

APPENDIX 'A'
Major terms and Conditions
Lease of 100 Queen Street West

Landlord:

City of Toronto

Tenant:

Toronto Municipal Employees Credit Union Ltd.

Premises:

Comprising an area of approximately 3,437 square feet, on the ground floor of space municipally known as 100 Queen Street West, Toronto, Ontario. The premises are being leased on an "as is, where is" basis. Any further changes or alterations will be at the Tenant's costs, subject to the Landlord's approval. Such approval will not be unreasonably withheld.

Commencement Date:

The Commencement Date shall be January 1st, 2009.

Term:

The Term of the Lease shall be five (5) years from the Commencement Date.

Annual Net Rent:

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:

Year 1 - \$18.00 net per square foot annually or \$5,155.50 plus GST per month or \$61,866.00 plus GST annually.

Year 2 - \$18.50 net per square foot annually or \$5,298.71 plus GST per month or \$63,584.50 plus GST annually.

Year 3 - \$19.00 net per square foot annually or \$5,441.92 plus GST per month or \$65,303.00 plus GST annually.

Year 4 - \$19.50 net per square foot annually or \$5,585.13 plus GST per month or \$67,021.50 plus GST annually.

Year 5 - \$20.00 net per square foot annually or \$5,728.33 plus GST per month or \$68,740.00 plus GST annually.

Net Lease:

The Lease shall be entirely **Net** to the Landlord. The Tenant shall be responsible for realty taxes, building insurance, utilities, operating costs and maintenance.

Use:

The Leased Premises shall be used and shall continually be operated throughout the term for general retail activities. The Tenant shall not permit to store or use any hazardous or environmentally sensitive materials in the premises and the property.

Zoning & Other Regulations:

The Tenant must satisfy itself, at its own expense that its 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.

Post-dated cheques or pre-authorized payments:

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 (if any).

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 providing the other party with 6 month's prior 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 solicitor.

Assignment & Transfers:

The Tenant agrees that its rights under the Lease shall not be assignable or otherwise transferable by the Tenant without the prior written consent of the Landlord, which consent may be unreasonably withheld.

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.

Documentation:

The lease shall be prepared by the Landlord and shall incorporate the terms of this proposal. Within thirty (30) days after receipt of the Lease, the Tenant shall execute the Lease. The Tenant acknowledges that this agreement contains the basic terms and conditions upon which the Landlord will lease the Premises to the Tenant, and that supplementary terms and conditions and revisions to the terms and conditions of this agreement shall be contained in the Lease. Notwithstanding any terms and conditions contained or not contained in this proposal, all documentation shall be in a form and content satisfactory to the City Solicitor.