

GROUND LEASE

B E T W E E N:

THE CORPORATION OF HALDIMAND COUNTY

as Landlord

- and -

CAPABILITY SUPPORT SERVICES INC.

as Tenant

GROUND LEASE

THIS GROUND LEASE made as of the _____ day of January, 2018.

ARTICLE 1 BASIC LEASE PROVISIONS, DEFINITIONS AND INTERPRETATION

1.1 Basic Lease Provisions

The following are basic Lease provisions that are part of, and are in certain instances referred to in other provisions of, this Lease:

- (a) Landlord: The Corporation of Haldimand County
- (b) Municipal address and facsimile number of Landlord: 45 Munsee Street North, P.O. Box 400, Cayuga, ON N0A 1E0 ; Fax: (905) 772-3541
- (c) Tenant: Capability Support Services Inc.
- (d) Municipal address and facsimile number of Tenant: Unit 106, 3060 Mainway Drive, Burlington, ON, L7M 1A3; Fax: (905) 634-6679
- (e) Rent: \$1 per year during the entire Term, payable as set out in Section 3.2
- (f) Term: 49 years
- (g) Commencement Date: February 1, 2018

1.2 Definitions

In this Lease, unless otherwise stated, the definitions in Schedule B attached hereto shall apply.

1.3 Effect of Divisions and Headings

The division of this Lease into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Lease.

1.4 Governing Law

This Lease shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto and shall be treated in all respects as an Ontario contract.

1.5 Severability

If any provision of this Lease shall be held to be invalid or unenforceable, it shall be considered separate and severable from this Lease, and the remaining provisions of this Lease shall not be affected thereby and shall remain in full force and effect and shall be binding as though such invalid or unenforceable provision had not been included in this Lease.

1.6 Joint and Several Liability

If there is at any time more than one Tenant or more than one Person constituting the Tenant, their covenants shall be considered to be joint and several and shall apply to each and every one of them. If the Tenant is or becomes a partnership, each Person who is a member, or shall become a member, of such partnership or its successors shall be and continue to be jointly and severally liable for the performance of

all covenants of the Tenant pursuant to this Lease, whether or not such Person ceases to be a member of such partnership or its successor.

1.7 Extended Meanings

The words “herein”, “hereof”, “hereto” and “hereunder” and similar expressions used in this Lease relate to the whole of this Lease and not only to the provisions in which such expressions appear. This Lease shall be read with all changes in number and gender as may be appropriate or required by the context.

1.8 Covenants

All of the provisions of this Lease are to be construed as covenants even though not expressed as such.

1.9 Net Lease

It is the intention of the Landlord and the Tenant and it is hereby agreed by them that this Lease shall be a completely carefree net lease for the Landlord. All charges, expenses, payments and costs of every nature and kind whatsoever incurred in respect of the Lands and the Premises, this Lease, the Tenant’s occupation or lease of the Lands and Premises or for any matter or thing affecting the Lands and Premises shall, except as otherwise expressly provided in this Lease to the contrary, be borne by the Tenant. The Landlord shall not be responsible for any charge, expense, payment, cost, claim or liability whatsoever in connection with the Lands and the Premises or the use or occupancy thereof or the contents thereof or the activities carried on therein, except as otherwise expressly provided in this Lease to the contrary.

1.10 Currency

All Rent and other amounts of money in this Lease are expressed and refer to Canadian dollars and shall be paid in lawful currency of Canada.

1.11 Corporate Tenancy

If the Tenant is a corporation, the undersigned officers of the Tenant in their capacity as officers but without personal liability hereby warrant and certify to the Landlord that (i) the Tenant is a corporation in good standing and duly incorporated and organized under the laws of Ontario or, if incorporated in a jurisdiction other than Ontario, is a corporation in good standing and duly incorporated and organized under the laws of that jurisdiction and is authorized to do business in Ontario and (ii) that they, as such officers, are authorized and empowered to bind the corporation to the terms of this Lease by their signatures hereto.

1.12 Schedules

The following schedules are an integral part of and form part of this Lease:

- Schedule A Legal Description of the Lands
- Schedule B Definitions
- Schedule C Rules and Regulations

**ARTICLE 2
DEMISE AND TERM**

2.1 Demise

In consideration of the Rent, and the covenants and agreements hereinafter reserved and contained on the part of the Tenant, the Landlord does demise and lease the Lands to the Tenant to have and to hold the Lands for the Term, subject

to the terms hereof and subject to earlier termination in accordance with the provisions hereof.

2.2 Term

The Term shall commence on the Commencement Date and shall end 49 years thereafter.

ARTICLE 3 RENT, TAXES, OPERATING COSTS, UTILITIES AND OTHER COSTS

3.1 Covenant to Pay

The Tenant covenants with the Landlord to pay Rent and other monies required to be paid by the Tenant in this Lease during the entire Term, at the office of the Landlord or at such other place as the Landlord shall from time to time designate, without any demand and, without any deduction, abatement, set-off or compensation whatsoever, except as otherwise expressly provided in this Lease to the contrary.

3.2 Rent

The Tenant shall pay to the Landlord the Rent in the amount specified in Section 1.1(e) in lawful money of Canada, to be payable during the entire Term, at the office of the Landlord or at such other place as the Landlord shall from time to time designate.

3.3 Post-Dated Cheques

The Tenant will deliver to the Landlord at least one month before the commencement of each Fiscal Year of the Term, a cheque for the Rent payable for the upcoming Fiscal Year.

In lieu of the foregoing, the Tenant may make such payments by a pre-authorized payment plan acceptable to the Landlord. In such case the Tenant shall execute and deliver to, and in the form submitted by, the Landlord, any documents, instruments, authorizations or certificates required to give effect to an automated debiting system whereby such Rent as is payable under this Lease shall be debited annually from the Tenant's bank account and credited to the Landlord's bank account, and the Tenant shall promptly pay all service fees and other charges in connection therewith (and if the Tenant changes its bank or financial institution from which such payments are automatically debited, the Tenant shall immediately notify the Landlord in writing and ensure that such automatic debiting system applies to the new bank or financial institution to which the Tenant has changed, so that there is no gap in the continuity of such payments to the Landlord).

3.4 Payment of Taxes by Tenant

The Tenant shall pay, and the Tenant shall be responsible and liable to pay, as and when they come due, all Taxes with respect to, applicable to or charged in relation to the Lands and Premises, directly to the taxing authority having jurisdiction. The Landlord may contest or appeal any Taxes or assessments with respect thereto, withdraw any such contest or appeal or agree to any settlement with respect to any such Taxes or assessments. The Tenant shall co-operate with the Landlord in respect of any such contest or appeal and shall provide the Landlord with all relevant information, documents and consents in connection therewith.

3.5 Payment of Operating Costs by Tenant

The Tenant shall pay, and the Tenant shall be responsible and liable to pay, as and when they come due, all Operating Costs, either directly to the party to whom any such payments are payable, or to the Landlord as a reimbursement of same if any such payments are payable by the Landlord. In the case where any such

payments are payable by the Landlord, then the Tenant shall pay the amount of such payment as a reimbursement to the Landlord within ten (10) days after demand therefor by the Landlord.

3.6 Payment of Business and Other Taxes by Tenant

The Tenant shall pay, and the Tenant shall be responsible and liable to pay, as and when they come due, all Business Taxes and Other Taxes, either directly to the party to whom any such payments are payable, or to the Landlord as a reimbursement of same if any such payments are payable by the Landlord. In the case where any such payments are payable by the Landlord, then the Tenant shall pay the amount of such payment as a reimbursement to the Landlord within ten (10) days after demand therefor by the Landlord.

3.7 Payment of all Other Amounts by Tenant

The Tenant shall pay, and the Tenant shall be responsible and liable to pay, as and when they come due, any and all other amounts payable in relation to or arising out of the Lands and the Premises, the Tenant's use and occupation of the Lands and the Premises, and any Premises constructed or erected by the Tenant on the Lands, either directly to the party to whom any such payments are payable, or to the Landlord as a reimbursement of same if any such payments are payable by the Landlord. In the case where any such payments are payable by the Landlord, then the Tenant shall pay the amount of such payment as a reimbursement to the Landlord within ten (10) days after demand therefor by the Landlord. The intent of this provision and this Lease is that the Tenant shall be fully responsible and liable for the payment of any and all amounts that are in any way related to the Lands and the Premises, and that the Landlord shall not be responsible or liable in any way for any such amounts.

3.8 Utilities

- (a) The Lands and Premises shall be separately metered so that the Tenant shall have separate accounts in its name and pay directly to the appropriate suppliers for all gas, electricity, water, sewer, steam, fuel, power, telephone and other utility charges for utilities supplied to the Lands and Premises as measured by such separate meters.
- (b) If the suppliers of any utilities require that the Tenant enter into contracts or arrangements with such suppliers in connection with such utilities, then the Tenant shall enter into such contracts or other arrangements and shall pay whatever deposits or other amounts are payable under such contracts or other arrangements.
- (c) In no event shall the Landlord be liable for any loss, damage or injury to the Tenant, its servants, agents, employees, residents and invitees or for any injury or damage to the Premises or to any property of the Tenant, or to any property of any other person, firm or corporation on or about the Premises caused by an interruption or failure in the supply of any utilities to the Lands or the Premises.
- (d) The Tenant shall pay, and the Tenant shall be responsible and liable to pay, as and when they come due, all utilities costs and amounts, either directly to the utility provider to whom any such payments are payable, or to the Landlord as a reimbursement of same if any such payments are payable by the Landlord. In the case where any such payments are payable by the Landlord, then the Tenant shall pay the amount of such payment as a reimbursement to the Landlord within ten (10) days after demand therefor by the Landlord.

ARTICLE 4 MAINTENANCE, REPAIRS AND ALTERATIONS

4.1 Maintenance and Repairs

The Tenant shall at all times during the Term after construction of the Premises is substantially completed, maintain, repair and make necessary replacements to, or cause to be maintained, repaired and made necessary replacements to, the Premises and all systems serving the Premises (including, but not limited to, heating, ventilating, air-conditioning, plumbing, wiring and all other systems serving the Premises) at the sole cost and expense of the Tenant, in a reputable manner and timely fashion as would a prudent owner of a similar facility, having regard to size, age and location.

4.2 Surrender of the Premises

At the expiration or earlier termination of the Term, the Tenant shall peaceably surrender and yield up the Lands and Premises to the Landlord in accordance with Section 4.7.

4.3 Repair Where Tenant at Fault

Notwithstanding any other provisions of this Lease, if the Lands or Premises are damaged or destroyed or require maintenance, repair, replacement or alteration for any reason whatsoever, then the Tenant shall immediately commence and diligently proceed to complete such work at its own cost and expense. In the event that the Tenant fails to do so within the time specified, or if the work required is of an emergency nature, then the Landlord may (but shall not be required to) effect such work itself, and the cost of the Landlord's maintenance, repairs, replacements or alterations plus a sum equal to fifteen per cent (15%) of such cost representing the Landlord's overhead, shall be paid by the Tenant to the Landlord upon demand.

4.4 Notice by Tenant

The Tenant shall, when it becomes aware of same, immediately notify the Landlord of any accident, damage, deficiency or defect respecting or affecting any part of the Lands or the Premises notwithstanding that the Landlord has no obligation in respect thereof.

4.5 Landlord's Approval of Tenant's Repairs and Alterations

- (a) The Tenant shall not start or commence any construction of any Premises on the Lands, or make any repairs or replacements or Leasehold Improvements to any interior or exterior part of any Premises or to the structure of any Premises (other than minor modifications and alterations which are cosmetic in nature or which are not of a material nature, to which this provision will not apply) without first obtaining the Landlord's written approval. Prior to the commencement of any such work, the Tenant shall submit to the Landlord: (i) details of the proposed work including drawings, plans and specifications prepared by qualified architects or engineers and conforming to good engineering practice, which are satisfactory to the Landlord and its Architect and Engineer; (ii) evidence satisfactory to the Landlord that the Tenant has sufficient financial resources to complete the proposed construction, repair, replacement or other project; (iii) such indemnification against liens, costs, damages and expenses as the Landlord requires including, without limitation, the cost of reviewing drawings and specifications; and (iv) all applications for all necessary consents, permits, licences and inspections from all governmental and regulatory authorities having jurisdiction, which applications may, in the discretion of the Landlord, be made through the Landlord acting as the agent for the Tenant.
- (b) All construction, repairs, replacements and/or Leasehold Improvements by the Tenant of or to the Premises shall be performed: (i) at the sole cost

and expense of the Tenant; (ii) in a good and workmanlike manner in accordance with all applicable zoning, building code, legal and insurance requirements; and (iii) in accordance with the drawings and specifications approved by the Landlord.

4.6 Premises Belong to Landlord

Immediately upon construction, erection or installation (as the case may be) of any Premises on the Lands, all such Premises shall become the property of the Landlord without compensation to the Tenant. No Premises or Leasehold Improvements shall be removed from the Premises or the Lands either during or at the expiration of the Term except with the prior written consent of the Landlord, which may be arbitrarily withheld.

4.7 Removal of Trade Fixtures and Restoration by the Tenant

- (a) The Tenant shall, at the expiration of the Term, at its own cost and expense, remove all its trade fixtures from the Premises. If the Tenant does not remove its trade fixtures at the expiration of the Term, the trade fixtures shall, at the option of the Landlord, become the property of the Landlord without compensation to the Tenant and without notice to the Tenant, and the Landlord may enter the Premises and remove such trade fixtures, without liability on the Landlord's part, at the Tenant's expense, plus an administrative charge of fifteen percent (15%), which shall be paid by the Tenant upon demand, and such trade fixtures may, without notice to the Tenant or to any other Person and without obligation to account for them, be sold, destroyed, disposed of or used by the Landlord in such manner as the Landlord determines, or may be stored in a public warehouse or elsewhere, all at the Tenant's expense, plus an administrative cost of fifteen percent (15%), which shall be paid by the Tenant upon demand.
- (b) The Tenant shall, in the case of every such removal either during or at the expiration of the Term, promptly repair and make good any damage caused to the Premises by such removal at its own cost and expense.
- (c) The Tenant's obligation to observe and perform the provisions of this Section 4.7 shall survive the expiration or earlier termination of this Lease.

4.8 Tenant to Discharge all Liens

The Tenant shall promptly pay for all materials supplied and work done by it or ordered by it in respect of the Premises so as to ensure that no construction or other lien with respect thereto is registered against or attaches to the Lands, or any part thereof, or against the Landlord's or Tenant's interest therein. If any such lien is so registered or so attaches, the Tenant shall discharge same at the Tenant's cost as soon as possible but not later than (10) days after written notice of such lien from the Landlord, failing which the Landlord may, upon prior written notice to the Tenant, at the Landlord's option discharge the lien by paying the amount claimed to be due and such other amount as is required by law into court, and the total amount so paid and all expenses of the Landlord including, without limitation, legal fees (on a solicitor and his client basis) shall be paid by the Tenant to the Landlord immediately upon demand.

4.9 Landlord's Right of Entry

- (a) The Landlord shall be entitled, at all reasonable times upon forty eight (48) hours prior written notice to the Tenant and at any time in the case of real or apprehended emergency, to enter the non-residential portions of the Lands and Premises for any purpose necessary to enable the Landlord to perform its obligations or exercise its rights under this Lease.
- (b) If the Tenant or its authorized representative shall not be personally present to permit such entry by the Landlord, then such entry may be by forcible means without rendering the Landlord liable and without affecting

the Tenant's covenants, obligations or agreements under this Lease, and any such entry shall not be a re-entry or breach of any covenant for quiet enjoyment in this Lease.

- (c) The Tenant shall have no claim for injury, damages, loss or inconvenience suffered as a result of any such entry, unless caused or contributed by the negligence wilful act or wilful omission of the Landlord or those for whom the Landlord is in law responsible.

4.10 Clean and Tidy

The Tenant will at all times make every effort to keep the Premises and every part thereof in a clean and tidy condition and shall not permit waste paper, garbage, ashes, waste or objectionable material to accumulate thereon.

ARTICLE 5 INSURANCE AND INDEMNITY

5.1 Tenant's Insurance

- (a) The Tenant shall take out and keep in full force and effect at its cost throughout the Term and such other times, if any, as the Tenant occupies or is in possession of the Premises or the Lands or any portion thereof, the following insurance:
 - (i) all risks (including earthquake) property damage insurance in an amount equal to the full replacement cost thereof (without deduction for depreciation), of the structure subject to a by-law endorsement and a stated amount coinsurance clause, upon:
 - (A) the Premises (including foundations and excavations);
 - (B) property of every description and kind owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and which is located within the Premises including, without limitation, Leasehold Improvements save and except the Tenant's stock-in-trade, furniture and moveable equipment; and
 - (C) the Tenant's stock-in-trade, furniture and moveable equipment. If there is a dispute as to the amount that comprises full replacement cost, the decision of the Landlord or any Mortgagee shall be conclusive.
 - (ii) comprehensive boiler and machinery insurance on a blanket repair and replacement basis with a by-law endorsement and limits for each accident in an amount not less than the replacement cost of all Leasehold Improvements and of all boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant in the Premises, or relating to or serving the Premises. If there is a dispute as to the amount which comprises full replacement cost, the decision of an independent, knowledgeable and reputable insurance advisor shall be conclusive;
 - (iii) comprehensive general liability insurance of not less than \$5,000,000.00 combined limit in respect of bodily injury or death, personal injury and property damage, or such higher limits as may be prudent for a similar user in a similar facility, arising out of the Tenant's use and occupancy of the Premises and the Lands, with the Landlord, and any Mortgagee as additional insureds, a

severability of interests and a cross-liability clause and coverage including but not limited to: products and completed operations, tenant's legal liability, broad form property damage, employer's liability, non-owned automobile and contractual liability.

- (iv) any other form of insurance as the Tenant or the Landlord, acting reasonably, or any Mortgagee requires from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.
- (b) All policies required to be written on behalf of the Tenant pursuant to Sections 5.1(a)(i)(A) and 5.1(a)(ii) shall name the Landlord as additional insured and shall contain any Mortgagee's standard mortgage clause.
- (c) All policies (i) shall be taken out with duly licensed insurers licensed in the Province of Ontario acceptable to the Landlord; (ii) shall be in a form satisfactory from time to time to the Landlord; (iii) shall be non-contributing with, and shall apply only as primary and not as excess to any other insurance available to the Landlord or any Mortgagee; and (iv) shall not be invalidated as respects the interests of the Landlord and of any Mortgagee by reason of any breach or violation of any warranties, representations, declarations or conditions contained in the policies. All policies shall contain an undertaking by the insurers to notify the Landlord and any Mortgagee in writing not less than thirty (30) days prior to any material change, cancellation or termination thereof.
- (d) The Tenant agrees that (i) certificates of insurance or, if required by the Landlord or any Mortgagee in the case of damage or destruction, certified copies of each such insurance policy, will be delivered to the Landlord upon execution of this Lease Agreement and upon the anniversary date of the applicable policy described herein throughout the Term of this agreement and (ii) no review or approval of any such insurance certificate by the Landlord shall derogate from or diminish the Landlord's rights or the Tenant's obligations contained in this Lease.
- (e) The Tenant agrees that if the Tenant fails to take out or to keep in force any such insurance referred to in this Section 5.1, and should the Tenant not commence to diligently rectify (and thereafter not proceed diligently to rectify) the situation within forty-eight (48) hours after notice by the Landlord to the Tenant the Landlord has the right, without assuming any obligation in connection therewith, to effect such insurance at the cost of the Tenant and all reasonable outlays by the Landlord shall be immediately paid by the Tenant to the Landlord, without prejudice to any other rights and remedies of the Landlord under this Lease.

5.2 Increase in Insurance Premiums

The Tenant shall not keep or use in the Premises any article that may be prohibited by any fire insurance policy in force from time to time covering the Premises or the Lands. If:

- (a) the conduct of operations in, or the occupation or use of the Lands or Premises by the Tenant, or the construction, renovation, or any improvement work done by the Tenant of or to the Premises; or
- (b) any acts, omissions or negligence of the Tenant, its agents, employees, residents or invitees or others for whom it is in law responsible, on the Lands or any part thereof; or
- (c) any breach by the Tenant of any of the provisions of this Lease;

cause or result in any increase in premiums for any insurance carried by the Landlord with respect to any part of the Lands, the Tenant shall pay to the Landlord the amount of any such increase in premiums. In determining whether the Tenant is liable for

increased premiums and the amount for which the Tenant is responsible, a schedule issued by the organization computing the insurance rate on the Lands showing the various components of such rate, shall (subject to manifest error) be conclusive evidence of the items and charges that make up such rate. The Tenant shall, at its expense, comply promptly with all reasonable recommendations of any insurance rating and inspection authority or of any insurer, now or hereafter in effect, pertaining to or affecting the Lands.

5.3 Cancellation of Insurance

If any insurer under any insurance policy covering any part of the Lands or any occupant thereof cancels or threatens to cancel its insurance policy or reduces or threatens to reduce coverage under such policy by reason of the occupation or use of the Premises by the Tenant or by any Transferee or invitee of the Tenant, the Tenant shall remedy such condition within forty-eight (48) hours after notice thereof by the Landlord, failing which, the Landlord may, at its option, either (a) re-enter and take possession of the Premises forthwith by leaving upon the Premises a notice of its intention to do so, or (b) enter upon the Premises and remedy or attempt to remedy the condition giving rise to such cancellation, threatened cancellation or reduction. The Landlord shall not be liable for any loss, injury or damage caused by the acts of the Landlord in remedying or attempting to remedy such condition, unless caused or contributed by the negligence, wilful act or wilful omission of the Landlord or those for whom the Landlord is in law responsible, and any such acts shall not be a re-entry or breach of any covenant for quiet enjoyment in this Lease. The Tenant shall pay to the Landlord all costs incurred by the Landlord in connection with the remedying or attempting to remedy such condition plus a sum equal to fifteen per cent (15%) of such costs representing the Landlord's overhead.

5.4 Landlord's Insurance

- (a) The Landlord shall take out and keep in full force and effect the following insurance throughout the Term:
 - (i) public liability and property damage insurance with respect to the Lands; and
 - (ii) such other form or forms of insurance as the Landlord, acting reasonably, considers advisable, including, without limitation, rental income insurance.
- (b) Notwithstanding the Landlord's covenant in this Section 5.4 and notwithstanding any contribution by the Tenant to the cost of the Landlord's insurance, the Tenant acknowledges and agrees that:
 - (i) the Tenant is not relieved of any liability arising from or contributed to by any act, omission or negligence of the Tenant, its agents, employees, residents, invitees or other for whom it is in law responsible,
 - (ii) no insurable interest is conferred upon the Tenant under any insurance policies carried by the Landlord, and
 - (iii) the Tenant has no right to receive any proceeds of any insurance policies carried by the Landlord.

5.5 Release and Indemnification of Landlord and Mortgagee

Notwithstanding any other provision of this Lease, the Tenant hereby releases the Landlord and any Mortgagee and shall indemnify the Landlord and any Mortgagee and save them harmless from and against any and all loss (including loss of Rent) claims (including subrogated claims by the Tenant's insurers), actions, damages, liability and expense in connection with, arising out of or related to loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, the Tenant's use and/or occupation of the Lands, or any occurrence in, upon

or at the Premises or elsewhere on the Lands, or occasioned wholly or in part by any act, omission or negligence of the Tenant, its agents, employees, customers, invitees or others for whom it is in law responsible. If the Landlord or the Mortgagee shall, without fault on its part, be made a party to any litigation commenced by or against the Tenant, then the Tenant shall defend, indemnify and hold the Landlord and any Mortgagee harmless and shall pay all costs, expenses and legal fees (on a solicitor and client basis) incurred or paid by the Landlord in connection with such litigation. The Landlord may, at its option, participate in or assume carriage of any litigation or settlement discussions relating to the foregoing, or any other matter for which the Tenant is required to indemnify the Landlord and any Mortgagee under this Lease. Alternatively, the Landlord may require the Tenant to assume carriage of and responsibility for all or any part of such litigation or discussions. This indemnification shall survive the expiration or earlier termination of the Term.

Furthermore, notwithstanding any other provision of this Lease, the Tenant hereby agrees to indemnify the Landlord and any Mortgagee and save them harmless from and against any and all losses, claims (including subrogated claims by the Tenant's insurers), costs, actions, damages, liability and expenses incurred or suffered by either the Landlord or any Mortgagee which are in any way related to, arising out of or resulting from any construction or renovation carried on by the Tenant on the Lands. The Tenant shall be responsible to immediately pay the Landlord for all such losses, costs, actions, damages, liability and expenses incurred or suffered by the Landlord which are related to any damage to the Lands or the Premises caused by the Tenant during construction or renovation on the Lands, and all costs and expenses incurred by the Landlord in repairing such damage and restoring the Lands or Premises thereon to their previous condition. This indemnification shall survive the expiration or earlier termination of the Term.

ARTICLE 6

DAMAGE AND DESTRUCTION, EXPROPRIATION

6.1 Repair or Reconstruction

If the Premises are at any time destroyed or damaged by any cause, then the Tenant (according to the nature of the damage and its obligations pursuant to Article 5) shall diligently reconstruct or repair the Premises in order to restore them to the state and condition they were in before such damage or destruction. The Tenant shall diligently perform all other work and do all other things required to fully restore the Premises for the Tenant's use and, if the Premises have been closed, reopen as soon as is reasonably possible. All work carried out by the Tenant shall be at the Tenant's sole cost and expense, without any contribution to such cost by the Landlord whether or not the Landlord has at any time made any contribution to the cost of the supply, installation or construction of Leasehold Improvements, equipment or furniture in the Premises.

6.2 Expropriation

Both the Landlord and Tenant agree to co-operate with the other regarding an expropriation of the Lands or any part thereof, so that each may receive the maximum award to which they are respectively entitled at law. To the extent that any portion of the Lands other than the Premises is expropriated, the full proceeds accruing or awarded as a result will belong to the Landlord and the Tenant will abandon or assign to the Landlord any rights which the Tenant may have or acquire by operation of law to those proceeds or awards and will execute all such documents as in the opinion of the Landlord are necessary to give effect to this intention.

ARTICLE 7

ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

7.1 Assignment, Subletting and Other Transfers

The Tenant shall not enter into, consent to, or permit any Transfer without the prior written consent of the Landlord in each instance, which consent may be unreasonably and arbitrarily withheld by the Landlord using its sole, unfettered and subjective judgement and discretion, and shall be subject to the Landlord's rights under Section 7.2. Consent by the Landlord to any Transfer if granted shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against Transfer shall include a prohibition against any Transfer by operation of law and no Transfer shall take place by reason of the failure of the Landlord to give notice to the Tenant within the time as required by Section 7.2. As stipulated in Schedule B, the leasing of individual residential suites at the Premises for use as not-for-profit housing is deemed not to be a Transfer.

7.2 Landlord's Right to Terminate

If the Tenant intends to effect a Transfer (other than a Transfer permitted under other provisions of this Lease), the Tenant shall give prior written notice to the Landlord of such intent specifying the identity of the Transferee, the type of Transfer contemplated, the portion of the Premises or Lands affected thereby, and the financial and other terms of the Transfer, and shall provide such financial, business or other information relating to the proposed Transferee and its principals as the Landlord or any Mortgagee requires, together with copies of any documents which record the particulars of the proposed Transfer. The Landlord shall, within thirty (30) days after having received such notice and all requested information, notify the Tenant either that:

- (a) it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article 7; or
- (b) it elects to cancel this Lease as to the whole or part, as the case may be, or the Premises affected by the proposed Transfer, in preference to giving such consent.

If the Landlord elects to terminate this Lease it shall stipulate in its notice the termination date of this Lease, which date shall be: (i) a date during the months of July or August next following; and (ii) no less than sixty (60) days following the giving of such notice of termination. If the Landlord elects to terminate this Lease, the Tenant shall notify the Landlord within ten (10) days after receipt by the Tenant of notice from the Landlord of such election of the Tenant's intention either to refrain from such Transfer or to accept termination of this Lease as to the whole of the Premises or the portion thereof in respect of which the Landlord has exercised its rights. If the Tenant fails to deliver such notice within such ten (10) days or notifies the Landlord that it accepts the Landlord's termination, this Lease will as to the whole or affected portion of the Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its notice of termination. If the Tenant notifies the Landlord within such ten (10) days that it intends to refrain from such Transfer, then the Landlord's election to terminate this Lease shall become void.

7.3 Conditions of Transfer

- (a) If there is a permitted Transfer, the Landlord may collect rent from the Transferee and apply the net amount collected to the Rent and other monies payable by the Tenant under this Lease, but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of the Tenant's covenants, obligations or agreements herein, or any acceptance of the Transferee (other than an assignee) as tenant, or a release from the Tenant from the further performance by the Tenant of its covenants, obligations and agreements under this Lease. Any consent by the Landlord shall be subject to the Tenant and Transferee executing an agreement in writing with the Landlord agreeing:

- (i) that the Transferee will be bound by all of the terms of this Lease as of the effective date of the Transfer and, in the case of an assignment, that the Transferee will be so bound as if it had originally executed this Lease as tenant and, in the case of a sublet, the Tenant shall cause such sublease to contain a covenant by the subtenant to the Landlord that at the Landlord's option all the subtenant's right, title and interest in and to the Premises absolutely terminates upon the surrender, release, disclaimer or merger of this Lease, notwithstanding the provisions of the *Commercial Tenancies Act* (Ontario); and
 - (ii) to amend this Lease to incorporate any conditions imposed by the Landlord in its consent or required by this Section 7.3.
- (b) Notwithstanding any Transfer permitted or consented to by the Landlord, the Tenant shall at all times remain fully liable under this Lease and shall not be released or relieved from performing any of its covenants, obligations or agreements under this Lease.
- (c) The Landlord's consent to any Transfer shall be subject to the conditions that:
 - (i) the rent and other amounts payable by the Transferee shall not be less than the Rent and other amounts payable by the Tenant under this Lease as at the effective date of the Transfer; and
 - (ii) if the rent and other amounts to be paid by the Transferee under such Transfer exceeds the Rent and other amounts payable under this Lease, the Tenant shall pay the amount of such excess to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any financing as the result of a Transfer involving a mortgage, charge or similar security interest in this Lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any reasonable agreement required by the Landlord to give effect to the foregoing terms.
- (d) Notwithstanding the effective date of any permitted Transfer as between the Tenant and the Transferee, all Rent for the month in which such effective date occurs shall be paid in advance by the Tenant so that the Landlord will not be required to accept partial payments of Rent for such month from either the Tenant or Transferee.
- (e) The Tenant shall pay to the Landlord a reasonable fee as established by the Landlord from time to time and all out-of-pocket costs incurred by the Landlord in connection with considering and processing any request by the Tenant for a consent to a Transfer including all legal costs, whether or not the Landlord consents to any Transfer. Any document evidencing any Transfer, whether or not the Landlord consents thereto, or setting out any terms applicable to such Transfer or the rights and obligations of the Tenant or Transferee thereunder, shall be prepared by the Landlord or its solicitors and all legal costs incurred shall be paid by the Tenant.
- (f) If this Lease is disaffirmed, disclaimed or terminated by any trustee in bankruptcy of a Transferee, or if this Lease is otherwise terminated for default or is terminated, disclaimed, surrendered or repudiated pursuant to any statute or rule of law, then, in addition to and without limiting Tenant's liability under this Lease, the original Tenant named in this Lease or any Transferee (except the bankrupt Transferee) will be considered, upon notice from the Landlord given within thirty (30) days after the surrender, repudiation, disaffirmation, disclaimer or termination, to have entered into

a lease (the “**Remainder Period Lease**”) with the Landlord, on the same terms and conditions as are contained in this Lease, mutatis mutandis, except that the Term of the Remainder Period Lease shall commence on the date of the disaffirmation, disclaimer or termination and shall expire on the date this Lease would have expired had it not been so surrendered, repudiated, disaffirmed, disclaimed or terminated.

7.4 Change of Control

If the Tenant is at any time a corporation or partnership, any actual or proposed Change of Control in such corporation or partnership shall be deemed to be a Transfer and subject to all of the provisions of this Article 7. The Tenant shall make available to the Landlord or its representatives all of its corporate or partnership books and records, as the case may be, for inspection at all reasonable times, in order to ascertain whether any Change of Control has occurred.

7.5 Assignment by Landlord

The Landlord shall have the unrestricted right to sell, lease, convey or otherwise dispose of all or any part of its interest in the Premises, the Lands or this Lease or any interest of the Landlord in this Lease. To the extent that the purchaser or assignee from the Landlord assumes the obligations of the Landlord under this Lease, the Landlord shall thereupon and without further agreement be released of all liability under this Lease.

ARTICLE 8 DEFAULT

8.1 Default and Remedies

If and whenever an Event of Default occurs, then without prejudice to any other rights which it has pursuant to this Lease or at law, the Landlord shall have the following rights and remedies, which are cumulative and not alternative:

- (a) to terminate this Lease, in which event the Term shall become forfeited and void, and to immediately re-enter into and upon the Premises or any part thereof and to repossess and enjoy them as the owner of the Lands and the Premises and to remove all persons and property from the Premises (any such property may be removed and stored in a public warehouse or elsewhere at the cost of or for the account of the Tenant), all without further service of notice or resort to legal process and without being considered guilty of trespass or becoming liable for loss or damage occasioned thereby, anything herein to the contrary notwithstanding;
- (b) to enter the Premises as agent of the Tenant, either by force or otherwise, and to re-let the Premises for whatever term, and on such terms as the Landlord in its discretion may determine and to receive the rent and as agent of the Tenant to take possession of any property of the Tenant on the Premises, to store such property at the cost and risk of the Tenant or to sell or otherwise dispose of such property in such manner as the Landlord may see fit without notice to the Tenant; to make alterations to the Premises to facilitate their reletting; and to apply the proceeds of any such sale or re-letting first, to the payment of any expenses incurred by the Landlord with respect to any such re-letting or sale; second, to the payment of any indebtedness of the Tenant to the Landlord other than rent; and third, to the payment of Rent and other monies payable by the Tenant hereunder in arrears; with the residue to be held by the Landlord and applied in payment of future Rent and other monies payable by the Tenant hereunder as it becomes due and payable. The Tenant shall remain liable for any deficiency to the Landlord;

- (c) to remedy or attempt to remedy any default of the Tenant under this Lease for the account of the Tenant and, for such purpose to do such things as may be required including, without limitation, entering upon the Premises for such purposes. No notice of the Landlord's intention to perform the obligations of the Tenant in this Lease need be given to the Tenant unless expressly required by this Lease. The Landlord shall not be liable for any loss, injury or damage to property, Persons or any business carried on in the Premises caused by acts of the Landlord in remedying or attempting to remedy such default unless caused or contributed by the negligence, wilful act or wilful omission of the Landlord or those for whom it is in law responsible and any such acts shall not be a re-entry or breach of any covenant for quiet enjoyment in this Lease. The Tenant shall pay to the Landlord all costs incurred by the Landlord in connection with remedying or attempting to remedy such default plus a sum equal to fifteen per cent (15%) of such costs representing the Landlord's overhead;
- (d) to recover from the Tenant all damages and expenses suffered or incurred by the Landlord as a result of any breach by the Tenant including, without limitation, if the Landlord terminates this Lease, any deficiency between those amounts which would have been payable by the Tenant for the remainder of the Term following such termination and the net amounts actually received by the Landlord during such period of time with respect to the Premises, or the worth of the time of such termination of the excess, if any, of those amounts which would have been payable by the Tenant over the then reasonable rental value of the Premises for the remainder of the Term and the amount of such worth shall be immediately due and payable; and
- (e) in the specific case of an Event of Default, the Landlord may retain any payments of Rent or deposits that the Tenant has previously made.

8.2 Distress

Notwithstanding any provision of this Lease or any provision of applicable legislation, none of the goods and chattels of the Tenant on the Premises at any time during the Term shall be exempt from levy by distress for Rent in arrears, and the Tenant waives and renounces the benefit of any such exemption. If the Landlord makes any claim against the goods and chattels of the Tenant by way of distress, this provision may be pleaded as an estoppel against the Tenant in any action brought to test the right of the Landlord to levy such distress.

8.3 Costs

The Tenant shall pay to the Landlord all damages and costs (including, without limitation, all reasonable legal fees on a solicitor and his client basis) incurred by the Landlord, plus an administrative fee of fifteen (15%) thereof, in enforcing the terms of this Lease, or with respect to any matter or thing which is the obligation of the Tenant under this Lease, or in respect of which the Tenant has agreed to insure, or to indemnify the Landlord.

8.4 Interest on Overdue Payments

The Tenant shall pay to the Landlord interest at that rate per annum which is three per cent (3%) in excess of the annual rate of interest generally announced as being its prime rate for Canadian dollar demand loans by any Canadian chartered bank designated from time to time by the Landlord on all overdue Rent and other payments required to be made by the Tenant under this Lease, from the date on which the same become due until the date of payment.

8.5 Survival of Obligations

If the Tenant has failed to fulfil any of its covenants, obligations or agreements under this Lease with respect to the maintenance, repair and alteration of

the Premises and removal of improvements and fixtures from the Premises during or at the end of the Term, such obligations and the Landlord's rights in respect thereto shall remain in full force and effect notwithstanding the expiration of the Term.

ARTICLE 9 USE AND CONDUCT OF OPERATIONS

9.1 Use

The Lands and Premises shall be used only for the purpose of seniors not-for-profit housing and all uses reasonably ancillary or related thereto.

9.2 Conduct of Operations

The Tenant will occupy the Premises and commence its operations therein continuously from and after the Commencement Date and shall conduct its operations in the Premises in a first-class, professional and reputable manner.

9.3 Mediation and Arbitration

- (a) If the Landlord and the Tenant are unable to resolve a matter or dispute arising in relation to this Lease or the Tenant's occupation of the Premises, the parties shall enter into mediation adopting the following process:
 - (i) The parties shall mutually agree on a third party mediator. If the parties are unable to agree on a third party mediator, their respective solicitors shall each recommend a mediator and the two recommended mediators shall, in turn, be requested to recommend a third mediator who shall conduct the mediation.
 - (ii) The rules and timeframe for the mediation shall be determined by the mediator in consultation with the parties.
 - (iii) The costs of the mediation shall be shared equally by both parties.
 - (iv) The ruling by the mediator shall be final and binding upon the parties, with no right of appeal or dispute whatsoever by either party.
 - (v) In the event the mediation does not produce a ruling by the mediator, then the parties shall proceed to arbitration as set out below.
- (b) In the event that the mediation process does not produce a ruling by the mediator, the parties shall enter into binding arbitration adopting the following process:
 - (i) The parties shall mutually agree on a third party arbitrator. If the parties are unable to agree on a third party arbitrator, their respective solicitors shall each recommend an arbitrator and the two recommended arbitrators shall, in turn, be requested to recommend a third arbitrator who shall conduct the arbitration.
 - (ii) The rules and timeframe for the arbitration shall be determined by the arbitrator.
 - (iii) The costs of the arbitrator shall be shared equally by both parties.
 - (iv) The ruling by the arbitrator shall be final and binding upon the parties, with no right of appeal or dispute whatsoever by either party.

**ARTICLE 10
MANAGEMENT AND CONTROL OF THE LANDS BY LANDLORD**

10.1 General Management and Control by Landlord

The Lands, excluding the Premises, are at all times subject to the exclusive control and management by the Landlord. Without limitation, the Landlord has the right in the management and control of the Lands and in addition to any other rights specifically provided in this Lease, to:

- (a) provide supervision and policing services;
- (b) employ all personnel including supervisors and managers required for the operation, management and control of the Lands, the Tenant acknowledging that the Lands may be managed by the Landlord or such other Person or Persons as the Landlord designates from time to time;
- (c) construct other buildings, structures, improvements and facilities on the Lands and, excluding the Premises, make alterations thereof, additions thereto, subtractions therefrom, or re-arrangements thereof, and construct additional buildings, structures, improvements or facilities under, adjacent to or near the Lands, but not at the Premises;
- (d) construct multiple deck, elevated or underground parking facilities, and expand, reduce or alter same in any manner whatsoever (excluding the Premises);
- (e) do such things as are required to comply with the laws, by-laws, regulations, orders or directives of all governmental or regulatory authorities having jurisdiction;
- (f) do such other things with reference to the Lands as, in the use of good business judgment, the Landlord determines to be advisable;

provided, there shall be no material and permanent interference with the access to or use of the Premises by the Tenant, its agents, employees, residents or other invitees, and provided that the Landlord shall not permanently reduce the number of parking spaces on the Lands which are available for use by the Tenant. In addition, the Landlord will not obstruct or close off all or part of the Premises or interrupt or suspend the supply of any utilities or services to the Premises or any other part of the Lands without first giving the Tenant reasonable notice (except in the case of an emergency) and, in all cases, any obstruction or closure shall be temporary. In addition, in exercising its rights in this Section, the Landlord shall take all steps reasonably necessary to minimize disruption and interference to the Tenant's use and enjoyment of the Premises. The Landlord will not interfere with the Tenant's use of any of the Tenant's parking spaces.

**ARTICLE 11
TENANT'S COVENANTS**

11.1 Condition of Premises

The Tenant covenants with the Landlord to keep the Premises in a tidy, clean and sanitary condition.

11.2 Covenant to Build

The Tenant is obligated to commence construction and, after such commencement, to diligently continue with the construction and completion of the Premises.

11.3 Heating, Ventilating and Air-Conditioning

The Tenant is to provide, at its own cost and expense, its own heating, ventilating and air-conditioning to the Premises to an extent sufficient to heat, ventilate and/or cool the Premises at all times except during or when prevented by reason of maintenance, repairs, failure of electricity or other causes beyond the reasonable control of the Tenant.

11.4 Rules and Regulations

The Tenant covenants with the Landlord to observe and comply with the Rules and Regulations set out in Schedule C and all other rules and regulations as the Landlord may from time to time reasonably make for the operation, reputation, safety, care or cleanliness of the Lands and Premises. The Landlord shall not be liable to the Tenant for violation of the same by any tenant or occupant of Premises or their employees, agents, customers, invitees or those for whom they are in law responsible. Any Rules and Regulations applicable to the Premises shall not be contrary to other provisions of this Lease or derogate from the Tenant's rights under this Lease.

11.5 Observance of Law

The Tenant shall, at its own expense, promptly comply with all laws, by-laws, regulations, directives, orders and requirements of all governmental or regulatory authorities having jurisdiction or of The Insurer's Advisory Organization or any insurers, pertaining to the Lands including, without limitation, the use, occupancy, repair or alterations thereof. If the posting of security, such as a letter of credit, is required in connection with the development of the Premises, it is the Tenants obligation to post such security at its expense.

11.6 Waste and Nuisance

The Tenant covenants with the Landlord not to make or suffer any waste or cause or allow to be caused any damage, disfiguration or injury to the Lands or the fixtures and equipment thereof; and not to use or permit to be used any part of the Lands for any dangerous, noxious or offensive trade, business or other activity; and not to cause or maintain any nuisance in, at or on the Lands.

11.7 Exhibiting Premises

The Tenant covenants with the Landlord to permit the Landlord and its employees, agents and representatives to exhibit the Premises at all reasonable times (but subject to the legal rights of then-existing subtenants or occupants of the residential suites) to prospective purchasers, Mortgagees or prospective Mortgagees, and, during the last twelve (12) months of the Term, at all reasonable times to prospective tenants. The Landlord shall provide prior written notice to the Tenant of any requirement to exhibit the Premises and shall attempt to minimize interfere with residents and business activities or programs.

11.8 Signs

Except with the prior written consent of the Landlord, and except as hereafter provided, the Tenant shall not erect, install, display, inscribe, paint or affix any sign, notice, direction, lettering or advertising medium on any part of the outside of the Premises or the inside of the Premises visible from the outside or on the Lands. Notwithstanding the foregoing, the Tenant may erect signage required by any governmental agencies funding the Premises, provided the Tenant notifies the Landlord in advance in writing. The colour, size, style, character and material of any such signs shall be such as the Landlord shall determine in conformity with the signage criteria of the Landlord. At the expiration of the Term any such signs shall be removed by the Tenant, at its own cost, and the Tenant shall promptly make good any damage to the Premises and/or the Lands thereby caused, or, at the option of the Landlord, any such signs shall be removed by the Landlord and the Tenant shall pay to the Landlord the estimated cost of such removal. Should the Landlord acting reasonably at any time object to any signage not previously specifically consented to in writing by the Landlord

as herein required, the Tenant shall remove the same forthwith at its own expense. The Tenant will work with Landlord to develop appropriate and recognizable signage for the Premises and the Lands.

11.9 Energy Conservation and the Environment

The Tenant covenants with the Landlord that the Tenant will co-operate with the Landlord and participate in any reasonable programs and procedures undertaken by the Landlord, either voluntarily or by reason of legal, regulatory or insurance requirements, for environmental improvement, pollution control, waste recycling, energy conservation and similar matters.

Notwithstanding the permitted use of the Premises under this Lease, and in addition to the Tenant's covenant under this Lease to comply with all applicable laws and requirements relating to its occupancy and use of the Premises, the Tenant hereby covenants and agrees that the Tenant shall not, at any time, carry on or permit to be carried on, as the case may be, any Environmentally Dangerous Activity on or from the Lands or Premises, and it is further agreed that:

- (a) the Tenant shall, at the Tenant's expense, observe and promptly comply with all laws regulating the use, generation, release, storage, transportation, or disposal of any hazardous substances or materials including, without limitation, any products of waste, asbestos, urea formaldehyde foam insulation, radon gas, PCBs or any other contaminant as defined in the *Environmental Protection Act* (Ontario) (hereinafter collectively referred to as "**Hazardous Substance**") with respect to any Hazardous Substance brought upon the Lands or Premises;
- (b) the Tenant shall, at the Tenant's expense, promptly make all submissions to, provide all information required by, and comply with all requirements of any governmental or regulatory body or authority under any laws;
- (c) should any governmental or regulatory body or authority demand that a clean-up plan be prepared and that a clean-up be undertaken because of any deposit, spill, discharge, release, or existence of any Hazardous Substance at, from or on the Lands or Premises, or which arises at any time from the Tenant's use or occupancy of the Lands or Premises, then the Tenant shall, at the Tenant's sole cost and expense, promptly prepare and submit the required plans and all related bonds and other financial assurances required by such governmental or regulatory bodies or authorities and the Tenant shall, at its sole cost and expense, promptly carry out all such clean-up plans and all required remediation of the Lands and/or Premises;
- (d) the Tenant shall, at the Tenant's expense, promptly provide to the Landlord all documents, reports, tests, survey results, or other information in its possession (collectively "**Documents**") regarding the use, generation, release, emission, storage, transportation, or disposal of any Hazardous Substance at the Lands or Premises that is requested by the Landlord. If the Tenant fails to fulfil any duty imposed under this Section within a reasonable time as determined by the Landlord, the Landlord may, without any liability on the Landlord's part and at the Tenant's expense, do so; and in such case, the Tenant shall co-operate with the Landlord in order to prepare or cause to be prepared all documentation with respect thereto that the Landlord deems necessary or appropriate to determine the applicability of the laws to the Lands and Premises and the Tenant's use thereof, and for compliance therewith, and the Tenant shall execute all documents promptly, upon the Landlord's request. Without limiting the generality of the foregoing provisions of this Section, the Landlord shall, where it has reasonable grounds to believe that the Tenant is not in compliance with environmental laws in its use or handling of Hazardous Substances be entitled at any time to enter the Lands and Premises either by itself or through its agents and officers to conduct such

reasonable audits, investigations, and tests as the Landlord deems necessary. No such action by the Landlord and no attempt by the Landlord to mitigate damages under any law shall constitute a waiver of any of the Tenant's obligations under this Section;

- (e) the Tenant shall indemnify, defend and hold harmless the Landlord and the Landlord's respective officers, directors, beneficiaries, shareholders, members, partners, agents, employees, and all other Persons for whom the Landlord is in law responsible and the Mortgagee from and against any and all claims, losses, damages, costs and expenses (including, without limitation, (i) the costs of defending or counterclaiming the claiming over against third parties in respect of any action or matter, and (ii) any cost, liability, or damage arising out of a settlement of any action entered into by the Landlord with or without the consent of the Tenant) arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Substance at, from or on the Premises and/or the Lands or the clean-up of any such Hazardous Substance at, in, on, from, under, or about the Lands and/or the Premises, which arises at any time as a result of the Tenant's presence on or use or occupancy of the Lands and/or the Premises, or from the Tenant's failure to provide all information, make all submissions, or take all steps required by all authorities under all applicable environmental and other laws and regulations;
- (f) the Landlord may, from time to time and at any time, acting reasonably where it has reasonable grounds to believe that the Tenant is not in compliance with applicable environmental laws in its use or handling of Hazardous Substances at the Premises, retain consultants (whose fees shall be for the account of the Tenant to be paid by the Tenant on demand if the Tenant is found to be in default of its obligations under this section) and take whatever other reasonable investigative procedures to ascertain whether an Environmentally Dangerous Activity is being carried on by or with the permission of the Tenant, and the extent of the activity and damage arising therefrom;
- (g) without restriction or limitation to any remedy, right or privilege of the Landlord arising by breach or default of this Lease, the Landlord may, where the Tenant fails so to do upon notice to the Tenant, effect remedy to such Environmentally Dangerous Activity, to ensure it is carried out in accordance with all laws directly or indirectly, by whatever measures the Landlord shall, in its absolute discretion, consider appropriate or advisable in the circumstances, and, in so doing, and the Tenant shall be responsible for all and every outlay, expenditure, cost, penalty, loss, fees including legal fees whatsoever, incurred by the Landlord in so doing, together with a fifteen (15%) percent charge thereon for administration;
- (h) the Tenant's obligations and liabilities under this Section shall forever survive the expiration or earlier termination of this Lease; and
- (i) **"Environmentally Dangerous Activity"** means any activity, which in itself or in consequence of its being carried on, creates risk of pollution, hazard or danger to the air, water, soil, health of plant life, health of animal life or health of human life, or which will generally interfere with the normal enjoyment of life or property, and includes:
 - (i) the storage of any Hazardous Substance;
 - (ii) the creation or manufacture (either directly or by product) of any Hazardous Substance; and
 - (iii) the spillage or escape of any Hazardous Substance.

ARTICLE 12 LANDLORD'S COVENANTS

12.1 Quiet Enjoyment

The Landlord covenants with the Tenant that the Tenant, upon paying the Rent and other monies payable by the Tenant hereunder and performing and observing the covenants and provisos herein contained on the part of the Tenant to be performed and observed, shall peaceably enjoy and possess the Lands and the Premises for the Term without any interruption from the Landlord or from any other Person or Persons lawfully claiming by, from or under it.

12.2 Energy Conservation and the Environment

The Landlord covenants with the Tenant that the Landlord shall not, at any time, carry on or permit to be carried on, as the case may be, any Environmentally Dangerous Activity on the Lands.

ARTICLE 13 MISCELLANEOUS

13.1 Impossibility of Performance

It is understood and agreed that whenever and to the extent that the Landlord or the Tenant shall be unable to fulfil or shall be delayed or restricted in the fulfilment of any obligation hereunder including, without limitation, in respect of the supply or provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the material, goods, equipment, service or labour required to enable it to fulfil such obligation or by reason of any statute, law or order-in-council or any regulation or order passed or made pursuant thereto or by reason of the order or direction of any administrator, controller, board, governmental department or officer or other authority, or by reason of not being able to obtain any permission or authority required thereby, or by reason of any other cause beyond its reasonable control whether of the foregoing character or otherwise but excluding payment of Rent by the Tenant, the Landlord or the Tenant, as the case may be, shall be relieved from the fulfilment of such obligation and the other party shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned.

13.2 Non-Waiver

Any condoning, waiving, excusing or overlooking by the Landlord or the Tenant of any default, breach or non-observance by the other party at any time or times of or in respect of any covenant, proviso or condition herein contained shall not operate as a waiver of the applicable Landlord's or Tenant's rights hereunder in respect of any subsequent default, breach or non-observance, nor so as to defeat or affect in any way the applicable rights of the Landlord or Tenant, as the case may be, herein in respect of any such default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the party who must waive save only express waiver in writing. The subsequent acceptance of Rent or other monies payable by the Tenant hereunder by the Landlord shall not be deemed a waiver of any preceding breach of any obligation hereunder by the Tenant other than the failure to pay the particular Rent or such other monies so accepted, and the acceptance by the Landlord of any Rent or such other monies from any Person other than the Tenant shall not be construed as a recognition of any rights not herein expressly granted, or as a waiver of any of the Landlord's rights, or as an admission that such person is, or as a consent that such person shall be deemed to be, a Transferee. Nevertheless the Landlord may accept Rent or such other monies from any Person occupying the Premises at any time without in any way waiving any right under this Lease.

13.3 Entire Agreement

With the exception of separate arrangements for funding, this Lease (which includes the schedules and riders, if any, attached hereto) contains the entire agreement and understanding made between the parties hereto and there is no other representation, warranty, collateral agreement or condition, expressed or implied, affecting this Lease or the Premises. This Lease may not be modified except as herein expressly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant.

13.4 Notice

Any notice, consent or other communication herein provided for or given hereunder shall be in writing and shall be: (i) delivered in person; (ii) sent by registered mail postage prepaid; (iii) sent by facsimile or electronic communication, if given by the Landlord to the Tenant addressed to the Tenant for the attention of the CFO at the address specified in Section 1.1(d) and the Premises, and if given by the Tenant to the Landlord addressed to the Landlord at the address specified in Section 1.1(b). Any notice or request shall be conclusively deemed to have been given and received on the day upon which personal delivery, facsimile or electronic communication is made (if made during a Business Day) and otherwise on the next Business Day. Any notice or request shall be conclusively deemed to have been given and received on the third (3rd) Business Day following the day on which it was mailed. If in this Lease two or more Persons are named as Tenant, such notice shall also be sufficiently given if and when the same shall be delivered personally or mailed as aforesaid to any one of such persons. Either party may at any time give notice in writing to the other of any change of address in Canada of the party giving such notice and from and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the purpose of giving such notices or requests thereafter. If postal service is interrupted or substantially delayed, all such notices, consents or other communications shall be delivered in person.

13.5 Status Statement

The Tenant agrees that it will at any time and from time to time upon not less than ten (10) days prior request, execute and deliver to the Landlord or to whomsoever the Landlord directs, in a form supplied by the Landlord, a status statement or estoppel certificate in writing certifying that the Tenant is in possession of the Premises and commenced to pay Rent on a specified date; this Lease is unmodified and in full force and effect or, if modified, stating the modifications and that the same is in full force and effect as so modified; the amount of the Rent then being paid hereunder; the dates to which the Rent, by instalments or otherwise, and other monies payable by the Tenant hereunder have been paid; the Commencement Date; details of the Tenant's financial statements and corporate organization; whether or not there is any existing or alleged default by either party hereto and the nature and extent of any such default and any notices served with respect thereto; and any additional, relevant and reasonable information or acknowledgement requested by the Landlord.

13.6 Subordination and Attornment

This Lease is subject and subordinate to all Mortgages and leases from time to time on the Lands or any part thereof. Upon request, but subject to the rights of the Tenant in the last sentence of this Section, the Tenant agrees to execute promptly any certificate in confirmation of such subordination or document effecting such subordination, in such form as may be required by the Landlord or any Mortgagee or any party to any such lease. The Tenant shall promptly on request attorn to any Mortgagee, or to the owners of the Lands (and shall, if applicable, postpone any short form or notice of lease registered by the Tenant pursuant to Section 13.14 hereof) or the Premises or any part thereof, or to any party to any such lease, or to the purchaser on any foreclosure or power of sale proceedings taken under any Mortgage, and shall recognize such Mortgagee, owners, party to any such lease, or purchaser as the Landlord under this Lease. The Landlord or any Mortgagee may, at its option, make this Lease and all the Tenant's rights hereunder superior to any and all Mortgages from

time to time in existence against the Lands or Premises or any part thereof, by giving the Tenant written notice thereof. If required by the Landlord or any Mortgagee, the Tenant shall, upon request at any time and from time to time, and without charge to the Landlord, execute such documentation as the Landlord or any Mortgagee requires to give effect to this provision but on the understanding that the Tenant will not execute such documentation in favour of any Mortgagee unless the Landlord has obtained a non-disturbance agreement from such Mortgagee in favour of the Tenant and its leasehold mortgagee in form and content acceptable to the Tenant, acting reasonably, acknowledging the Tenant's rights under this Lease.

13.7 Overholding

If, without objection by the Landlord, but without any further written agreement, the Tenant shall continue to occupy the Premises and pay Rent or other monies payable by the Tenant hereunder after the expiration of the Term, the Tenant shall be a monthly tenant, and otherwise a tenant at sufferance only, at a rent amount equal to one hundred and fifty per cent (150%) of the Rent payable hereunder during the last Fiscal Year of the Term, divided by 12 for a monthly payment, and on the terms and conditions herein set out, in so far as the same are applicable, except as to length of tenancy.

13.8 Architect's or Engineer's Certificate

A certificate of the Architect or the Engineer as to the area of all or any part or parts of the Premises, the degree of completion of any work or repairs or the cost thereof, the readiness of the Premises for the Tenant to carry out its improvements and fixturing thereto and as to the Commencement Date shall, unless otherwise in this Lease provided, be final and binding upon the parties hereto as to the facts so certified subject to manifest error.

13.9 Excavation

If the Landlord gives the notice stipulated in Section 4.9(a) and if an excavation is made or authorized upon the Lands or land adjacent to the Lands, the Tenant shall grant the Persons making or authorized to make such excavation permission to enter upon the Premises for the purpose of doing such work as the Landlord considers necessary to prevent injury or damage and provide support in an appropriate manner, without giving rise to any claim for damages or indemnification against the Landlord or abatement of Rent or other monies payable by the Tenant hereunder.

13.10 Governmental Consents

This Lease is entered into subject to the condition that it is to be effective only if there is compliance with the provisions of any applicable legislation or regulatory requirement concerning planning, land severance or land division, and requiring consent to or approval of this Lease. If required by legislation, the Landlord shall be responsible for obtaining such consent or approval at its cost as soon as possible, which cannot occur until the construction of the Parking Facility is substantially completed and a strata plan is prepared. If required by legislation and until any necessary consent or approval is obtained on an unconditional basis, this Lease shall have effect in accordance with all of its provisions except that the Term, shall be deemed to be for a period not in excess of twenty (20) years less one (1) day and the Term is limited accordingly.

13.11 Board Approval

The Tenant confirms that it has obtained the necessary approval for this Lease from its Board of Directors prior to executing this Lease.

13.12 Reasonable Use of Discretion

Except where specifically provided to the contrary in this Lease, wherever a party to this Lease is required to grant a consent or approval or make any

discretionary determination then in every such case such party agrees to act reasonably, equitably and expeditiously.

13.13 Time of Essence

Time is of the essence in relation to this Lease and all provisions contained in this Lease.

13.14 Registration

Neither the Tenant nor any Person or Persons claiming under the Tenant shall register this Lease or any Transfer without the prior written consent of the Landlord. If the Landlord or the Tenant wishes to register a document for the purpose only of giving notice of this Lease or of any dealing with it, then, upon the request of such party, the other party shall execute a notice, caveat or short form of lease for the purposes of registration in such form as is approved by the Landlord and without disclosure of any financial terms. At the Landlord's option, the form of such documentation shall be prepared by the Landlord's solicitors. Upon the expiration of the Term the Tenant shall, upon the request of the Landlord execute and deliver to the Landlord an instrument, in such form as is approved by the Landlord in registrable form containing a release and surrender to the Landlord of all the right, title and interest of the Tenant in and to the Premises.

13.15 Successors and Assigns

The rights and liabilities created by this Lease extend to and bind the respective heirs, executors, administrators, successors and assigns of the Landlord and the Tenant. No rights, however, shall enure to the benefit of any Transferee unless the provisions of Article 7 are complied with.

IN WITNESS WHEREOF the parties hereto have duly executed this Lease on the date first written above.

**THE CORPORATION OF HALDIMAND
COUNTY**

By: _____
Name:
Title: Mayor

By: _____
Name:
Title: Clerk
We have authority to bind the corporation.

CAPABILITY SUPPORT SERVICES INC.

By: _____
Name:
Title:

By: _____
Name:
Title:
We have authority to bind the corporation.

SCHEDULE A
LEGAL DESCRIPTION OF THE LANDS

Part Lot 3, Indian Reserve Plan 69, designated as Parts 1, 2, 3 and 4 on Reference Plan 18R-7504, Haldimand County, being part of PIN 38112-0165 (LT).

SCHEDULE B DEFINITIONS

In this Lease and in the Schedules to this Lease:

1. “**Architect**” means an accredited, professional, independent architect from time to time chosen by the Landlord in its own discretion.
2. “**Business Days**” are days other than Saturdays, Sundays or statutory holidays in the province of Ontario.
3. “**Business Taxes**” means business taxes or assessments, license fees, personal property taxes, or any other taxes, assessments, rates or levies imposed by any governmental or other authority having jurisdiction in respect of the use, enjoyment or occupancy of, or business carried on in any portion of, the Lands and/or Premises.
4. “**Change of Control**” means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights, membership interest, or other interest which would result in any change in the effective control of such corporation or partnership.
5. “**Commencement Date**” means the date that is indicated in section 1.1(g).
6. “**Engineer**” means an accredited, professional, independent engineer from time to time chosen by the Landlord in its own discretion.
7. an “**Event of Default**” shall occur when or whenever:
 - (a) any Rent or other monies required to be paid by the Tenant under this Lease is in arrears and is not paid within five (5) days after written demand by the Landlord;
 - (b) the Tenant has breached any of its obligations in this Lease (other than the payment of Rent and other monies required to be paid by the Tenant under this Lease) and:
 - (i) fails to remedy such breach within fifteen (15) days after written notice of such breach is served by the Landlord on the Tenant (or such longer period as may be provided elsewhere in this Lease); or,
 - (ii) if such breach cannot be reasonably remedied within such 15 day period, the Tenant fails to commence diligently to remedy such breach within such time period and/or thereafter fails to continue to diligently remedy such breach;
 - (c) the Tenant becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with its creditors, or any steps are taken or proceedings commenced by any Person for the dissolution, winding-up or other termination of the Tenant’s existence or the liquidation of its assets;
 - (d) the Tenant is in default under any Mortgage or Leasehold Mortgage;
 - (e) a trustee, receiver, interim receiver, receiver/manager, liquidator or like Person is appointed with respect to the Premises;
 - (f) this Lease or any material portion of the Tenant’s assets are taken or seized under execution or attachment;

- (g) the Tenant purports or attempts to make a Transfer other than in compliance with the provisions of this Lease;
 - (h) the Tenant abandons or attempts to abandon the Premises or the Lands;
 - (i) the Tenant fails to operate the Premises pursuant to the terms of the Lease; or
 - (j) re-entry is permitted under any provision of this Lease.
8. **"Fiscal Year"** means (i) the period of time commencing on the Commencement Date and ending on the last day of the next ensuing December; and (ii) thereafter the period of time commencing on the first day of January and ending on the last day of the next ensuing December, or (iii) such other fiscal period designated by the Landlord from time to time.
9. **"Landlord"** means the Person or Persons identified in Section 1.1(a) and, wherever in this Lease any liability or responsibility of the Landlord is limited or excluded, includes its agents, directors, officers, employees and others for whom it is in law responsible.
10. **"Lands"** means the lands owned by the Landlord and situated in Haldimand County, Province of Ontario, as more particularly described in Schedule A, as such Lands may be altered, expanded or reduced from time to time.
11. **"Lease"** means this document, including all attached schedules.
12. **"Leasehold Improvements"** means all buildings, structures and other improvements, fixtures, installations, additions, renovations, appurtenances and alterations from time to time made or installed in the Premises or on the Lands by or on behalf of the Tenant or any occupant of the Premises or by the Landlord, whether or not paid for by the Landlord or the Tenant, with the exception only of furniture, equipment and other items in the nature of trade fixtures.
13. **"Leasehold Mortgage"** means a Mortgage of the Tenant's leasehold interest in the Premises.
14. **"Leasehold Mortgagee"** means any mortgage holder or a secured party under any Leasehold Mortgage and includes any trustee under a deed of trust.
15. **"Mortgage"** means any and all mortgages, charges, debentures, security agreements, trust deeds, hypothecs or like instruments, including by way of assignment or sublease, resulting from financing, refinancing or collateral financing (including renewals, modifications, consolidations, replacements and extensions thereof) from time to time affecting the Lands or the Premises including, without limitation, any interest of the Landlord in the Lands and/or the Premises.
16. **"Mortgagee"** means any mortgage holder of or secured party under any Mortgage and includes any trustee under a deed of trust.
17. **"Operating Costs"** means any and all amounts payable for or in relation to the maintenance, administration, supervision, operation, repair, replacement and management of the Lands and/or the Premises, whether paid or payable by the Landlord or the Tenant, including without limitation:
- (a) the cost of insurance which the Landlord is obligated to carry or otherwise obtains and carries, and the amounts of losses incurred or claims paid below insurance deductible amounts;
 - (b) the cost of cleaning, janitorial services, salting, sanding, gardening, landscaping, window cleaning, garbage and waste collection and removal and snow and ice removal services;

- (c) the cost of policing, supervision, security, traffic control and parking management;
 - (d) salaries, wages and other amounts paid or payable for all personnel (whether on or off-site and whether employed by the Landlord or the Tenant or a management company);
 - (e) engineering, auditing, architects, accounting, legal and other professional and consulting fees and disbursements; including those incurred with respect to the preparation of the statements required under the provisions of this Lease and costs of minimizing contesting or appealing assessments of taxes (whether or not successful);
 - (f) the costs:
 - (i) of repairing, operating and maintaining the Lands and Premises, the systems and equipment serving the Lands and Premises, and of all replacements and modifications to same, including those made by the Landlord that are required by the Landlord's insurance carrier;
 - (ii) incurred by the Landlord or the Tenant in providing and installing energy conservation, life safety, environmental improvement, pollution control and waste recycling equipment and systems in or on the Lands and Premises;
 - (iii) incurred by the Landlord or the Tenant to make alterations, replacements or additions to the Lands or Premises intended to reduce operating costs or improve the operation of the Lands and/or Premises; and
 - (iv) incurred to replace machinery, equipment, facilities and systems which by its nature requires periodic replacement;
 - (g) the costs of the rental of all equipment, supplies, tools, materials and signs; and
 - (h) the cost of any property management or maintenance contracts.
18. **"Other Taxes"** means all goods and services taxes, harmonized sales taxes, sales taxes, use, consumption, value-added taxes, multi-stage taxes, business transfer taxes or other similar taxes, rates, duties, levies or fees assessed, levied, rated, charged or imposed on the Landlord or the Tenant in respect of this Lease, the Lands and Premises, Rent payable under this Lease, or the rental of the Lands under this Lease, calculated in accordance with applicable legislation.
19. **"Person"** means any person, firm, partnership or corporation, or any group or combination of persons, firms, partnerships or corporations.
20. **"Premises"** means all buildings, structures, improvements, fixtures, Leasehold Improvements and appurtenances thereto that are built, erected, situated and/or constructed on the Lands.
21. **"Rent"** means the rent amount specified in Section 1.1(e).
22. **"Rules and Regulations"** means the rules and regulations adopted, promulgated and amended by the Landlord from time to time pursuant to Section 11.4. The Rules and Regulations existing as at the Commencement Date are those set out in Schedule C.
23. **"Taxes"** means all taxes, levies, fees, charges, rates, duties and assessments whatsoever (including those for local improvements) levied, rated, imposed, assessed or charged against or in relation to the Lands and/or the Premises or any part thereof or upon the Landlord on account thereof by any lawful taxing

authority, including all costs and expenses incurred by the Landlord in contesting, resisting or appealing any such taxes, levies, fees, charges and assessments, including legal, appraisal and other professional fees, and including any amounts levied, imposed, assessed or charged in substitution for or in lieu of any such taxes, but excluding only such taxes as capital gains taxes, corporate, income, profit or excess profit taxes to the extent such taxes are not levied in lieu of any of the foregoing against the Lands or Premises or the Landlord in respect thereof.

24. **“Tenant”** means the Person or Persons identified in Section 1.1(c), and includes, where the context allows, its directors, officers, Transferees, employees, agents, residents, invitees and/or others for whom it is in law responsible or over whom the Tenant may reasonably be expected to exercise its control.
25. **“Term”** means the term of this Lease being the period set out in Section 2.2, unless the Lease is terminated prior to the end of such period, and commencing on the Commencement Date, and includes any additional period during which the Tenant shall overhold and for which the Landlord shall accept Rent as provided in this Lease.
26. **“Transfer”** means any assignment or transfer of this Lease, or any of the rights hereunder, in whole or in part, a sublease of all or any part of the Premises, any transaction whereby any rights of the Tenant under this Lease or to the Premises are transferred to any Person or Persons, any transaction by which any right of use, possession or occupancy of all or any part of the Premises is conferred upon any Person or Persons, any mortgage, charge or encumbrance of this Lease or the Premises or any part thereof or other arrangement under which either this Lease or the Premises become security for any indebtedness or other obligations, but excluding the leasing of individual residential units at the Premises used for supportive not-for-profit housing.
27. **“Transferee”** means the Person or Persons to whom a Transfer is to be made.

SCHEDULE C
RULES AND REGULATIONS

1. **Smoking.** Smoking shall not be permitted in the Premises, except as may be otherwise designated. The Tenant shall have the right, in its sole discretion, to determine whether any designated smoking area shall be established on the Premises, and the size and location of any such area, provided that the Tenant maintains such area at its own cost and provided that such area complies with all applicable laws, by-laws and regulations regarding smoking and designated smoking areas.
2. **Obstructions.** The sidewalks, driveways, entrances, vestibules, passages, corridors, halls, elevators and stairways shall not be encumbered or obstructed by the Tenant or be used by it for any purpose other than for entrance to and exit from the Premises and the Lands.
3. **Solicitations.** The Landlord reserves the right to restrict or prohibit canvassing, soliciting or peddling on or at the Lands or Premises.
4. **Fire Regulations.** The Tenant shall not do or permit anything to be done in the Premises or bring or keep anything therein which will in any way increase the risk of fire, or obstruct or interfere with the rights of other tenants, or violate or act at variance with the laws relating to fires or with the regulations of the Fire Department or the Board of Health.
5. **Flammable Materials.** No flammable oils or other flammable, dangerous or explosive materials shall be kept or permitted to be kept in the Premises.
6. **Dangerous or Immoral Activities.** Tenant shall not make any use of the Premises which could result in the risk of injury to any person, nor shall the Premises be used for any immoral or criminal purpose.
7. **Proper Conduct.** Tenant shall not perform any acts or carry on any practice which may damage the Premises or be a nuisance to the Landlord and/or any neighbouring property owner.
8. **Conflict.** Insofar as these Rules and Regulations in this Schedule may be in conflict with provisions contained in the remainder of the Lease, the provisions in the remainder of the Lease shall govern.