

LEASE MANAGEMENT AGREEMENT

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OOOOO

LEASE MANAGEMENT AGREEMENT, entered into in the City of _____, Province of _____ (insert name of province), Canada.

BETWEEN: V1 _____ (name of individual), _____ (occupation), domiciled and residing at _____ (insert civic number and street name), in the City of _____ (insert name of city), Province of _____ (insert name of province), _____ (postal code);

OR

V2 _____ (corporate or business name), a legal person duly incorporated pursuant to the _____ Act (name of statute under which the corporation was incorporated), having its principal place of business at _____ (insert civic number and street name), in the City of _____ (insert name of city), Province of _____ (insert name of province), _____ (postal code);

OR

V3 _____ (corporate or business name), a legal person duly incorporated pursuant to the _____ Act (name of statute under which the corporation was incorporated), having its head or registered office at _____ (insert civic number and street name), in the City of _____ (insert name of city), Province of _____ (insert name of province), _____ (postal code), represented by _____ (name of representative), its _____ (title of representative), duly authorized for the purposes hereof;

OR

V4 _____ (corporate or business name), a legal person, duly incorporated pursuant to the _____ Act (name of statute under which the corporation was incorporated), having its head or registered office at _____ (insert civic number and street name), in the City of _____ (insert name of city), Province of _____ (insert name of province), _____ (postal code), and duly registered under number _____ (.....) in accordance with _____ (insert name of statute pursuant to which the entity is registered), represented by _____ (name of representative), its _____ (title of representative), duly authorized for the purposes hereof as he/she so declares [or as indicated in the resolution of the [sole director or board of directors]];

HEREINAFTER REFERRED TO AS "OWNER";

OWNER	LESSEE-MANAGER

AND: (*identification of lessee-manager*);

HEREINAFTER REFERRED TO AS "LESSEE-MANAGER";

HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PARTIES".

RECITALS

THE PARTIES MAKE THE FOLLOWING REPRESENTATIONS:

- (A) LESSEE-MANAGER wishes to carry on business under the (*name of banner or trade-mark*) banner;
- (B) LESSEE-MANAGER wishes to lease the premises used under the (*name of banner or trade-mark*) banner and the premises leased from the OWNER, to carry on its own business for its own advantages and benefits and to its own risks and perils;
- (C) OWNER is the owner of the leased premises which are used under the (*name of banner or trade-mark*) banner for the business of (*identification of business activities*);
- (D) OWNER agrees to lease the premises used under the (*name of banner or trade-mark*) banner and the premises which are required for such use to LESSEE-MANAGER;
- (E) The PARTIES wish to set out in writing the terms of their agreement regarding such purpose;
- (F) It is the intent of the PARTIES that their agreement be construed as a contract by mutual agreement.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

0.00 INTERPRETATION

0.01 Definitions

OWNER	LESSEE-MANAGER

Unless otherwise indicated, capitalized words and expressions appearing in the Agreement shall be interpreted or construed as follows:

0.01.01 Accounts Receivable

means all debts, accounts receivable and notes due to LESSEE-MANAGER, including all tax credits or returns it may be entitled to. It also includes any current or future performance, whether conditional or not, of goods or services or of money for which LESSEE-MANAGER is the creditor at any given time, regardless of the debtors or cause of such, including, among others, all insurance products or indemnities due to such debtors; if applicable, this term also means all deposits and creditor amounts with banking institutions or with suppliers or other Persons, all court rulings, all securities and rights and accessories related to such, as well as all physical and electronic documentation regarding such;

0.01.02 Additional Rent

Means all the amounts due, except for the Basic Rent, pursuant to a failure to pay the sums due pursuant to the Agreement;

0.01.03 Agreement

means this agreement including its recitals and schedules, any related or ancillary agreement or document identified therein, as well as any amendment made thereto from time to time by the PARTIES in compliance with Section 12.05; the terms “herein”, “hereof”, “hereto”, “herewith”, “hereunder”, “hereby” and other similar terms, when used in the Agreement, shall generally refer to the agreement as a whole rather than to a specific part thereof, unless otherwise indicated in the text;

0.01.04 Banner

Means all trade names, marks, images or other conceptual elements related to the use of the premises and the marketing of the Products;

0.01.05 Basic Rent

Means the annual rent payable in monthly instalment for the rental of the Leased Premises;

0.01.06 Best Effort

means the efforts which a prudent Person desirous of achieving a result would use in similar circumstances to maximize, to the extent reasonably practicable, the probability that a result will occur and includes state of the art as it relates to any trade or profession in addition to generally acknowledged best practices in a field of activity;

OWNER	LESSEE-MANAGER

0.01.07 Breach

means any misrepresentation, inaccuracy, error, omission, non-compliance, infringement, failure, claim or other circumstance relating to a representation, warranty, covenant, obligation or other provision of the Agreement leading to:

- (a) any infringement of the Agreement; or
- (b) any claim by any Person or other occurrence or circumstance which (i) is inconsistent with a covenant, obligation or other provision of the Agreement and (ii) causes damage to such Person;

0.01.08 Change in Control

means, in relation to any PARTY to the Agreement whose legal status is that of a business corporation, any one of the following events:

- (a) the direct or indirect acquisition by any Person or entity of securities of such a corporation representing more than FIFTY PERCENT (50%) of the corporation's voting rights;
- (b) an agreement for the sale or disposition of all or substantially all of such a corporation's assets;
- (c) a reorganization of such corporation leading to an assignment of a PARTY's rights in the Agreement to a Related Person;
- (d) a merger of such a corporation; or
- (e) the approval by the shareholders of such a corporation of a plan for its complete liquidation;

0.01.09 Confidential Information

means any commercial, technical, scientific, financial, legal, personal or other information disclosed by a PARTY relating to the disclosing PARTY's business activities, strategies or opportunities, Intellectual Property, suppliers, customers, financial condition or employees which, at the time of disclosure, is designated as confidential, is disclosed in confidence, or would be understood by the receiving PARTY, exercising reasonable business judgment, to be confidential, but excludes:

- (a) information known to the receiving PARTY before the date on which it is received;

OWNER	LESSEE-MANAGER

- (b) information known by the public or available to the public before the date on which it is received;
- (c) information which becomes known by or available to the public after the date on which it is received and which does not result from a breach of confidentiality on the part of the receiving PARTY;
- (d) information received at any time by a Person not bound to one of the PARTIES by an undertaking of confidentiality with regard to such information;
- (e) information independently produced by the receiving PARTY;
- (f) personal information provided by an individual when such information is being used for the purpose for which it has been previously disclosed or any other purpose permitted by Law;

0.01.10 Encumber or Encumbrance

encumber means to create or grant an encumbrance and encumbrance means a legal cause of preference, a dismemberment of ownership rights, an ownership modality, a restriction on the right to sell or a security interest;

0.01.11 Event of Default

refers to any of the following events:

- (a) if a PARTY fails to make any of the payments (of principal or interest) according to the timetable set and if it fails to cure such default within (.....) days following receipt of notice to such effect;
- (b) if any of the security mentioned in the Agreement is reduced in value, forfeited or expires before the obligation it guarantees is performed;
- (c) if a PARTY, in its interim or annual financial statements, does not show a working capital having a ratio of at least 1:1;
- (d) if the operations of a PARTY are interrupted for any reason whatsoever during (.....) consecutive days or more;
- (e) if a PARTY assigns its property for the benefit of its creditors or involuntarily liquidates its property;
- (f) if a PARTY becomes insolvent or if a petition in bankruptcy is instituted against it and a final judgment is handed down confirming its bankruptcy;

OWNER	LESSEE-MANAGER

- (g) if a PARTY sells, assigns or transfers its rights in the Agreement, in whole or in part, without having obtained the prior written consent of
- (h) if a PARTY does not comply with one or more of its undertakings pursuant to the Agreement or to any ancillary agreement and such default is not cured within (.....) following receipt of a notice of default from
- (i) if a PARTY (or any of its Subsidiaries) is subject to a Change in Control;

0.01.12 Force Majeure

means any event beyond the control of a PARTY which could not have been reasonably foreseen and against which it could not have protected itself such as, without limiting the generality of the foregoing, natural disasters, epidemics, fires, accidents, acts of war (whether declared or not), insurrections, riots, acts of terrorism, wildcat strikes, partial or total work stoppages or slowdowns, lock-outs, changes in market conditions, power or communications breakdowns, interventions by civil or military authorities, compliance with any orders of governmental authorities, courts or tribunals or public authorities;

0.01.13 Fundamental Provisions

means, in the opinion of the PARTIES, Parts of the Agreement;

0.01.14 Goods in Stock

Means, without regard to their location, all the following current and future movable goods: all stocks of raw materials, of goods being transformed, of finished Products and all goods in stock of LESSEE-MANAGER, including all products used in their packaging, including those in the possession of a third party pursuant to a subcontracting, rental, lease, instalment sale, concession, franchise, licence, consignment or other similar agreement entered into in the course of LESSEE-MANAGER's activities which have not caused a transfer of the ownership of such goods in such third party's favour and those which are sold by LESSEE-MANAGER subject to recovery by the latter for any reason, as well as all sums due to the latter pursuant to a transfer of possession or ownership of such goods in the course of LESSEE-MANAGER's activities;

0.01.15 Hazardous Materials

means any material which, in its liquid, solid or gaseous state, has an adverse impact on the environment or on the health of persons exposed to it and includes any "pollutant" or "contaminant" within the meaning of the *Environment Quality Act* (Quebec) and any "toxic substance" within the meaning of the *Canada Environmental Protection Act*;

OWNER	LESSEE-MANAGER

0.01.16 Intellectual Property

means any intangible asset, the proprietary rights of which may be protected by contract such as trade secrets, know-how and other similar assets and any intangible asset, the proprietary rights of which are protected by Canadian or foreign Laws such as patents, copyright, trade-marks, industrial designs, integrated circuit topographies or plant species and includes any application made to and any registration or patent issued by a public authority for the purpose of securing proprietary and/or intellectual property rights to such intangible assets;

0.01.17 Leased Premises

Means the property located at (*civic number and suite/office number of the leased premises*) in the city of (*name of the city*) as well as the buildings, premises, dependencies, improvements, accessories, goodwill, all movable goods, accessories, equipment and other movables owned by OWNER which are located therein;

0.01.18 Legal Representatives

means, in respect of each PARTY and, as the case may be, it's authorized assignee, when a natural person, the executors or administrators of his estate, his legal heirs, legatees, successors or mandataries and, when a legal person, its directors, officers, shareholders, members, employees and representatives;

0.01.19 Licence

Means the right to use the Trade-Mark(s) granted to LESSEE-MANAGER by the OWNER pursuant to Section 1.03;

0.01.20 PARTY

refers to a signing party to the Agreement and includes its Legal Representatives;

0.01.21 Person

means, as the case may be, a natural person, partnership, joint-stock company, business corporation, cooperative, association, labour union, trust or any other organization whether incorporated or unincorporated, or any public authority of foreign, federal, provincial, territorial or municipal jurisdiction which is not a party to the Agreement, and includes their Legal Representatives;

0.01.22 Prime Rate

OWNER	LESSEE-MANAGER

means, for each day, the annual rate of interest which the main business bank of OWNER sets for that day, according to the financial markets, which it discloses publicly and based upon which it sets the interest rates for the loans it grants in Canada in Canadian currency;

0.01.23 Products

Means all goods, whether manufactured, assembled, distributed, sold or marketed by OWNER in the course of its activities and bearing the following registered or unregistered mark(s):

- (a)
- (b)

0.01.24 Related Person

means, in relation to a PARTY, any Person identified in Subsection 251(2) of the *Income Tax Act* (Canada), R.S.C. 1985, c.1. (1st Supp.) or any Person not dealing at arm's length with such PARTY;

0.01.25 Subsidiary

means an entity controlled by or under common control of a PARTY to the Agreement, through ownership or control of more than FIFTY PERCENT (50%) of the voting rights or other means of ownership or control, provided that such control continues to exist;

0.01.26 Trade-Mark

means the "....." which has been registered in Canada by OWNER.

0.02 Precedence

The Agreement reflects the entire understanding between the PARTIES. It supersedes all other written or verbal promises or covenants made prior to its signing in addition to any schedules hereto attached and all amendments agreed upon by the PARTIES which do not comply with Section 12.05 of the Agreement.

0.03 Jurisdiction

0.03.01 Governing Law

The Agreement shall be interpreted, construed and performed in accordance with applicable laws of the Province of Quebec and of Canada. Where the Agreement refers to a specific statute, such reference includes all regulations passed pursuant thereto, all amendments

OWNER	LESSEE-MANAGER