

ASSIGNMENT OF LEASE

This Assignment of Lease made as of the 30th of November, 2009.

BETWEEN:

SHELL CANADA PRODUCTS

400 – 4th Avenue S.W., Calgary, Alberta T2P 2H5

(the "Assignor")

- and -

THE CITY OF EDMONTON

9803 – 102A Avenue NW, Edmonton, Alberta T5J 3A3

(the "Assignee")

WHEREAS pursuant to a Contract of Purchase and Sale dated September 15, 2009 (the "Contract"), the Assignor has agreed to sell and the Assignee has agreed to purchase the property municipally described as 9440 Jasper Avenue NW, Edmonton, Alberta and legally described as:

PLAN RN23 (XXIII)

BLOCK 1

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Property");

AND WHEREAS the completion date of the purchase and sale of the Property pursuant to the Contract is November 30, 2009 (the "Completion Date");

AND WHEREAS pursuant to a non-petroleum lease (the "Lease") dated November 7, 1997, Shell Canada Products Limited ("SCPL") did lease the Property to Ortona Management Corporation Ltd. (the "Tenant");

AND WHEREAS SCPL assigned the Lease to the Assignor effective January 1, 2001;

NOW THEREFORE in consideration of the premises and the mutual agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. Effective the Completion Date, the Assignor hereby assigns, transfers and sets over unto the Assignee:
 - (a) the Lease;
 - (b) any and all rent, security deposit or other payments due or accruing due at any time from and after the Completion Date under the Lease or any extensions or renewals thereof;
 - (c) the benefit of all guarantees of payment and all covenants to pay contained in the Lease;
 - (d) the benefit of all covenants by the Tenant or any covenantor therein contained;with full power and authority to demand, collect, sue for, distrain for, recover, receive and give receipts for such rents or other payments and to enforce payment thereof or performance of such covenants.

009052

SEALED BY THE CITY CLERK

THIS DAY OF 20

2. The Assignor hereby agrees to execute such further assurances as may be reasonably required by the Assignee from time to time to perfect this Assignment.
3. The Assignor warrants, represents and acknowledges to the Assignee that the Assignor now has good right, full power and absolute authority to assign the Lease and other benefits in the manner aforesaid according to the true intent of this Assignment.
4. The Assignor hereby agrees to indemnify and save harmless the Assignee from and against any and all actions, suits, claims, costs, losses, damages and expenses whatsoever to which the Assignee is subjected as a result of the Assignor breaching any term or condition of the Lease prior to the Completion Date and the Assignee hereby agrees to indemnify and save harmless the Assignor from and against any and all actions, suits, claims, costs, losses, damages and expenses whatsoever to which the Assignor is subjected as a result of the Assignee breaching any term or condition of the Lease subsequent to the Completion Date.
5. It is agreed that the terms "Assignor" and "Assignee" and references thereto herein shall include the assigns and affiliates of the Assignor and Assignee relatively and the said terms and references thereto in the singular number and masculine and neuter genders shall also include the masculine, feminine and neuter genders and the plural number when the context so requires.
6. Where the Assignor is comprised of more than one person, then any one of the persons comprising the Assignor will be entitled to enforce and receive the benefit of the covenants and obligations on the part of the Assignee hereunder. The rights and interests of the Assignor under this instrument may be held by the Assignor on its own behalf and from time to time on behalf of an entity or entities (which may include a partnership) affiliated or associated with the Assignor, or both on the Assignor's behalf in part and on behalf of such affiliated or associated entity or entities. The Assignee agrees that the rights and interests of the Assignor under this instrument will enure to the benefit of and will be enforceable by the Assignor and such affiliated or associated entity or entities.

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

APPROVED

As to Form _____
 As to Contents _____
 Law Branch
 Department

SHELL CANADA PRODUCTS,
 by its managing partner
SHELL CANADA LIMITED

Per: _____
 David Stanford
 Assistant Secretary

THE CITY OF EDMONTON

Per: _____

Per: _____

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THIS LEASE made as of the 7th day of November, 1997.

BETWEEN:

SHELL CANADA PRODUCTS LIMITED

P.O. Box 100, Station "M"

Calgary, Alberta

T2P 2H5

(hereinafter called "Shell")

- and -

ORTONA MANAGEMENT CORPORATION LTD.

#100, 8930 Jasper Avenue

Edmonton, Alberta

T5H 4E9

(hereinafter called "Lessee")

WHEREAS Shell has agreed to lease to the Lessee the Premises, as hereinafter defined, in order that the Lessee may use, occupy and enjoy the Premises and the building and other improvements thereon for the Term of this lease, all upon the terms and conditions, and subject to the provisions herein contained.

NOW THEREFORE in consideration of the rents hereby reserved and the covenants herein contained on the part of the Lessee, Shell hereby grants this lease to the Lessee on the terms hereof, and in consideration of this demise and the covenants herein contained on the part of Shell, the Lessee hereby makes the covenants hereinafter contained.

1.01 DEFINITIONS

In this lease:

- (a) "Authorized Purpose" means the operation of a dry cleaning plant operating under the name of *Cleaning by Page* or any other dry cleaning trade name plus associated services such as tailoring, shoe repair and other personal type services that are associated with a dry cleaning depot that includes a drive-by window for pick up and delivery. This also includes the possibility of a future postal services outlet;
- (b) "Commencement Date" means the 1st day of January, 1998,
- (c) "Lease Year" means a period of 12 consecutive months, the first lease year being the period of 12 consecutive months commencing on the Commencement Date and ending on the day preceding the first anniversary of the Commencement Date and each succeeding Lease Year being a period of 12 consecutive months commencing on the day following the expiration of the Lease Year preceding it;

- (d) "Percentage Rate" means the rate of interest being charged on a day from which an amount of interest is to be computed pursuant to this lease by the main branch of the Bank of Montreal in the City of Calgary, Canada, being its commercial rate of interest charged on loans, most commonly known as its Prime Rate, plus Three (3%) percent per annum;
- (e) "Perils" means fire, lightning, windstorm, hail, explosion, riot, malicious damage, smoke damage, sprinkler leakage, and impact by aircraft or vehicles and other perils covered in a standard fire and extended coverage policy of insurance carried by a prudent Lessee carrying on a similar business as the Lessee in a similar location;
- (f) "Person" includes individuals, firms and corporations;
- (g) "Premises" means the property municipally known as 9440 Jasper Avenue, Edmonton, Alberta, more particularly described in Schedule "A" attached hereto;
- (h) "Rent" means the rent provided for in paragraph 5 herein; and
- (i) "Term" means the period of Ten (10) years commencing on the Commencement Date.

1.02 INTERPRETATION

- (1) The captions and headings in this lease are for convenience of reference only, and shall not affect the scope, intent, or interpretation of any provision.
- (2) This lease shall be governed by the laws of the Province of Alberta.

2. DEMISE

Shell leases to Lessee, and Lessee leases from Shell, the Premises together with the buildings and improvements located thereon subject to the reservation of Rent and the covenants and provisos herein contained. Lessee acknowledges receipt of the Premises in good and safe condition and repair.

3. TERM

This lease shall be for the Term, but shall be subject to early termination pursuant to paragraph 16 of this lease.

4.01 OVERHOLDING

If Lessee shall continue to occupy the Premises after the expiration of the original Term or the renewal term (if any), or after any termination of this lease, with or without the consent of Shell, and without any further written agreement, Lessee shall be a monthly Lessee terminable at any time by either party upon at least 30 days' prior written notice at a monthly rent equal to the monthly Rent plus Twenty Percent (20%) payable during the then expired or terminated original Term or renewal term, as the case may be, and on the terms and conditions herein set out except as to term and renewal.

4.02 SURRENDER OF LEASE

Upon the expiration of the Term, any renewal term, or any permitted period of overholding, or if Shell becomes entitled to terminate and declares this lease to be terminated pursuant to any of the provisions hereof, Lessee shall surrender to Shell the possession of the Premises, all the rights of Lessee under this lease shall terminate and Lessee shall execute a surrender/termination agreement the form and content of which is satisfactory to Shell and suitable for registration; but Lessee shall, notwithstanding such termination, be liable to Shell for any loss or damage suffered by Shell by reason of any default of Lessee.

5. RENT

- (1) During the Term Lessee will pay Shell, as rent for each calendar month the following rents:

Year 1 - Zero Dollars
(\$0.00) per month

Years 2 - 5 - One Thousand Two Hundred Dollars
(\$1,200.00) per month plus G.S.T.

Years 6 - 10 - One Thousand Four Hundred Dollars
(\$1,400.00) per month plus G.S.T.

Rent shall be payable in advance on the first day of each month. Rent for any period less than a calendar month shall be prorated. Lessee will provide Shell with Twelve (12) post-dated cheques on or before the Commencement Date and on or before each anniversary date during the Term or at Shell's option, Lessee agrees that all payments of Rent shall be made by way of automatic cheque plan and Lessee agrees to execute the necessary documentation to effect such payments.

- (2) All payments of Rent shall be made to Shell at 400-4th Avenue S.W., Calgary, Alberta T2P 2H5 (Attention: Colleen Harte) or as Shell may otherwise direct by notice.
- (3) All Rent required to be paid by the Lessee hereunder shall be paid without any deduction, abatement, or setoff whatsoever, it being the intention of this lease that all expenses, costs, payments, and outgoings incurred in respect of the Premises, the building, and any other improvements on the Premises, or for any other matter or thing affecting the Premises, shall, unless otherwise expressly stipulated herein to the contrary, be borne by the Lessee, that the Rent herein provided shall be absolutely net to Shell and free of all abatement, setoff, or deduction of realty taxes, charges, rates, assessments, expenses, costs, payments, or outgoings of every nature arising from or related to the Premises, or any improvements thereon, and that the Lessee shall pay all such taxes, charges, rates, assessments, expenses, costs payments, and outgoings for the Premises.

6. COLLECTION OF OTHER AMOUNTS DUE

Any sums, costs, expenses, or other amounts from time to time due and payable by the Lessee to Shell under the provisions of this lease, including sums payable by way of indemnity, and whether expressed to be rent or not, may at the option of Shell be treated as and deemed to be Rent, in which event Shell shall have all remedies for the collection of such sums, when in arrears, as are available to Shell for the collection of Rent in arrears.

7. INTEREST ON AMOUNTS IN ARREARS

When Rent or any other amount payable hereunder by the Lessee to Shell is in arrears, such Rent or amount shall bear interest at the Percentage Rate until paid, and Shell shall have all remedies for the collection of such interest, if unpaid after demand, as in the case of Rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedies of Shell under this lease.

8. GENERAL COVENANTS OF SHELL AND LESSEE

(1) Lessee covenants with Shell:

- (a) during the Term to pay unto Shell the Rent hereby reserved, in the manner hereinbefore mentioned, without any deduction whatsoever;
- (b) to use the Premises only for the Authorized Purpose and to continuously operate and conduct its business in an up-to-date, first class and reputable manner throughout the whole of the Term; and
- (c) to observe and perform all the covenants and provisos of this lease to be observed and performed on the part of Lessee.

(2) Shell covenants with Lessee:

- (a) if Lessee pays Rent hereby reserved and observes and performs all the covenants and provisos of this lease to be observed and performed on the part of Lessee, Lessee shall and may peaceably possess and enjoy the Premises, building, and any other improvements on the Premises for the Term hereby granted, without any interruption or disturbance, except as set out in this lease or except as set out in any encumbrance registered against title to the Premises as at the date hereof, from Shell, or any other person or persons lawfully claiming by, from, or under Shell; and
- (b) to observe and perform all the covenants and provisos of this lease to be observed and performed on the part of Shell.

9. USE

- (1) The Lessee acknowledges that it is incumbent on the Lessee to satisfy itself that the Authorized Purpose is permissible and not contrary to any and all provisions of any municipal, provincial and federal laws or regulation or any other authority having

jurisdiction pertaining to such use. The Lessee further acknowledges and agrees that the Premises and any part thereof shall be used only for the Authorized Purpose. Lessee shall not commit or permit any waste or any nuisance on the Premises, or permit any part of the Premises to be used for any dangerous, noxious or offensive trade, occupation or business.

- (2) Any improvements on the Premises shall be used only for the purposes for which they are designated by Shell. Lessee at Lessee's expense will observe and comply with all laws, ordinances, regulations, orders, licenses and permits of all constituted authorities, and with all rules and requirements of Shell's or Lessee's insurers, relating to the Premises, to any use thereof or to any activity thereon whether or not such compliance involves extraordinary measures, structural repairs or alterations. Lessee will not make any attachments or additions to, or any structural alterations of, any buildings on the Premises, or construct any additional buildings or structures on the Premises, without Shell's prior written consent, which consent may be arbitrarily withheld.
- (3) Lessee shall not, and shall not permit any other person to sell, distribute, store, deal in, or manufacture on or from the Premises, gasoline, diesel fuel or other petroleum products for direct dispensal in motor vehicles.
- (4) Lessee shall not, without Shell's written consent, apply for, or consent to the making of any application for, or try to procure or arrange for, the revocation or amendment of the zoning and other laws affecting the Premises that are in effect on the Commencement Date, without Shell's prior written consent, which consent may be arbitrarily withheld.

10. REPAIRS AND REPLACEMENTS/DAMAGE OR DESTRUCTION

- (1) Lessee will at all times maintain the Premises and any buildings or improvements thereon together with lawns, shrubs, trees and other landscaping, as well as the Lessee's own property thereon in good repair, in a clean and orderly condition free from any accumulation of dirt, rubbish, water, snow and ice and shall remove snow and ice from adjacent sidewalks. Lessee will at all times throughout the Term of this lease keep in perfect repair the glass of the windows and doors of every building on the Premises (thus upon termination of this lease, leaving every building with all glass entire and perfect).

Lessee shall not undertake any repair or alteration of the building on the Premises unless Lessee has submitted to the Shell detailed plans and Shell has approved of the plans in writing. All repairs and alterations must be in compliance with all building by-laws and will not be of such kind or extent as to in any manner weaken the structure of the building or reduce the value of the building.

- (2) Lessee will promptly repair or replace, whether such repairs are interior or exterior, structural or non-structural, ordinary or extraordinary, any of the buildings, improvements or equipment damaged, destroyed, lost, stolen or otherwise in need of repair or replacement by any cause except reasonable wear and tear, (so long as such reasonable wear and tear is not inconsistent with maintenance in good order

generally) unless specified otherwise in this lease. If Lessee fails so to do, Shell may make such repairs or replacements and Lessee shall pay to Shell the actual cost thereof plus a 15% administration charge. Shell may enter the Premises at any reasonable time for the purpose of inspecting the same and making repairs and replacements. Every repair made by Lessee shall be equal in quality and class to the original work.

- (3) If the building(s) on the Premises is destroyed or damaged by any of the Perils and in the opinion of Shell either the estimated cost of repairing such destruction or damage exceeds Seventy-Five Thousand Dollars (\$75,000.00), or the time reasonably anticipated as being necessary for the repair with due diligence of such destruction or damage exceeds three months. Shell shall have the option, by notice given to the Lessee within 90 days after the occurrence of such destruction or damage, to terminate this lease, such termination to take effect 30 days after the exercise of the option. In the event of termination of this lease as aforesaid, rent and all other charges affecting the Premises shall be paid and adjusted to the date of termination, and all proceeds under any fire insurance policy shall be delivered to Shell for Shell's absolute benefit.
- (4) Shell shall not be obligated to repair or replace the Premises in whole or in part.
- (5) Shell shall be permitted at its option to enter the Premises, and/or close off, and prevent the use in one or more of the parts of the Premises without liability to Lessee in order to test for and/or remediate any contaminated soils or underground facilities existing from its earlier service station use, however, Shell will use reasonable efforts to minimize interference with Lessee's business. In the event such contamination exists which requires remediation action by Shell and where such remediation requires demolition of all or a portion of the building(s), then Shell may at its option either terminate this lease upon 60 days' prior written notice to the Lessee or complete such demolition and rebuild as necessary during which time Lessee's Rent shall abate proportionately with the amount of the interference so caused. Nothing herein will release Lessee for any contamination Lessee, or those for whom Lessee is in law responsible, causes.
- (6) Lessee shall be responsible for all direct or indirect loss or damage to the Premises.

11. UTILITIES

Lessee will pay all charges incident to Lessee's use of the Premises or the business conducted thereon, including license, permit, occupation and inspection taxes and fees, water, gas, sewer, heat, charges for electric current, telephone and other utility charges (the meters and accounts for which shall be in Lessee's name).

12. TAXES

(1) Real Estate Taxes

- (a) Shell shall pay, or cause to be paid, all real estate taxes, assessments, rates, and charges and other government impositions, general or special, ordinary or extraordinary, foreseen or unforeseen, of every kind, including, without limiting the generality of the foregoing, assessments for local or public improvements and school taxes, which may at any time during the Term be imposed, assessed, or levied in respect of the Premises, all buildings, and all fixtures and improvements from time to time thereon or which, however imposed, might constitute a lien upon the Premises, any building or any part thereof or a liability of Shell, all of which taxes, assessments, rates, charges, and impositions are referred to in this lease as "realty taxes".
- (b) Within Thirty (30) days after demand by Shell, Lessee shall reimburse Shell for all of the realty taxes paid by Shell.

(2) Business Taxes

The Lessee shall pay or cause to be paid when due all charges incident to Lessee's use of the Premises and the Lessee's business conducted thereon or therein, including, without limiting the generality of the foregoing, all Lessee's business, licence, permit, occupation and inspection taxes and fees, and shall indemnify Shell against any liability or damages pertaining thereto.

(3) Other Taxes

The Lessee shall pay to Shell an amount equal to any and all goods and services taxes, sales taxes, value added taxes, business transfer taxes, Commercial Concentration Tax or any other taxes imposed on Shell with respect to Rent (excluding personal income tax) payable by the Lessee to Shell under this lease, or in respect of the rental of space under this lease, whether characterized as a goods and services tax, sales tax, value added tax, business transfer tax, or otherwise (herein called "Sales Taxes"), it being the intention of the parties that Shell shall be fully reimbursed by the Lessee with respect to any and all Sales Taxes at the full tax rate applicable from time to time in respect of the Rent or the rental of space, without reference to any tax credits available to Shell. The amount of the Sales Taxes so payable by the Lessee shall be calculated by Shell in accordance with the applicable legislation and shall be paid to Shell at the same time as the amounts to which such Sales Taxes apply are payable to Shell under the terms of this lease or upon demand at such other time or times as Shell from time to time determines. Despite any other section or clause in this lease, the amount payable by the Lessee under this paragraph shall be deemed not to be Rent, but Shell shall have all of the same remedies for the rights of recovery of such amount as it has for recovery of Rent under this lease.

13. CONSTRUCTION LIENS

Lessee will not suffer or permit any lien under the Builder's Lien Act, R.S.A. 1980, c.B-12, or any statutory modification or reenactment thereof, and any regulations made pursuant thereto, or any like statute, to be filed or registered against the Premises, the building or any fixtures or improvements on the Premises, by reason of work, labour, services or materials supplied or claimed to have been supplied to Lessee or anyone holding any interest in any part thereof through or under Lessee. If any such lien shall at any time be filed or registered, Lessee will procure registration of its discharge within Twenty (20) days after the lien has come to the notice or knowledge of Lessee either by payment in full or payment into Court to the credit of any lien action the amount of the lien claimed plus a reasonable amount for costs. Shell may, but shall not be obligated to, discharge any lien filed or registered at any time if in Shell's judgment the Premises or the building or any part thereof or Lessee's interest therein becomes liable to any forfeiture or sale or is otherwise in jeopardy or otherwise jeopardizes any sale of the Premises by Shell, and any amount paid by Shell in so doing, together with all reasonable costs and expenses of Shell, shall be reimbursed to Shell by Lessee on demand together with interest at the Percentage Rate from the date incurred until paid by the Lessee to Shell, and may be recovered as Rent in arrears. Nothing herein contained shall authorize Lessee, or imply any consent or agreement on the part of Shell, to subject Shell's estate and interest in the Premises and the building or any part thereof to any lien.

14. INSPECTION AND EXHIBITION BY SHELL

14.01 Inspection by Shell

Shell and Shell's employees and agents shall be entitled to inspect the Premises and all fixtures and improvements upon the Premises at any time during usual business hours for the purpose of ascertaining the condition or state of repair thereof, or verifying that the provisions of this lease are being complied with, and Lessee shall, upon at least Three (3) days' notice, permit access for this purpose.

14.02 Exhibition by Shell

At any time during usual business hours Shell shall be entitled to exhibit the Premises and all fixtures and improvements from time to time upon the Premises to actual or prospective purchasers, mortgagees, or encumbrances of Shell's interest and estate, and Lessee shall upon reasonable notice permit access for this purpose. During the final ~~Twelve (12)~~ ^{36 (36)} months of the Term Shell shall be entitled to display upon the Premises signs advertising the Premises as being available for purchase or letting, provided such signs are displayed in such a manner as not to interfere unreasonably with the conduct of Lessee's business. In the event Shell wishes to rezone, sever or otherwise deal with the Premises, Lessee will permit Shell to erect at Shell's expense, such signs required by any municipal authority from time to time during this lease.

INITIAL
MOS

15. ASSIGNMENTS AND OTHER DEALINGS BY SHELL

15.01 Right of Shell to assign or encumber

Nothing contained in this lease prohibits or restricts Shell from assigning, syndicating, mortgaging, encumbering, or otherwise dealing with the Premises or Shell's reversionary interest in the Premises, and in the event of a sale or assignment, Lessee hereby fully consents to and approves any such assignment or sale, and agrees to enter into an Assignment and Novation Agreement, at Shell's request, fully releasing Shell from its obligations pursuant to this lease and acknowledging and accepting the assignee in Shell's place and stead to the full extent of the interest assigned.

15.02 Certificate by Lessee

Whenever requested by Shell, Lessee shall promptly execute an acknowledgment or certificate in favour of any actual or prospective purchaser, mortgagee, or encumbrancer of Shell's interest, acknowledging or certifying as to

- (a) the status of this lease
- (b) any modifications of this lease
- (c) any breaches of covenant known to Lessee, and
- (d) the state of the Rent account,

with the intent that any such acknowledgment or certificate may be relied upon by any person to whom it is addressed.

16. TERMINATION/SHELL'S REMEDIES

- (1) Shell may, at its option and without notice (unless otherwise specified herein) and without prejudice to any other rights or remedies hereunder or by law, terminate this lease, re-enter and repossess the Premises (or re-enter and at its option relet the Premises on Lessee's behalf) and all fixtures, improvements, chattels and equipment thereon forthwith without such re-entry, repossession or reletting constituting a forfeiture or waiver of the rents to be paid and the covenants to be performed by Lessee:
 - (a) if Lessee defaults in the payment of Rent, or any other indebtedness hereunder;
 - (b) or if Lessee defaults in the performance or observance of any other covenant or condition of this lease and fails to remedy the same within Fifteen (15) days after Shell gives notice thereof;

- (c) or if Lessee, enters bankruptcy or insolvency proceedings (voluntarily or involuntarily) or makes an assignment for the benefit of creditors; if Lessee's interest under this lease or any of Lessee's goods and chattels are seized or taken in execution or attachment by any creditor of Lessee; if Lessee takes advantage of any relief in bankruptcy or similar relief of bankrupt or insolvent debtors; if a receiving order is made against Lessee, or a liquidator or receiver and manager of any property of lessee is appointed by reason of actual or alleged insolvency or defaults of Lessee; or if steps are taken to wind up, liquidate or dissolve Lessee or Lessee attempts or makes a bulk sale of its assets regardless of where they are situated; in which any event under this subparagraph 16 (1)(c), an amount equivalent to the next ensuing Three (3) months' Rent shall be immediately due and payable;
 - (d) or if Lessee's interest under this lease becomes vested, by operation of law or otherwise, in any other person or corporation;
 - (e) or if the person who is, or any of the persons who are, Lessee dies;
 - (f) or if Lessee abandons the Premises or if the Premises are vacant or unoccupied for greater than Seven (7) consecutive days;
 - (g) or if all or part of the Premises is expropriated;
 - (h) or if this lease expires.
- (2) Without limiting any other remedy which Shell may have, Shell shall have the right, and Lessee shall permit Shell to enter the Premises
- (a) at any time upon Three (3) days' notice, or
 - (b) upon a shorter period of notice or without notice where in Shell's reasonable judgment there is a real or apprehended emergency or danger to persons or property, or where any delay in remedying such default would or might materially prejudice Shell,

for the purpose of curing any default of Lessee, and no such entry shall be deemed to work a forfeiture or termination of this lease. Lessee shall reimburse Shell upon demand for all reasonable expenses incurred by Shell in remedying any default, together with interest thereon at the Percentage Rate from the date incurred until paid. Shell shall be under no obligation to remedy any default of Lessee, and shall not incur any liability to Lessee for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence of Shell.

16.01 Effect of Waiver by Shell

The failure of Shell to insist upon the strict performance of any covenant of this lease shall not waive such covenant, and the waiver by Shell of any breach of any covenant of this lease shall not waive such covenant in respect of any future or other breach. The receipt and acceptance by Shell of Rent or other moneys due hereunder with knowledge of any breach of any covenant by Lessee shall not waive such breach. No waiver by Shell shall be effective unless made in writing.

16.02 Remedies of Shell are Cumulative

The remedies of Shell specified in this lease are cumulative and are in addition to any remedies of Shell at law or equity. No remedy shall be deemed to be exclusive, and Shell may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity. In addition to any other remedies provided in this lease Shell shall be entitled to restrain by injunction any violation or attempted or threatened violation by Lessee of any of the covenants hereof.

17. **DISTRESS**

The Lessee further covenants, promises and agrees with Shell that notwithstanding any present or future Act of the Legislature of the Province in which the Premises is located, none of the goods or chattels of the Lessee at any time during the continuance of the Term hereby created on the Premises shall be exempt from levy by distress for Rent in arrears as provided for by the Act, and that upon any claim being made for such exemption by the Lessee or on distress being made by Shell, this covenant and agreement may be pleaded as an estoppel against the Lessee in any action brought to test the right to the levying upon any such goods as are named exempted in the Act, the Lessee waiving as he hereby does all and every benefit that could or might have accrued to him under and by virtue of the section of the Act but for the above covenant.

18. **RE-DELIVERY OF POSSESSION**

Upon any termination of this lease, or any overholding period, Lessee will peaceably surrender to Shell possession of the Premises and any improvements and fixtures thereon, all of which shall become the property of Shell without any compensation to Lessee. Any of Lessee's chattels and trade fixtures which Lessee fails to remove from the Premises at any termination of this lease, shall become the property of Shell.

19. **SHELL'S REMEDIES**

All sums charged to Lessee by Shell under this lease shall be payable by Lessee to Shell on demand and bear interest from the date of demand at the Percentage Rate until paid. Lessee will reimburse Shell on demand for all reasonable costs (including solicitors' fees) incurred by Shell in enforcing any of its rights or remedies hereunder. Shell's right to require strict performance of Lessee's obligations hereunder shall not be affected by any previous waiver, forbearance or conduct.

20. IMPROVEMENTS

- (1) Lessee shall not make any additions or alterations, structural or otherwise, or interior or exterior improvements on or to the Premises unless given prior written approval by Shell, which approval may not be unreasonably withheld. Shell shall provide approval within seven (7) business days of receipt of the Lessee's plans. All improvements, additions and alterations that are undertaken by Lessee shall be performed and completed at Lessee's expense in a good and workmanlike manner using its best efforts with due diligence within a reasonable time after the approval is given.

If Lessee is not in default, Lessee may from time to time remove such of its trade fixtures or chattels in the ordinary course of Lessee's business or in the event of permitted alterations provided Lessee shall cause Lessee's fixtures to be replaced with fixtures having a value equal to at least that of the fixtures so removed.

- (2) Upon the termination of this lease, Lessee hereby covenants and agrees to leave the Premises in good condition and to remove any contamination caused by Lessee from the Premises or neighbouring properties affected by such contamination, or those for whom Lessee is in law responsible, at Lessee's sole cost and expense.
- (3) Upon removal of Tenant's Conditions, as outlined on Schedule "B" attached hereto, the Tenant may commence Leasehold Improvements, as outlined on Schedule "C" attached hereto, in accordance with this clause 20. The Tenant shall only be responsible for utilities during construction and may open for business prior to Commencement Date and pay only utilities and business taxes until the Commencement Date.

21. COMPLIANCE WITH LAWS GENERALLY

In addition to complying with the requirements of any section of this lease of specific application Lessee shall comply and shall cause the compliance with:

- (a) in Lessee's use and occupation of the Premises,
- (b) in the conduct of Lessee's business thereon,
- (c) in the maintenance and repair thereof and as to the condition thereof at all times, and
- (d) as to all other matters or things pertaining to the Premises,

all laws, by-laws, statutes, orders, and regulations of all governmental authorities having jurisdiction.

22. LESSEE'S STATUS

Lessee or any person performing any duties or engaged in any work on the Premises at the request of Lessee shall not be deemed to be an employee or agent of Shell.

23. INDEMNITY/INSURANCE

- (1) Lessee will indemnify Shell against and from all claims, loss and liability by any person on account of injury to or death of persons or damage to property caused by or happening in connection with the Premises or the condition, maintenance, possession, use or operation thereof and thereon, however caused, and Lessee releases Shell for any such claims, loss and liability and Lessee's indemnity shall extend to all costs, counsel fees, expenses, and liabilities which Shell may incur with respect to any such claim.
- (2) Lessee at all times during the term hereof, at its sole expense, shall carry the following insurance in not less than the following amounts:
 - a) i) All Risk Physical Damage Insurance upon the building(s) and improvements on the Premises and all its equipment, furniture and fixtures to the full replacement value thereof.
 - ii) Commercial General Liability Insurance including premises and operations coverage, products and completed operations coverage, and pollution liability with a combined single limit of \$2,000,000.00 for each occurrence for bodily injury, death or property damage;
 - b) Builder's All Risk (Course of Construction) Insurance shall provide:
 - i) All Risk Coverage on a Replacement Cost Value, against physical loss of or damage to the Premises during the course of construction or renovation.
 - c) Each insurance policy carried by Lessee shall name Shell as Additional Insured, and contain a Waiver of Subrogation clause in favor of Shell as applicable to each class of policy carried by the Lessee.
 - d) Lessee shall, at the request of Shell, carry additional insurance against such risks and in such amounts as Shell shall deem necessary.
 - e) Lessee shall at the request of Shell, furnish Shell with a certified copy of the policy(ies) or certificates of insurance evidencing such coverage and if such policy(ies) or certificates are not furnished within 10 days, Shell may, at its option, terminate this lease.
 - f) Each insurance policy carried by the Lessee shall contain a provision obligating the insurer to provide Shell with written notice of cancellation or material change not less than 30 days prior to the date of cancellation or material change.
 - g) This requirement of Lessee to purchase and maintain insurance or Shell's acceptance of evidence of such insurance shall not, in any manner, limit or qualify the liabilities and obligations otherwise assumed by Lessee under this Agreement.

- (3) The Lessee agrees that if the Lessee fails to take out or keep in force any such insurance, Shell may, but shall not be obligated to, place any insurance required by this Lease and to pay the premium therefor and in such event the Lessee shall repay to Shell the amount so paid as premium which repayment shall be deemed to be additional rental and shall be due upon demand.

24. NOTICES

All notices hereunder shall be in writing, may be given by personal service or by registered letter, and, in the latter instances, shall be conclusively deemed given on the third business day following the date when the letter is deposited in the mail, postage or charges prepaid, and addressed to the party for whom intended at such party's address first herein specified, or at the Premises in case of notices to Lessee. Any party to this lease may from time to time change the address to which notice to such party is to be sent by giving notice to the other party hereto. Notwithstanding such notice, notice to Lessee may always be given at the Premises. During a mail strike or postal disruption notice shall be given by personal delivery only.

25. ASSIGNMENT/SUBLEASING

25.01 Additional Conditions Affecting Assignment and Subletting by Lessee

- (a) Lessee may not assign or mortgage this lease, or sublease, or permit any other person, firm or corporation to occupy or use, all or any part of the Premises, without Shell's prior written consent, which consent may not be unreasonably withheld.

A transfer of a material block or controlling interest in the shares of the Lessee shall be deemed to be an assignment requiring the consent of Shell within this section.

- (b) No assignment of this lease, or sublease of the whole or any part of the Premises shall be made by Lessee unless the following conditions have been complied with:
- (i) Lessee shall have first given to Shell full particulars of the assignment or sublease which Lessee proposes to make and offered, in writing, to assign or sublease to Shell upon terms identical to the terms of the assignment or sublease which Lessee proposes to make, and Fifteen (15) days shall have elapsed without Shell's having accepted such offer;
 - (ii) Lessee shall assign or sublease upon terms identical or substantially identical to the terms offered to Shell under clause (a) (and any consent of Shell to any assignment or subleasing shall be deemed to authorize an assignment or subletting only if such assignment or sublease is made within 120 days after the consent thereto and upon those terms); and
 - (iii) No assignment shall be valid unless the assignee expressly covenants and agrees with Shell to perform and observe all Lessee's covenants under this lease and unless the assignee of the interest of Lessee under this lease receives an assignment of all Lessee's rights relating to the Premises.

25.02 Additional Conditions Restricting Mortgaging and Encumbering by Lessee

No mortgage or encumbrance (by way of assignment, sublease, or otherwise) of this lease or any part of Lessee's interest hereunder or in the Premises shall be made until the following conditions have been complied with:

- (a) The mortgagee or encumbrancer shall covenant with Shell to be bound by all the covenants and obligations of Lessee hereunder as soon as such mortgagee or encumbrancer enters into possession of Lessee's interest, or otherwise takes steps to enforce its security that have the effect of depriving the Lessee of the ability to fully perform these covenants and obligations, and, upon any exercise of any power of sale, the assignee of the mortgaged rights shall covenant with Shell to perform all Lessee's obligations under this lease, but so soon as the assignee becomes bound by Lessee's obligations, the mortgagee or encumbrancer shall be relieved from its covenant; and
- (b) The mortgage or encumbrance upon Lessee's leasehold interest and the Premises shall not include any property except Lessee's interest in this lease, the Premises, and chattels of Lessee situate thereon.

25.03 Lessee to Comply with Lease, Mortgage, and Other Obligations

Lessee shall observe and perform all Lessee's obligations incurred in respect of assignments, subleases, agreements for tenancy, mortgages, and encumbrances of Lessee's leasehold interest and Lessee's interest in the Premises and shall not suffer or allow any such obligations to be in default, and if any such default occurs Shell may, but shall not be obliged to, rectify such default for the account of Lessee, and any amount paid by Shell in so doing, together with all reasonable costs and expenses of Shell, shall be reimbursed to Shell by Lessee on demand together with interest at the Percentage Rate from the date incurred until paid and may be recovered as if it were rent in arrears.

~~26~~ NOTICE OF LEASE

~~Lessee shall not register this lease, nor any short form notice of lease, on the title to the Premises.~~

27. OPTION TO RENEW

- (1) If Lessee duly and regularly pays the Rent and performs the covenants in this lease by Lessee to be paid and performed, Lessee shall have the options to renew this lease for two (2) further periods of five (5) years each at the Rent provided for in subparagraph 27(2) and otherwise on the same covenants and conditions as are in this lease contained. Lessee may exercise each of such options by giving Shell notice at least ~~Ninety (90)~~ ¹⁸⁰ days prior to the expiration of the Term or of the then current period of renewal.
- (2) During the first renewal term, section 5(1) shall be amended to the monthly rent of the sum of One Thousand Eight Hundred Dollars (\$1,800.00) per month plus G.S.T. During the second renewal term, section 5(1) shall be amended to the monthly rent of the sum of Two Thousand Dollars (\$2,000.00) per month plus G.S.T.

28. SIGNAGE

- (1) Notwithstanding any term of this Agreement, Shell shall retain the right to exclusive use of and income generated from the large Billboard sign located on the Premises. The Lessee shall not be responsible for any repair, replacement or maintenance of the Billboard sign, unless caused by Lessee's acts or negligent omissions. Lessee shall not be responsible for the electricity consumed by the illumination of the Billboard sign.
- (2) Lessee may install its corporate advertising signs on the building and freestanding pylons, subject to City of Edmonton approval, which the Lessee shall be responsible for obtaining.
- (3) If the Lessee makes use of any existing sign boxes, panels and awnings on the building, it is at its own risk as Shell cannot make any representation as to the title or ownership thereof.

29. CAPTIONS

The caption at the beginning of each paragraph in this lease is for convenience only, and is not to be considered part of this lease, and it does not in any way define, limit or amplify the terms of this lease.

30. ENTIRETY, EXECUTION, SUCCESSION

This lease terminates any prior lease by Shell to Lessee of the Premises, as of the Commencement Date, and merges and supersedes all prior negotiations, representations and agreements, and constitutes the entire contract between Shell and Lessee concerning the leasing of the Premises and the consideration therefor. Neither this lease nor any subsequent amendment or supplement thereto shall be binding on Shell unless and until it is signed on Shell's behalf by a representative duly authorized, and a copy thereof so signed is delivered to Lessee. If more than one person is Lessee, the covenants in this lease made by Lessee shall be construed as being joint and several. This lease shall be binding on and enure to the benefit of the heirs, administrators, executors, successors, and assigns of the person who is, or each of the persons who are, Lessee, and the successors and assigns of Shell. This lease shall be construed in accordance with the laws of the Province in which the Premises is located.

31. DEPOSIT - PREPAID REAL ESTATE TAXES

The Lessee has provided to Shell's leasing agent, Rancho Realty (Edmonton) Ltd, deposits totalling \$4,000.00 plus G.S.T. of \$280.00, which Shell acknowledges are to be credited towards the payment of the 1998 Real Estate Taxes. This deposit will be applied to the Real Estate Taxes when they become due and any balance still owing to Shell will be reimbursed by the Lessee as provided in clause 12 herein.

[Handwritten signature] (INITIAL HERE)

INITIAL
[Handwritten signature]

IN WITNESS WHEREOF, this lease is executed as of the date first herein written.

~~SHELL CANADA PRODUCTS LIMITED~~

Per: MARTIN E. BLATT
Name: ARCAMANAGER - REAL LODGE
Title:

Per: _____ c/s
Name:
Title:

ORTONA MANAGEMENT CORPORATION LTD.

Per: [Signature]
Name: BERNIE ROBITHELLE
Title: PRESIDENT.

Per: _____ c/s
Name:
Title:
I/We have the authority to bind the Corporation.

SCHEDULE "A"

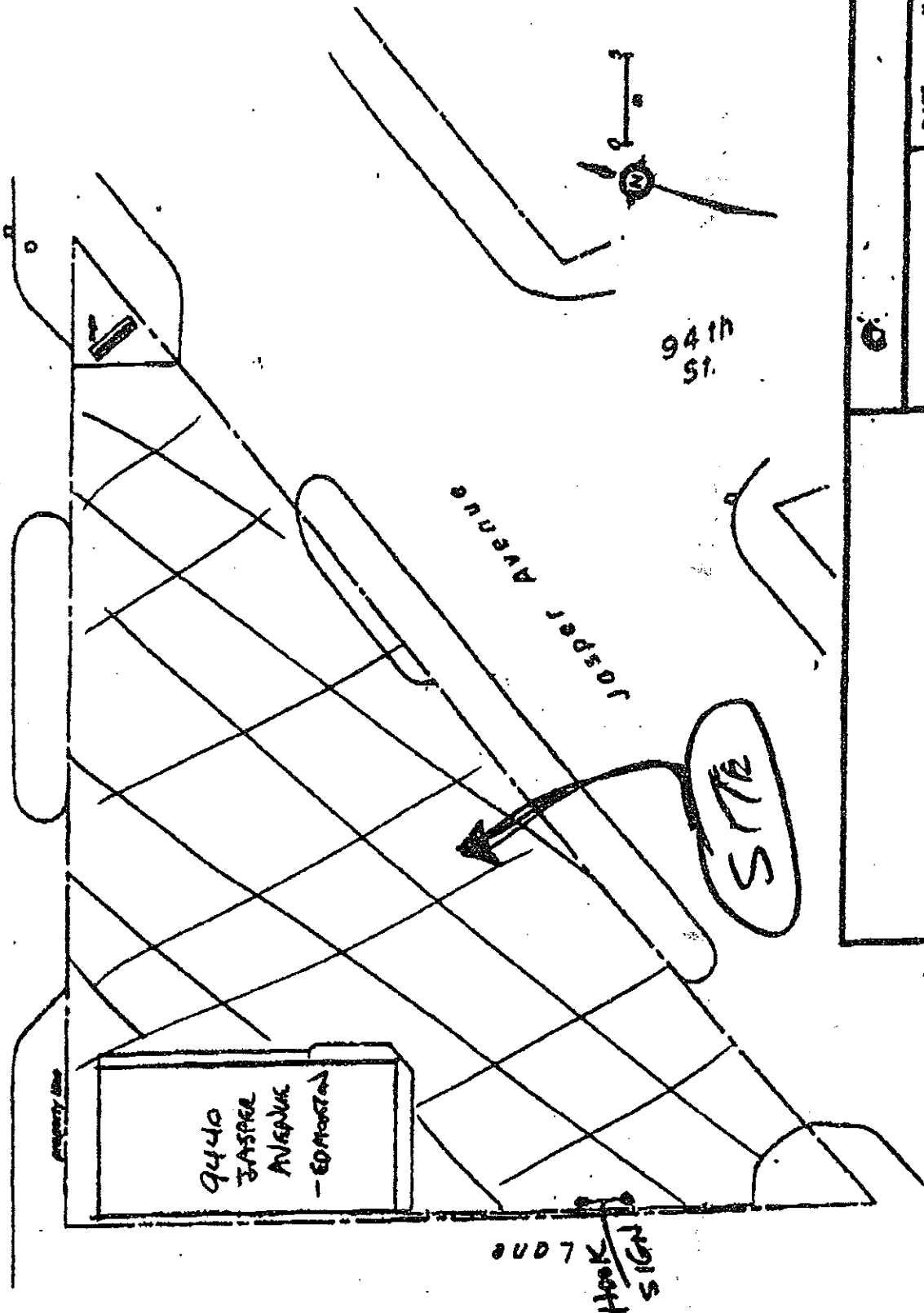
Description:

LOT ONE (1)
IN BLOCK ONE (1)
ON PLAN XXIII
(R.L.S. 16 & 18 - EDMONTON)

EXCEPTING THEREOUT ALL MINES AND MINERALS

as shown on the attached plan.

102 A Avenue



DATE

DATE

SCHEDULE "B"

TENANT'S CONDITIONS

— Nil —

SCHEDULE "C"

LEASEHOLD IMPROVEMENTS

- (1) Alterations to the existing building for the proper installation of the dry cleaning equipment and fixtures.
- (2) Changes to be made to the parking lot to accommodate a drive-by service window for customers.