

LEASE EXTENSION AND AMENDING RELOCATION AGREEMENT (the "AGREEMENT")

THIS AGREEMENT made effective the 1st day of August, 2019

B E T W E E N :

SBLP LANCASTER MALL INC.
hereinafter called the "**Landlord**"

OF THE FIRST PART;

- and -

**THE COMMISSIONERS OF THE FREE PUBLIC LIBRARY OF
THE CITY OF SAINT JOHN**
hereinafter called the "**Tenant**"

OF THE SECOND PART;

WHEREAS

- A. By a lease dated the 1st day of April, 1993 (the "**Original Lease**"), The Canadian Life Assurance Company and Cambridge Leaseholds Limited as landlord, (the "**Original Landlord**") leased to the Tenant for and during a term of five (5) years expiring on the 31st day of March, 1998 (the "**Original Term**") certain premises, described as Unit D5 and D6 having an area of approximately 2,945 square feet (the "**Original Premises**"), located in a shopping centre municipally known as 'Lancaster Mall', 621 Fairville Boulevard, in the City of Saint John, in the Province of New Brunswick (the "**Shopping Centre**").
- B. Cambridge Leaseholds Limited assigned and transferred its interest in the Shopping Centre and the Original Lease to The Canadian Life Assurance Company as landlord (the "**Second Landlord**").
- C. By an agreement dated the 5th day of September, 1997 (the "**First Extension Agreement**") the Second Landlord and the Tenant agreed to extend the Original Term for a further term of five (5) years expiring on the 31st day of March, 2003 (the "**First Extended Term**") and the Original Lease was amended in the manner as more particularly set out therein.
- D. 621 Fairville Blvd. Limited and 1346029 Ontario Inc. (the "**Third Landlord**") succeeded the Second Landlord in title to the Shopping Centre.
- E. By an agreement dated the 24th day of May, 2001 (the "**Second Extension Agreement**") made between the Third Landlord and the Tenant, the Original Term was extended for a further period of five (5) years expiring on the 31st day of March, 2008 (the "**Second Extended Term**") and the Original Premises was expanded to include Unit D4 increasing the aggregate area of the premises to approximately 3,632 square feet (the "**Expanded**").

Premises") and the Original Lease was amended in the manner as more particularly set out therein.

- F. Counsel Lancaster Limited (the "**Fourth Landlord**") succeeded the Third Landlord in title to the Shopping Centre.
- G. By an agreement dated the 11th day of March, 2008 (the "**Third Extension Agreement**") made between the Fourth Landlord and the Tenant, the Original Term was extended for a further period of five (5) years expiring on the 31st day of March, 2013 (the "**Third Extended Term**") and the Original Lease was amended in the manner as more particularly set out therein.
- H. By an agreement dated the 20th day of May, 2008 (the "**Fourth Extension Agreement**") made between the Fourth Landlord and the Tenant, the Original Term was extended for a further period of five (5) years expiring on the 31st day of March, 2018 (the "**Fourth Extended Term**") and the Expanded Premises was further expanded to include Unit D3 increasing the aggregate area of the premises to approximately 4,477 square feet (the "**Existing Premises**") and the Original Lease was amended in the manner as more particularly set out therein.
- I. The Landlord succeeded the Fourth Landlord in title to the Shopping Centre and is the current registered owner.
- J. The Original Lease as amended by the First Extension Agreement, the Second Extension Agreement, the Third Extension Agreement and the Fourth Extension Agreement shall hereinafter be referred to as the "**Lease**".
- K. The Original Term as extended by the First Extended Term, the Second Extended Term, the Third Extended Term and the Fourth Extended Term shall hereinafter be referred to as the "**Term**".
- L. The Tenant has been overholding in the Existing Premises as a Tenancy at Sufferance pursuant to Section 13.02 of the Lease since the 1st day of April, 2018 and is due to pay the Landlord two (2) times the Rent determined in accordance with Section 13.02 of the Lease (the "**Overholding Rent**").
- M. The Existing Premises is now known as Unit 1D4 comprising an approximate area of 4,477 square feet. The Tenant and the Landlord have agreed to relocate the Existing Premises and further extend the Term of the Lease and amend the Lease upon the terms and conditions contained herein.

1. **CONSIDERATION**

The consideration for this Agreement is the mutual covenants and agreements between the parties to this Agreement and the sum of Two Dollars (\$2.00) that has been paid by each of the parties to each of the others, the receipt and sufficiency of which is hereby acknowledged.

2. **RECITALS**

The parties hereto hereby acknowledge, confirm and agree that the foregoing recitals are true in substance and in fact.

3. RELOCATION

- (a) Subject to Section 8, the Original Premises shall be relocated to the premises shown on Schedule "A" attached hereto and identified as Unit 100 comprising approximately 5,000 square feet (the "**Relocated Premises**"). If required by the Landlord, the rentable area will be measured by the Landlord's architect and all rent that is calculated upon it will be adjusted accordingly retroactive to the New Commencement Date (defined below).
- (b) The Tenant shall not vacate nor close the Existing Premises for business until the New Commencement Date. In no event will the Tenant provide vacant possession of the Existing Premises later than five (5) days following the New Commencement Date.
- (c) Prior to the Possession Date (as defined below) the Landlord shall provide, at its expense, complete all work described in Schedule "B" attached hereto with respect to the Relocated Premises (collectively, the "**Landlord's Work**").
- (d) The Tenant will be given a fixturing period of **ninety (90) days** (the "**Fixturing Period**") commencing on the date set out in a written notice from the Landlord advising when the Landlord's Work will be substantially completed in the Relocated Premises and the Relocated Premises is ready for the commencement of the Tenant's work (the "**Possession Date**"). The estimated Possession Date is one hundred and eighty (180) days from the date this Agreement is fully executed and unconditional. During the Fixturing Period the Tenant will work diligently to complete all of the Tenant's work to install its fixtures and inventory and to open for business within the Relocated Premises. During the Fixturing Period the Tenant will not be responsible to pay rent for the Relocated Premises except for that arising by virtue of a default of the Tenant and except for utilities and garbage removal in respect of the Relocated Premises. All other terms of the Lease shall apply during the Fixturing Period. However, the Tenant will not be permitted access to the Relocated Premises until it has delivered to the Landlord:
 - (i) a certificate of general liability insurance from its contractor in accordance with the Landlord's general requirements and a certificate from the Tenant's insurers indicating that all insurance required under the Lease is in full force and effect, and until this Agreement is fully executed by the Landlord and Tenant;
 - (ii) the Tenant's professionally prepared plans and drawings of the Tenant's work which is subject to the Landlord's prior written approval (not to be unreasonably withheld); and
 - (iii) confirmation that the Tenant has obtained all necessary permits to undertake the Tenant's work.
- (e) The rent commencement date of the Relocated Premises will be the earlier to occur of (i) the day immediately following the last day of the Fixturing Period referred to above, (ii) the date on which the Tenant first opens any part of the Relocated Premises to the public for business and (iii) the first anniversary of this Agreement (the "**New Commencement Date**"). Effective as of the New Commencement Date, all references in the Lease to "Premises" shall be deemed to be amended to be the Relocated Premises.
- (f) From the Possession Date, the Tenant will have the right at its sole cost to install its signage on the bulkhead entrance to the Relocated Premises and signage on the exterior of the Relocated Premises, subject to the Landlord's prior written approval and in

accordance with municipal standards. All other signage including any pylon and directional signage will be as agreed to by both parties acting reasonably.

- (g) Subject to Section 6 below, other than Landlord’s Work and any obligations of the Landlord under the Lease, all further renovations, alterations or improvements in or to the Relocated Premises are the sole responsibility of the Tenant and shall be undertaken and completed at the Tenant’s expense and strictly in accordance with the provisions of the Lease and this Agreement.
- (h) The Tenant acknowledges that the Landlord is going to redevelop the Shopping Centre and there may be noise and other disruptions to the Shopping Centre. As a result of any construction, the Tenant acknowledges that, it shall not be entitled to any compensation, or reduction or abatement of rent in connection therewith, provided that notwithstanding the foregoing, the Landlord agrees to use reasonable commercial efforts to minimize interruptions to vehicular and pedestrian traffic and interferences with the ordinary and lawful enjoyment of the Relocated Premises.

4. EXTENSION OF TERM

- (a) **Provided the Existing Premises is relocated to the Relocated Premises in accordance with Section 3 above,** the Term of the Lease is hereby extended for a further period of **twenty (20) years** (the “**Fifth Extended Term**”) to be calculated from the **New Commencement Date**, and end **twenty (20) years** after the New Commencement Date (unless the New Commencement Date does not occur on the first day of a calendar month in which case the Term shall end twenty (20) years after the last day of the month in which the New Commencement Date occurs), upon the same terms and conditions as are contained in the Lease, save as amended hereby.
- (b) The Minimum Rent payable with respect to the Fifth Extended Term shall be as follows:

Years	\$/sq. Ft.	Monthly instalments	Annual Minimum Rent
1-3	\$10.00	\$4,166.67	\$50,000.00
4-7	\$10.50	\$4,375.00	\$52,500.00
8-10	\$11.00	\$4,583.33	\$55,000.00
11-13	\$11.50	\$4,791.67	\$57,500.00
14-17	\$12.00	\$5,000.00	\$60,000.00
18-20	\$12.50	\$5,208.33	\$62,500.00

- (c) The Tenant acknowledges that the Relocated Premises contain approximately 5,000 square feet.
- (d) **Subject to Section 3 above and Section 5 below,** any fixturing period, rent free period, any inducement or improvement to the Relocation Premises by the Landlord, or any other

amount in connection with the Original Term of the Lease shall not apply during the Fifth Extended Term.

- (e) **Provided the Existing Premises is relocated to the Relocated Premises in accordance with Section 3 above**, the Tenant's Operating Costs for the period commencing on the New Commencement Date to and including December 31, 2019 shall be fixed at \$6.50 per square foot of the Relocated Premises per annum (the "**2019 Cap**"). Commencing January 1, 2020 and each for calendar year thereafter, the Tenant's Operating Costs shall be calculated by multiplying the Operating Costs paid by the Tenant in the immediately preceding year by the percentage change in the amount of CPI which has occurred from the first month of the first year to the first month of the year in which the calculation is being made. For the purposes of the foregoing, "CPI" means the Consumer Price Index (All Items) for the City of St. John (or any index published in substitution for the Consumer Price Index or any other replacement index reasonably designated by the Landlord, if it is no longer published) published by Statistics Canada (or by any successor thereof or any other governmental agency, including a provincial agency).
- (f) For clarity, the Relocated Premises will be separately metered for utilities and the Tenant shall pay for all utilities directly to the third-party provider.

5. FURTHER RIGHT OF EXTENSION

- (a) **Provided the Existing Premises is relocated to the Relocated Premises in accordance with Section 3 above**, the Lease is amended so that the Tenant shall be entitled to extend the Term of the Lease for **one (1)** further period of **five (5)** years (commencing on the day following expiry of the Fifth Extended Term) (the "**Sixth Extended Term**"), provided that, as preconditions to the Tenant exercising such right, the Tenant shall:
 - (i) have duly and regularly performed all of the covenants, terms and conditions on its part to be performed in the Lease;
 - (ii) have not assigned the Lease or sublet or permitted a change in occupancy of any portion or portions of the Relocated Premises, and there has been no change in ownership of the majority of the capital stock of Tenant and no change in the name under which the business on the Relocated Premises is conducted;
 - (iii) have continuously occupied and carried on business from all of the Relocated Premises in accordance with the terms of the Lease; and
 - (iv) have given written notice to the Landlord of the exercise of this option not more than twelve (12) months and not less than nine (9) months prior to the expiry of the original Term.
- (b) The Sixth Extended Term shall be on the terms and conditions set out in the Lease, save and except that:
 - (i) the Relocated Premises shall be taken on an "as is" basis and there shall be no inducements, allowances, rent free, or fixturing periods;
 - (ii) there shall be no further or other right of extension or renewal;
 - (iii) the Minimum Rent, shall be in such amount as the Landlord and Tenant may agree and shall be the greater of: (1) Market Rent; and (2) the Minimum Rent payable during the last year of the Fifth Extended Term; and

- (iv) the Tenant shall enter into an agreement prepared by the Landlord at the Tenant's expense to give effect to the terms of the extension.
- (c) As used herein, "**Market Rent**" means the annual rental which could reasonably be obtained by Landlord for the Leased Premises from a willing tenant or willing tenants dealing at arms' length with Landlord in the market prevailing for a term commencing on the commencement date of the Sixth Extended Term, having regard to all relevant circumstances including the size and location of the Leased Premises, the facilities afforded, the terms of the lease thereof (including its provisions for Additional Rent), the condition of the Leased Premises and the extent and quality of the improvements therein (disregarding Tenant's trade fixtures and also disregarding any deficiencies in the condition and state of repair of the Leased Premises as a result of Tenant's failure to comply with its obligations hereunder in respect of the maintenance and repair of the Leased Premises) and the use of the Leased Premises and having regard to rentals currently being obtained for space in the Shopping Centre and for comparable space in other shopping centres comparably located.
- (d) If the Landlord and the Tenant are unable to agree upon the Minimum Rent rate to be paid by the Tenant during the Sixth Extended Term within three (3) months prior to expiry of the Fifth Extended Term, then the Minimum Rent shall be determined by arbitration in accordance with the Arbitrations Act of new Brunswick, but in no event shall the Minimum Rent be less than the Minimum Rent payable during the last year of the Fifth Extended Term. In the event the Minimum Rent has not been determined by the commencement of the Sixth Extended Term, the Tenant shall pay Minimum Rent at the rate applicable to overholding as set out in Section 13.02 of the Lease, and within ten (10) days after the Minimum Rent for the Sixth Extended Term is determined, the parties shall retroactively adjust the Minimum Rent owing from the commencement of the Sixth Extended Term.

6. LEASEHOLD IMPROVEMENT ALLOWANCE

Provided the Tenant is not in default under the Lease after expiry of any applicable notice and cure period under the Lease, as an inducement to lease the Relocated Premises the Landlord will pay to the Tenant a leasehold improvement allowance (the "**Leasehold Improvement Allowance**"), less any amount then owing by the Tenant to the Landlord, equal to **\$12.50** per square foot of the Relocated Premises within **thirty (30) days** of written notice from the Tenant and upon the occurrence or satisfaction of the following:

- (a) the New Commencement Date has commenced; and
- (b) the Tenant has provided to the Landlord an invoice indicating the amount of the Leasehold Improvement Allowance payable, together with calculations for same, and including the amount of the applicable G.S.T. payable.

7. OVERHOLDING RENT

- (a) Notwithstanding anything else contained herein, in the event the New Commencement Date occurs, the Landlord agrees to waive its right to receive the Overholding Rent and shall forever release and discharge the Tenant from its obligation to pay the Overholding Rent. The Landlord shall refund any Overholding Rent paid to the Landlord in conjunction with payment of the Leasehold Improvement Allowance.

- (b) For clarity, in the event the Existing Premises is not relocated to the Relocated Premises in accordance with Section 3 above, the Tenant shall continue to be fully liable and responsible for all Overholding Rent.

8. TENANT CONDITION

- (a) This Agreement is conditional on the Tenant providing notice on or before **5pm on August 20, 2019** that this Agreement has been approved by the Tenant's board.
- (b) The condition contained in Section 8(a) above is for the sole benefit of the Tenant and may only be waived or satisfied by the Tenant at any time in whole or in part. If written notice waiving or satisfying this condition is not given by the Tenant to the Landlord on or prior 5pm on August 20, 2019, this Agreement shall be null and void.
- (c) In the event this Agreement is null and void, the Tenant will continue to occupy the Existing Premises in accordance with the Lease.

9. MISCELLANEOUS

- (a) All Notices to the Landlord are to be sent to:

SBLP LANCASTER MALL INC.

c/- Strathallen Property Management Inc.
Suite 1001, 2 Bloor Street West
Toronto, ON
M4W 3E2

Attn: Asset Manager

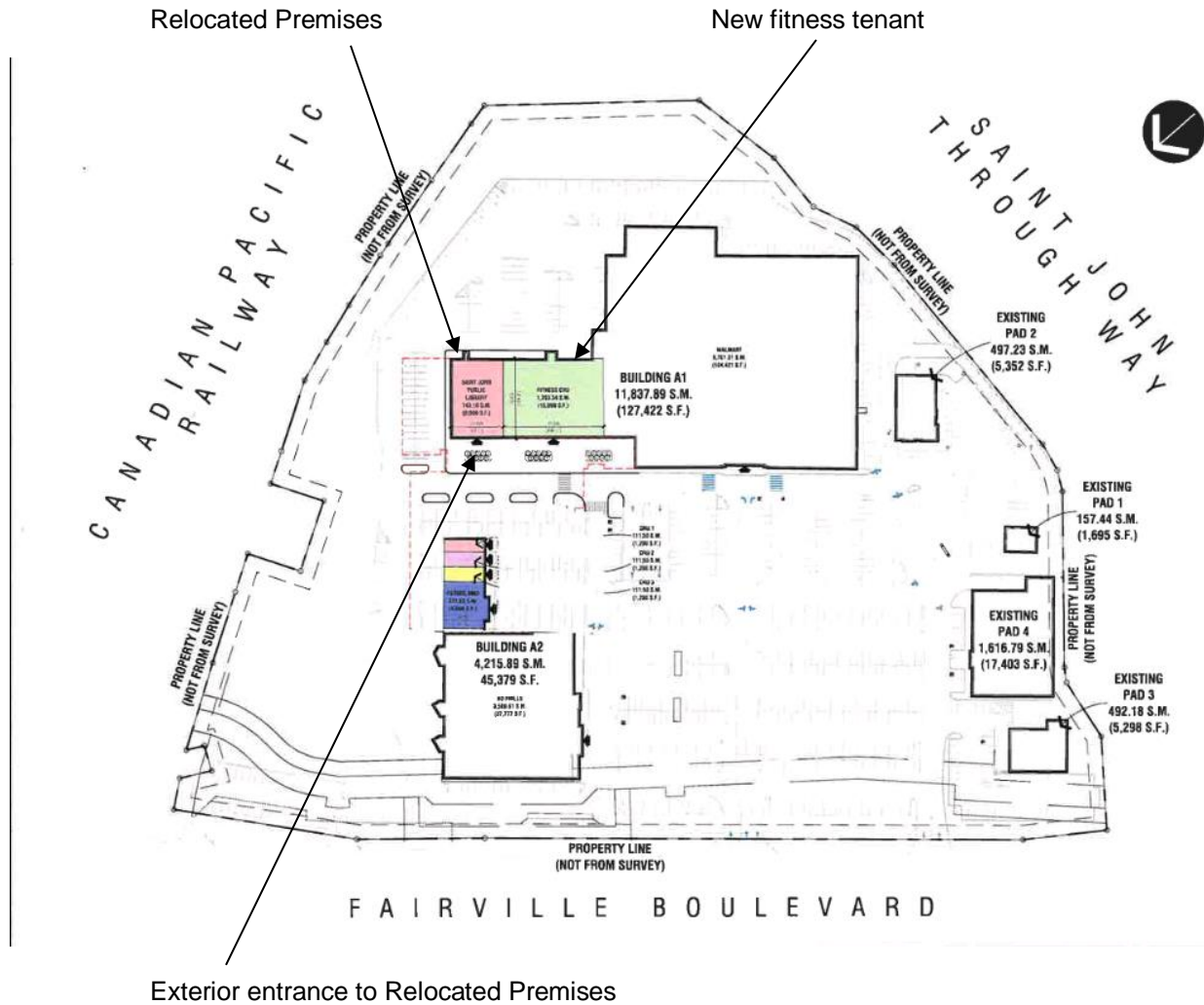
- (a) The Tenant acknowledges, covenants and agrees:
 - (i) that the Landlord is, or may in the future assign this Lease to, an entity who will be a nominee for a Real Estate Investment Trust or may be a Real Estate Investment Trust or may, itself, become a nominee for a Real Estate Investment Trust (the "Trust"); and
 - (ii) in such event, the obligations being created by the Lease and any liabilities arising in any manner whatsoever out of or in connection with the Lease, after such date, will not be personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of:
 1. the unit holders of the Trust;
 2. annuitants under a plan of which a unit holder of the Trust acts as trustee or carrier; and
 3. the officers, trustees, employees or agents of the Trust.
- (b) This Agreement binds and benefits the parties and their respective heirs, executors, administrators, successors and assigns.
- (c) The capitalized terms where used herein, if not defined, shall have the meaning ascribed to them in the Lease.

- (d) Except for the Amendments as agreed to under and by virtue of this Agreement, both parties agree that the terms and conditions of the Lease shall apply and continue in effect for the Term and the Lease shall be incorporated by reference into this Agreement and the Lease will be read as amended hereby. The Lease as amended by this Agreement shall form the whole agreement between the parties hereto and there are no covenants, promises, agreements, conditions or representations, either oral or written, between them other than as are herein and in the Lease set forth.
- (e) Neither party shall disclose to any person the financial or any other terms of this Agreement, except to its professional advisors, consultants and auditors, if any, and except as required by law.
- (f) This Agreement shall be construed in accordance with the laws of the Province in which the Shopping Centre is located.
- (g) This Agreement may be executed in any number of counterparts. A party may send a copy of its executed counterpart to each other party by facsimile or electronic transmission instead of delivering a signed original of that counterpart. Each executed counterpart (including each copy sent by facsimile or electronic transmission) shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement.
- (h) This Agreement shall be deemed not to have been executed and delivered by the Landlord until it has been duly executed by all the other parties hereto and the Landlord has received at least one executed copy hereof. Until the executed Agreement has been received by the Landlord, the Landlord may, at its sole option, by written notice to the Tenant, withdraw its consent to the terms and conditions contained herein, in which case this Agreement shall be null and void and of no further effect. If the executed Agreement has not been received by the Landlord within thirty (30) days from the date hereof, at Landlord's option, the terms of this Agreement shall be null and void unless given anew in writing by the Landlord.

[Rest of page left intentionally blank]

Schedule "A"

Site Plan of Redeveloped Shopping Centre



Schedule “B”

Landlord’s Work:

SAINT JOHN FREE PUBLIC LIBRARY

Landlords Work Described

The space will be prepared by the Landlord with the following features in coordination and planning with the Tenant:

- Open concept space
- Exposed ~14’ ceilings (3’ higher than current)
- Lighting and HVAC ducting distributed for an open concept
- New HVAC
- Glazing along the front of the unit, allowing for maximum light transfer into the space
- Carpet tile installed throughout the space
- Handicap accessible washrooms as required by code
- Office/Staff room in shell condition with kitchen rough in
- Watertight roof
- Costs not to exceed \$160,000 – within reason