1990) Ridgeway Road, east side @ Crystal Beach Drive

Notwithstanding the provisions of the Public (P) Zone, the use of the lands indicated as P-262 on Schedule A shall be limited to a water pollution control plant and the following special regulations shall apply:

- (a) Minimum front yard setback shall not be less than 15 metres from the street line.
- (b) Minimum side yard setback shall not be less than 7.5 metres from the side lot line.
- (c) Minimum side yard setback abutting a public street shall not be less than 8 metres from the property line.
- (d) Minimum rear yard setback shall not be less than 18 metres from the rear lot line.
- (e) Minimum setbacks for parking and storage areas abutting a street line shall not be less than 8 metres from the street line.

Appendix G

Financial Terms

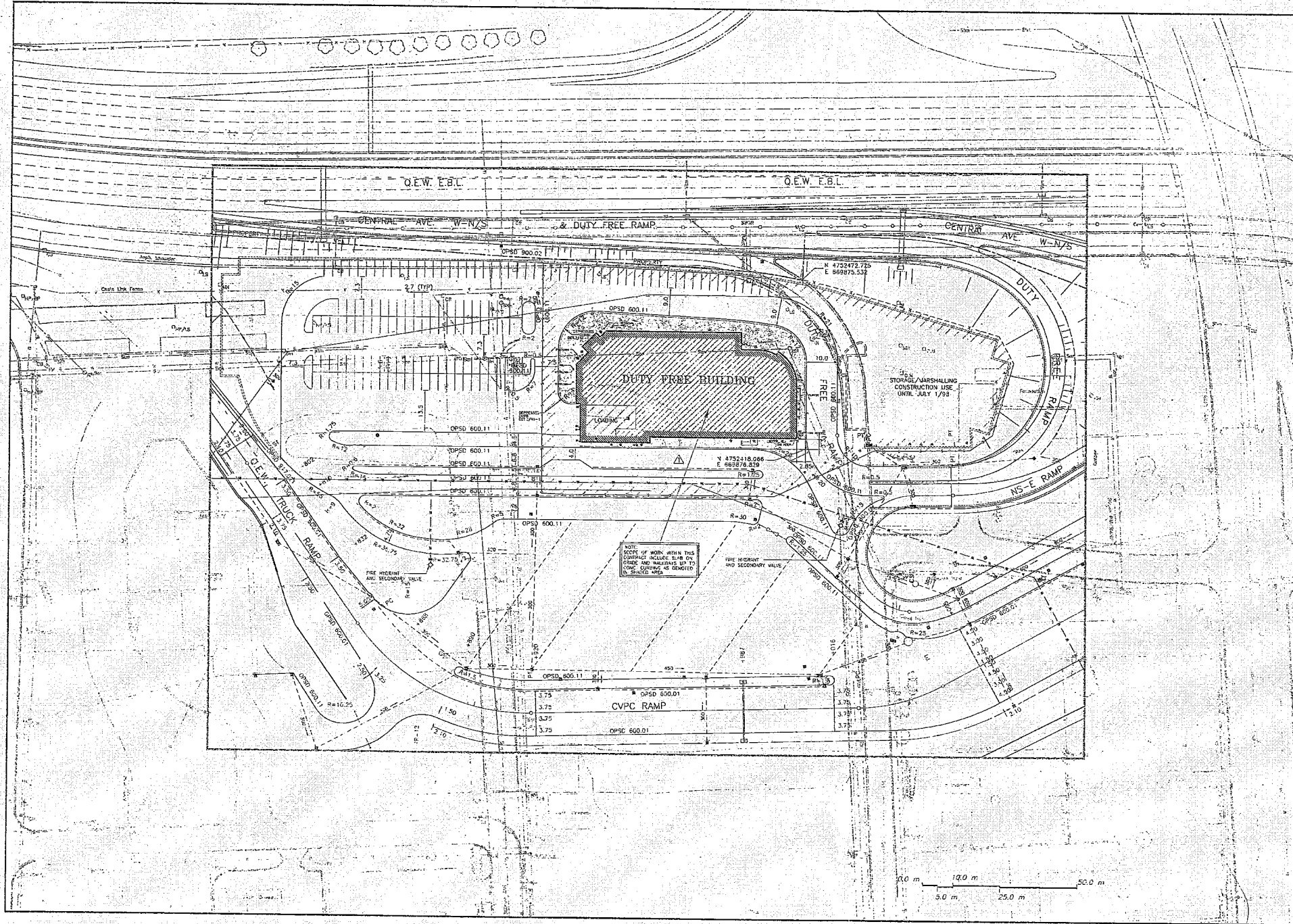
To provide clarity to section B (8)(d) of the RFP, the following is meant as a guide to Proponents as to the types of financial terms the Authority may expect:

- Minimum annual base rent
- Lease Extension Fee = \$5,000,000 upon exercise of lease extension option

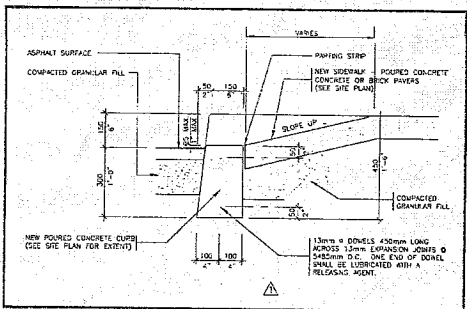
And any one or more of:

- Any proposed additional Lease Extension Fee
- Percentage rent together with any escalation clauses or ranges
- Proposed capital investments that would be incorporated into any Lease and become property of the Authority – together with any impact this may have on the minimum lease term
- Other financial items

APPENDIX H



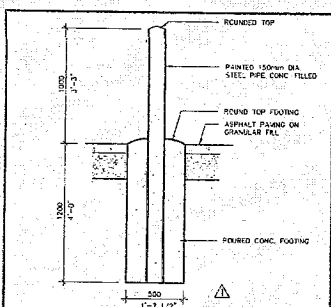
1 SITE PLAN
A1-1 scale 1:500



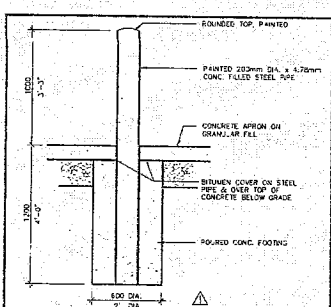
2
A1-1

DEPRESSED CONCRETE CURB

scale 1:10



3 BOLLARD ON ASPHALT PAVING
A1-1 scale 1:20



4 BOLLARD ON CONCRETE APRON

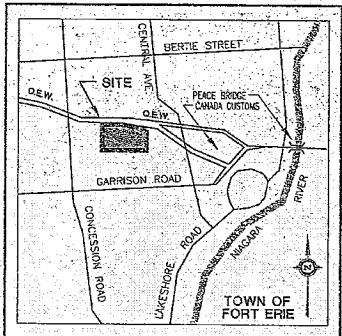
L E G A L D E S C R I P T I O N

SURVEY INFORMATION SHOWN ON THIS PLAN TAKEN
FROM PLAN SHOWING TOPOGRAPHICAL SURVEY OF

PART OF LOT 3 AND OF LOT 4 ON THE WEST SIDE OF GODERICH STREET
PART OF LOT 6, 7 AND ALL OF LOT 8 ON THE WEST SIDE OF NORTH STREET
PART OF LOT 3 AND 4 ON THE EAST SIDE OF NORTH STREET
PART OF LOT 10 ON THE WEST SIDE OF WADSWORTH STREET
PART OF GODERICH STREET
PART OF NORTH STREET (LOW CENTRAL AVENUE)
PART OF WADSWORTH STREET (NOW THYRAE AVENUE)
ACCORDING TO REGISTERED PLAN 9218 FOR THE VILLAGE OF FORT ERIN
N. K. A. PLAN 505

AND
PART OF LOTS 7, 32, 47, 33, 92, 93, 114 TO 119 BOTH INCLUSIVE,
127 TO 131 BOTH INCLUSIVE, 166 TO 180 BOTH INCLUSIVE
ALL OF LOTS 8 TO 31 BOTH INCLUSIVE
ALL OF LOTS 33 TO 46 BOTH INCLUSIVE
ALL OF LOTS 48 TO 52 BOTH INCLUSIVE
ALL OF LOTS 81 TO 91 BOTH INCLUSIVE AND ALL OF LOTS 224, 225, AND 226

PART OF GODER CH STREET
PART OF MAIN STREET (NOW WALDEN BOULEVARD)
PART OF NORTH STREET
PART OF WALSWORTH STREET
PART OF DOUGLAS STREET
PART OF FOURTH STREET
ALL OF LANE LYING SOUTH OF WEST OF LOTS 15 TO 18
ALL OF LANE LYING SOUTH OF LOTS 19 TO 31
PART OF LANE LYING WEST OF LOT 60
ALL OF LANE LYING SOUTH OF LOTS 81 TO 88
PART OF LANE LYING SOUTH OF LOTS 119 TO 125
PART OF LANE LYING SOUTH OF LOTS 228 TO 239
PART OF BLOCKS 'B', 'X', AND 'Y'
ACCORDING TO REGISTERED PLAN 27 FOR THE VILLAGE OF FORT ERIE
N. K. A. PLAN 519
ALL NOW IN THE
TOWN OF FORT ERIE, REGIONAL MUNICIPALITY OF NIAGARA
AS PREPARED BY
RASH & CHAMBERS LTD, ONTARIO LAND SUR
74 JARVIS ST., FORT ERIE, ONTARIO, TEL: 871-9757, FAX: 871-9748



KEY PLAN
N.T.S.

LEGEND

CONTRACTOR STAGING AREA

THIS AREA MUST BE RETURNED FOR THE USE OF
THE PAVING CONTRACTOR BY JULY 1/98

- SEDIMENT TRAP
- S — S — FENCING
- — — SILT FENCE
- — — — OIL/GRIOT SEPARATOR
- DELINEATES AREA WHERE CHAIN LINK AND SNOW FENCE IS TO BE INSTALLED 3/1/1998.
- CONTRACTOR WILL NOT BE ALLOWED ACCESS TO THIS AREA BETWEEN MARCH 1, 1998 AND JULY 1, 1998.
- CONTRACTOR FOR THE DUTY FREE BUILDING WILL UTILIZE THIS AREA BETWEEN MARCH 1, 1998 AND OCTOBER 31, 1998. WORK WITHIN THIS AREA TO BE DEFERRED UNTIL AFTER JULY 1, 1998
- W — WATERMAIN
- ⊗ PIPE HYDRANT WITH SECONDARY VALVE
- SA → EXISTING SANITARY SEWER
- ST → EXISTING STORM SEWER
- EXISTING TREE
- EXISTING CATCHBASIN
- EXISTING STORM MANHOLE
- EXISTING SANITARY MANHOLE
- NEW BOLLARD ON ASPHALT PAVING
SEE DETAIL 3/A1-1
- NEW BOLLARD ON CONCRETE APRON
SEE DETAIL 4/A1-1


NOTES

1. DETAILS 2-A1, 3-A1 AND 4-A1 ARE EXPRESSED
IN METRIC (MILLIMETERS) AND IMPERIAL.

THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS PRIOR TO COMMENCEMENT OF THE WORK.

ALL PRINTS AND SPECIFICATIONS ARE THE PROPERTY OF THE ARCHITECT AND MUST BE RETAINED UPON COMPLETION OF THE WORK.

KEY TO DETAIL LOCATION

 DETAIL NUMBER
DRAWING NUMBER

No.	DATE	REVISION	BY
1	FEB/16/88	ADDENDUM #1	

DATE	ISSUE
FEB 04/98	ISSUED FOR TENDER
FEB 04/98	ISSUED FOR PERMIT
MAR/12/98	ISSUED FOR CONSTRUCTION

PEACE BRIDGE
DUTY FREE
FORT ERIE, ONTARIO

PEACE BRIDGE DUTY FREE
FORT ERIE, ONTARIO

MKB & Associates Inc.
Project Management Services


777 Millwood Road Toronto Ontario M8G 1V7
Tel: (416) 493-7793 Fax: (416) 493-7346
e-mail: books@symptoms.ca

MMC
INTERNATIONAL

**-CANADA-
ARCHITECTS**

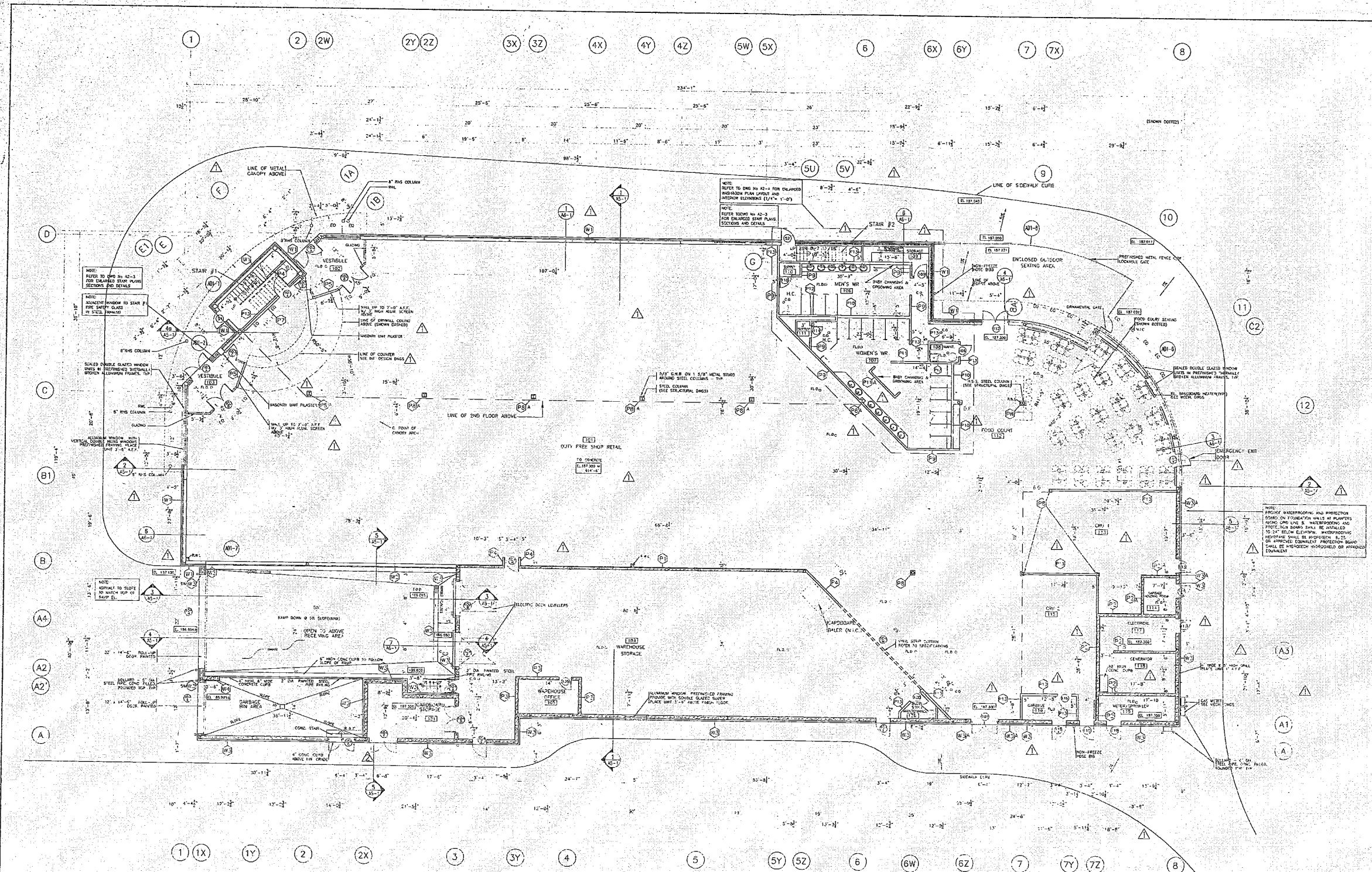
SITE PLAN
SITE DETAILS

SCALE	DATE	DRAWN	CHECKED
AS SHOWN	FEB/98	J.K/D.K.	C. BROWN



PROJECT
MORRIS

JOB NO. 95106	DRAWING NO. A1-1
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WALL TYPES		PARTITION TYPES	
W1	1/2" EXTERIOR SHEETPIPING	P1	1/2" CONCRETE BLOCK WALL TO U/S OF STRUCTURE
W2	1/2" EXTERIOR SHEETPIPING	P2	1/2" CONCRETE BLOCK WALL TO U/S OF STRUCTURE
W3	1/2" EXTERIOR SHEETPIPING	P3	1/2" CONCRETE BLOCK WALL TO U/S OF STRUCTURE
W3A	1/2" EXTERIOR SHEETPIPING	P4	1/2" CONCRETE BLOCK WALL TO U/S OF STRUCTURE
W4	1/2" EXTERIOR SHEETPIPING	P5	1/2" CONCRETE BLOCK WALL TO U/S OF STRUCTURE

THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS PRIOR TO COMMENCEMENT OF THE WORK. ALL DIMENSIONS ARE THE PROPERTY OF THE ARCHITECT AND MUST BE RETAINED UPON COMPLETION OF THE WORK.

KEY TO DETAIL LOCATION

No.	DATE	REVISION	BY
1	FEB/16/98	ADDENDUM #1	

GENERAL NOTES

- PROVIDE 3/4" HR RATING BETWEEN SECOND FLOOR OFFICE AREA AND GROUND FLOOR RETAIL ASSEMBLY. PROVIDE FIRE STOPPING MATERIAL AROUND PIPES WHERE PIPES PENETRATE THROUGH 3/4" HR RATED ASSEMBLIES. UNLESS OTHERWISE NOTED.
- PROVIDE 1 HR RATING BETWEEN GROUND FLOOR MAINTENANCE ROOMS AND RETAIL AREA. PROVIDE FIRE STOPPING MATERIAL AROUND PIPES WHERE PIPES PENETRATE THROUGH 1 HR RATED ASSEMBLIES.
- REFER TO MECHANICAL AND STRUCTURAL DRAWINGS FOR EXACT LOCATION OF ROOF TOP MECHANICAL UNITS.
- PROVIDE AND INSTALL SUPPORTS FOR GAS PIPING AS REQUIRED. REFER TO MECHANICAL & ARCHITECTURAL DRAWING DETAILS AS DEEMED NECESSARY.
- DIMENSIONS OF CONCRETE BLOCK AS SHOWN ON WALL AND PARTITION TYPES ARE NOMINAL DIMENSIONS.
- ALL PARTITIONS SHALL BE ERECTED UP TO U/S OF METAL DECK UNLESS OTHERWISE NOTED.
- ALL RISERS SHALL BE FURRED OUT WITH 5/8" CHANNELS ON ONE SIDE OF 3-5/8" METAL STUDS. 18" O.C. MAX TO U/S OF METAL DECK. TYPED AND SANDED TO PAINT-GRADE CONDITION. REFER TO MECHANICAL DRAWINGS FOR RISER LOCATIONS.
- TOP OF CLEAN OUT SHALL BE FLUSH WITH FINISHED FLOOR. CO-ORDINATE WITH PLUMBING CONTRACTOR FOR FINISHED FLOOR ELEVATION. REFER TO MECHANICAL DRAWINGS FOR CLEAN OUT LOCATIONS.
- PRIOR TO EXCAVATION, BATHILL AND POURING OF ON GRADE CONCRETE SLAB, COORDINATE WITH MECHANICAL AND ELECTRICAL SUBCONTRACTORS IN REGARD TO UNDERSLAB PLUMBING AND ELECTRICAL INSTALLATIONS AND SLOPING OF CONC. SLAB TO FLOOR DRAIN.
- PRIOR TO INSTALLATION OF STRUCTURAL STEEL, ROOF FRAMING AND BUILT UP ROOFING, CO-ORDINATE WITH PLUMBING CONTRACTOR FOR LOCATION OF ALL ROOF OFFSHOTS.

DATE	ISSUE
FEB 04/98	ISSUED FOR TENDER
FEB 05/98	ISSUED FOR PERMIT
MAR 12/98	ISSUED FOR CONSTRUCTION

DUTY FREE
FORT ERIE, ONTARIO

PEACE BRIDGE DUTY FREE
FORT ERIE, ONTARIO

MKB & Associates Inc.
Project Management Services

777 Millwood Road • Toronto, Ontario M9G 1V7
Tel: (416) 491-1000 • Fax: (416) 491-1001
E-mail: info@mkbandassociates.com

MMC INTERNATIONAL
• CANADA •
ARCHITECTS

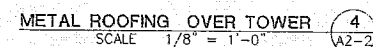
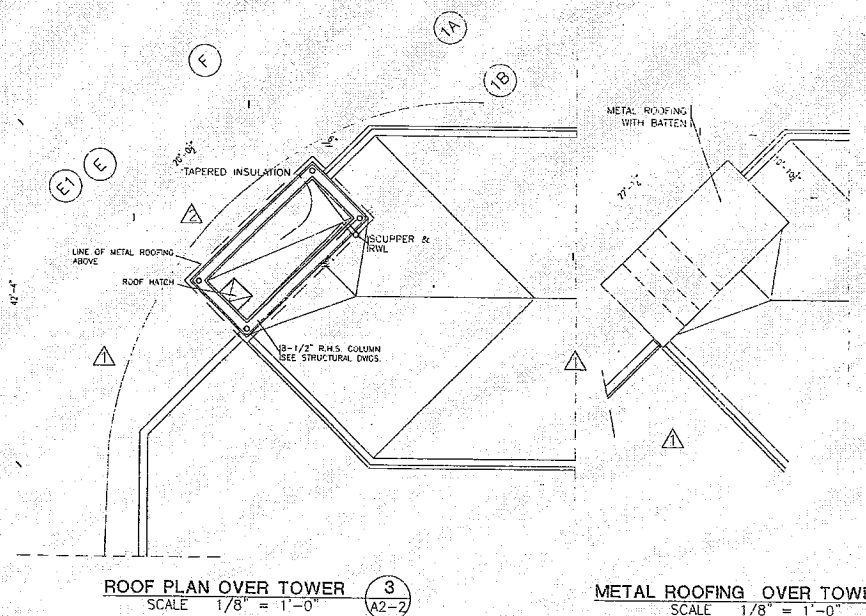
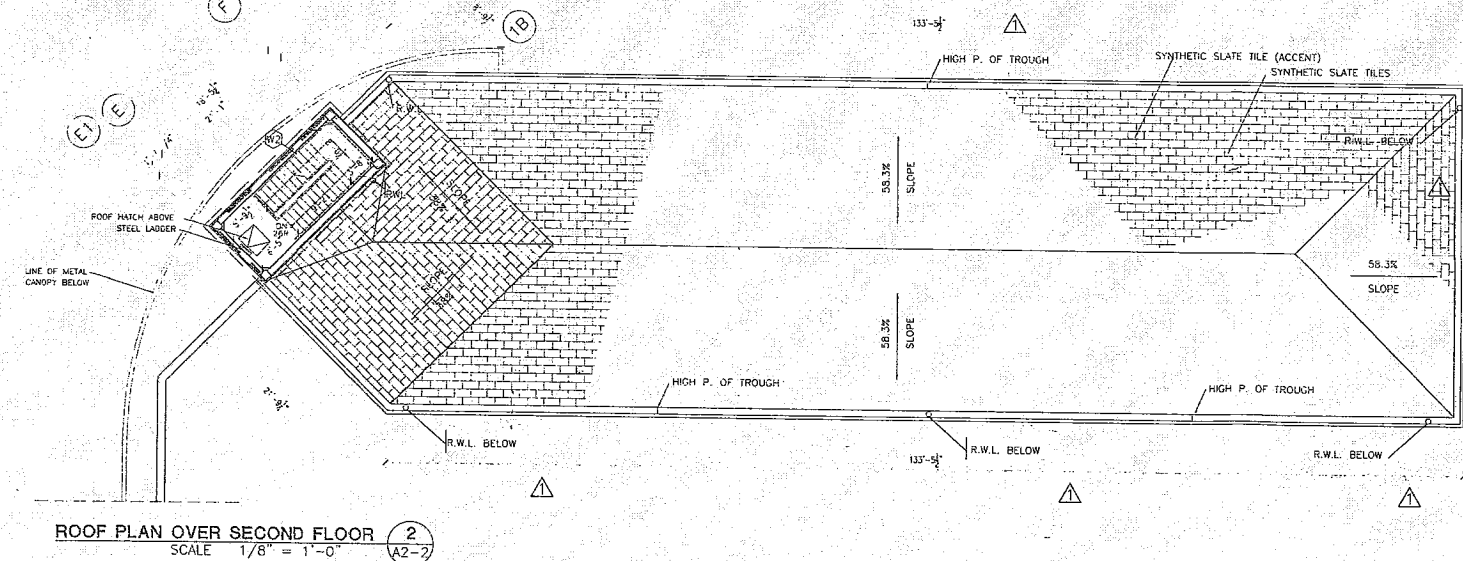
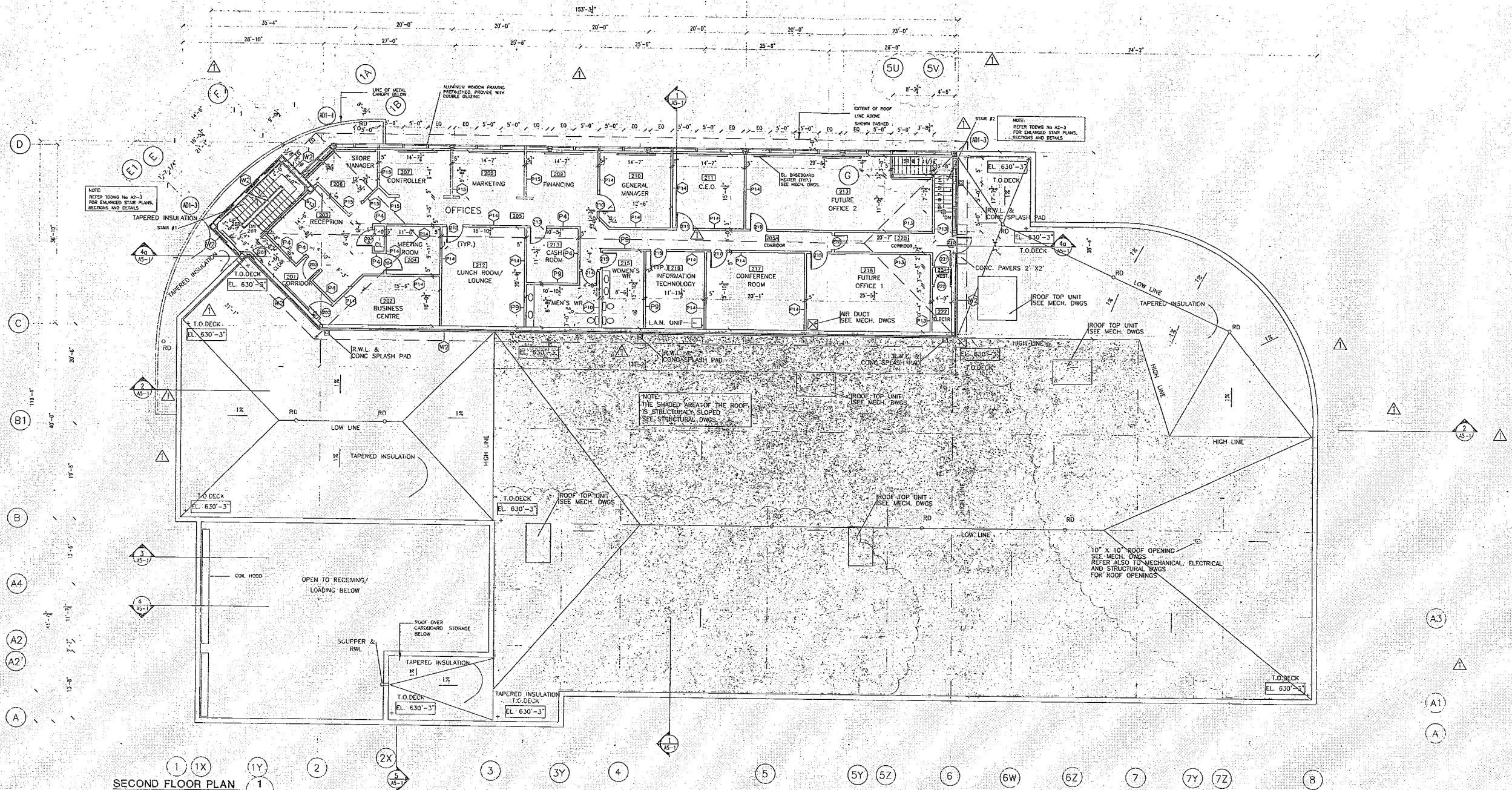
8100 Yonge Street, Suite 300
Toronto, Ontario M2H 3P9
Tel: (416) 491-1000 • Fax: (416) 491-1001
E-mail: info@mmcinternational.com

GROUND FLOOR PLAN

SCALE	DATE	DRAWN	CHECKED
1/8" = 1'-0"	FEB 04/98	L.K.	C. BROWN

UNIVERSITY ASSOCIATION OF ARCHITECTS
CHARTERED PROFESSIONAL ARCHITECT
LICENSE 4009

JOB NO: 95106
DRAWING NO: A2-1

[illegible]

GENERAL NOTES

1. PROVIDE 3/4" HR RATING BETWEEN SECOND FLOOR OFFICE AREA AND GROUND FLOOR RETAIL ASSEMBLY. PROVIDE FIRE STOPPING MATERIAL AROUND WHERE PIPING PENETRATES THROUGH 3/4" HR RATED ASSEMBLIES. UNLESS OTHERWISE NOTED.
2. PROVIDE HR RATING BETWEEN GROUND FLOOR MAINTENANCE ROOMS AND RETAIL AREA. PROVIDE FIRE STOPPING MATERIAL AROUND PIPES WHERE PIPING PENETRATES THROUGH 1" HR RATED ASSEMBLIES.
3. REFER TO MECHANICAL AND STRUCTURAL DRAWINGS FOR EXACT LOCATION OF ROOF TOP MECHANICAL UNITS.
4. PROVIDE AND INSTALL SUPPORTS FOR GAS PIPING AS REQUIRED. REFER TO MECHANICAL AND ARCHITECTURAL DRAWING DETAILS AS DEEMED NECESSARY.
5. DIMENSIONS OF CONCRETE BLOCK AS SHOWN ON WALL AND PARTITION TYPES ARE NOMINAL DIMENSIONS.
6. ALL PARTITIONS SHALL BE ERRECTED UP TO U/S OF METAL DECK UNLESS OTHERWISE NOTED.
7. ALL RISERS SHALL BE FURRED OUT WITH 1/2" MIN WALL ON ONE SIDE OF 3-5/8" METAL STUDS, 16" O.C. MAX. TO U/S OF METAL DECK, TAPED AND Sanded TO PAINT-GRADE. CONDITION REFER TO MECHANICAL DRAWINGS FOR RISER LOCATIONS.
8. TOP OF CLEAN OUT SHALL BE FLUSH WITH WITH FINISHED FLOOR. CO-ORDINATE WITH TENANT CONTRACTOR TOP FINISHED FLOOR ELEVATION. REFER TO MECHANICAL DRAWINGS FOR CLEAN OUT LOCATIONS.
9. PRIOR TO EXCAVATION, BACKFILL AND POURING OF ON GRADE CONCRETE SLAB, COORDINATE WITH MECHANICAL AND ELECTRICAL SUBCONTRACTORS IN REGARDS TO UNDERSLAB PLUMBING AND ELECTRICAL INSTALLATIONS AND SLOPING OF CONC. SLAB TO FLOOR DRAINS.
10. PRIOR TO INSTALLATION OF STRUCTURAL STEEL, ROOF FRAMING AND BUILD UP ROOFING, CO-ORDINATE WITH MECHANICAL CONTRACTOR FOR LOCATION OF ALL ROOF OPENINGS.

DATE	ISSUE
FEB 04/98	ISSUED FOR TENDER
FEB 04/98	ISSUED FOR PERMIT
MAR 12/98	ISSUED FOR CONSTRUCTION



PEACE BRIDGE DUTY FREE
FORT ERIE, ONTARIO

MKB & Associates Inc.
Project Management Services

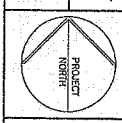
777 Millwood Road, Toronto Ontario M4G 1V7
Tel: (416) 452-7458 Fax: (416) 452-7545
email: drank.bayne@sympatico.ca

MMC
INTERNATIONAL

• CANADA •
ARCHITECTS

SECOND FLOOR
ROOF PLANS

SCALE	DATE	DRAWN	CHECKED
1/8" = 1'-0"	FEB 04/98	L.K.	C. BROWN



JOB NO.
95106

DRAWING NO.
A2-2