

APPENDIX 'A'  
Major terms and Conditions  
Lease of 5151 Yonge Street

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| <b>Landlord:</b>                                      | City of Toronto  |
| <b>Tenant:</b>  | 1024005 Ontario Inc., carrying on business as Cosmetic World   |
| <b>Commencement Date:</b>                             | The Commencement Date shall be September 1, 2008.  |
| <b>Term:</b>  | The Term of the Lease shall be five (5) years from the Commencement Date.  |
| <b>Annual Net Rent:</b>                               | <p>The Annual Net Rent per square foot of gross leasable area shall be payable monthly in advance , without deduction, and will be charged on the Premises at the rate of:</p> <p>\$25.00 net per square foot annually in respect of the ground floor or \$3,645.83 plus GST per month or \$43,750.00 plus GST annually and \$20.00 net per square foot annually or \$2,916.67 plus GST monthly or \$35,000 annually in respect of the second floor making the total rental \$78,750 net annually plus GST or \$6,562.50 net monthly plus GST.</p> |
| <b>Net Lease:</b>                                     | The Lease shall be entirely <b>Net</b> to the Landlord (The City of Toronto). The Tenant shall be responsible for realty taxes, building insurance, utilities, operating costs and maintenance.  |
| <b>Use:</b>   | The Leased Premises shall be used and shall continually be operated throughout the term for general retail activities.   |
| <b>Zoning &amp; Other Regulations:</b>                | The Tenant must satisfy itself, at its own expense that it's intended use or any renovation of the Leased Premises complies with the existing Zoning Bylaw, Building Code, Ontario Fire Code and all other rules and regulations.  |
| <b>Post-dated cheques or pre-authorized payments:</b> | Prior to each year of the Term, the Tenant shall provide a series of 12 monthly post-dated cheques, each cheque in the amount of the monthly installment of Basic Rent and any estimated Additional Rent, or if requested by the Landlord, shall arrange to pay the same by pre-authorized bank payment.   |

**NSF Charges:**

The Tenant will pay Thirty-Five dollars (\$35.00) for every cheque that is not honoured by the bank on which it is drawn (the "NSF Fee"). The NSF Fee may be increased from time to time by the Landlord so that it is equal to the fee charged by the Landlord in respect of cheques tendered in payment of municipal tax and water charges that are not honoured by the banks on which they are drawn.

**Late Payment Charges:**

For any late amount by the Tenant, interest on the amount outstanding from time to time shall bear simple interest at the rate of 1.25% per month (15% per year). Subject to City Council approval, the default rate of interest may be increased by the Landlord from time to time, by notice to the Tenant.

**Option to Renew:**

The Tenant shall have the option to renew the lease for a further five (5) year term, provided that the tenant pays the rent and performs the covenants contained in the lease at the then market rent for similar properties. The new rate will be negotiated between both parties prior to the commencement of the renewal period.

**Early Termination:**

The Landlord and the Tenant shall each have the right to terminate the Lease for any purpose at any time during the lease term and any renewal/extension thereafter upon giving the other party 1 year's written notice.

**Standard Lease:**

At the appropriate time, the parties agree to expeditiously execute a Lease in the Landlord's Standard Form, acceptable to the Landlord's and to the Tenant's solicitors.

**Insurance:**

The Tenant is to provide prior to the commencement of the term of this agreement and on an annual basis, proof of insurance in accordance with the Landlord's insurance requirements outlined in the Lease.