

## COMMERCIAL LEASE (ONTARIO)

THIS AGREEMENT made effective as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**BETWEEN:**

[NAME OF LANDLORD]  
[address]  
(the "Landlord")

- and -

[NAME OF TENANT]  
[address]  
(the "Tenant")

- and -

[NAME OF GUARANTOR]  
[address]  
(the "Guarantor")

In consideration of the rents, mutual promises, covenants and obligations stipulated herein, the Landlord and the Tenant hereby enter into a lease of certain premises as follows:

### Part 1 – Principal Terms

**Building:** [insert name of building]  
**Suite No:** ## **Floor No.:** ##  
**Square Feet:** ##### square feet, more or less  
**Term:** ## years and ## commencing on [insert commencement date] and expiring on [insert expiry date]  
**Minimum Rent:** \$#####.## [amend for gross rent as appropriate]  
**Additional Rent:** \$#####.## [amend for gross rent as appropriate]  
**Administration Fee:** ##% of Additional Rent, plus GST  
**Renewal:**  
**Deposit:** \$####.##, representing [first and last] months rent  
**Rent Free:**  
**Early Occupancy:**  
**Use:**

### Part 2 – Summary of Schedules

Schedule "A" Offer to Lease.  
Schedule "B" Landlord's Work.  
Schedule "C" Current Rules & Regulations.

### Part 3 – Grant of Lease

#### Offer to Lease

1. This Lease is being entered into pursuant to paragraph \_\_\_\_ in the Offer to Lease between the parties (the "Offer"), a copy of which is attached hereto and marked as Schedule "A". The terms of the Offer are hereby incorporated into and form part of the terms of this Lease. In the event of any conflict between the terms of this Lease and the terms of the Offer, the terms of the Offer will prevail.

#### Grant of Lease

2. The Landlord leases the Premises to the Tenant:
  - (a) at the Rent set out; and
  - (b) for the Term set out; and
  - (c) subject to the conditions and in accordance with the covenants, obligations and agreements herein including the Schedules hereto.
3. The Landlord covenants that it has the right to grant the leasehold interest in the Premises set out in this Lease.

### **Tenant's Acknowledgements**

4. The Tenant acknowledges that it has conducted such inspections and investigations and made such inquiries as it deemed prudent and necessary prior to entering into this Lease, and agrees to execute this Lease and take possession of the Premises on an "as is" basis except for such Landlord's Work as specified herein and as set out under Schedule "B" hereto, if any.
5. In particular, and without in anyway restricting the generality of the foregoing, the Tenant acknowledges and agrees that it has:
  - (a) determined to its satisfaction that the Premises and the Rentable Area thereof is of a size, quality and location sufficient for the Tenant's intended use thereof, including parking and any other amenities required by the Tenant ; and
  - (b) determined to its satisfaction that the Premises and property in question is zoned to permit the Tenant's intended use of the property, and the Tenant agrees to accept the zoning of the property "as is"; and
  - (c) conducted such environmental reviews or audits as it deemed necessary, and agrees to accept the environmental state of the Premises and property and the contents thereof "as is".
6. The Tenant acknowledges and agrees that the Landlord has not made any representations or warranties of any kind whatsoever upon which the Tenant has relied in entering into this Lease except for such representations and warranties as are expressly set out herein in writing.

### **Part 4 – Rent, Minimum Rent and Additional Rent**

#### **Rent**

7. "Rent" means the amounts payable by the Tenant to the Landlord pursuant to this Lease and the Offer and includes "Minimum Rent" and "Additional Rent".

#### **Minimum Rent, Rentable Area and Adjustments to Minimum Rent**

8. The Tenant covenants to pay to the Landlord minimum annual rent ("Minimum Rent", which terms includes "Gross Rent" if applicable and set out above) during the Term of this Lease as set out above.
9. The Tenant acknowledges and agrees that the annual Minimum Rent set forth in this Lease is based upon those sums per square foot (plus GST) set out in the Offer for the number of square feet set out above ("Rentable Area") during the Term of the lease, provided that the Rentable Area of the Premises shall be determined by the architect for the Landlord as and when required as follows:
  - (a) on a "rentable" and not "useable" basis; and
  - (b) by measuring from the outside face of any exterior walls, doors or windows; and
  - (c) by measuring from the middle of any demising walls, doors or windows; and
  - (d) by ignoring any pillars, stairways, doorways, HVAC, plumbing, electrical or other structural members or system intrusions into the Premises which might hinder the Tenant's potential use or occupation of the Premises; and

provided that the Minimum Rent shall be adjusted up or down as may be required after any final determination of the Rentable Area of the Premises as follows:

- (e) either the Landlord or the Tenant may request the Landlord's architect to make a final determination of the Rentable Area at any time within three (3) months of the commencement of the Term, failing which each party shall be deemed to have accepted the Rentable Area set out above as final and determinative for the balance of the initial Term of the Lease; and
- (f) the determination of the Landlord's architect shall be final and binding; and
- (g) the Minimum Rent shall only be adjusted downward if the Rentable Area as determined by the Landlord is more than 5% less than the Rentable Area set out above; and
- (h) the Minimum Rent shall be only be adjusted upward if the Rentable Area as determined by the Landlord's architect is more than 1.5% greater than the Rentable Area set out above; and
- (i) any adjustments required hereunder shall be reflected in the Minimum Rent commencing immediately upon such final determination retroactive to the first day of the Term of this Lease; provided that in the event the Tenant has underpaid Minimum Rent (plus GST) up to that point in the Term, the Tenant shall pay the adjusting amount (plus applicable GST) to the Landlord within thirty (30) days of the Landlord's architect's

final determination; provided that in the event the Tenant has overpaid Minimum Rent (plus GST) up to that point in the Term, the Minimum Rent shall abate for the next ensuing period of the Term sufficient to complete the adjustment required; and

- (j) both the Landlord and the Tenant hereby confirm their undertaking to readjust Minimum Rent as required hereunder.

#### **Additional Rent**

- 10. The Tenant further covenants to pay all other sums required by the Offer and this Lease to be paid by Tenant and agrees that all amounts payable by the Tenant to the Landlord or to any other party pursuant to the provisions of this Lease shall be deemed to be additional rent ("Additional Rent") whether or not specifically designated as such in this Lease.
- 11. Except as otherwise expressly set out in this Lease:
  - (a) the Landlord and the Tenant agree it is their mutual intention that this Lease shall be a completely carefree net lease for the Landlord and that the Landlord shall not, during the Term of this Lease, be required to make any payments in respect of the Premises other than charges of a kind personal to the Landlord (such as income and estate taxes and mortgage payments);
  - (b) and to effect the said intention of the parties the Tenant promises to pay the following expenses related to the Premises as "Additional Rent":
    - (i) business taxes (if any) and licenses; and
    - (ii) utilities (including but not limited to gas, electricity, water, heat, air-conditioning, telephone); and
    - (iii) ventilating and air conditioning; including any capital expenditures made by the Landlord for or with respect to HVAC systems or equipment required for the premises, and including maintenance and repair costs to the HVAC systems for the Premises, amortized in accordance with generally accept accounting principles as determined by the Landlord's accountant, for that portion of the such amortization period falling within the Term of this Lease; and
    - (iv) services supplied to the Premises, provided that this does not in any way oblige the Landlord to provide any services, unless otherwise agreed in this Lease; and
    - (v) property taxes and rates, duties and assessments; and
    - (vi) maintenance, including but not limited to preventative maintenance on the improvements and any systems therein and snow and garbage removal; and
    - (vii) insurance premiums; and
    - (viii) sales tax, goods and services tax, and any other taxes imposed on the Landlord respecting the Rent; and
    - (ix) all other charges, impositions, costs and expenses of every nature and kind whatsoever for and relating to the Premises; and
    - (x) any other expenses, charges or sums payable under the Offer; and
  - (c) if any of the foregoing charges are invoiced directly to the Tenant, the Tenant shall pay same as and when they become due and shall produce proof of payment to the Landlord immediately if requested to do so but the Tenant may contest or appeal any such charges at the Tenant's own expense; and
  - (d) the Tenant hereby agrees to indemnify and protect the Landlord from any liability accruing to the Landlord in respect of the expenses and Additional Rent payable by the Tenant as provided for herein; and
  - (e) if the Tenant fails to make any payments required by this Lease then the Landlord may make such payments and charge to the Tenant as Additional Rent the amounts paid by the Landlord, and if such charges are not paid by the Tenant on demand the Landlord shall be entitled to the same remedies and may take the same steps for recovery of the unpaid charges as in the event of Rent in arrears; and
  - (f) if the Tenant enjoys the use of any common areas and facilities not included in the Premises, the Tenant shall pay its proportionate share of the foregoing expenses relating to such common areas and facilities; and
  - (g) if any such expenses or items are not separately invoiced or charged to the Landlord or the Tenant in relation to the Tenant's unit or Premises alone, the Landlord may charge the Tenant its proportionate share of such charges.

12. Additional Rent shall be payable in monthly instalments in advance on the same dates stipulated for payment of Minimum Rent. At least once each year the Landlord shall provide the Tenant with a statement of Additional Rent paid during the preceding year, Additional Rent that should have been paid during the preceding year, and estimated Additional Rent for the next ensuing year. Prior to the first such statement being delivered, the payments of Additional Rent shall be based on the Landlord's estimate of the Additional Rent chargeable to the Tenant. Thereafter, Additional Rent shall be estimated once per year by the Landlord and payments shall renew at the revised amount on such date in each year as is determined by the Landlord acting reasonably, subject to the requirement for subsequent annual review. In the event that any annual statement indicates that the amounts paid by the Tenant for Additional Rent are either more or less than the amount required pursuant to the statement, then if the Tenant has overpaid in respect of Additional Rent the adjustment may be made by way of reduction of the next ensuing instalments of Additional Rent, or if the Tenant has underpaid the amount of such underpayment shall be paid to the Landlord by the Tenant in full within thirty (30) days of receipt of such adjusting statement by the Tenant.

**Landlord's Administration Fee**

13. In addition, the Tenant shall pay the Landlord an administration fee on any Additional Rent paid or payable by the Tenant to the Landlord hereunder, or paid or payable by the Landlord on the Tenant's behalf, in the percentage set out above, plus GST (the "Administration Fee"), which Administration Fee will be payable as Additional Rent hereunder and shall be charged to the Tenant and payable by the Tenant to the Landlord on a monthly basis on the same day that Base Rent is payable hereunder.

**THIS IS A 17-PAGE DOCUMENT.**