

EXHIBIT "A"
(Initial Lease)

LEASE AGREEMENT

between

ZELLERS INC.

and

SUN LIFE ASSURANCE COMPANY OF CANADA

Standard Zellers Lease –
Construction by Tenant

INDEX

<u>CLAUSE</u>	<u>Page</u>
Description of Shopping Centre	1
A Description of Demised Premises & Construction Specification	2
B Payment of Construction Allowance	2
C Tenant's Construction and Fixturing Period	3
D Term	3
E Payee	4
F Currency	4
G Fixed Rent	4
 <u>ARTICLE</u>	
1. Covenant to Pay Rent	4
2. Use of Premises	4
3. Taxes	5
4. Tenant's Insurance	8
Landlord's Insurance	10
5. Indemnity	11
6. Maintenance & Repair	12
7. Compliance with Laws	12
8. Alterations to Premises	13
9. Construction Liens	14
10. Entry to Premises	14
11. Assignment & Sublet	14
12. Utilities	15
13. Restoration in Event of Damage to Property	15
14. Cart Corrals	16
15. Remedies on Default	16
16. Heating & Air-Conditioning	19
17. Signs	19
18. Environmental	20
19. Parking and Common Areas	21
20. Extension of Lease	25
21. Holding Over	26
22. Expropriation	26
23. Quiet Possession; Subordination	26
24. Notices	27
25. Waiver	27
26. Only Agreement	28
27. Interest Rate	28
Force Majeure	28
Gross Leaseable Area	28
28. Merchants' Association	29

29.	Tenant Outdoor Selling Area.....	29
30.	Operation of the Shopping Centre.....	29
31.	Priority of Lease.....	30
32.	Arbitration.....	30
33.	Tenant's Existing Lease.....	31
34.	Landlord's Shortfall.....	31
35.	Conditions.....	31
36.	Interpretation.....	32
	Successors.....	32

Schedule "A"	-	Site Plan
Schedule "A1"	-	Alternate Site Plan
Schedule "B"	-	Description of Lands
Schedule "C1"	-	Prohibited Uses
Schedule "C2"	-	Exclusive Rights of Other Tenants

SITE PLAN COLOURS

Demised Premises	-	Outlined in RED
Lands	-	Outlined in GREEN
Other Leaseable Premises	-	Outlined in BLUE
Shopping Centre Expansion Area	-	Outlined in dotted BLUE
Sobeys Pad	-	Outlined in BROWN
Tenant No Build Area	-	Outlined in YELLOW
Tenant Outdoor Selling Area (included as part of Demised Premises)	-	Hatched in GREEN

Zellers Standard Lease
Construction by Tenant

THIS LEASE made as of the 30th day of August, 2006

BETWEEN:

SUN LIFE ASSURANCE COMPANY
OF CANADA

(hereinafter called the "Landlord")

PARTY OF THE FIRST PART

- AND -

ZELLERS INC., a company
incorporated under the laws of Canada

(hereinafter called the "Tenant")

PARTY OF THE SECOND PART

WHEREAS the Shopping Centre (defined below) is currently leased by the Landlord to the Tenant under a ground lease dated December 20th, 1968 between the Landlord and the Tenant's predecessor Zeller's (Western) Limited, as amended from time to time (the "Existing Lease");

AND WHEREAS the Landlord and the Tenant, along with Sobeys Capital Incorporated, Domo Gasoline Corporation Ltd. and Canadian Tire Real Estate Limited are parties to a Five-Party Agreement dated August 3rd, 2006 (the "Five Party Agreement") pertaining to the redevelopment of the Shopping Centre;

AND WHEREAS the Landlord and the Tenant agree that the Tenant will surrender the Existing Lease to the Landlord, and that the Landlord will accept such surrender, all without payment by either party to the other, as contemplated in the Five-Party Agreement, on the Store Availability Date (as defined in the Five-Party Agreement);

WITNESSETH THAT:

IN CONSIDERATION of the rents, covenants and agreements hereinafter respectively reserved and contained on the part of the Tenant, its successors and assigns, to be paid, kept, observed and performed, the Landlord by these presents doth demise and lease unto the Tenant, its successors and assigns, for the Term and upon the conditions hereinafter mentioned the lands outlined in RED on the plan (the "Plan") attached hereto as Schedule "A", and the building which is presently situated thereon, together with the expansion thereto which is to be constructed, and/or created from existing structures and which building as expanded and altered (together with the lands so outlined (including for greater certainty the Tenant Outdoor Selling Area (as defined in Article 29 below)), referred to herein the "demised premises") shall form part of a shopping centre known as Forest Lawn Shopping Centre (the "Shopping Centre") which is situated on those lands (the "Lands") described in Schedule "B" and outlined in GREEN on the Plan. For such consideration the Landlord does also hereby grant to the Tenant, its successors and assigns the right and licence (which shall be irrevocable during the Term) for the Tenant, its employees, customers, licensees and invitees, in common with all others now or

hereafter entitled thereto and subject to the conditions of this Lease, for access, with or without vehicles, to and from the demised premises over, and for the parking of vehicles on, those portions of the Lands which are not outlined in RED or BLUE on the Plan.

Subject to Section 2 of Article 30 below, no future expansion of the buildings comprising the Shopping Centre and/or the premises of other tenants in the Shopping Centre and no new buildings or structures (other than at-grade Parking Area facilities) shall be constructed or otherwise erected in the area outlined in YELLOW on the Plan (the "No Build Area").

DESCRIPTION OF DEMISED PREMISES & CONSTRUCTION SPECIFICATIONS

A. The demised premises, having a GLA (as defined in Article 27) measuring approximately 96,132 square feet, shall be constructed and/or renovated by the Tenant at the Tenant's expense in accordance with the Tenant's outline building specifications (the Tenant's Work in expanding and renovating the existing building as well as fixturing the expanded building being hereinafter referred to as the "Tenant's Work"). For any Tenant's Work, the Tenant shall prepare working drawings of the proposed improvement work before commencing the improvement work, and before commencing the improvement work it shall obtain the approval of the Landlord (such approval not to be unreasonably withheld or delayed). The Tenant shall also provide the Landlord with reasonably detailed information pertaining to the Tenant's Work budget as requested by the Landlord. All improvement work shall be done by qualified and licensed contractors and sub-contractors who have been approved by the Landlord (such approval not to be unreasonably withheld or delayed).

In addition to the foregoing, the Tenant and the Landlord shall have the respective obligations concerning work on the demised premises and on the common area of the Shopping Centre (and the payment therefor) that are set out in the Five-Party Agreement.

PAYMENT OF CONSTRUCTION ALLOWANCE

B. The Landlord shall pay to the Tenant, as a construction allowance in accordance with and subject to the provisions below, the sum of four million dollars (\$4,000,000.00) (the "Construction Allowance"), together with any sales, value-added or goods and services tax thereon (the "Sales Tax") which the Tenant is required pursuant to the applicable legislation to collect. Where the Landlord fails to make payment of the Construction Allowance or the Sales Tax as required, the Tenant shall, in addition to any other rights it may have at law, be entitled to deduct the amounts so payable by the Landlord, together with interest thereon from any payments which the Tenant is required to make to the Landlord under this Lease. The outstanding amounts owing by the Landlord shall bear interest from the date payment was due until payment has been made in full (including the accrued interest), at a rate per annum equal to the rate charged from time to time by the Bank of Montreal at its main Toronto branch to its most preferred commercial borrowers (and generally known in the banking industry and referred to in Article 27 hereof as the "prime rate") plus two percent (2%). Interest shall be calculated and compounded at the end of each calendar month.

The Construction Allowance shall be due and payable by the Landlord to the Tenant after all of the following conditions have been met:

- (a) the Tenant has provided to the Landlord a letter from a senior financial officer of the Tenant certifying that the Tenant has expended on the Tenant's Work not less than \$4,000,000 (excluding inventory), and 30 days have passed from the date the Tenant has provided such letter to the Landlord;
- (b) the Store Availability Date (as defined in the Five-Party Agreement) has occurred and the surrenders of lease contemplated to take effect thereon by the

terms of the Five-Party Agreement have taken effect;

- (c) the Tenant's Work shall have been substantially completed;
- (d) the Tenant shall have provided the Landlord with a statutory declaration confirming that all of the Tenant's sub-trades and suppliers have been paid in full, except in respect of unfinished work or work deficiencies (in which the event the declaration shall set out the expected cost relating to the unfinished work and deficient work), and that no liens that arise from the Tenant's Work have been or may be registered against the Land or the demised premises, or indicating, where there are such liens, the amount of those liens;
- (e) the statutory lien period for the Province of Alberta shall have expired with respect to the Tenant's Work (provided that where any claim for lien has been registered or notification of a claim for lien has been received by the Landlord in connection with the Tenant's Work, the Landlord shall be entitled to withhold from its payment the amount required to be withheld pursuant to the applicable lien legislation pending the discharge or court-ordered cessation or vacating of such claims for lien and the expiry of the applicable appeal period, if any); and
- (f) the Commencement Date (as defined in Clause 4 hereof) shall have occurred, the Tenant shall have been granted by the City of Calgary any occupancy permit which is required in order for the Tenant to carry on its business from the demised premises, and the Tenant shall have commenced carrying on its business from the demised premises (including the store expansion).

The Tenant acknowledges that in the event the Tenant has committed a monetary default under the Lease or under the Existing Lease, then (without being required to do so and without limiting any other rights it may have as a consequence of such default) the Landlord may deduct from the Construction Allowance the amount owing in connection with such default.

The Tenant acknowledges and agrees that the amount of the Construction Allowance shall be reduced by the amount the Tenant is to pay to the Landlord for the costs of design, permit application, consultant work and site work under the provisions of the Five-Party Agreement, unless the Tenant has by then paid all such costs to the Landlord.

TENANT'S CONSTRUCTION AND FIXTURING PERIOD

C. The Landlord and Tenant hereby acknowledge that the Sobeys Sublease cannot be terminated, and the Tenant cannot be provided with vacant possession of the premises currently occupied by Sobeys, until the Store Availability Date (as defined in the Five-Party Agreement). The Tenant shall have a period of 240 days commencing on the Store Availability Date (as defined in the Five-Party Agreement) in order to carry out the Tenant's Work, provided that the said 240 day period shall be extended to the extent that the Tenant is delayed during that period by Force Majeure and provided further that in the event that the said 240 day period includes any days from November 8 to December 31 in any year the 240 day period shall be extended by the number of those included days (such 240 day period as may be extended as aforesaid being hereinafter referred to as the "Construction and Fixturing Period").

TERM

D. The term of this Lease shall be for a period of fifteen (15) years commencing on the date (the "Commencement Date") which is the earlier of (i) the date that the demised premises as expanded and fully renovated and refitted are opened to the public for business, and (ii) first day following the end of the Construction and Fixturing Period;

provided, however, that where the Commencement Date is other than the first day of the month, the term shall expire fifteen (15) years following the last day of that month. Such initial term and any periods of extension which are exercised in accordance with the provisions of this Lease are hereinafter collectively referred to as the "Term".

PAYEE

E. All payments hereunder to the Landlord shall be made to such person and at such place as may from time to time be designated by notice given by the Landlord to the Tenant.

CURRENCY

F. The parties agree that any payments of money required to be made under the provisions of this Lease shall be made in lawful money of Canada and may be made by cheque payable in Canadian funds.

FIXED RENT

G. The Tenant shall pay a fixed annual rent to the Landlord during the Term of three hundred and eighty-five thousand dollars (\$385,000.00) during the initial term and the first extension period and \$700,000 during all remaining extension periods. The fixed annual rent shall be payable in advance in equal, consecutive, monthly instalments of one-twelfth (1/12th) of such amount on or before the first day of each calendar month throughout the Term. Fixed rent payable for part of a month shall be prorated on a per diem basis, and any partial month at the beginning of the Term shall be paid for on or before the first day of the following month.

ARTICLE 1

COVENANT TO PAY RENT

The Tenant covenants to pay the rent herein reserved at the times and in the manner in this Lease provided without deduction or set-off except as herein expressly provided. It is intended that, except as otherwise specifically provided in this Lease, this Lease shall be fully net and carefree to the Landlord. Without limitation, all maintenance and repair of the demised premises shall be the responsibility of the Tenant, including any of a structural or capital nature.

ARTICLE 2

USE OF PREMISES

Section 1. Throughout the Term, the demised premises, when used, shall be used only for lawful retail and service purposes in a first-class manner. Without prejudice to the Tenant's rights to use the demised premises as aforesaid, the Tenant covenants that on the Commencement Date the demised premises (including, without limitation, the expansion to be constructed to the building thereon) shall be open for business as a department store. For purposes of this Lease, the term "department store" shall mean any large retail establishment selling various types of merchandise and services, organized by departments. The parties acknowledge the fluid and dynamic nature of a department store operation and agree that the departments and types of merchandise and services typically featured in such an operation are subject to changes over time to better accommodate the operator's perception of its target market.

Section 2. The Tenant covenants with the Landlord not to use the demised premises for any use specified in Schedule "C1" attached hereto, and the Landlord

covenants with the Tenant not to permit any such uses at the Shopping Centre. In addition, the Tenant acknowledges that the Landlord has provided to other tenants at the Shopping Centre the exclusive rights (if any) set out in Schedule "C2" and the Tenant agrees that it shall not suffer or permit any contraventions thereof on the demised premises.

Section 3. The Tenant shall not at any time during the Term, use, commit, exercise or carry on or permit or suffer to be used, committed, exercised or carried on, in, about or upon the demised premises or any part thereof any waste or any noxious, noisy or offensive act, trade, business, occupation or calling, and no act, matter or thing whatsoever shall at any time during the Term be done in, about or upon the demised premises or any part thereof which shall or is likely to become a nuisance for the occupiers, tenants or owners of the Shopping Centre or adjoining land and properties, or which is likely to result in a decline in the character or reputation of the Shopping Centre.

Section 4. At any time that the Tenant has not carried on its business at the demised premises, for the preceding six months or more (except during periods when the Tenant is prevented from operating due to Force Majeure), the Landlord shall have the right, at its option, to terminate this Lease, by not less than thirty (30) nor more than sixty (60) days written notice of termination to the Tenant. In the event of such termination, the Tenant shall surrender the demised premises in accordance with the said notice and the provisions of this Lease relating to surrender of the demised premises at the expiration of the Term shall apply thereto and the rent shall be adjusted as of the date of termination.

Section 5. The Tenant shall comply promptly at its expense with all laws, ordinances, regulations, requirements and recommendations, which may be applicable to the Tenant or to the use, operation or occupation of the demised premises or the making by the Tenant of any repairs, alterations, changes or improvements therein, of any and all federal, provincial, civic, municipal and other authorities or association of insurance underwriters or agents and all notices in pursuance of same and whether served upon the Landlord or the Tenant.

Section 6. The Tenant agrees that any reasonable rules and regulations concerning operations at the Shopping Centre (including, without limiting the scope of the foregoing, any rules or regulations concerning waste removal, parking and the like) that may be made by the Landlord or a property manager on behalf of the Landlord shall be observed and performed by the Tenant and its agents, invitees, clerks, servants and employees, provided that such rules and regulations are uniformly enforced by the Landlord against all tenants and other occupants of the Shopping Centre. Without limiting the foregoing, the Tenant agrees that the orderly, hygienic and timely removal of waste generated at or in connection with operations at the demised premises shall be its responsibility and expense.

ARTICLE 3

TAXES

Section 1. The term "Real Property Taxes" whenever used in this Lease shall mean any and all general taxes and school taxes (which includes rates, assessments, levies, charges and impositions, but excludes all local improvement taxes or charges existing at the Commencement Date), whether general or special, from time to time levied or imposed with respect to real property (including land, buildings, fixtures, and accessories and improvements to them) by municipal or other governmental authorities having jurisdiction; interest, fines or penalties for non-payment or late payment shall be excluded, and taxes which are primarily of the nature of taxes on income, capital, business, place of business or otherwise personal to the taxpayer, and not primarily of the nature of taxes on real property shall be excluded.

Section 2. The Landlord shall provide the Tenant with a copy of all assessments and tax bills affecting the demised premises forthwith upon receipt by it and in any event at least ten (10) days prior to the expiry of any period for appeal or other contesting thereof. The Landlord hereby authorizes the Tenant to obtain directly from the taxing and assessing authorities such information as the Tenant requires for the purposes of determining the Real Property Taxes and assessment which are applicable or attributable to the demised premises. If necessary for the Tenant to obtain such information, the Landlord, at the Tenant's written request, shall promptly provide to the taxing and assessing authorities whatever written authorization is required to enable the Tenant to obtain such information. Until the Landlord has complied with its obligations under this Section 2, the Tenant shall not be required to pay Real Property Taxes for the calendar year for which information is required by the Tenant. All information provided to the Tenant hereunder shall be kept confidential by the Tenant, except to the extent that the Tenant needs to use such information in a court of law or before a governmental or quasi-governmental body, or to the extent that any such information has become public knowledge through other sources.

Section 3. Subject to the provisions of Section 2 of this Article 3, the Tenant covenants and agrees to pay and discharge all Real Property Taxes imposed during the Term in respect of the demised premises or any part or parts thereof, or against the Landlord as the owner thereof or against any property on the demised premises owned or brought thereon by the Tenant. The Tenant also covenants and agrees to pay every tax and license fee in respect of every business carried on from or at the demised premises during the Term or in respect of the occupancy of the demised premises by the Tenant. Furthermore, the Tenant agrees to pay to the Landlord its Proportionate Share (as such term is defined in Section 3 of Article 19 hereof) of any Real Property Taxes imposed in respect of the common areas and facilities of the Shopping Centre (the "Common Facilities"), but without any duplication of payment. Where no separate bill for Real Property Taxes is issued for the demised premises, the Tenant shall pay to the Landlord the Real Property Taxes required by this Article 3 to be paid by the Tenant within thirty (30) days of receipt from the Landlord of official receipts from the taxing authority or other proof satisfactory to the Tenant that Real Property Taxes for the Shopping Centre have been paid in full.

The Landlord shall pay or cause to be paid all Real Property Taxes in respect of the Shopping Centre (except those payable by the Tenant directly to taxing authorities pursuant to this Article 3). The Landlord shall also pay or cause to be paid all business taxes (including taxes for the supply of utilities and services to leaseable premises other than the demised premises) and other taxes of a similar nature imposed by municipal or other governmental authorities having jurisdiction in respect of all business and activities carried on by tenants and other occupants of the Shopping Centre (except those payable in respect of the demised premises by the Tenant pursuant to this Article 3) to the extent that any such taxes are capable of constituting a lien against the Shopping Centre in the event of non-payment. Whenever the Tenant shall reasonably request, the Landlord shall provide the Tenant with receipts or other appropriate evidence as to the due payment of any Real Property Taxes or business taxes payable by the Landlord hereunder.

Section 4. For the purpose of establishing the amount of Real Property Taxes payable by the Tenant pursuant to Section 3 of this Article, Taxes, the parties recognize and acknowledge that it is necessary to establish the assessments upon which such Real Property Taxes are based, being the assessment in the first case of the demised premises and the land thereunder including in each case the buildings, improvements, fixtures and equipment thereon, and in the second case the assessment, if any, of the Common Facilities including the lands attributable thereto.

If such separate assessments or any of them are not made by the municipal or other governmental authorities, or professional assessors hired by those authorities, responsible for the determination of assessments upon which Real Property Taxes are based, the Landlord shall use its reasonable efforts (with the assistance of the Tenant if

the Landlord or the Tenant considers such assistance necessary or desirable) to have such separate assessments made or, failing that, to obtain sufficient official information to determine such separate assessments.

However, in the event and to the extent that such separate assessments or such official information cannot be obtained from such municipal or other governmental authorities or the professional assessors hired by them, the Tenant shall pay to the Landlord the Tenant's Proportionate Share of Real Property Taxes payable on the Shopping Centre, and such payment shall be made in monthly instalments on the dates instalments of fixed annual rent are due, the amount of such instalments of Real Property Taxes to be determined by the Landlord in accordance with prudent shopping centre management practices so as to avoid either unnecessary pre-payments by the Tenant or insufficient funds being available at the time any instalment of Real Property Taxes is due. If any Real Property Taxes or instalments thereof become due before such determination has been made, the Landlord may make a reasonable estimate of the allocation which shall not bind the parties but shall nevertheless be adopted for the basis of the interim payment of Real Property Taxes respectively payable by them, and when the allocation of assessments has been finally determined and the Real Property Taxes respectively payable by them finally computed, the parties shall promptly make the appropriate readjustment and additional payment by the Tenant or repayment to the Tenant, as the case may be, together with interest at the Interest Rate on such payment from the date of overpayment or underpayment to the date the adjustment payment is made.

Neither the Landlord nor the Tenant shall direct or authorize the assessing authority to use a method of determining assessment for the demised premises which is different than the method used for determining assessment for the Shopping Centre. The Landlord and the Tenant acknowledge their intent that allocations of Real Property Taxes for the Tenant and other tenants at the Shopping Centre (subject to the provisions of Article 34) for a given period of time be determined on a consistent basis (i.e., separate assessment or proportionate share) so that for such period the Landlord will recover from the tenants neither more nor less than 100% of the Real Property Taxes payable on the Shopping Centre for that period, provided that all GLA thereof is leased (it being understood that the Tenant is not to be liable for payment of any Real Property Taxes on vacant rentable premises elsewhere in the Shopping Centre).

Section 5. The parties hereto agree that any Real Property Taxes relating to a fiscal period of the taxing authority, a part of which is included within the Term and a part of which is included in a period of time prior to the date of commencement of the Term or after the termination of the Term shall (whether or not such Real Property Taxes shall be assessed, levied, confirmed, imposed or become a lien upon the demised premises, or shall become payable, during the Term) be adjusted as between the Landlord and the Tenant as of the date of commencement of the Term or the termination of the Term, so that the Landlord shall pay that proportion of such Real Property Taxes which that part of such fiscal period prior to the date of commencement of the Term or included in the period of time after the termination of the Term bears to such fiscal period, and the Tenant shall pay the remainder thereof.

Section 6. Nothing in this Lease contained shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord, or any income, excess profits or revenue tax or any other tax, assessment, charge or levy upon the rent payable by the Tenant under this Lease. Notwithstanding of any other provision of this Lease, the Tenant shall pay to the Landlord an amount equal to any sales, goods and services or value added tax which is imposed on the Tenant by any governmental taxing authority and is required to be collected by the Landlord.

Section 7. The Tenant covenants to furnish to the Landlord upon request within thirty (30) days after the date whenever any Real Property Taxes are payable by the Tenant directly to the taxing authority as in this Article provided, official receipts of the

appropriate taxing authority, or other proof reasonably satisfactory to the Landlord, evidencing the payment thereof.

Section 8. In the event the Landlord elects not to so appeal, it shall notify the Landlord thereof in writing no later than 15 days prior to the expiry of the applicable appeal period, and the Tenant shall have the right to appeal or otherwise contest the amount or validity of any Real Property Taxes and business taxes for which it is responsible to pay on the demised premises if same are separately assessed, and the assessments on which such Real Property Taxes or business taxes are based, by appropriate legal proceedings, and the Landlord shall co-operate with the Tenant to the extent reasonably necessary to enable the Tenant to carry out its appeal or other contestation. However the Landlord shall not be required to join in any proceeding or to commence (and prosecute in good faith and with due diligence) any proceeding unless the Tenant does not have the right on its own to commence and prosecute the proceeding. The Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any proceedings brought by the Tenant, and the Tenant covenants to indemnify and save harmless the Landlord from any such costs or expenses.

Section 9. The certificate, advice or bill of the appropriate official, designated by law to make or issue the same or to receive payment of any Real Property Taxes, of the payment or non-payment of any such Real Property Taxes shall be prima facie evidence that such Real Property Taxes have been paid or are due and unpaid (as the case may be) at the time of the making or issuance of such certificate, advice or bill.

ARTICLE 4

TENANT'S INSURANCE

Section 1. The Tenant shall take out and at all times during the Term keep in force, or cause to be taken out and kept in force, at its own expense and in respect of the demised premises, the use and occupancy thereof by it and its subtenants and concessionaires and licensees and the conduct of business thereon the following insurance:

- i) comprehensive general liability insurance for bodily injury or death and damages to property of others including blanket contractual liability, owners and contractors protective liability, non-owned automobile and employers liability insurance coverage with respect to all business conducted in, at, upon or from the demised premises, the use and occupancy thereof and the use of common areas and facilities, by the Tenant and by any other person on behalf of the Tenant and by those for whom the Tenant is in law responsible. Such policy or policies shall be written with such inclusions as would be carried by a prudent and reasonable owner of similar property, but in any event not less than five million dollars (\$5,000,000) for any one accident or occurrence, shall be primary and non-contributing with, and not in excess of, any other insurance obtained by the Landlord, and shall include severability of interests and cross liability clauses;
- ii) "all risks" property insurance (including flood and earthquake) in respect of the demised premises and the Tenant's leasehold improvements situated therein, and such other property in or forming part of the demised premises (not being property which the Landlord is required to insure pursuant to this Lease) as the Landlord or any mortgagee of the Shopping Centre may from time to time reasonably require, for the full replacement cost thereof, with no co-insurance penalties. Notwithstanding the aforesaid, the Tenant shall not be obligated to take out or keep in force insurance in respect of loss or damage to the Tenant's trade fixtures, furniture, inventory, stock in

trade including merchandise or other contents of the demised premises, and if the Tenant so insures the loss payable shall (notwithstanding the provisions of Subsection 2(v)(a) hereof) be only to the Tenant without any trust provisions;

- iii) comprehensive boiler and machinery insurance in respect of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus installed in, relating to or serving the demised premises or any part thereof and operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant, on a repair and replacement basis; and
- iv) business interruption insurance in such amount as will reimburse the Tenant for all direct or indirect loss of gross earnings attributable to the perils insured against in paragraphs (ii) and (iii) of Section 1 or attributable to prevention of access to the demised premises or the Shopping Centre as a result of such perils for a minimum period of 12 months.

Section 2. The insurance described above shall:

- i) with the exception of the insurance referred to in paragraph (iv) of Section 1, include the Landlord as an additional insured;
- ii) be placed with an insurer or insurers of recognized net worth and reputation duly licensed to carry on the business of insurance in all provinces in Canada;
- iii) be provided under a policy or policies in such form, providing for such coverage and exclusions and on such terms as are normally effected by prudent and reasonable owners and/or tenants in similar circumstances;
- iv) provide that the policies shall not be invalidated by reason of any breach or violation by the Tenant of any warranties, representations, declarations or conditions in such policies or in any applications for such policies;
- v) with regard to insurances outlined in paragraphs (ii) and (iii) of Section 1 of this Article provide:
 - (a) that the proceeds thereof shall be payable to the Landlord, such of the Landlord's mortgagees for the Shopping Centre, if any, as requested in writing by the Landlord (and which request shall include the mortgagee's address) and the Tenant as their respective interests may appear. Notwithstanding the aforesaid, the Landlord hereby agrees with the Tenant that all proceeds of such insurance payable in the event of loss, damage or destruction to the insured property shall be made available for the repair or rebuilding of the insured property, and the Tenant shall not be required to include any such mortgagee as a loss payee unless such mortgagee has agreed in writing with the Landlord (which agreement the Landlord covenants with the Tenant to enforce on behalf of the Tenant) or is bound by the provisions of its mortgage (which particular provisions the Landlord covenants with the Tenant not to amend) that all such proceeds shall be made available for such repair or rebuilding regardless of the existence of any mortgage default (provided further that, where the proceeds which are payable thereunder do not exceed two hundred thousand dollars (\$200,000), the foregoing provisions as to loss payable shall not apply and such proceeds shall be payable solely to the Tenant or as it shall otherwise direct). Such \$200,000 amount shall be adjusted at the end of each Lease year based on the percentage change

which has occurred in the Consumer Price Index for the Province of Alberta, all items, excluding the food component (or an equivalent or comparable index should the aforesaid index cease to be available) (the "CPI") during such Lease year;

- (b) provide that the insurers specifically waive subrogation rights against the Landlord and any loss payee, including their respective employees, officers and directors, with respect to loss, damage or destruction to the insured property, and the Tenant hereby releases the Landlord and any loss payee, including their respective employees, officers and directors, from liability in regard to such loss, damage or destruction; and
- vi) contain a provision by the insurers to notify in writing all named insureds and such of the Landlord's mortgagees for the Shopping Centre, if any, of whom the Landlord has given the Tenant written notice (including the mortgagee's address), not less than thirty (30) days before cancellation or reducing coverage.

Section 3. The Tenant shall from time to time, whenever reasonably requested, furnish to the Landlord certificates of insurance to evidence that at least the insurance to be kept in force by the Tenant hereunder is in fact in force.

Section 4. If the Tenant shall fail to insure as required under this Lease, the Landlord after at least fifteen (15) days notice to the Tenant may (but shall not be obligated to) effect such insurance in the name of and at the expense of the Tenant, and the Tenant shall promptly repay to the Landlord all costs incurred by the Landlord in so doing.

LANDLORD'S INSURANCE

Section 5. The Landlord shall take out, or cause to be taken out, and at all times during the Term keep or cause to be kept in force, without expense to the Tenant (but subject to the payments and contributions in respect of such expense which the Tenant is obligated to make under Article 19), in respect of the Shopping Centre and the Landlord's operation thereof the following insurance:

- i) comprehensive general liability insurance for bodily injury or death and damage to property of others including blanket contractual liability, non-owned automobile and employers liability insurance coverage, with respect to the Landlord's operation of the Shopping Centre. Such policy or policies shall be written with such inclusive limits as would be carried by a prudent and reasonable owner of similar property, but in any event not less than five million dollars (\$5,000,000) for any one accident or occurrence, shall be primary and non-contributory with, and not in excess of, any other insurance obtained by the Tenant, and shall include severability of interest and cross liability clauses;
- ii) "all risks" property insurance (including flood and earthquake) in respect of all buildings on the Lands (but excluding the demised premises), together with all building equipment and fixed improvements of or associated with such buildings (excluding tenant's trade fixtures) and upon all other fixed improvements on the Lands as any mortgagee of the Shopping Centre may from time to time require, for the full replacement cost thereof, with no co-insurance penalties; and
- iii) comprehensive boiler and machinery insurance in respect of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical

apparatus installed in, relating to or serving the Shopping Centre or any part thereof and operated by the Landlord or by others (other than the Tenant) on behalf of the Landlord, on a repair and replacement basis.

Section 6. The insurance described above shall:

- i) with regard to the insurance referred to in paragraph (i) of Section 5, include the Tenant as an additional insured;
- ii) be placed with an insurer or insurers of recognized net worth and reputation duly licensed to carry on the business of insurance in all provinces in Canada;
- iii) be provided under a policy or policies in such form, providing for such coverage and exclusions and on such terms as are normally effected by prudent and reasonable owners in similar circumstances;
- iv) provide that the policies shall not be invalidated by reason of any breach or violation by the Landlord of any warranties, representations, declarations or conditions in such policies or in any applications for such policies;
- v) with regard to insurances outlined in paragraphs (ii) and (iii) of Section 5 of this Article:
 - (a) provide that the proceeds thereof shall be payable to the Landlord and the Landlord's mortgagee, if any, as their respective interests may appear. Notwithstanding the aforesaid, the Landlord covenants with the Tenant that all proceeds of such insurance payable in the event of loss, damage or destruction to the insured property shall be made available for the repair or rebuilding of the insured property, and if any of such proceeds are to be payable to such mortgagee the Landlord covenants with the Tenant to require such mortgagee to agree in writing, or to be bound by the terms of its mortgage, to make all such proceeds available for such repair or rebuilding regardless of the existence of any mortgage default; and
 - (b) provide that the insurers specifically waive subrogation rights against the Tenant, its employees, officers and directors with respect to loss, damage or destruction to the insured property, and the Landlord hereby releases the Tenant, its employees, officers and directors from liability in regard to such loss, damage or destruction;
- vi) contain a provision by the insurers to notify the Tenant in writing not less than thirty (30) days before cancellation or reducing coverage.

Section 7. The Landlord shall from time to time, whenever reasonably requested, furnish to the Tenant certificates of insurance to evidence that at least the insurance to be kept in force by the Landlord hereunder is in fact in force.

Section 8. If the Landlord shall fail to insure as required under this Lease, the Tenant after at least fifteen (15) days notice to the Landlord may (but shall not be obligated to) effect such insurance in the name of and at the expense of the Landlord, and the Landlord shall promptly repay to the Tenant all costs incurred by the Tenant in so doing.

INDEMNITY

Except to the extent that it is released pursuant to Sections 2 or 6 of Article 4, each of the Landlord and the Tenant will protect, defend, indemnify and save harmless the other including the other's directors, officers, employees, agents and contractors (collectively the "indemnified party") of and from all damages, costs (including without limitation legal costs), fines, suits, claims, demands and actions of any kind or nature which the indemnified party shall or may become liable for or suffer by reason of any breach, violation or non-performance by the party so indemnifying of any covenant, term or provision of this Lease or by reason of any damage, injury or death occasioned to or suffered by any person or persons (including the Landlord or the Tenant, as the case may be) or any property, resulting from any wrongful act, neglect or default on the part of the party so indemnifying or any of its directors, agents, employees, officers or contractors.

*ARTICLE 6**MAINTENANCE & REPAIR*

Section 1. All costs and expenses of every kind related to the operation of the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area), including its maintenance, operation, repair, and management will be entirely the Tenant's responsibility. These costs will include, but are not limited to, operating costs, maintenance and repair costs (including structural repair costs), utilities, insurance and all taxes, and nothing in this Article 6 shall derogate from such responsibility, any provisions therein concerning same being intended to illustrate, on a non-exhaustive basis, some of the said responsibility.

Section 2. The Tenant covenants throughout the Term, at the Tenant's sole cost and expense, to maintain and keep in a first class condition and a good and substantial state of repair the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area) and the equipment, fixtures, motors and machinery thereof, and shall promptly at the Tenant's own cost and expense make all necessary repairs thereto, but excluding reasonable wear and tear which does not affect the proper use of the demised premises for the purposes intended. When used in this Article the term "repairs" shall include replacements or renewals when necessary.

Section 3. The Landlord shall not make any settlement of loss or damage with an insurance company or companies under any of the insurance policies provided by the Tenant on the demised premises because of fire or other casualty without the written approval of the Tenant. All insurance money recovered on account of such damage or destruction shall be applied to the payment of the cost of the repairing, restoring and rebuilding and shall be made available from time to time as such work progresses. If the insurance proceeds shall be insufficient to pay the entire cost of such work, the Tenant agrees to pay the deficiency. Any insurance money remaining upon the completion of the work shall belong to the Tenant and the Landlord shall not have any interest therein.

Section 4. The Landlord covenants throughout the Term to maintain and keep or cause to be maintained and kept in a first class condition and a good and substantial state of repair all buildings and improvements of the Shopping Centre (other than the demised premises including for greater certainty the Tenant Outdoor Selling Area), including without limitation the Common Facilities and all utilities and services necessary for the operation of the Shopping Centre but excluding the demised premises to the extent that the Tenant is obliged to repair and maintain same, consistent with the standards of a careful and prudent owner, and accordingly the Landlord shall promptly make all necessary repairs.

*ARTICLE 7**COMPLIANCE WITH LAWS*

Section 1. The Tenant covenants throughout the Term, at the Tenant's sole expense, promptly to comply with all legal requirements (including statutes, laws, by-laws, regulations, ordinances, orders, rules and regulations of every governmental authority having jurisdiction) from time to time affecting the condition, equipment, maintenance, use or occupation of the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area) or the Cart Corrals (as defined in Article 14).

Section 2. Except to the extent that the Tenant is responsible for compliance pursuant to Section 1 of this Article, the Landlord covenants that it will, at no expense to the Tenant, promptly comply or cause prompt compliance with all legal requirements (including statutes, laws, by-laws, regulations, ordinances, orders, rules and regulations of every governmental authority having jurisdiction) from time to time affecting the Shopping Centre.

Section 3. The party responsible for compliance pursuant to Section 1 or Section 2 of this Article shall have the right to contest by appropriate legal proceedings, without cost or expense to the other, the validity of any such legal requirements referred to in Section 1 or 2, and if by the terms of any such legal requirements compliance therewith may legally be held in abeyance without subjecting the Tenant or the Landlord to any liability of whatsoever nature for failure so to comply therewith, the party responsible may postpone compliance therewith until the final determination of any such proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch.

ARTICLE 8

ALTERATIONS TO PREMISES

Section 1. The Tenant may at any time and from time to time, at its own expense, paint and decorate the interior of the demised premises, place such interior signage as it desires, and make such changes, alterations and improvements thereto, including such changes to the store front as will, in the judgement of the Tenant, better suit the purposes of its business, provided that such changes, alterations or improvements are not of a nature to endanger the structure or reduce the value of the demised premises and provided further that they are made by the Tenant in conformity with all statutes, regulations or by-laws of any federal, provincial or municipal authority applicable thereto; provided however that no structural alteration shall be undertaken until detailed plans and specifications have first been submitted to and approved in writing by the Landlord, which approval shall not be unreasonably withheld or delayed.

Section 2. The Tenant shall have the right to install (including installation prior to the commencement of the Term), maintain, repair, operate and replace on the roof of the demised premises such mechanical, electrical, plumbing, telecommunication, heating, ventilation and air-conditioning equipment and facilities and such other systems as are required by the Tenant in the operation of the demised premises.

Section 3. Upon the expiry of the Term or other termination of this Lease, the Tenant shall peaceably surrender and yield up to the Landlord the demised premises, together with all fixtures and improvements which at any time during the Term shall have been made therein or thereon, in a clean and tidy condition, free of any Hazardous Materials (as defined in Article 18) for which the Tenant is responsible pursuant to Article 18, and otherwise generally in as good a condition and repair as that in which the Tenant is required to maintain the demised premises throughout the Term, and the Tenant shall deliver to the Landlord all keys to the demised premises that the Tenant has in its possession and shall inform the Landlord of all combinations of locks, safes and vaults. All changes, alterations or improvements which may be effected in or upon the demised premises and which are attached to the floors, walls or ceilings thereof shall remain and be surrendered with the demised premises as part thereof and become the property of the Landlord without any compensation to the Tenant. It is agreed, however, that all fixtures

in the nature of trade or tenant's fixtures installed in the demised premises by the Tenant and all chattels shall be removable at any time and from time to time by the Tenant and shall, upon the termination of this Lease, remain the property of the Tenant and be removed by the Tenant provided the Tenant shall repair all damage to the demised premises caused by such removal.

ARTICLE 9

CONSTRUCTION LIENS

Section 1. The Tenant shall not suffer or permit any construction liens to be filed against the demised premises or any part thereof by reason of work, labour, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding the demised premises or any part thereof through or under the Tenant. If any such construction lien as aforesaid shall at any time be filed against the demised premises, the Tenant shall cause the same to be discharged or vacated within twenty (20) days after the Tenant has been notified of such filing. If the Tenant shall fail to discharge or vacate such construction lien within such period then, in addition to any other right or remedy of the Landlord, the Landlord may, but shall not be obligated to, obtain an order vacating such lien by payment into court or bonding. Any amount paid by the Landlord for any of the aforesaid purposes, and all reasonable legal and other expenses of the Landlord, including reasonable counsel fees, in defending any such action or in vacating such lien, with all necessary disbursements in connection therewith and with interest thereon at the Interest Rate from the date of payment, shall be repaid by the Tenant to the Landlord on demand, and if unpaid may be treated as additional rent.

Section 2. Notwithstanding the provisions of Section 1 of this Article 9, the Tenant shall have the right to contest the validity of any such construction lien by appropriate legal proceedings, subject to such indemnity as the Landlord may reasonably impose and provided that the Landlord shall not be subjected to any liability for the payment of any cost or expense in connection with any proceeding brought by the Tenant.

ARTICLE 10

ENTRY TO PREMISES

The Tenant agrees to permit the Landlord and the authorized representatives of the Landlord to enter the demised premises at all reasonable times during usual business hours for the purpose of inspecting the same upon written request by the Landlord, and the Tenant shall arrange for such entry at a time convenient to both parties.

ARTICLE 11

ASSIGNMENT & SUBLET

Section 1. Subject to Section 3 of this Article 11, if applicable, the Tenant may, subject to first obtaining the approval of the Landlord (such approval not to be unreasonably withheld or delayed) assign the Lease or sublet all or any part or parts (including the granting of concessions and licenses to use and occupy any part or parts) of the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area), provided, however, that in the event of any assignment of this Lease (whether or not Section 3 of this Article 1 applies thereto) the Tenant shall deliver to the Landlord an agreement in form and content satisfactory to the Landlord, acting reasonably, in and by which the assignee of the Lease assumes and agrees to observe and perform all of the terms, covenants and conditions thereof. No assignment or subletting shall relieve the Tenant of its liability for the performance of the terms, covenants and conditions of this

Lease.

Section 2. In the event of any assignment by the Landlord of this Lease or sale, transfer or other alienation of the Lands during the Term, the Landlord shall deliver to the Tenant an agreement in writing by which the assignee or transferee assumes and agrees with the Tenant to observe, perform and be bound by all of the terms, covenants and conditions of this Lease, and thereupon the Landlord shall without any further action be released from any and all liability under this Lease, except for (i) any defaults by the Landlord as at the date of the sale or transfer, (ii) any monies owing by the Landlord to the Tenant as at the date of the sale or transfer, and (iii) any portion of the Construction Allowance not paid to the date of the sale or transfer and any interest thereon.

Section 3. No approval by the Landlord shall be required for an assignment of this Lease to (i) the purchaser of a majority of the Tenant's stores in the Province of Alberta, or (ii) a party that is (and only for so long as it remains) an affiliate of the Tenant (as the term "affiliate" is defined in the Canada Business Corporations Act), or for any sublet which (i) is being made to a party that is (and only for so long as it remains) an affiliate of the Tenant (as the term "affiliate" is defined in the Canada Business Corporations Act), or (ii) is being made to a subtenant for the purpose of that subtenant operating a retail business as part of the Tenant's department store operations, without demising walls or a separate entrance to the subleased premises. Prior to effecting any assignment or sublet to which this Section 3 applies, the Tenant shall provide to the Landlord not less than 30 days' notice of its intention to do so, together with such reasonable details concerning the assignee or subtenant and, if applicable, the portion of the demised premises to be so sublet, as the Landlord may require.

ARTICLE 12

UTILITIES

The Tenant agrees to pay or cause to be paid for all water, gas, electricity, light, heat or power, all of which shall be separately metered (at the Landlord's expense), telephone or other communication service supplied to or used in connection with the demised premises throughout the Term, and to indemnify the Landlord and save it harmless against any liability or damages on such account. The Tenant shall also at its sole cost and expense procure any and all necessary permits, licenses or other authorization required for the lawful and proper installation and maintenance upon the demised premises of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any such service to and upon the demised premises. The Tenant shall have the right; at its sole cost and expense, to bring to the demised premises such further and other utilities and services as it reasonably requires in the operation of its business, and the Landlord shall permit the installation and maintenance by or on behalf of the Tenant of those further utilities and services, provided same does not materially interfere with the operations of the Landlord or others at the Shopping Centre.

ARTICLE 13

RESTORATION IN EVENT OF DAMAGE TO PROPERTY

Section 1. If, during the last two (2) years of the initial term or at any time during any extended term or terms, the demised premises shall be destroyed or damaged in whole, or damaged or destroyed in part to an extent that according to the reasonable estimate of the Tenant the cost of rebuilding shall exceed twenty-five percent (25%) of the replacement cost (excluding footings and foundations) of the entire demised premises, the Tenant shall have the option to terminate this Lease by notice to the Landlord, which termination shall be effective not less than thirty (30) days after the giving of such notice, and the Tenant thereupon shall make payment of all rent and other charges payable by the

Tenant hereunder justly apportioned to the date of such termination. In the event of such termination, the Tenant shall assign to the Landlord its interest in all insurance proceeds which may be payable under the property insurance policies required to be maintained by the Tenant hereunder with respect to such damage or destruction (other than proceeds which are payable in regard to the Tenant's fixtures, equipment or inventory) and the Tenant shall have no obligation to repair or rebuild.

Section 2. Subject to Section 3 of this Article 13, in the event the whole or any part of the demised premises, or the parking or common areas of the Shopping Centre, shall become untenable, dangerous or unfit for the Tenant's use as a result of an act or omission of the Landlord, or the Tenant shall lose the use of all or any part thereof, as a result of destruction or damage by fire, explosion, land subsidence, flood, earthquake, falling objects, impact by aircraft or vehicles, lightning, hail, windstorm, riot, civil commotion, war, or other casualty, (collectively, an "Unexpected Occurrence") then in these events, or any of them, rent for the demised premises shall abate justly and proportionately during the continuance of such condition.

Section 3. The provisions of Section 2 of this Article 13 shall not apply to any Unexpected Occurrence (i) that involves structural collapse or defect or any other matter or thing for which the Tenant is allocated responsibility under the terms of this lease, or (ii) in respect of which insurance proceeds are available or would have been available had the Tenant insured as required under the terms of this Lease and had it diligently pursued payment by its insurers.

ARTICLE 14

CART CORRALS

The Tenant shall, during the Term, have the right to install, maintain and exclusively use up to but not more than 3 separate exterior cart corrals (the "Cart Corrals") in the parking lot in proximity to the exterior entrances to the demises premises. Each of the Cart Corrals will be double sided and shall not occupy more than 2 parking stalls. The Cart Corrals shall be located in the No Build Area, with the exact location of the Cart Corrals to be determined by the Tenant and approved by the Landlord, both acting reasonably and in good faith. The Tenant shall indemnify and save the Landlord harmless from any damages, costs or liability arising from the storage and/or use of the carts, except to the extent that such damages, costs or liabilities result from the negligence of the Landlord or those for whom the Landlord is responsible at law.

ARTICLE 15

REMEDIES ON DEFAULT

Section 1. The parties hereto agree each with the other as follows:

Re-entry

- (i) Subject to the next following paragraph, if and whenever the rent or any part thereof or any other monies payable by the Tenant under this Lease shall be unpaid when the same ought to have been paid, or in case of the breach or non-performance of any of the covenants or agreements (other than for the payment of rent and other monies) herein contained on the part of the Tenant to be performed (and if such default is capable of being cured by the Tenant, same is not cured within 30 days after notice of such default has been given by the Landlord to the Tenant or such longer period as may be reasonably required, provided the Tenant is using its continuing best efforts to effect such cure) or if the demised premises are abandoned by the Tenant then, and in any of such cases, it shall be lawful for the

Landlord at any time thereafter without notice or any form of legal process, to re-enter into and upon the demised premises or any part thereof, in the name of the whole, and the same to have again, repossess and enjoy, as of the Landlord's former estate, anything herein contained to the contrary notwithstanding, whereupon this Lease shall terminate forthwith, anything contained herein or in any statute or other law to the contrary notwithstanding, provided however such termination shall be wholly without prejudice to the right of the Landlord to recover arrears of rent and damages for any antecedent breach of covenant on the part of the Tenant. Notwithstanding such termination, the Landlord may subsequently recover from the Tenant all losses, damages, costs (including legal fees on a substantial indemnity basis) and expenses whatsoever suffered by reason of this Lease having been prematurely determined.

The rights of the Landlord in respect of the non-payment of rent or other monies provided for in this section 1 shall not apply until 10 days after the Landlord has provided to the Tenant notice of non-payment of rent or other monies.

- (ii) The Tenant further agrees with the Landlord that in any of the cases above described, the Landlord, in addition to the other rights hereby reserved to it, shall have the right to enter the demised premises or otherwise without being liable for any prosecution therefor and to re-lease or sublet, as the Tenant's agent, the demised premises or any part thereof, and to apply the proceeds of such re-leasing or subleasing on account of rent due or in satisfaction of the breach of any covenant or agreement herein contained and the Tenant shall remain liable for the deficiency, if any.

Insolvency

If the Term hereby granted shall be at any time seized or taken in execution or in attachment by any creditor of the Tenant and such seizure or taking is not set aside by court order within 15 days of its occurrence, or if the Tenant shall make any assignment for the benefit of creditors (but excluding, for greater certainty, security interests granted to lenders pursuant to a financing done in the ordinary course of business), or become bankrupt or insolvent or shall take the benefit of any Act that may now or hereafter be or become in force, for bankrupt or insolvent debtors or file a proposal or a receiver or receiver and manager is appointed for all or a portion of the Tenant's property (and such appointment, if not instigated by the Tenant itself, is not set aside by court order within 15 days of its occurrence) or any steps are taken or any action or proceeding is instituted by the Tenant or any other party, including without limitation, any court or governmental body, for the dissolution, winding up, liquidation or other termination of the corporate existence of the Tenant or its assets, then and in any such case the Term shall, at the option of the Landlord, immediately become forfeited and void and the then current month's rent and the rent for the three (3) months next following shall immediately become due and payable as liquidated damages to the Landlord and in such case it shall be lawful for the Landlord at any time thereafter to re-enter into and upon the demised premises or any part thereof, in the name of the whole, and the same to have again, repossess and enjoy as of its former estate anything herein contained to the contrary notwithstanding.

Landlord may Perform Tenant's Covenants

If the Tenant shall fail to perform or cause to be performed any of the covenants or obligations of the Tenant in this Lease contained when required (or within the applicable cure period provided for above, if any) the Landlord shall have the right (but shall not be obligated) to perform or cause the same to be performed, and to do or cause to be done such things as may be necessary or incidental thereto (including, without limiting the foregoing, the right to make repairs, installations, erections and expend monies) and all payments, expenses, costs, charges, fees (including all legal fees on a solicitor and his

own client basis) and disbursements incurred or paid by or on behalf of the Landlord in respect thereof shall be paid by the Tenant to the Landlord, as rent, forthwith.

Follow Chattels

Provided that in case of removal by the Tenant of the goods and chattels of the Tenant from off the demised premises, the Landlord may follow the same for thirty (30) days.

Waiver of Exemptions

That in consideration of the leasing and letting by the Landlord to the Tenant of the demised premises for the Term (and it is upon that express understanding that these presents are entered into) that notwithstanding anything contained in any statute or in any statute which may hereafter be passed, none of the goods or chattels of the Tenant at any time during the continuance of the Term on the demised premises shall be exempt from levy by distress for rent in arrears by the Tenant as provided for in any such statute or any amendment or amendments thereto, and that upon any claim being made for such exemption by the Tenant or on distress being made by the Landlord this covenant and agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to the levying upon any such goods as are named as exempted in any such statute or amendment or amendments thereto; the Tenant waiving as the Tenant hereby does all and every benefit that could or might have accrued to the Tenant under and by virtue of any such statute or any amendment or amendments thereto but for this covenant.

Overlooking and Condoning

Any condoning, excusing or overlooking by either party of any default, breach or non-observance by the other at any time or times in respect of any covenant, proviso or condition herein contained shall not operate as a waiver of the non-defaulting party's rights hereunder in respect of any subsequent default, breach or non-observance nor so as to defeat or affect in any way the rights of the non-defaulting party hereunder in respect of any subsequent default, breach or non-observance. The subsequent acceptance of rent by the Landlord shall not be deemed to be a waiver of any preceding breach by the Tenant of any term, covenant or condition of this Lease regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

Forcible Re-entry

In the event that the Landlord shall be entitled under the terms of this Lease or by law to enter the demised premises, then the Landlord shall be at liberty to effect such re-entry using reasonable force to the extent necessary, and for such purpose the Landlord, or its servants or agents duly authorized in writing may, to the extent reasonably necessary, break open locks, doors, windows, or other means of entry for such purposes, without in any way incurring any liability of becoming responsible for damages or otherwise to the Tenant.

Act of Occupants

An act or omission on the part of any subtenant, licensee or concessionaire of the Tenant or any other person occupying or carrying on business on, at, in or from the demised premises that if done, or omitted to be done, by the Tenant would constitute a breach of a covenant, agreement, provision or condition in this Lease or would impose obligations on the Tenant or entitle the Landlord to exercise remedies shall be considered for all purposes to be the act or omission of the Tenant and shall entitle the Landlord to enforce its remedies under this Lease or at law against the Tenant.

Section 2. If any material default of the Landlord hereunder shall continue uncorrected for sixty (60) days after notice thereof from the Tenant and final adjudication by a court or arbitrator that the Landlord is in material default (save with respect to a default arising from repairs that cannot be reasonably cured within sixty (60) days, in

which case if such default be not cured within a reasonable time after the Landlord has received notice from the Tenant), this Lease may be terminated by the Tenant at any time thereafter during the continuance of such default by giving notice to the Landlord. The Tenant may perform any obligation of the Landlord should the Landlord fail to do so promptly after notice of default and the Tenant may make any replacements and repairs of an urgent nature required to be made by the Landlord without first notifying the Landlord. The Landlord shall reimburse the Tenant for any expenditure thus incurred with interest at the Interest Rate. Any sums due to the Tenant from the Landlord (including any predecessors in title) under the provisions of this Lease or arising out of the Landlord's failure to comply with or perform any of its obligations under this Lease may be deducted by the Tenant from rent, but not before final adjudication has been made by a court or arbitrator that the Landlord has so failed to comply or perform.

Section 3. No reference to or exercise of any specific right or remedy by the Landlord or the Tenant shall prejudice or preclude the Landlord or the Tenant from exercising or invoking any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for in this Lease.

ARTICLE 16

HEATING & AIR-CONDITIONING

The Tenant shall maintain, operate, repair and replace the air-conditioning and heating systems in the demised premises and all parts thereof, at its sole cost and expense, including the paying for the cost of fuel consumed by the said systems, as and when necessary throughout the Term, but excepting reasonable wear and tear which does not affect the proper use of such systems for the purposes intended.

ARTICLE 17

SIGNS

Section 1. Provided that it obtains all required governmental approvals, the Tenant shall have the right during the Term to furnish, erect and maintain on the Lands in a state of good repair (including the right to provide electrical power to the pylon sign) a pylon sign, which shall be for the Tenant's exclusive use. The pylon sign shall accommodate a Tenant sign of not less than 12 feet by 12 feet, and shall be located as approximately shown on the Plan (unless the City of Calgary requires that it be located elsewhere). The Tenant's design for the proposed pylon sign shall be subject to approval by the Landlord prior to its erection (such approval not to be unreasonably withheld or delayed). Where power is provided by the Landlord, the Tenant shall reimburse the Landlord for the cost of such power. At any time that the Tenant is not Zellers Inc. or an affiliate of Zellers Inc. (as the term "affiliate" is defined in the Canada Business Corporations Act), the Tenant's design for the content of the pylon sign shall be subject to approval by the Landlord prior to the installation of such content (such approval not to be unreasonably withheld or delayed).

Section 2. The Tenant shall have the right to erect and maintain on the exterior of the demised premises and over any interior mall entrances such identification signage and slogans as are generally used by the Tenant in the Province of Alberta at its similar stores, and any other exterior or mall signage shall require the Landlord's prior written approval (such approval not to be unreasonably withheld or delayed). In particular the Landlord acknowledges that the Tenant shall have the right to erect and maintain on one exterior wall of the demised premises appropriate signage for any restaurant and any pharmacy in the demised premises. All signage shall be in compliance with applicable governmental requirements.

*ARTICLE 18**ENVIRONMENTAL*

Section 1. Prior to termination of the lease between the Landlord and Zeller's Western Limited (a predecessor corporation of the Tenant) dated December 20, 1968 (the "Existing Lease"), the Tenant will undertake a Phase 2 environmental audit of the Lands and improvements on the Lands (excluding the Food Store) in accordance with the recommendations of its independent environmental consultant. In the event that remedial action is required, the Tenant will complete, or cause to be completed, the remedial work and deliver up the site (excluding the Food Store) in a condition which meets the applicable governmental requirements for commercial property. In no event will the termination or assignment (as the case may be) of the Existing Lease serve to release the Tenant from liability arising from environmental contamination prior to the termination or assignment date of the Existing Lease. The Tenant will provide the Landlord with more specific information as to the level of remediation which is required to meet the applicable governmental standards.

Section 2. Subject to Section 3 of this Article 18, the Tenant shall not at any time suffer or permit on the demised premises (or elsewhere in the Shopping Centre by the Tenant or those for whom it is responsible at law) the manufacturing, transportation, storage, discharge or disposal of any contaminant or waste, flammable, explosive, radioactive, corrosive or poisonous material or substance, urea formaldehyde foam insulation, asbestos, PCBs or pollution or other environmentally hazardous, dangerous or noxious substances or materials including those declared or determined by the standards established by relevant governmental statutes, by-laws or regulations to be hazardous or toxic (collectively, "Hazardous Materials").

The Tenant shall not do or suffer or permit any Hazardous Materials to exist on, in or about the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area) or any waste or damage, disfiguration or injury to the demised premises or the fixtures, systems and equipment thereof or permit or suffer any overloading of any floors thereof and shall not place in, on or about the demised premises any fixtures, equipment, machinery, or materials of a weight beyond the capacity for which the Shopping Centre is designed, or to the extent that will cause damage to the Shopping Centre, and that the Tenant will repair any damage done to the demised premises or the Shopping Centre by reason of any excessive weight placed in the demised premises.

The Landlord shall take such precautions as would a prudent landlord in similar circumstances to limit the use and sale of Hazardous Materials at the Shopping Centre (other than the demised premises, and excluding responsibility for any acts or omissions of the Tenant or those for whom the Tenant is responsible at law) to those that are necessary and usual for the applicable retail use of tenants from time to time in the Shopping Centre and to use reasonable efforts to require such tenants to store, handle and use or sell such Hazardous Materials in accordance with all applicable regulations.

Section 3. The Tenant shall be permitted to store and use on, and sell from, the demised premises such quantities of such Hazardous Materials as are necessary and usual in the operation of a first-class retail store, provided such Hazardous Materials are at all times stored, handled and used or sold only in accordance with all applicable regulations. The Landlord's prior approval (not to be unreasonably withheld) shall be required in respect of any Hazardous Materials that exceed those which are necessary and usual in the operation of a first-class retail store. Despite the foregoing, the Tenant shall not permit any PERC or similar dry cleaning solvents in the demised premises.

Section 4. The Tenant shall, notwithstanding any other provision of this Lease, indemnify and save harmless the Landlord from any and all liabilities, damages, expenses, costs, fees (including legal fees on a solicitor and his own client basis), claims, suits or actions arising from or in connection with any Hazardous Materials caused by or

attributable to the Tenant or any subtenant of the Tenant or any other party occupying or using the demised premises or any part thereof.

The Landlord shall, notwithstanding any other provision of this Lease, indemnify and save harmless the Tenant from any and all liabilities, damages, expenses, costs, fees (including legal fees on a solicitor and his own client basis), claims, suits or actions arising from or in connection with any Hazardous Materials caused by or attributable to the Landlord (excluding, however, any Hazardous Materials in the demised premises and any Hazardous Materials at the Shopping Centre prior to the Commencement Date).

Section 5. Immediately prior to the expiry of the Term or other termination of this Lease, the Tenant shall co-operate with the Landlord to have performed on the demised premises a Phase 1 environmental report in form and scope and from an environmental consultant satisfactory to the Landlord. The cost of such report shall be borne by the Landlord in the first instance, but the Tenant shall forthwith upon demand from the Landlord pay to the Landlord the cost of such environmental report if such environmental report recommends further action in respect of environmental matters for which the Tenant is responsible. If such environmental report indicates the existence in the demised premises of Hazardous Materials, in excess of governmental threshold levels, for which the Tenant is responsible and recommends further action in regard thereto (including, without limitation, the preparation of any further environmental reports), the Tenant shall forthwith effect same at its expense. The Tenant shall forthwith at its expense take such steps as may be required and as the Landlord shall approve in order to ensure that the demised premises are remediated in respect of Hazardous Materials for which it is responsible to all standards then applicable to a retail use in Calgary, Alberta. The provisions of this Article 18 shall survive the expiry of the Term or other termination of this Lease.

ARTICLE 19

PARKING AND COMMON AREAS

Section 1. The Landlord covenants and agrees with the Tenant that throughout the Term:

- i) the Tenant's customers, prospective customers, invitees, licensees and all other persons having business with the Tenant, together with the customers, prospective customers, invitees and licensees of all other persons having business with the tenants of other premises at the Shopping Centre, shall have the right and licence to use the parking areas shown on the Plan as same may from time to time be changed in accordance with the provisions of this Lease (the "Parking Area") free of charge for the parking of motor vehicles thereon and the right and licence of passage, on foot, on all malls, aisles and sidewalks, same to be available and/or open for pedestrian use at all times that the demised premises are open for business, and that the Landlord will not erect or construct, or permit or suffer to be erected or constructed, any building, billboard or other structure whatsoever on the Parking Area, malls, aisles or sidewalks, or hinder or obstruct the use thereof for the purposes aforesaid, or use, or permit or suffer anyone to use, the Parking Area, malls, aisles or sidewalks for any other purposes; provided, however, that:
 - a) the Tenant shall have the right to use the sidewalk abutting the demised premises for the operation of a reasonable number of vending machines and for the sale on an occasional basis of merchandise; and
 - b) the Landlord may permit other tenants to use the sidewalk

abutting their premises for the operation of a reasonable number of vending machines and for the sale on an occasional basis of merchandise;

- ii) the Parking Area will always accommodate no fewer than 5.0 parking spaces or passenger motor vehicles for each 1,000 square feet of GLA of leaseable premises of the Shopping Centre. The Parking Area will always be laid out in accordance with the Plan and no changes shall be made thereto without the express written consent of the Tenant, not to be unreasonably withheld or delayed. The parking space module shall, subject also to legal requirements being met, be in accordance with the Plan;
- iii) a driveway at least thirty (30) feet in width shall afford a means of access to and from the delivery or service entrance of the demised premises and the surrounding streets and highways, and an adequate area adjacent to and adjoining the delivery or service entrance of the demised premises shall afford space for trucks loading or unloading goods, wares or merchandise thereat or waiting to do so, and the Tenant, its suppliers and invitees, shall have the right and licence of passage on foot or by vehicle over the said driveway, and the exclusive right and licence of use of the said standing, loading and unloading area, for the delivery of goods, wares or merchandise to or from the demised premises or for the removal of refuse therefrom;
- iv) an adequate and sufficient area at the Shopping Centre shall be designated by the Landlord, subject to the Tenant's prior written approval as to the area (such approval not to be unreasonably withheld), for the parking of the motor vehicles of the Tenant's employees and the employees of other tenants and users of the Shopping Centre, and the Landlord will use all reasonable means to ensure that such employees refrain from parking in any other area than that provided for their use as aforesaid. So long as the Landlord without discrimination enforces the use of such designated area, the Tenant will ensure that its employees use the designated area; and
- v) the Tenant, using appropriate signage and pavement markings, shall be entitled to identify 6 parking spaces for use only by handicapped drivers and 2 parking space for use only by expectant mothers and mothers with young children, all in close proximity to the demised premises. The Landlord shall have no obligation to supervise the use of those parking spaces.

Section 2. The Landlord covenants and agrees that it shall, throughout the Term:

- i) maintain the Parking Area and drainage systems related thereto, the pylon sign, the interior malls, sidewalks, aisles, standing, loading and unloading area and driveway and the systems for the delivery of services and utilities to the demised premises and all other Common Facilities in a state of good repair, clean and sanitary, properly drained and free of ice, snow, debris and dirt;
- ii) light the Parking Area, any pylon signs that the Tenant is not responsible for maintaining, sidewalks, aisles, standing, loading and unloading area and driveway from sundown until one hour after the demised premises are closed each evening, and for such purposes make all repairs needed to the lighting system accessory thereto;
- iii) insure the Common Facilities in accordance with the provisions of Article 4; and

- iv) pay all Real Property Taxes, if any, attributable to the Common Facilities.

Section 3. The Tenant agrees to pay the Landlord during the Term as additional rent hereunder its Proportionate Share of the Operating Costs (as hereinafter defined). "Proportionate Share" means the proportion that the GLA of the demised premises bears to the GLA of all the buildings (including the demised premises) at any time forming part of the Shopping Centre, with the GLA of the gas bar premises leased to Domo Gasoline Corporation Ltd. as of and from the Store Availability Date (as defined in the Five-Party Agreement) being deemed to be 500 square feet.

Section 4. "Operating Costs" means all reasonable costs, charges and expenses incurred by the Landlord for and properly attributable to the insuring, operation, maintenance and supervision of the Common Facilities, without any duplication, and includes without limitation:

- (i) the cost of operating and maintaining the system for the supply of utilities (including electricity for lighting) to, and of the utilities consumed in, the Common Facilities;
- (ii) the cost of wages and salaries (including fringe benefits) paid to personnel (and including the manager of the Shopping Centre and on-site managerial staff) to the extent that they are engaged in managing the Common Facilities, but excluding any personnel in an overhead capacity;
- (iii) the cost of cleaning and other janitor services in removing snow and refuse from, and supervising and policing, the Common Facilities;
- (iv) the cost of operating and maintaining fixtures and other machinery, equipment and building services in Common Facilities and of maintaining (including re-striping) the Parking Area, and maintaining landscaped areas that are in each case part of such Common Facilities;
- (v) the cost of repairs to Common Facilities including replacements necessarily made to renovate or maintain such Common Facilities so as to cause them to be in good and substantial repair to the extent that such repairs or replacements (a) do not constitute an expense of a capital nature in accordance with generally accepted accounting principles, (b) are not made to remedy defects in construction of the Common Facilities, and (c) are not made to improve the standard of such Common Facilities (other than such improvements to the standard as are approved by the Tenant acting reasonably). Any repairs which are of a capital nature and are excluded pursuant to (a) or (c) above shall not be fully included as Operating Costs in the year incurred, but be included as Operating Costs in equal annual amounts on an amortized basis over the useful life of the repaired asset (with interest to be calculated at the Interest Rate (as defined in Article 27) in effect on the date that the repair is substantially completed);
- (vi) the cost of operating and maintaining public address and background music systems, information facilities and other facilities for the general benefit of customers of the Shopping Centre in the Common Facilities;
- (vii) the cost of any Real Property Taxes (excluding business taxes, if any) assessed against or attributable to the Common Facilities; provided that this paragraph (vii) shall not apply if the Tenant is paying its share of Real Property Taxes under the third paragraph of Section 4 of Article 3;
- (viii) the cost of premiums for fire and all insurance in respect of Common Facilities that the Landlord is required to maintain pursuant to this Lease

or shall reasonably maintain or be required by any mortgagee of the Landlord to maintain (which may include, without limitation, fire insurance with extended coverage, supplementary perils, multi-perils and/or all risks endorsements, boiler and machinery insurance where applicable, and public liability insurance pertaining to the use and operation of Common Facilities);

- (ix) periodic depreciation at standard rates upon equipment used for cleaning and maintaining the Common Facilities; and
- (x) an administrative fee equal to ten percent (10%) of the costs payable by the Tenant pursuant to paragraphs (i) to (ix) above;

but there shall be deducted therefrom:

- (a) all monies recovered (which, if the Landlord fails to comply with its obligations to insure under this Lease, includes monies that would reasonably have been recoverable if the Landlord had so complied and used its reasonable efforts to recover) under policies of insurance, or recovered under claims for damage or indemnity from third parties responsible, with respect to damage to the Shopping Centre to the extent applicable to any repairs of which the cost would otherwise be included hereunder;
- (b) recoveries made by the Landlord under construction warranties to the extent applicable to defects of which the cost of repair would otherwise be included hereunder;
- (c) all revenues and contributions whatsoever derived from the Common Facilities by the Landlord, including any permitted general shopping centre promotions conducted in and any temporary use of Common Facilities;

and there shall be excluded therefrom:

- (A) the cost of improvements, additions, capital replacements, depreciation (except to the extent permitted under paragraphs (v) and (ix) of this definition); the costs of wages, salaries and benefits paid to personnel other than those personnel listed in Section 4(ii) of this Article 19; Merchants' Association contributions by the Landlord; and interest, debt service, and other similar costs; and
- (B) any audit costs incurred in the determination of any dispute respecting Operating Costs; and
- (C) the cost of removing waste from tenants and other occupants of the Shopping Centre.

Section 5. The Tenant's contributions to Operating Costs shall be paid and adjusted with reference to a fiscal year of 12 calendar months, which shall be a calendar year unless the Landlord shall have selected a fiscal year that is not a calendar year. On or before the Commencement Date the Landlord shall advise the Tenant in writing of its estimate of Operating Costs to be incurred for the then fiscal year or broken portion of the fiscal year, as the case may be. On or before thirty (30) days prior to the commencement of each succeeding fiscal year that commences thereafter during the Term, the Landlord shall advise the Tenant in writing of its estimate of Operating Costs to be incurred in such fiscal year or (if applicable) the broken portion of a fiscal year immediately prior to the end of the Term. Such estimate shall in every case be a reasonable estimate and based

wherever possible upon previous operating experience and shall be accompanied by reasonable particulars of the manner in which it was arrived at. In addition, within thirty (30) days of the end of each such fiscal year the Landlord shall provide a statement to the Tenant of the actual expenditures on each of the Operating Cost items with a cumulative total of the amounts so expended and an explanation of variations from the budget previously submitted. Within seven (7) days of being so requested by the Tenant the Landlord shall provide reasonable information on any item(s) of actual expenditure so that the Tenant may monitor the Operating Costs with a view to suggesting to the Landlord ways of controlling such costs. The Tenant shall have the right at all reasonable times on reasonable notice to the Landlord to inspect the accounts of the Landlord pertaining to the Operating Costs. The Tenant shall be entitled to make suggestions, in accordance with good shopping centre practice, for reducing Operating Costs, and the Landlord, acting reasonably and in good faith, shall give full consideration the implementation of those suggestions. The contributions to Operating Costs payable by the Tenant pursuant to Section 3 shall be paid in equal monthly instalments in advance on the first day of each and every month during every such fiscal period or (if applicable) broken portion thereof, based on the Landlord's estimate of the Operating Costs to be incurred during such fiscal period or (if applicable) broken portion thereof. Within ninety (90) days after the end of each such fiscal period or (if applicable) broken portion thereof the Landlord shall pay to the Tenant the amount by which any amount found payable as aforesaid is less than the aggregate of such monthly payments and the Tenant shall pay to the Landlord the amount by which any amount found payable as aforesaid is more than the aggregate of such monthly payments; but if the Landlord and the Tenant fail to agree upon the proper amount of the adjustment, any dispute shall be settled by arbitration pursuant to Article 32 of this Lease.

ARTICLE 20

EXTENSION OF LEASE

Section 1. The Tenant shall have the option, to be exercised as hereinafter provided, to extend the initial term of this Lease for four (4) consecutive periods of five (5) years each. Each extended term shall be for the fixed annual rent provided for in Clause 7 hereof and otherwise upon the same terms, covenants and conditions as in this Lease provided, except that, unless otherwise agreed between the parties hereto, there shall be no covenant for further extension after the last of such extended terms.

The Tenant shall exercise each right to extend the term of this Lease by giving notice to the Landlord, not more than twelve (12) months and not later than six (6) months prior to the expiry of the initial term in respect of the first option, and not more than twelve (12) months and not later than six (6) months prior to the expiry of any then extended term in respect of the remaining options, that it wishes to exercise such right of extension. Unless the Tenant gives such notice as aforesaid, the Term shall expire at the end of the initial term or the then extended term, as the case may be, and there shall be no further or other right of the Tenant to exercise any right to extend.

Section 2. Notwithstanding the aforesaid, the Landlord shall have the right, by notice to the Tenant, to require the Tenant to exercise the first option to extend the term of this Lease for a period of five years following the initial term, provided that the Landlord shall give such notice by no later than 6 months prior to the end of the initial term. The Tenant shall, by notice to the Landlord to be given within 10 days following the Commencement Date, remind the Landlord of its right to require the first extension period to be exercised, if the Landlord has not already done so.

ARTICLE 21

HOLDING OVER

In the event the Tenant shall hold over in possession of the demised premises after the expiry of the Term, such holding over shall not be deemed to extend the Term or renew the Lease but the tenancy thereafter shall continue upon the covenants and conditions herein set forth and at double the rent in effect during the last month of the Term, until terminated by either party by notice designating the date of termination and given to the other party at least sixty (60) days before said date of termination.

ARTICLE 22***EXPROPRIATION***

Both the Landlord and Tenant agree to cooperate with each other in respect of any expropriation of all or any part of the demised premises or any other part of the Shopping Centre so that each may receive the maximum award to which each is respectively entitled by law. If at any time during the Term so much of the Shopping Centre is acquired or expropriated by any lawful expropriating authority, or if access to the demised premises is so altered by any such acquisition or expropriation, or if so much of the demised premises is acquired or expropriated, that the operation of the Tenant's business from the demised premises is materially affected, the Tenant may by notice to the Landlord terminate this Lease; and should the Tenant not terminate the fixed annual rent shall, from the date of acquisition or expropriation, be reduced proportional to the reduction, if any, in the GLA of the demised premises. Whether this Lease is terminated or not, the Tenant shall have no claim against the Landlord as a result of or arising out of any expropriation of all or any part of the Shopping Centre, except as expressly provided aforesaid.

ARTICLE 23***QUIET POSSESSION; SUBORDINATION***

Section 1. Subject to the Existing Lease, the Landlord covenants, warrants and represents that it has full right and power to execute this Lease and to perform the covenants thereof on its part to be performed and to grant the estate demised herein, and covenants that the Tenant on paying the rent herein reserved and performing the covenants and agreements hereof on its part to be performed, shall peaceably and quietly have, hold and enjoy the demised premises and all rights, easements, appurtenances and privileges belonging or in any way pertaining thereto during the Term. The Landlord further covenants, warrants and represents that it is seized of an indefeasible estate in fee simple in the demised premises free and clear of any liens or encumbrances (other than the Existing Lease and any rights granted to third parties by the tenant thereunder) which derogate from the rights granted to the Tenant pursuant to this Lease.

Section 2. Except for those exclusive rights, if any, set out in Schedule "C2", the Landlord agrees not to enter into, and that it has not entered into, any lease or other occupancy agreement with any other tenant or occupant of the Shopping Centre whereby that party is given exclusive rights of use or any other privileges unless the demised premises (including, for greater certainty, the Tenant Outdoor Selling Area) are specifically exempted from the application of those exclusive rights and privileges.

Section 3. The Landlord shall, on or before the Commencement Date, furnish the Tenant with a properly executed written agreement with the Tenant, in form satisfactory to the Tenant (acting reasonably), wherein the holder of any prior mortgage or any mortgage to which the Tenant is required to subordinate against the demised premises or the Lands consents to this Lease, agrees to be bound by the terms and conditions of this Lease and agrees, for itself and its successors and assigns, to do no act or thing which shall disturb the Tenant's possession of the demised premises for any reason other than

one which would entitle the Landlord to terminate this Lease in accordance with the provisions hereof.

Section 4. If required by the Landlord so to do, the Tenant shall attorn and subordinate this Lease, in form satisfactory to the Tenant, the recipient thereof and the Landlord (all acting reasonably), to any mortgages, including any deed of trust and mortgage and all indentures supplemental thereto, which now or hereafter during the Term affect or relate to this Lease, the demised premises and to all modifications or renewals thereof, provided, however, that the Landlord contemporaneously obtains in favour of the Tenant a written agreement as contemplated in Section 3 of this Article 23 executed by the party in whose favour such attornment and subordination is being effected. The Tenant agrees to execute promptly, from time to time any assurance which the Landlord may require to confirm this subordination.

Section 5. Whenever requested from time to time by the Landlord or the Tenant for a third party, such as any actual or proposed purchaser, mortgagee or encumbrancer of the Shopping Centre, the Tenant or the Landlord, as the case may be, shall promptly execute and deliver, to the third party requiring the same, a certificate or acknowledgement as to the status and validity of this Lease and the state of the rental account herein, and such other information as may reasonably be required.

ARTICLE 24

NOTICES

All notices to the Tenant and all requests to the Tenant for consent or approval shall be in writing and shall be delivered or shall be sent by telecopier (#416-861-6870) or (except during periods of known postal disruption) registered mail addressed to the Tenant at 401 Bay Street, Suite 600, Toronto, Ontario M5H 2Y4, Province of Ontario, Attention: Senior Vice-President of Real Estate and Development, or to such other person, address or telecopier number as the Tenant shall from time to time designate by notice to the Landlord.

All notices to the Landlord and all requests to the Landlord for consent or approval shall be in writing and shall be delivered or shall be sent by telecopier (#403-266-7463) or (except during periods of known postal disruption) registered mail addressed to the person to whom rent is payable at the address to which payments of rent may be sent, or to such other person, address and telecopier number as the Landlord shall from time to time designate by notice to the Tenant, unless the Tenant shall be in doubt as to whom payments should be made, in which case the said notices may be addressed and sent to the person to whom rent was last paid at the address where such payment was directed.

All notices of default to have effect shall state the nature of the default. Notices and requests sent by registered mail shall (except during periods of known postal disruption) be deemed to have been received on the fifth day following the mailing thereof, and notices and requests sent by telecopier shall be deemed to have been received on the date of sending provided that the sender has received a written confirmation from the other party, or has some other verification, that it has been received.

ARTICLE 25

WAIVER

In the event either the Landlord or the Tenant shall for the benefit of the other waive any of the covenants, agreements or obligations herein contained to be observed, performed or discharged, such waiver shall not be construed as a waiver of any

succeeding breach thereof or of any other covenants, agreements or obligations contained in this Lease; furthermore, no delay or omission on the part of the Landlord or the Tenant to exercise a right acquired through default of the other to observe, perform or discharge any of the covenants, agreements or obligations herein contained shall be construed as a waiver of or shall impair said right.

ARTICLE 26

ONLY AGREEMENT

It is understood and agreed by and between the parties hereto that this Lease is the only agreement between the said parties respecting the demise to the Tenant of the demised premises, and that save and except for the Existing Lease there are no other agreements between the parties with respect thereto, other than the Existing Lease. Any amendment to this Lease must be done by written agreement signed by both parties.

Nothing herein contained shall be deemed to constitute a partnership between the parties hereto.

ARTICLE 27

INTEREST RATE

Section 1. It is understood that, unless specifically provided for otherwise in this Lease, the interest rate (the "Interest Rate") to be used by the parties hereto for payments under this Lease which are in arrears shall be the rate of four percent (4%) over the prime rate from time to time.

FORCE MAJEURE

Section 2. In the event that either party shall be delayed, hindered in or prevented from the performance of any act, covenant or obligation hereunder by reason of strikes, inability to procure materials, failure of power, restrictive governmental laws, ordinances or regulations, riots, insurrection, war, fortuitous event, or any other reason whether of a like nature or not, beyond the reasonable control of such party ("Force Majeure") (but in any event not including any inability to perform because of any lack of funds or any financial condition), then performance of such act, covenant or obligation shall be excused for the period of delay so caused and the period for the performance of such act, covenant or obligation shall be extended by a period equivalent to the period of such delay. Each party shall promptly notify the other of the occurrence of any Force Majeure which might prevent or delay the doing or performance of acts or things required to be done or performed by it, upon becoming aware of such Force Majeure, and shall also advise the other of the anticipated duration and consequences of such Force Majeure.

GROSS LEASEABLE AREA

Section 3. "GLA" as applied to any interior rentable premises comprising the Shopping Centre (including the demised premises) other than the gas bar premises leased to Domo Gasoline Corporation Ltd. as of and from the Store Availability Date (as defined in the Five-Party Agreement), means the aggregate floor area thereof on each level expressed in square feet, calculated by measuring from the exterior face of all exterior walls, the exterior face of all interior walls separating rentable premises from interior common areas and other areas not intended to be leased, and the centre line of walls separating any rentable premises from adjoining rentable premises and including any recessed portion of any storefront; but excluding the area the mezzanines, if any, in the premises leased as of and from the Store Availability Date (as defined in the Five-Party Agreement) to Sobeyes Capital Incorporated and Canadian Tire Real Estate Limited and of

any other mezzanines to the extent that they do not exceed ten percent (10%) of the rentable premises in which such mezzanines are situated, and excluding all mechanical penthouses. For greater certainty, no part of the Tenant Outdoor Selling Area (which is part of the demised premises) shall be included in the calculation of GLA of the demised premises.

Section 4. The GLA of the demised premises and any other premises in the Shopping Centre in respect to which it is material under the provisions of this Lease to determine the same, shall, unless accepted and agreed by both the Landlord and Tenant in writing, be determined at the instance of either party by a surveyor appointed by the Landlord and the Tenant acting jointly for the purpose, or if they cannot agree upon such appointment, appointed upon the application of either party by a judge having jurisdiction of the matter in the province where the Shopping Centre is situated. Any GLA so agreed or determined shall be binding upon the parties but subject to redetermination in the manner herein provided if there shall be any expansion, alteration, reconstruction or other change affecting the same.

ARTICLE 28

MERCHANTS' ASSOCIATION

The Tenant shall have no obligation to become a member of any merchants' association for the Shopping Centre, or to contribute to such an association except while it is a member thereof. The Tenant will not be bound in any way or manner whatsoever by the rules and regulations governing such association except while it is a member thereof. The Tenant shall also have no obligation to make any contribution to any fund which has been set up by the Landlord to promote the Shopping Centre and its tenants.

ARTICLE 29

TENANT OUTDOOR SELLING AREA

The portion of the demised premises hatched in GREEN on the Plan (the "Tenant Outdoor Selling Area") (which Tenant Outdoor Selling Area, for greater certainty, shall not exceed 3,000 sq. ft.), when being used by the Tenant, shall only be used for the retail sale of any type or types of merchandise and services normally sold in department stores or outdoor selling areas associated with department stores and which may include plants, shrubs, gardening supplies and outdoor living, sports and recreational merchandise. The Tenant may enclose the Tenant Outdoor Selling Area by fence or other barrier and may erect an awning, tent or other shelter over all or any part of such area.

ARTICLE 30

OPERATION OF THE SHOPPING CENTRE

Section 1. The Landlord shall have the right to control and operate the Shopping Centre, subject, however, to the provisions of this Lease. The Landlord shall operate the Shopping Centre in a manner and during those hours of business which are reasonable and consistent with the requirements of a first-class shopping centre similar in size to the Shopping Centre, and the Tenant shall, while it is operating comply with such hours of business, provided that the Tenant shall be entitled, in lieu of complying with such hours of business, to observe such hours of business as may be established generally for its other comparable stores, particularly those (if any) in the City of Calgary.

Section 2. Provided sufficient parking to meet municipal requirements and the provisions of Section 1 of Article 19 is maintained at the Shopping Centre, the Landlord

shall be entitled to further develop the Shopping Centre in the event the Domo gas bar is removed from the Shopping Centre, by adding a CRU of an appropriate size between the demised premises and the current location of the PartSource store, the exact size, location, configuration and design of which shall be agreed upon by the Landlord and the CRU tenant. The CRU shall not be a pharmacy and shall have no drive-through facility, but otherwise this Lease shall not restrict the use that may be made of such CRU. The Landlord agrees to use reasonable efforts to limit the disruption the construction of the CRU causes to traffic flow on the Shopping Centre. The parties agree that a CRU as shown on the Alternate Site Plan attached hereto as Schedule "A1" (or a smaller CRU) within the area indicated on the said Schedule "A1" shall be permitted.

ARTICLE 31

PRIORITY OF LEASE

Section 1. The Tenant shall be entitled to register a memorial or notice of this Lease, a caveat in respect this Lease, or a short form of this Lease (in each case not containing any financial information concerning this Lease), on title to the demised premises in priority to all hypothecs, mortgages, charges or other financial encumbrances that are not registered against the demised premises or Shopping Centre as at the date of this Lease and the Landlord shall co-operate with the Tenant in effecting such registration.

Section 2. During the Term, the Landlord shall not grant in favour of others any rights (the "Third Party Rights") which derogate from, or may derogate from, any rights of the Tenant pursuant to this Lease unless the Third Party Rights have by written agreement been postponed to this Lease.

Section 3. Prior to the Commencement Date, the Tenant will discharge all legal encumbrances which have been registered against title of the Shopping Centre during the term of the Existing Lease, except for (i) any caveat protecting the interest of Sobeys or the Subtenants; and (ii) any legal encumbrances in respect of which registration the Tenant has no control, provided that such legal encumbrances do not materially affect the Landlord's interest in the Shopping Centre or the uses to which it is put and provided that the Tenant shall nevertheless co-operate with the Landlord to seek discharge thereof if the Landlord so requests.

Following the Commencement Date, the Tenant will use reasonable commercial efforts to discharge all caveats registered against the title of the Shopping Centre pertaining to the Existing Lease or any of the Existing Subleases (as defined in the recitals herein).

ARTICLE 32

ARBITRATION

In the case of any dispute between the Landlord and the Tenant as to any matter contained in this Lease other than any matter relating to Article 15, either party hereto shall be entitled to give to the other party notice of such dispute and demand arbitration thereof and, after giving notice and demand, each party shall at once appoint an arbitrator and such appointees shall jointly appoint a third. The decision of any two of the three arbitrators so appointed shall be final and binding upon the parties hereto who covenant one with the other that their disputes shall be so decided by arbitration alone and not by recourse to any Court by action at law. If within a reasonable time the two arbitrators appointed by the parties hereto do not agree upon a third, or if the party who has been notified of a dispute fails to appoint an arbitrator, then a third arbitrator or an arbitrator to represent the party in default may, upon petition of the party not in default, be appointed by a Judge in the Province of Alberta having jurisdiction of the matter. The cost of

arbitration shall be apportioned between the parties hereto as the arbitrators may decide.

ARTICLE 33

TENANT'S EXISTING LEASE

In conjunction with the construction of the Food Store the Landlord intends to enter into a new lease with Sobeys, with that new lease to have a commencement date which is based on the day that the Food Store is first opened to the public for business (the "Sobeys Commencement Date"). In order to facilitate the Landlord entering into this new lease with Sobeys, the Sobeys Sublease shall be terminated on the day prior to the Sobeys Commencement Date, and the Existing Lease shall be amended as of the day prior to the Sobeys Commencement Date so as to exclude from the Existing Lease the Sobeys Pad (it being understood that on the day prior to the Sobeys Commencement Date the Sobeys Pad shall be surrendered to the Landlord). The Landlord and Tenant agree to execute such agreement as is reasonably necessary in order to give effect to such partial surrender of the Existing Lease.

However, the Tenant shall remain responsible during the Construction and Fixturing Period for the care and maintenance of the Lands, excluding the Sobeys Pad, and for any and all utility cost, operating cost and taxes due or accruing during the Construction and Fixturing Period in respect of the Lands, excluding the Sobeys Pad.

On the day prior to the Commencement Date, the Existing Lease shall terminate.

ARTICLE 34

LANDLORD'S SHORTFALLS

It is understood that the Landlord will be entering into a new lease with Canadian Tire Real Estate Limited and a new lease with Domo Gasoline Corporation Limited on substantially the same financial terms and conditions and for the balance of the term, including its existing rights of renewal and extension contained in the PartSource Sublease and the Domo Sublease (as defined in the Five-Party Agreement), respectively. (Such new leases together with the proposed lease for the Food Store are herein referred to as the "Proposed Lease" and "Proposed Leases" respectively.) The Tenant shall be responsible for reimbursing the Landlord for the shortfall in Real Property Taxes which the Landlord will incur under the new lease with Canadian Tire Real Estate Limited to the same extent as would have been incurred had the PartSource Sublease continued until November 30, 2018, and for the shortfall which the Landlord will incur under the new lease with Domo in respect of common area maintenance costs to the same extent as would have been incurred had the Domo Sublease continued until November 29, 2018. The Tenant shall reimburse the Landlord for such shortfalls within fifteen (15) days of being invoiced by the Landlord for the amount of such shortfalls, with such invoice to include sufficient details from which the Tenant may verify those shortfalls, and the Landlord shall have the same rights for recovery of such shortfalls as for rent payable under this Lease. The Tenant shall have the right, on reasonable notice to the Landlord, to review the Landlord's books and records relative to such shortfalls.

ARTICLE 35

CONDITIONS

This Lease, and the obligations of the Landlord and the Tenant thereunder, are subject to the conditions set out in the Five-Party Agreement being satisfied in accordance with the terms of the Five-Party Agreement.

ARTICLE 36

INTERPRETATION

It is understood and agreed by and between the parties hereto that all of the provisions herein contained shall be construed as covenants, agreements and obligations as though the words importing said covenants, agreements and obligations were used in each separate paragraph hereof. If any provision of this Lease is illegal, invalid or unenforceable, such provision shall be considered as separate and severable from the remaining provisions, which remaining provisions shall remain in force and binding as though the said provision had never been included.

It is further agreed between the parties hereto that the Schedules attached and signed for identification by the parties shall form part of this Lease. This Lease includes Schedules A, A1, B, C1 and C2, and an index.

It is further agreed between the parties hereto that this present Lease shall not constitute a completed transaction, notwithstanding its execution on behalf of the Landlord, until such time as it shall also have been executed on behalf of the Tenant.

The headings used in this Lease and the index are intended for convenience of reference only and shall not be construed as having any legal effect. Any references in this Lease to Articles, Sections, Subsections or Clauses shall be a reference to the Articles, Sections, Subsections and Clauses of this Lease.

This Lease shall be interpreted according to the laws of the Province of Alberta and the laws of Canada applicable hereto.

SUCCESSORS

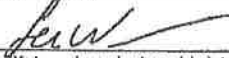
This Lease and all of the terms, conditions, covenants and provisions herein shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have hereunto respectively caused their corporate names to be written and attested by their duly authorized officers.

SUN LIFE ASSURANCE COMPANY OF CANADA

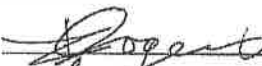
Per: 

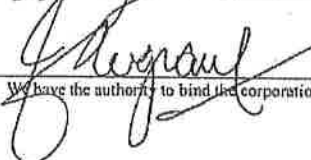
Bill, Vice President, Real Estate

Per: 

Lee Warren
Director
National Real Estate Services
We have the authority to bind the corporation

ZELLERS INC.

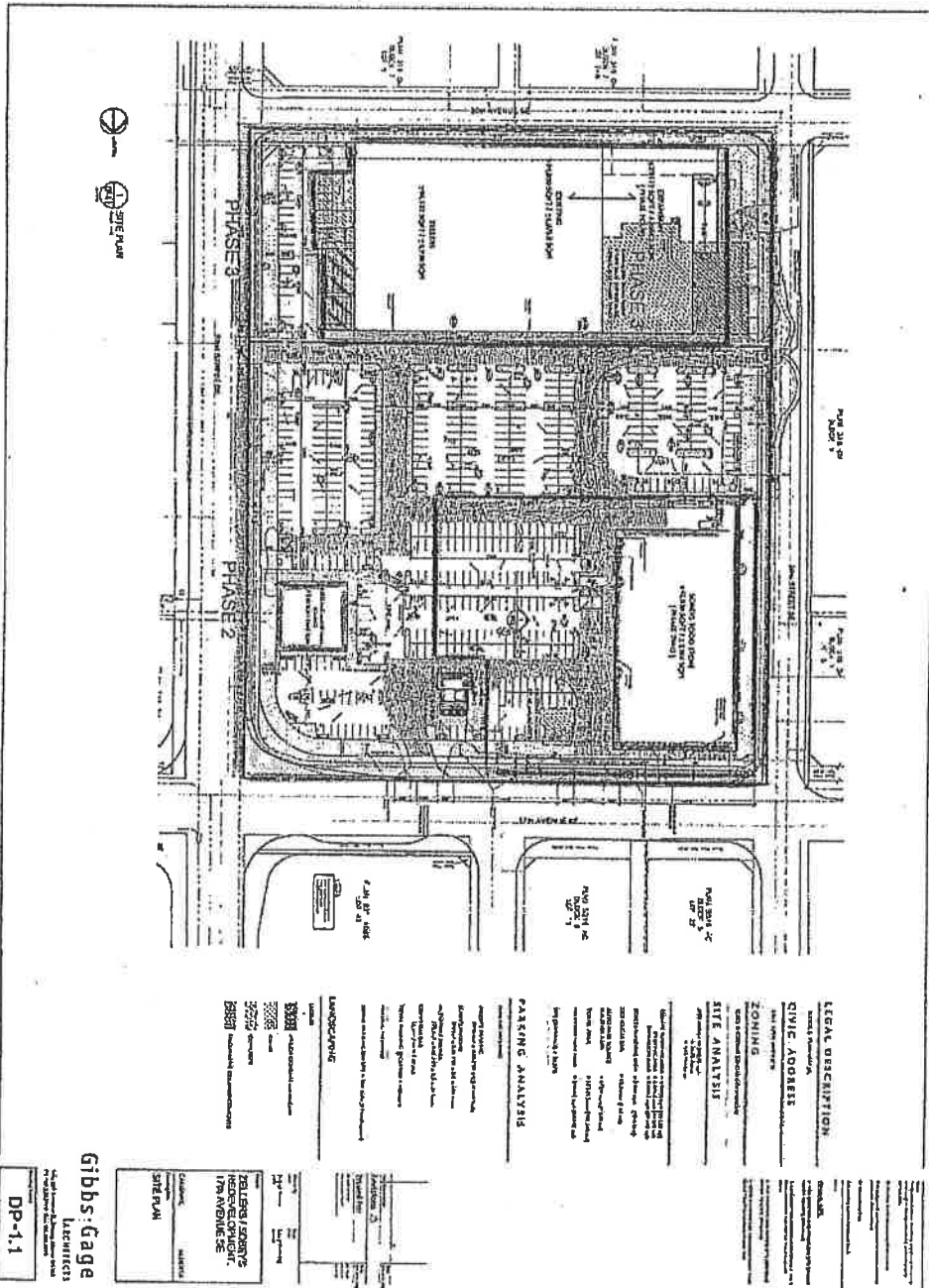
Per: 

Per: 

We have the authority to bind the corporation

SCHEDULE "A"

Site Plan



LEGAL DESCRIPTION

Block 4, Subdivision 1, ...

CIVIC ADDRESS

17th Avenue SE

ZONING

Commercial

SITE ANALYSIS

Site area: 100,000 sq ft

PARKING ANALYSIS

Number of parking spaces: 100

LANDSCAPE

Plantings: 100 trees

PHASE 1

Building footprint

PHASE 2

Building footprint

PHASE 3

Building footprint

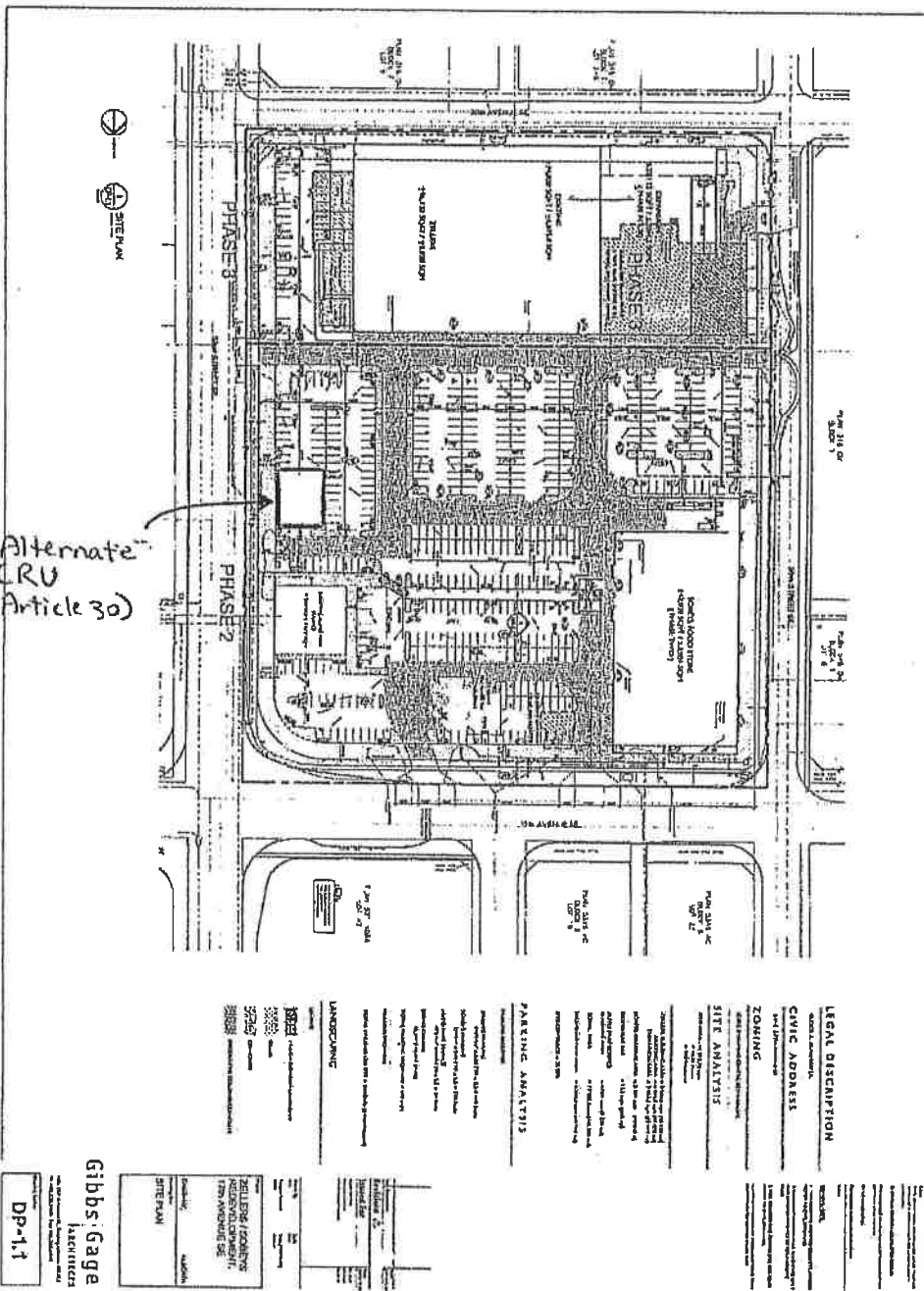
Gibbs & Gage

ARCHITECTS

DP-1.1

SCHEDULE "A1"

Alternate Site Plan



Alternate (RU Article 30)

LEGAL DESCRIPTION
 CIVIC ADDRESS
 ZONING

SITE ANALYSIS

PARKING ANALYSIS

LANDSCAPING

OTHER

PHASE 1

PHASE 2

PHASE 3

Gibbs & Gage
 ARCHITECTS
 DP-1.1

Project Name	Address
Client	City
Scale	Date
Author	Check
Drawn	Reviewed

SCHEDULE "B"

Description of Lands

BLOCK TWO (2) ON PLAN FOREST LAWN, CALGARY 6037JK.
CONTAINING TEN AND TWENTY EIGHT HUNDREDTHS (10.28) ACRES
MORE OR LESS

ALSO EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES)
ROAD	8711275	0.002	(0.004)

EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "C2"

Exclusive Rights of Other Tenants

Sobeys:

No portion of the Shopping Centre, other than the Sobeys Premises, shall be utilized for the sale of groceries, meat, fish, produce, baked goods or delicatessen items for off premises consumption, or for the operation of a pharmacy, except as specifically authorized hereunder, and this covenant shall be deemed to be a covenant running with the Lands (other than the Leased Premises) to and in favour of and for the benefit of the Leased Premises. The Landlord covenants to honour, abide by and enforce this covenant for the benefit of the Tenant and the Leased Premises. Authorized exception to the foregoing restrictive covenant shall be the operation in the premises currently occupied by Zellers Inc. and the expansion premises to be built thereto by Zellers Inc. (whether or not such current or expansion premises are then occupied by Zellers Inc.) of a pharmacy and/or the sale in said premises of food products, so long as such pharmacy and/or the sale of food products is not the primary use of the said premises.

PartSource:

The Landlord covenants and agrees that the Landlord will not lease or permit any part of the Development (other than the Leased Premises) to be used for the primary or principal purpose of the sale of automotive parts and supplies, provided that this restriction shall not apply to the business being operated as of the Commencement Date by Jeerh Enterprises Inc. under the name "RAM's Auto Repair" or "Ram's Certified Auto Service Transmission and Tire Centre."

Domo:

The Lessee shall have and the Lessor hereby grants to the Lessee, the exclusive right, in all areas and parts of the Shopping Centre to sell gasoline or any other type of vehicle fuel for use in motor vehicles during the term of this lease and any renewals or extensions hereof, and the Lessor shall not permit any other person, firm or Corporation to sell gasoline or any other type of vehicle fuel for use in motor vehicles in the Shopping Centre.