



## LEASE EXTENSION AND MODIFICATION AGREEMENT

THIS AGREEMENT MADE EFFECTIVE AS OF MARCH 25, 2020

### BETWEEN

RICHWOOD ENTERPRISES LTD.

("Landlord")

### AND

BAD AXE THROWING INC.

("Tenant")

### AND

MARIO ZELAYA

("Guarantor")

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### WHEREAS:

- A. By a Lease dated May 24, 2016 (the "**Lease**") between Richwood Enterprises Ltd. (the "**Landlord**") and Bad Axe Throwing Inc. (the "**Tenant**"), the Landlord demised unto the Tenant, for and during a period of Three (3) years commencing on August 1, 2016 and ending on July 31, 2019 (the "**Term**"), that certain space designated as Suite 109, 8132 130<sup>th</sup> Street, Surrey, British Columbia (the "**Leased Premises**"), comprising approximately 2,172 square feet of Rentable Area; more or less, as more particularly described in the Lease;
- B. By a Lease Extension and Modification Agreement dated April 1, 2019 (the "**First Modification**") between the Landlord and the Tenant, the parties agreed to extend the Term of the Lease by Five (5) years (the "**Extended Term**") commencing August 1, 2019 and ending on July 31, 2024, as more particularly described in the First Modification;
- C. The Lease and the First Modification, collectively will be referred to herein, as the Lease; and
- D. The Landlord and the Tenant have agreed to modify the terms of the Lease to defer basic rent and extend the Term of the Lease ("**Agreement**").

**THEREFORE**, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:



1. For the purposes of this Agreement and unless there is a definition specifically herein contained, any words, terms or phrases that are defined in the Lease shall have the same meaning herein.
2. **Guarantor's Guaranty.** Effective on the Effective Date, as an inducement to the Landlord to enter into the terms of this Agreement, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor hereby unconditionally agrees to execute the Guaranty attached hereto as Schedule "A" forming part of this Agreement (the "**Guaranty**").
3. **Basic Rent Deferral.** The Landlord hereby agrees to defer the Tenant's obligation to pay Basic Rent (the "**Basic Rent Deferral**") commencing on April 1, 2020 (the "**Deferral Commencement Date**") and ending on the earlier of; (a) six (6) months from the Deferral Commencement Date, or (b) Tenants prior written notice to Landlord to end the Basic Rent Deferral period (the "**Deferral Term**"). For greater certainty, the Tenant shall provide not less than fifteen (15) days prior written notice to Landlord to end the Deferral Term on the last day of the calendar month, failing which the Deferral Term shall end on the last day of the calendar month following the Tenants written notice. *(For example, if the Tenant provides written notice to Landlord on May 18<sup>th</sup>, 2020, the Deferral Term shall end on June 30<sup>th</sup>, 2020.)* Notwithstanding the foregoing, the Tenant hereby covenants and agrees to pay the Tenants' proportionate share of Additional Rent as set forth in Article 5.2 in the Lease, during the Deferral Term.
4. **Deferral Amortization.** The Tenant hereby agrees the entire amount of Basic Rent Deferral provided over the Deferral Term shall become immediately due and payable following the Deferral Term, and shall be amortized into Basic Rent over the remaining Term and any extensions of the Lease using a 6.0% interest rate (the "**Deferral Amortization**").
5. Section 3 of the First Modification is hereby deleted in its entirety and replaced with the following:

**"Basic Rent:** For the Extended Term, the Basic Rent payable will be as follows on the first day of each and every calendar month:

<b>Extended Term</b>	<b>Per Sq. Ft.</b>	<b>Per Annum</b>	<b>Monthly Installments</b>
From August 1, 2019 up to and including March 31, 2020	\$ 11.00	\$ 23,892.00	\$ 1,991.00
From April 1, 2020 up to and including September 30, 2020	\$ 0.00	\$ 0.00	\$ 0.00
From October 1, 2020 up to and including July 31, 2021	\$ 12.33	\$ 26,780.76	\$ 2,231.73
From August 1, 2021 up to and including July 31, 2022	\$ 12.58	\$ 27,323.76	\$ 2,276.98



From August 1, 2022 up to and including July 31, 2023	\$ 12.83	\$ 27,866.76	\$ 2,322.23
From August 1, 2023 up to and including July 31, 2024	\$ 13.08	\$ 28,409.76	\$ 2,367.48

For greater certainty, the Tenant shall also pay all Additional Rent and any and all other amounts due as required, in accordance with the Lease, throughout the Extended Term.”

6. **Extension Term:** The Landlord and Tenant hereby agree to extend the Term of the Lease by Two (2) years and Six (6) months commencing on August 1, 2024 and ending on January 31, 2027 (the “**Second Extended Term**”), on and subject to the terms of the Lease, except as amended herein.
7. **Basic Rent:** For the Second Extended Term, the Basic Rent payable will be as follows on the first day of each and every calendar month:

<b>Second Extended Term</b>	<b>Per Sq. Ft.</b>	<b>Per Annum</b>	<b>Monthly Installments</b>
From August 1, 2024 up to and including July 31, 2025	\$ 13.44	\$ 29,191.68	\$ 2,432.64
From August 1, 2025 up to and including July 31, 2026	\$ 13.82	\$ 30,017.04	\$ 2,501.42
From August 1, 2026 up to and including January 31, 2027	\$ 14.21	\$ 30,864.12	\$ 2,572.01

For greater certainty, the Tenant shall also pay all Additional Rent and any and all other amounts due as required, in accordance with the Lease, throughout the Second Extended Term.

8. **No Waiver.** The Tenant acknowledges and agrees that, by agreeing to defer the Basic Rent Deferral owing to the Landlord during the Deferral Term on and subject to the terms and conditions set out in this Agreement, the Landlord is not waiving any of its rights and remedies under the Lease, at law or in equity, and that, unless each and every payment required to be made hereunder on account of the amounts owing to the Landlord is made by the Tenant within the time periods stipulated herein, the Landlord may, without further notice to the Tenant, forthwith exercise any of its rights and remedies under the Lease, at law or in equity.
9. **Events Triggering Repayment in Full.** Notwithstanding anything contained herein, and without limiting the rights of the Landlord under section 8, the Basic Rent Deferral then remaining due to the Landlord will become due and payable by the Tenant to the Landlord in full immediately upon the Landlord delivering written notice to the Tenant if:

- (a) the Tenant fails or refuses to pay the Rent and/or the Basic Rent Deferral in accordance with the terms of this Agreement or the Lease;



- (b) the Tenant defaults in the performance of any of its other obligations under this Agreement or the Lease; or
- (c) the Tenant, or any officer, director, shareholder, employee or agent of the foregoing or any associate or "affiliate" of the foregoing (within the meaning of the *Business Corporations Act* (British Columbia)) discloses or makes any of the terms of this Agreement known to any other tenant of the Landlord or to any other person, it being acknowledged by the Tenant that the terms of this Agreement and the concessions granted in this Agreement are of a highly confidential nature.

In addition, the Basic Rent Deferral then remaining due to the Landlord will become automatically due and payable by the Tenant to the Landlord in full effective one (1) day prior to the occurrence of any of the following events:

- (d) if the Term or any of the goods and chattels of the Tenant are seized in execution or attachment, or if a receiver or receiver manager is appointed of the business or property of the Tenant, or if the Tenant makes any assignment for the benefit of creditors or any bulk sale, becomes bankrupt or insolvent or takes the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or (if a corporation) takes any steps or suffers any order to be made for its winding up or other termination of its corporate existence;
  - (e) the Lease is terminated or is otherwise cancelled; or
  - (f) the Lease is assigned or all or any part of the Leased Premises are subleased.
10. The Tenant will not disclose to any person any of the terms of this Agreement or the Lease, except to its professional advisors, consultants and auditors, in their capacity as such and except as otherwise required by law.
  11. The parties confirm and ratify the terms and conditions contained in the Lease as amended by this Agreement.
  12. This Agreement will, from the date of this Agreement, be read and construed together with the Lease, and this Agreement, as amended hereby, shall continue in full force and effect for the remainder of the Term of the Lease in accordance with the terms thereof and hereof.
  13. This Agreement will enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.
  14. This Agreement may be executed and delivered (including by facsimile or electronic transmission) in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.



15. Time is of the essence in this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

**RICHWOOD ENTERPRISES LTD.  
(Landlord)**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BAD AXE THROWING INC.  
(Tenant)**

By: \_\_\_\_\_  
Authorized Signatory for and on behalf of  
Bad Axe Throwing Inc.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory for and on behalf of  
Bad Axe Throwing Inc.

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## SCHEDULE "A"

### GUARANTY

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This Guaranty is a continuation of that certain Lease (defined in this Agreement as the "**Lease**"), dated the 24<sup>th</sup> day of May 2016, between **Richwood Enterprises Ltd.**, as Landlord and **Bad Axe Throwing Inc.**, as Tenant, and by this reference shall become a part of such Lease.

In consideration of, and as an inducement for the granting, execution and delivery of the Lease and other good and valuable consideration paid by the Landlord to the undersigned (hereinafter jointly and severally called the "Guarantor") hereby unconditionally and irrevocably guarantees the punctual payment of all "Basic Rent" and "Additional Rent", as defined in the Lease, and all other payments required to be paid by Tenant under the Lease, and the prompt performance of all other obligations of Tenant under the Lease. If Guarantor consists of more than one person or entity, all liability of Guarantor hereunder shall be joint and several.

Guarantor shall be directly and primarily liable to Landlord for any amount due from Tenant under the Lease, without requiring that Landlord first proceed against Tenant, join Tenant in any proceeding brought to enforce this Guaranty, or exhaust any security held by Landlord. Guarantor agrees that Landlord may deal with Tenant in any manner in connection with the Lease without the knowledge or consent of Guarantor and without affecting Guarantor's liability under this Guaranty.

Without limiting the generality of the foregoing, Guarantor agrees that any renewal, extension of time, assignment of the Lease, amendment or modification to the Lease, delay or failure by Landlord in the enforcement of any right under the Lease, or compromise of the amount of any obligation or liability under the Lease made with or without the knowledge or consent of Guarantor shall not affect Guarantor's liability under this Guaranty. Guarantor's liability under this Guaranty is absolute and continuing shall not be affected by: (i) any bankruptcy, reorganization, insolvency or similar proceeding affecting Tenant, nor by any termination or disaffirmance of the Lease or any of Tenant's obligations thereunder in connection with such proceeding, (ii) any lack of validity or enforceability of the Lease, (iii) any law, regulation order of any jurisdiction affecting any term of the Lease or any of Landlord's rights with respect thereto, or (iv) any other circumstance with might otherwise constitute a defense, set-off or counterclaim applicable to the Lease. This Guaranty shall remain in full force and effect until the performance in full to Landlord's satisfaction of all obligations of Tenant under the Lease.

Guarantor hereby waives any claim or other right now existing or hereafter acquired against Tenant that arises from the performance of Guarantor's obligations under this Guaranty, including, without limitation, any rights of contribution, indemnity, subrogation, reimbursement or exoneration. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord harmless from and against all claims, liabilities, losses and expenses,



including legal fees, suffered or incurred by Landlord as a result of claims to avoid any payment received by Landlord from Tenant with respect to the obligations of Tenant under the Lease.

Guarantor hereby waives presentment, protest, notice of default, demand for payment and all other suretyship defenses whatsoever with respect to any payment guaranteed under this Guaranty, and agrees to pay unconditionally upon demand all amounts owed under the Lease. Guarantor further waives any setoff, defense or counterclaim that Tenant or Guarantor may have or claim to have against Landlord and the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty.

No failure or delay on the part of Landlord in the exercise of any power, right or privilege under this Guaranty or the Lease and no course of dealing with respect thereto shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty and the Lease are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

This Guaranty, and all obligations of any Guarantor hereunder, shall terminate upon payment in full of all guaranteed obligations. If, at any time, all or part of any payment of the guaranteed obligations theretofore made by any Guarantor or any other person is rescinded or otherwise must be returned by Landlord for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the guaranteed obligations which were satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

If Landlord retains an attorney to enforce this Guaranty or to bring any action or any appeal in connection with this Guaranty, the Lease or the collection of any payment under this Guaranty or the Lease, Landlord shall be entitled to recover its attorneys' fees, costs and disbursements in connection therewith, as determined by the court before which such action or appeal is heard, in addition to any other relief to which Landlord may be entitled. Any amount owing under this Guaranty shall bear interest from the date such amount was payable to Landlord to the date of repayment at a rate equal to the lesser of 18% and the maximum rate permitted by law.

Landlord shall have the unrestricted right to assign this Guaranty in connection with an assignment of the Lease without the consent of, or any other action required by, Guarantor. Each reference in this Guaranty to Landlord shall be deemed to include its successors and assigns, to whose benefit the provisions of this Guaranty shall also inure. Each reference in this Guaranty to the Guarantor shall be deemed to include the successors and assigns of Guarantor, all of whom shall be bound by the provisions of this Guaranty. Within ten (10) days after written demand therefore from Landlord, Guarantor shall execute and deliver to Landlord a statement in writing certifying that this Guaranty is unmodified and in full force and effect, which statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the premises or property. If any



provision of this Guaranty is held to be invalid or unenforceable, the validity and enforceability of the other provisions of this Guaranty shall not be affected.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

**RICHWOOD ENTERPRISES LTD.  
(Landlord)**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**MARIO ZELAYA  
(Guarantor)**

\_\_\_\_\_

Witness: \_\_\_\_\_