



## LEASE SUMMARY

Lease No. YZ3095  
ORIGINAL

1. DATE OF LEASE:	November 1, 2000
2. TYPE OF LEASE:	Land Lease
3. LANDLORD:	Greater Toronto Airports Authority (the "GTAA")
4. TENANT:	Sky Service F.B.O. Inc.
5. ADDRESS OF TENANT:	6932 Vanguard Drive Mississauga, Ontario
6. OPERATING NAME OF TENANT	Sky Service F.B.O. Inc.
7. INDEMNIFIER:	N/A
8. ADDRESS OF INDEMNIFIER:	N/A
9. LOCATION OF LEASED PREMISES:	Area 8
10. RENTABLE AREA OF LEASED PREMISES:	22,052 square metres.
11. TERM OF LEASE:	Twenty-five (25) years.
12. COMMENCEMENT DATE:	November 1, 2000.
13. EXPIRY DATE:	October 31, 2005 for initial term.
14. ANNUAL MINIMUM RENT:	\$123,520.32.
15. AIRPORT MAINTENANCE CHARGE:	\$12,031.20 per annum.
16. SECURITY DEPOSIT:	Three (3) months Minimum Rent.
17. PERMITTED USE OF LEASED PREMISES:	As outlined in Section 11 of the Lease.

The above is a Summary of the basic terms of this Lease. For details of the terms referred to above, recourse should be had to the balance of this Lease. This Summary is for convenience and if a conflict occurs between the provisions of this Summary and the provisions of this Lease, the other provisions of this Lease shall govern.

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**LEASE YZ 3095**

**BETWEEN**

**GREATER TORONTO AIRPORTS AUTHORITY**

**- and -**

**SKY SERVICE F.B.O. INC.  
6932 Vanguard Drive  
Mississauga, Ontario**

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- SCHEDULE "A"- Legal Description of the Lands
- SCHEDULE "B"- Legal Description of the Airport Lands
- SCHEDULE "C"- Diagram of the Lands
- SCHEDULE "D"- Form of Tri-Party Agreement
- SCHEDULE "E"- Transfer Requirements
- SCHEDULE "F"- Non-Disturbance Agreement Requirements

THIS LEASE made as of November 1, 2000,

BETWEEN:

**GREATER TORONTO AIRPORTS AUTHORITY**

(the "Landlord")

- and -

**SKY SERVICE F.B.O. INC.**

(the "Tenant")

**RECITALS:**

1. All capitalized terms used in these recitals shall, unless otherwise defined, have the meaning given such terms in section 1.1.
2. The Landlord has leased the Airport Lands from the Head Landlord pursuant to the Head Lease for the purpose of, among other things, operating the Airport.
3. The Landlord wishes to lease the Premises to the Tenant and the Tenant wishes to lease the Premises from the Landlord on the terms and conditions contained in this Lease.

NOW THEREFORE THIS LEASE WITNESSES that in consideration of the mutual covenants and agreements contained in this Lease and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties) the parties covenant and agree as follows:

**1. INTERPRETATION**

**1.1 Defined Terms**

In this Lease, unless there is something in the subject matter or context inconsistent therewith:

"Act" means the *Commercial Tenancies Act* (Ontario);

"Additional Improvement" means all buildings, structures and other improvements constructed upon or under or affixed to the Lands after the Commencement Date, and any alterations, modifications or replacements to them, but excluding the Tenant's Trade Fixtures, and "Additional Improvements" shall have a corresponding meaning;

"Additional Rent" means all sums of money or charges required to be paid by the Tenant under this Lease in addition to Minimum Rent whether or not designated "Additional Rent" and whether payable to the Landlord or to third parties;

"Affiliate" shall have the meaning given that term in the *Canada Business Corporations Act*;

"Air Navigation Facility" means any navigation, weather, communication or surveillance equipment, electronic landing aids (including, without limitation, visual aids), and other equipment required for air navigation services and any structure the main purpose of

which is to house such equipment, and any antennae, associated cable ducting and telecommunications systems and cables or circuits necessary to ensure the safe and efficient movement of aircraft;

"Airport" means the Toronto Lester B. Pearson International Airport, as same may be altered, diminished, reconstructed or expanded from time to time;

"Airport Construction Code" means the Airport Construction Code promulgated by the Landlord in respect of construction or similar activity at the Airport, as same be amended, restated or supplemented from time to time;

"Airport Lands" means those lands more particularly described in Schedule "B";

"Airport Maintenance Charge" shall have the meaning given that term in section 4.3;

"Airport Regulations" mean all rules, regulations, codes, policies and airport operation bulletins which the Landlord may enact and publish or otherwise supply or notify to the Tenant from time to time regarding all aspects of the Airport's operations, including, without limitation, those contained in the booklet entitled "Lester B. Pearson International Airport - Rules and Regulations", a copy of which shall be given to the Tenant on or prior to the Commencement Date;

"Airside" means:

- a) that part of the Airport Lands designated as "airfield" on the Approved Land Use Plan;
- b) any Apron associated with any Air Terminal Building; and
- c) the airspace above and the ground beneath the areas referred to in paragraphs (a) and (b) immediately above;

"Air Terminal Building" means any building on the Airport Lands used for public and passenger service facilities associated with the transfer of passengers and their baggage from the point of interchange between ground transportation and the building to the point of connection with the aircraft, and with the transfer of connecting and in-transit passengers and their baggage between flights, and includes all bridged gates attached to such building;

"Appraiser" means a Person who is an appraiser accredited under the Appraisal Institute of Canada (or any successor organization, or if such organization does not exist, such other organization which awards recognized accreditation to appraisers as may be designated by the Landlord), who is experienced in appraising properties similar to the Premises and who, as a result, is capable of determining the Market Value;

"Approved Land Use Plan" shall have the meaning given that term in the Head Lease;

"Apron" means that part of the Airport Lands that is intended to accommodate the loading and unloading of passengers and cargo, the refuelling, servicing, maintenance and parking of aircraft and any movement of aircraft, vehicles and pedestrians necessary for those purposes, but does not include any Air Terminal Building or that part of the Airport Lands that is intended to be used for the taking off and landing of aircraft and for the movement of aircraft associated with take-off and landing of aircraft;

"Authorities" means all federal, provincial, municipal and other governmental authorities (including, without limitation, suppliers of public utilities and school boards), departments, boards and agencies having or claiming jurisdiction, and "Authority" shall have a corresponding meaning;

"Business Day" means any day which is not a Saturday, Sunday or a statutory holiday observed in Ontario, and "Business Days" shall have a corresponding meaning;

"Business Taxes" means all taxes, rates, duties, fees and assessments and other charges that may be levied, rated, charged or assessed against or in respect of:

- a) all improvements, equipment and facilities of the Tenant on or in the Premises or any part or parts thereof; and
- b) any and every business carried on or in the Premises or in respect of the use or occupancy thereof by the Tenant or any Transferee,

by any lawful Authority, and any and all taxes which may in future be levied in lieu of any of the foregoing, whether foreseen or unforeseen;

"Capitalization Rate" means the greater of: (a) a rate determined by adding the most recent 12 monthly Bank of Canada 3 to 5 year bond yield rates, as published by the Bank of Canada Review Table F1 and identified as B14010 plus 3%, and dividing the result by 12, and (b) 8%. If at any time there is no such rate established by the Bank of Canada, then the Landlord shall select another equivalent or appropriate rate and such decision shall be conclusive and binding on the Tenant;

"CCDC" means the Canadian Construction Document Committee and its successors and assigns;

"Claims" means claims, losses, damages (direct, indirect, consequential or otherwise), suits, judgments, causes of action, legal proceedings, executions, demands, penalties or other sanctions of every nature and kind whatsoever, whether accrued, actual, contingent or otherwise and any and all reasonable costs arising in connection therewith, including, without limitation, legal fees and disbursements on a solicitor and his own client basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);

"Commencement Date" means the date more particularly described in section 3.1 as being the date on which the Term commences;

"Environment" means the components of the earth and includes:

- (a) the environment or natural environment as defined in any Environmental Law;
- (b) air, land and water;
- (c) all layers of the atmosphere;
- (d) all organic and inorganic matter and living organisms; and
- (e) the interacting natural systems that include components referred to in subclauses (a) to (c);

"Environmental" means matters related directly or indirectly to the Environment;

"Environmental Event" means any of the following events:

- (a) any Release of a Hazardous Substance or any other occurrence or condition at the Premises that could contaminate the Premises or any adjacent property contrary to any Environmental Law or subject the Tenant, any Transferee, the Landlord or the Premises to any fines, penalties, orders, investigations or proceedings under Environmental Laws;



- (b) any Release of a Hazardous Substance at any property adjacent to the Premises that could contaminate the Premises contrary to any Environmental Law or subject the Tenant, any Transferee, the Landlord or the Premises to any fines, penalties, orders, investigations or proceedings under Environmental Laws;
- (c) any charge, order, investigation or notice of violation or non-compliance under any Environmental Laws issued against the Tenant or any Transferee relating to operations at the Premises; and
- (d) any notice, claim, action or other proceeding by any third party against the Tenant or any Transferee or in respect of the Premises concerning the Release or alleged Release of Hazardous Substances at or from the Premises or the Environmental condition of the Premises or the compliance with Environmental Laws of the business of the Tenant or any Transferee;

"Environmental Laws" means any and all Laws now or hereafter in force relating in full or in part to the Environment, Environmental assessment, health, occupational health and safety, or the manufacture, use, transportation, storage, generation, handling, processing, labeling, advertising, sale, display, treatment and Release of Hazardous Substances;

"Event of Default" means any of the following events:

- a) the Tenant fails to pay any Rent reserved by this Lease on the day or dates appointed for the payment thereof and such failure continues for 3 Business Days following written demand for the payment thereof being made by the Landlord;
- b) the Tenant fails to observe or perform any of the terms, covenants, obligations or conditions of this Lease (other than the payment of Rent) to be observed or performed by the Tenant and:
  - i) fails to remedy such breach within 15 days (or such shorter period as may be provided in this Lease) of the receipt by the Tenant of written notice from the Landlord respecting such breach; or
  - ii) if such breach cannot be reasonably remedied within 15 days or such shorter period, the Tenant fails to commence to remedy such breach within 15 days or shorter period or thereafter fails to proceed diligently to 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;
- d) a receiver or a receiver and manager is appointed for all or a substantial portion of the Tenant's property and such appointment is not discharged within 15 days after appointment;
- e) any steps are taken or any actions or proceedings are instituted by the Tenant or by any other party including without limitation any court or Authority having jurisdiction for the dissolution, winding up or liquidation of the Tenant or its assets which steps are not stopped, dismissed or discharged within 15 days of commencement save and except that any steps, actions or proceedings instituted by any Person other than the Tenant which the Tenant, in good faith, is contesting shall not constitute an Event of Default as long as the Tenant continues to pursue such contestation diligently;
- f) the Tenant makes a sale in bulk of all or a substantial portion of its assets, other than in conjunction with a Transfer approved by the Landlord;

- g) this Lease or any substantial portion of the Tenant's assets on the Premises are taken under a writ of execution;
- h) the Tenant enters into a Transfer other than in accordance with the terms of this Lease;
- i) the Premises are abandoned for a period of 15 consecutive days provided that the lack of use of the Premises shall not be deemed to be an abandonment;
- j) any insurance policies covering any part of the Premises or any occupant thereof are actually cancelled or adversely changed as a result of any use or occupancy of the Premises;
- k) any insurance policies covering any part of the Premises or any occupant thereof are threatened to be cancelled or materially adversely changed as a result of any use or occupancy of the Premises and such threat is not rescinded within 2 Business Days following the making of such threat; or
- l) the Tenant fails to pay any amount due under or is otherwise in default of any other obligations under any other agreement between the Landlord (or any affiliate (as that term is defined in the (*Canada Business Corporation Act*)) of the Landlord) and the Tenant, and such failure continues beyond any notice and/or cure period required to be given and actually given by the Landlord or such affiliate to the Tenant pursuant to such other agreement unless (i) the Tenant cures such default within 15 days following written demand by the Landlord, or (ii) the Tenant is *bona fide* disputing the existence of such default;

"Existing Improvement" means all buildings, structures and other improvements upon or under or affixed to the Lands on the Commencement Date, and any alterations, modifications or replacements to them, but excluding the Tenant's Trade Fixtures, and "Existing Improvements" shall have a corresponding meaning;

"Expert" means any architect, engineer, land surveyor, chartered accountant or other professional consultant qualified to perform the specific function for which such person is appointed;

"Facility Alteration Permit" means a permit issued by the Landlord and which grants permission to construct an addition to, or to alter, to replace, to demolish or to remove any Existing Improvement, or to construct an Additional Improvement;

"GST" means the goods and services tax imposed under the *Excise Tax Act* (Canada), and all other goods and services taxes, business transfer taxes, value-added or transaction taxes, sales taxes, multi-stage sales taxes, use or consumption taxes or any other taxes on the Landlord with respect to the Rent which may at any time be imposed by an Authority on or in respect of rental of real property, whether characterized as a goods and services tax, sales tax, value-added tax or otherwise;

"Hazardous Substance" means:

- (a) any contaminants (including, without limitation, contaminants as defined in the *Environmental Protection Act* (Ontario)), pollutants, explosives, radioactive materials, noxious, dangerous, poisonous or corrosive substances or goods, hazardous waste, toxic materials (including, without limitation, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation);
- (b) any other substance or material declared or defined to be hazardous or toxic contaminants in or pursuant to any Laws;
- (c) any other substance or material the storage, manufacture, disposal, treatment, generation, use, transport, remediation or Release into the Environment of which

is now or hereafter prohibited, controlled or regulated under Environmental Laws and "substance" includes any sound, vibration, heat, radiation or other form of energy; and

- (d) all other materials and substances which may cause an adverse effect (as that term is defined in the *Environmental Protection Act* (Ontario));

"Head Landlord" means Her Majesty the Queen in Right of Canada, as represented by the Minister of Transport;

"Head Lease" means that certain lease dated December 2, 1996 between the Head Landlord, as landlord, and the Landlord, as tenant, pursuant to which the Head Landlord leased the Airport Lands to the Landlord, as same may be amended, restated or supplemented from time to time;

"IBC" means the Insurance Bureau of Canada and its successors and assigns;

"Injury" means, without limitation, bodily injury, personal injury, personal discomfort, mental anguish, shock, serious sickness, disease, death, false arrest, detention or imprisonment, malicious prosecution, libel, slander, defamation of character, invasion of privacy, wrongful entry or eviction and discrimination, or any of them, as the case may be;

"Landlord's Covenants" means all of the terms, covenants and conditions of this Lease on the part of the Landlord to be observed and performed;

"Landlord's Employees" means the Landlord's directors, officers, employees, servants, agents and those other Persons for whom the Landlord is responsible at law;

"Lands" means the lands described in Schedule "A" and as outlined in red on Schedule "C";

"Laws" means all laws, statutes, ordinances, regulations, by-laws, directions, orders, rules, requirements, policies and guidelines having the force of law of all Authorities, and "Law" shall have a corresponding meaning.

Without limiting the generality of the foregoing, Laws shall include:

- (a) all relevant laws, by-laws, regulations, directives and rules having the force of law in relation to health, safety, environmental protection, sanitation, good order, security, fire precautions and fire prevention, traffic control, and operation and maintenance;
- (b) all local police, health or fire regulations or by-laws and other regulations now or hereafter in force or made by fire insurance underwriters; and
- (c) the Airport Regulations and the Airport Construction Code;

including any amendments thereto from time to time;

"Lease" means this document and the Schedules attached to it as originally signed and delivered and as amended from time to time;

"Leasehold Improvements" means all leasehold improvements to the Premises as determined at common law, but excluding Trade Fixtures;

"Leasehold Mortgage" means any mortgage granted by the Tenant in accordance with Article 14, whether by way of assignment, sublease, debenture or otherwise, to any of the following:

- a) a bank licensed to do business in Canada under the *Bank Act* (Canada);
- b) a trust corporation or a loan corporation licensed to do business in Ontario under the *Loan and Trust Corporations Act* (Ontario);
- c) a loan company licensed to do business in Canada under the *Loan Companies Act* (Canada);
- d) a trust company licensed to do business in Canada under the *Trust Companies Act* (Canada);
- e) an insurance company subject to and governed by the *Canadian and British Insurance Companies Act* (Canada);
- f) an insurance company subject to and governed by the provisions of any provincial legislation respecting insurance companies and the investments and loans made by them; or
- g) such other Person as the Landlord may approve, which approval shall not be unreasonably withheld;

"Leasehold Mortgage" means the permitted holder or holders of any Leasehold Mortgage;

"Lease Year" means a period of 12 months commencing on the first day of January in each year except that:

- a) the first Lease Year begins on the Commencement Date and ends on the last day of the calendar year in which the Commencement Date occurs; and
- b) the last Lease Year of the Term begins on the first day of the calendar year during which the last day of the Term occurs and ends on the last day of the Term,

provided that the Landlord may, from time to time, by written notice to the Tenant specify an annual date upon which each subsequent Lease Year is to commence, in which event the Lease Year which would otherwise be current when such annual date first occurs shall terminate on the day preceding such date and appropriate adjustments of Rent resulting from any Lease Year being shorter or longer shall be made;

"Market Value" means the amount of money the Premises (excluding the Existing Improvements, the Additional Improvements and the Leasehold Improvements) might be expected to realize if sold on the open market, assuming for the purpose of such calculation that:

- a) neither the Landlord nor the purchaser is under any compulsion to sell or buy;
- b) a reasonable time is permitted to find a willing purchaser; and
- c) the Premises may be used for their highest and best permitted use;

"Market Value Appraisal" means a written opinion of an Appraiser of the Market Value as at a date not more than 210 days prior to the relevant Rent Adjustment Date;

"Minimum Rent" means:

- a) for the first 5 years of the Term, the annual amount set out in section 4.1;
- b) for each 12 month period immediately following a Rent Adjustment Date until the next following Rent Adjustment Date, an annual amount equal to the product obtained by multiplying the Market Value (determined as at a date not more than

210 days prior to such Rent Adjustment Date) by the Capitalization Rate (determined as at a date not more than 210 days prior to such Rent Adjustment Date);

"Mortgage" means any mortgage, charge or security instrument of any nature or kind which may now or in the future affect the Landlord's leasehold interest under the Head Lease or in all or any part of the Airport Lands;

"Mortgagee" means the mortgagee, chargee, secured party or trustee for bond-holders, as the case may be, named in a Mortgage;

"NavCan" means Nav Canada and its successors and assigns, or such other Person who is responsible from time to time for the operation of the air navigation system serving the Airport;

"Operating Costs" means all costs and expenses actually incurred in each Lease Year by or on behalf of the Landlord, without duplication, and amounts paid by or on behalf of the Landlord with respect to and for the complete operation, maintenance and repair of those areas designated by the Landlord from time to time as comprising the common-use areas of the Airport's industrial/commercial infrastructure, together with an annual administrative fee equal to 15% of such costs (excluding insurance costs). For greater certainty, there will be no administrative fee on Real Property Taxes;

"Permitted Uses" shall have the meaning given that term in section 11.1;

"Person" means an individual, a sole proprietorship, a corporation, a limited partnership, a general partnership, a trust, a joint stock company, a firm, a joint venture, an association, a syndicate, a bank, a trust company, an Authority and any other legal or business entity, and "Persons" shall have a corresponding meaning;

"Personal Property" means personal property of every nature and kind, including, without limitation, all goods, chattels, trade fixtures, furniture, equipment, inventory, stock-in-trade, chattel paper, accounts, instruments, money, documents of title, supplies, securities, accounts receivable, book debts and intangibles;

"Premises" means the Lands, the Existing Improvements, the Additional Improvements and the Leasehold Improvements provided, however, that for the purposes of the grant in section 2.1, "Premises" shall not include the Existing Improvements, the Additional Improvements and the Leasehold Improvements;

"Prime Rate" means the rate of interest per annum established and quoted from time to time by such Canadian chartered bank designated from time to time by the Landlord as its reference rate of interest for the determination of interest rates that it charges customers of varying degrees of credit-worthiness for Canadian dollar loans to Canadian Customers made by it in Toronto, Ontario;

"Real Property Taxes" means:

- a) all real property taxes, including local improvement rates, levies, commercial concentration levies, rates, duties and assessments whether general or special, ordinary or extraordinary, foreseen or unforeseen, which may be levied or assessed by any lawful Authority against the Premises or any part thereof and any taxes or other amounts which are imposed instead of, or in addition to, any of the foregoing (whether of the foregoing character or not or whether in existence at the date that this Lease was executed);
- b) all reasonable costs and expenses incurred by or on behalf of the Landlord for consulting, appraisal, legal and other professional fees and expenses to the extent they are incurred in an attempt to minimize or reduce the amounts described in paragraph (a); and

- c) any and all penalties, late payment or interest charges imposed by an Authority as a result of the Tenant's late payment of any of the amounts described in paragraph (a) or any instalments thereof, as the case may be, but shall not include any such penalties, late payment or interest charges resulting from the Landlord's late payment of such amounts,

and any and all taxes which may in future be levied in lieu of any of the foregoing, whether foreseen or unforeseen;

"Release" has the meaning prescribed in any Environmental Law and includes, without limitation, any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement;

"Rent" means all Minimum Rent and Additional Rent payable by the Tenant pursuant to this Lease;

"Rent Adjustment Date" means a date, the first of which shall occur on the fifth anniversary of the Commencement Date and each subsequent one occurring every 5 years thereafter;

"Schedules" means the schedules attached to this Lease and which are more particularly described in section 1.2, and "Schedule" shall have a corresponding meaning;

"Security Deposit" means the deposit described in section 21.1;

"Surrender Date" shall have the meaning given that term in section 3.1;

"Tenant's Covenants" means all of the terms, covenants and conditions of this Lease on the part of the Tenant to be observed and performed;

"Tenant's Employees" means the Tenant's employees, agents, contractors, subcontractors and those other Persons for whom the Tenant is in law responsible;

"Term" means the term of this Lease as set out in section 3.1, any extended or renewal term and any overholding period;

"Trade Fixtures" means trade fixtures as determined at common law and includes all personal chattels installed and attached in any manner to the Premises (other than by their own weight) at any time during the Term by or on behalf of the Tenant or a Transferee for the purpose of allowing the Tenant or the Transferee, as the case may be, to carry on their respective activities in the Premises;

"Transfer" means any of:

- a) an assignment of this Lease by the Tenant in whole or in part, except by way of security only to a Leasehold Mortgagee;
- b) any arrangement, written or oral, whether by sublease, licence or otherwise, whereby rights to use space within the Premises are granted to any Person (other than the Tenant) from time to time, which rights of occupancy are derived through or under the interest of the Tenant under this Lease, but excluding subleases by way of security only to a Leasehold Mortgagee; and
- c) a mortgage or other encumbrance of this Lease or of all or any part of the Premises, or any interest therein, except by way of security only to a Leasehold Mortgagee;

"Transferee" means any Person deriving rights through a Transfer; and

"Transfer Requirements" means the requirements of the Head Landlord regarding Transfers as expressed in section 18.02.01 of the Head Lease, a copy of which is attached as Schedule "E".

Certain terms which have been defined within specific Articles of this Lease for use within such Articles are not referred to above.

## 1.2 Schedules

The Schedules to this Lease are as follows:

Schedule "A" -	Legal Description of the Lands
Schedule "B" -	Legal Description of the Airport Lands
Schedule "C" -	Diagram of the Lands
Schedule "D" -	Form of Tri-Party Agreement
Schedule "E" -	Transfer Requirements
Schedule "F" -	Non-Disturbance Agreement Requirements

The Schedules are incorporated into and form an integral part of this Lease.

## 1.3 Agreement to Act Reasonably

Whenever a party is required or entitled to make a determination (including whether or not to give its consent), opinion, designation, calculation, estimate, conversion or allocation under this Lease, such party shall (unless this Lease specifically provides to the contrary) act reasonably and in good faith and not unduly or unreasonably delay the making of such determination, opinion, consent, designation, calculation, estimate, conversion or allocation. In determining whether or not the Landlord has acted reasonably, such determination shall be made in light of the Landlord's obligation to operate the Airport in accordance with the Head Lease. If a party refuses to provide its consent when requested to do so, it shall provide the other party with the reasons for its refusal at the same time as it advises the other party that it refuses to provide its consent.

## 1.4 Actions of the Landlord

In exercising any of its rights under this Lease or in performing any of the Landlord's Covenants, the Landlord may do so through the use of such of its employees, contractors, Experts and agents as it, acting reasonably, considers appropriate in the circumstances provided that such employees, contractors, Experts and agents identify themselves as such to the Tenant's satisfaction, acting reasonably.

## 2. **PREMISES**

### 2.1 Premises

The Landlord hereby demises and leases the Premises to the Tenant and the Tenant hereby leases the Premises from the Landlord on the terms and conditions contained in this Lease.

### 2.2 Limitations and Reservations

- a) The Landlord's lease of the Premises to the Tenant in section 2.1 is subject to:
- i) the state of title of the Premises as of the Commencement Date;
  - ii) any easement, licence, right of way or any other right the Landlord or the Head Landlord may have given to a Person prior to the Commencement Date;

- iii) the terms of and continued existence of the Head Lease; and
  - iv) any state of fact which an accurate survey or a comprehensive physical inspection of the Premises might show.
- b) The Landlord shall be entitled, on written notice to the Tenant, to grant easements, licenses, rights of way or any other rights to others for the development, use or enjoyment of any part of the Airport, but no such grant shall materially adversely interfere with the Tenant's use of the Premises for the Permitted Uses.
- c) Within 25 days of written demand being made by the Landlord, the Tenant shall grant the Landlord (without payment or other compensation) such licenses or rights as the Landlord may require for the development, use and enjoyment of any part of the Airport, but no such licenses or rights shall materially adversely interfere with the Tenant's use of the Premises for the Permitted Uses. The Tenant irrevocably appoints the Landlord its attorney to do, sign, execute and endorse in the name of the Tenant all documents and other instruments as the Landlord deems necessary or desirable in order to grant such licenses and rights. Such power of attorney shall only be exercised by the Landlord if the Tenant has improperly failed to sign such licenses or rights within the 25 day period referred to above.

2.3 Access

- a) The Tenant, the Tenant's Employees and Persons having business with the Tenant in connection with the Permitted Uses (the "Tenant's Invitees") shall have the non-exclusive and non-transferrable (except in conjunction with a Transfer permitted by the terms of this Lease) right of ingress and egress over the roadways on the Airport Lands which are available for use by the general public. Such right shall be subject to all rules, regulations and policies established by the Landlord from time to time, including, without limitation, the Airport Regulations.
- b) If, on the Commencement Date, there is a direct access from the Premises to the Airport's taxiway system, the Tenant and the Tenant's Invitees may use such access. Such use shall be subject to the Tenant and the Tenant's Invitees complying with the Airport Regulations.

2.4 Examination and Acceptance

The Tenant acknowledges and agrees that it:

- a) has examined the Premises prior to executing this Lease and that it accepts the Premises on an "as is" basis;
- b) has satisfied itself that the Landlord is entitled to enter into this Lease with the Tenant;
- c) has satisfied itself with the state of the zoning of the Lands and has satisfied itself that the zoning will permit the Tenant to use the Premises for the Permitted Uses; and
- d) it is not relying upon any representation or assurances given by the Landlord in respect of any of the foregoing matters save and except as set out in section 20.2.

3. **TERM**

3.1 Term

The Term of this Lease shall be a period of twenty-five (25) years commencing on November 1, 2000 (the "Commencement Date") and expiring on October 31, 2025, subject to



earlier termination or extension in accordance with the terms of this Lease (such date, or such other date to which the original Term is extended or on which the Lease is earlier terminated, being called the "Surrender Date").

3.2 Intentionally Deleted

3.3 Surrender

The Tenant shall, on the Surrender Date or on the sooner termination of the Term, peaceably and quietly surrender and deliver vacant possession of the Premises to the Landlord in the condition and state of repair that they were required to be maintained during the Term including, without limitation, as required in accordance with section 8.1.

3.4 Removal and Restoration by Tenant

- a) All Existing Improvements, Additional Improvements and Leasehold Improvements shall immediately become the property of the Landlord without compensation to the Tenant upon the expiration or earlier termination of this Lease.
- b) The Landlord may give the Tenant written notice at any time prior to the Surrender Date requiring the Tenant to remove from the Premises the Existing Improvements, Additional Improvements and Leasehold Improvements specified in such written notice from the Landlord (the "Specified Improvements"). Upon receiving such notice, the Tenant shall remove the Specified Improvements within 30 days following the end of the Term. In removing the Specified Improvements, the Tenant shall make good any damage to the Premises caused by such removal and leave same in a clean and tidy condition and, if applicable, leave the area in which the Specified Improvements stood filled, levelled, cleared and compacted to the satisfaction of the Landlord. To the extent that the Tenant requires access to the Premises following the expiration or earlier termination of the Term for the purpose of carrying out its obligations in this section 3.4, the Tenant shall be permitted such access, which access shall be on a non-exclusive basis.
- c) On the Surrender Date or earlier termination of the Term, the Tenant shall remove from the Premises all Trade Fixtures and Personal Property and repair all damage to the Premises caused by such removal. Despite the foregoing, the Tenant shall not remove any Trade Fixtures or Personal Property if it is in default of any the Tenant's Covenants, unless the Landlord gives written notice to the Tenant requiring or permitting the Tenant to do so.
- d) Any Trade Fixtures and Personal Property remaining on the Premises after the Surrender Date or earlier termination of the Term shall be deemed to have been abandoned by the Tenant and the Landlord may, at the Tenant's risk and expense, remove and dispose of them (by private or public sale and on such terms as the Landlord in its sole and absolute discretion may choose to accept, which terms need not be commercially reasonable), destroy them, retain them, convey them to a new tenant or otherwise deal with them in such manner as the Landlord determines in its sole and absolute discretion, all without any obligation, compensation or duty to account to the Tenant. The Landlord may also remove such items from the Premises and store them at the Tenant's risk and expense. In all cases, the Tenant shall repair and restore and save the Landlord harmless from all damage to the Premises caused by the removal of such items from the Premises.
- e) Subject to section 10.11, at the end of the Term, the Tenant shall remove from the Premises, at its sole cost and expense, all Hazardous Substances which may have been placed on, brought or Released onto or into the Premises during the Term (unless brought onto or into the Premises by the Landlord or the Landlord's Employees). The Tenant shall make good any damage caused to the Premises by the removal of such Hazardous Substances at its sole cost and expense.

3.5 Survival of Obligations

a) If the Tenant is in default of any of the Tenant's Covenants at the time this Lease expires or is terminated:

- i) the Tenant shall remain fully liable for the failure to perform such Tenant's Covenants; and
- ii) all of the Landlord's rights and remedies in respect of such failure shall remain in full force and effect,

all of which shall be deemed to have survived such expiration or termination of this Lease.

b) Regardless of the expiry or earlier termination of this Lease:

- i) every indemnity, exclusion or release of liability and waiver of subrogation contained in this Lease or in any of the Tenant's or Landlord's insurance policies; and
- ii) those provisions of this Lease which are intended to have effect beyond the end of the Term,

shall survive the expiration or termination of this Lease and continue in full force and effect.

3.6 Overholding

Upon the expiration of this Lease by the passage of time and the Tenant remaining in possession of the Premises:

- a) there shall be no implied renewal or extension of this Lease;
- b) if the Landlord consents in writing to the Tenant remaining in possession, the Tenant shall be deemed, despite any statutory provision or legal assumption to the contrary, to be occupying the Premises as a monthly tenant, which monthly tenancy may be terminated by either party on 30 days written notice to the other, which 30 day period need not end on the last day of a calendar month;
- c) if the Landlord does not consent in writing to the Tenant remaining in possession, the Tenant shall be deemed, despite any statutory provision or legal assumption to the contrary, to be occupying the Premises as a tenant at the will of the Landlord, which tenancy may be terminated at any time by the Landlord without the necessity of any notice to the Tenant;
- d) the Tenant shall occupy the Premises on the same terms and conditions as are contained in this Lease, save and except that:
  - i) the Term and the nature of the tenancy shall be as set out in section 3.6(b) or (c), as the case may be;
  - ii) the Minimum Rent payable by the Tenant shall be paid monthly at a rate equal to twice the amount of monthly Minimum Rent which it was responsible for paying during the last 12 months of the Term;
  - iii) the Airport Maintenance Charge payable by the Tenant shall be paid monthly at a rate equal to twice the amount of the monthly Airport Maintenance Charge which it was responsible for paying during the last 12 months of the Term; and

- iv) the Tenant shall not be entitled to take the benefit of any rights of renewal or rights to extend, rights of first refusal, options to purchase, or any other rights personal to the Tenant and which may be contained in this Lease; and
- e) the Tenant shall be estopped and forever barred from claiming any right to occupy the Premises on terms other than those set out in this section and the Landlord may plead this section in any court proceedings.

The Tenant shall indemnify and save harmless the Landlord from all Claims incurred by the Landlord as a result of the Tenant remaining in possession of all or any part of the Premises following the expiry of the Term save and except for Claims resulting from or based upon the negligence or wilful misconduct of the Landlord or the Landlord's Employees. Nothing in this section shall be interpreted as permitting or giving the Tenant an option to stay in possession of the Premises following the expiry of the Term and the Tenant shall surrender the Premises to the Landlord in accordance with its obligations in section 3.3.

#### 4. RENT

##### 4.1 Minimum Rent

Until adjusted in accordance with section 4.2, the Tenant shall pay yearly and every year during the Term to the Landlord without notice or demand, Minimum Rent as follows:

<u>Annual Minimum Rent</u>	<u>Monthly Minimum Rent</u>
\$123,520.32	\$10,293.36

The Minimum Rent is to be paid in advance, in equal monthly instalments on the first day of each and every month during the Term.

##### 4.2 Adjustments to Minimum Rent

- a) Within 180 days prior to each Rent Adjustment Date, the Landlord shall deliver to the Tenant a written notice (the "Revision Notice") containing the following information:
  - i) the Minimum Rent for the 5 year period following the next subsequent Rent Adjustment Date (such Minimum Rent being called the "Revised Rent");
  - ii) the Market Value Appraisal (the "Landlord's Appraisal") which the Landlord used to calculate the Revised Rent; and
  - iii) the Capitalization Rate which the Landlord used to calculate the Revised Rent, and a summary of the information which the Landlord used to calculate such Capitalization Rate.
- b) The Tenant may dispute the Revised Rent by:
  - i) delivering to the Landlord, within 15 days of the Tenant receiving the Revision Notice, a notice disputing the Revised Rent (the "Dispute Notice"); and
  - ii) delivering to the Landlord, within 60 days of the Tenant receiving the Revision Notice, a Market Value Appraisal (the "Tenant's Appraisal").

If the Tenant fails to deliver either the Dispute Notice or the Tenant's Appraisal within the time periods set out immediately above for delivering same, the Tenant shall be deemed to have accepted the Revised Rent.

- c) If the Tenant delivers the Dispute Notice and the Tenant's Appraisal within the time periods set out in section 4.2(b), the Landlord shall cause the Appraiser which it retained to prepare the Landlord's Appraisal (the "Landlord's Appraiser") to meet with the Appraiser which the Tenant retained to prepare the Tenant's Appraisal (the "Tenant's Appraiser"), and the Tenant shall cause the Tenant's Appraiser to meet with the Landlord's Appraiser, all within 15 days following the date that the Tenant delivered the Tenant's Appraisal to the Landlord. The Landlord's Appraiser and the Tenant's Appraiser shall meet and endeavour to agree upon the Market Value. If, within 20 days following the date that the Tenant delivered the Tenant's Appraisal to the Landlord (the "Negotiation Period"), the Landlord's Appraiser and the Tenant's Appraiser are able to agree upon the Market Value (the "Agreed Upon Value"), then the Agreed Upon Value shall be used to determine the Minimum Rent for the 5 year period following the relevant Rent Adjustment Date.
- d) If the Landlord's Appraiser and the Tenant's Appraiser are unable to agree upon the Market Value within the Negotiation Period, then within 10 days following the expiry of the Negotiation Period, the Landlord and the Tenant shall select and agree upon an Appraiser, independent of both the Landlord and the Tenant, who shall be instructed to determine the Market Value. The Appraiser so agreed upon shall proceed to determine the Market Value and shall be instructed to render its decision within 60 days following the date of its appointment. The decision of the Appraiser as to the Market Value shall be conclusive and binding on the parties and not subject to any contestation or appeal and shall be used to determine the Minimum Rent for the 5 year period following the relevant Rent Adjustment Date.
- e) If the Landlord and the Tenant are unable to agree upon an Appraiser within such 10 day period, then either party may apply to a judge of the Ontario Court (General Division) to appoint an Appraiser pursuant to Rule 14.05(3)(d) and Rule 14.05(3)(h) of the Rules of Civil Procedure (Ontario). The Appraiser so appointed shall proceed to determine the Market Value and shall be instructed to render its decision within 60 days following the date of its appointment. The decision of such Appraiser as to the Market Value shall be conclusive and binding on the parties and not subject to any contestation or appeal and shall be used to determine the Minimum Rent for the 5 year period following the relevant Rent Adjustment Date.
- f) The Appraiser selected or appointed pursuant to section 4.2(d) or (e), as the case may be, shall be given copies of the Landlord's Appraisal and the Tenant's Appraisal within 3 days of its appointment. The costs of such Appraiser, and the costs of any court application made pursuant to section 4.2(e) (save and except for each parties' legal fees and other internal costs, which shall be the responsibility of such party), shall be paid for by the Tenant and within 30 days of the Tenant delivering evidence of the payment of such costs to the Landlord, the Landlord shall reimburse the Tenant for 50% of such costs.
- g) If the Minimum Rent for any 5 year period following a Rent Adjustment Date (the "New Rent") has not been determined by the Rent Adjustment Date, then, until such time as the New Rent has been determined, the Minimum Rent payable by the Tenant shall be equal to the Revised Rent. Upon the New Rent being determined in accordance with sections 4.2(a) to (f), the parties shall make all necessary and appropriate adjustments within 15 days of the date that the New Rent is so determined. If the New Rent is:
  - i) more than the Revised Rent, the Tenant shall pay to the Landlord within 15 days following the determination of the New Rent, the resulting shortfall in the monthly instalments of Minimum Rent paid by the Tenant since the Rent Adjustment Date; or
  - ii) less than the Revised Rent, then the Tenant shall apply against the next succeeding monthly instalment, or instalments, if necessary, of Minimum Rent, the full amount of the resulting aggregate excess in the monthly instalments of Minimum Rent paid by the Tenant since the Rent Adjustment Date.

- h) Regardless of the preceding provisions of this section 4.2, in no event shall the annual Minimum Rent for any 5 year period following a Rent Adjustment Date be less than the annual Minimum Rent payable during the 5 year period immediately preceding such Rent Adjustment Date.

4.3 Airport Maintenance Charge

- a) During the Term the Tenant shall pay to the Landlord, as Additional Rent, the Tenant's proportionate share of the Operating Costs (the "Airport Maintenance Charge"). The Tenant's proportionate share shall be established following the Commencement Date in accordance with the Landlord's policy for allocating Operating Costs. Until such time as such proportionate share is established, the annual Airport Maintenance Charge shall be \$12,031.20 (or \$1,002.60 per month) representing \$0.60 per square metre of the Lands per year. The Airport Maintenance Charge shall be paid in advance, in equal monthly instalments on the first day of each and every month during the Term.
- b) The Operating Costs for each Lease Year shall be estimated by the Landlord and the Airport Maintenance Charge for such Lease Year shall be based on such estimate. The Landlord shall advise the Tenant in writing of its estimate of the Operating Costs for each Lease Year prior to the beginning of each Lease Year or within 120 days after the beginning of each Lease Year and the Airport Maintenance Charge for such Lease Year shall be determined on the basis of such estimate. Until such time as the Landlord advises the Tenant of its estimate of the Operating Costs for a Lease Year, the monthly instalments of the Airport Maintenance Charge shall be the same as for the immediately preceding Lease Year. If the Landlord provides its estimate of the Operating Costs for a Lease Year to the Tenant after the beginning of a Lease Year, and such estimate is:
  - i) more than the estimate for the previous Lease Year, the Tenant shall pay to the Landlord with the next monthly instalment of the Airport Maintenance Charge, the deficiency in the monthly payments of the Airport Maintenance Charge for the current Lease Year; or
  - ii) less than the estimate for the previous Lease Year, the overpayment on account of the Airport Maintenance Charge for the current Lease Year shall be deducted from the next monthly instalment of the Airport Maintenance Charge.
- c) Intentionally Deleted.
- d) Within 120 days following the end of each Lease Year, the Landlord shall deliver to the Tenant a statement of the actual Operating Costs and the Airport Maintenance Charge for such Lease Year, which statement shall contain such information as is reasonably required to verify the manner in which such Operating Costs and Airport Maintenance Charge were calculated and that the calculation of the Operating Costs and the Airport Maintenance Charge is in accordance with this Lease (the "Operating Costs Statement") and, if necessary, an adjustment shall be made between the parties. The Operating Costs Statement shall be conclusive and binding upon the Tenant and not subject to any appeal or contestation, subject to manifest error.
- e) If the Airport Maintenance Charge paid by Tenant for a Lease Year is more than the Airport Maintenance Charge actually payable by it for such Lease Year (the difference being called the "Excess") and if the Tenant is not in default of the Tenant's Covenants, the Excess will be:
  - i) applied by the Landlord against the next succeeding monthly instalments of the Airport Maintenance Charge; or
  - ii) in case of the last Lease Year, refunded by the Landlord to the Tenant within 30 days after the expiration of the Term.

If the Tenant is in default of the Tenant's Covenants, then the Landlord shall add the Excess to the Security Deposit, if any.

- f) If the Airport Maintenance Charge paid by the Tenant for a Lease Year is less than the Airport Maintenance Charge actually payable by it for such Lease Year (the difference being called the "Deficiency"), the Tenant shall pay the Deficiency within 30 days of receiving the Operating Costs Statement.

#### 4.4 Adjusted Rent

If the Term commences on a day other than the first day of the month or ends on any day other than the last day of the month, the Rent for the fraction of the month at the commencement or end of the Term shall be adjusted pro rata on a daily basis.

#### 4.5 Additional Rent Treated as Minimum Rent

Additional Rent shall be recoverable as Minimum Rent, and the Landlord shall have all rights against the Tenant for default in any such payment as in the case of arrears of Minimum Rent.

#### 4.6 Accrual of Rent

Rent shall be considered as accruing from day to day hereunder from the Commencement Date, and where it becomes necessary for any reason to calculate Rent for an irregular period of less than 1 year or less than 1 calendar month, then appropriate apportionment and adjustment shall be made on a per diem basis based upon a period of 365 days.

#### 4.7 Currency and Place of Payment

All Rent payable to the Landlord shall be paid by the Tenant to the Landlord in lawful currency of Canada at the address specified in section 23.1, unless or until otherwise notified by the Landlord in writing.

#### 4.8 Rental Arrears

- a) If the Tenant fails to pay when due any amount of Rent required to be paid pursuant to this Lease, such Rent shall bear interest at a rate per annum equal to the Prime Rate plus 5%, calculated and compounded monthly. Interest calculated as aforesaid shall only be payable by the Tenant upon demand being made by the Landlord.
- b) If any cheque given by the Tenant to the Landlord in payment of Rent is refused payment by the Tenant's bank for any reason, the Tenant shall immediately replace such cheque with cash or a certified cheque or bank draft and, in addition, shall pay, as Additional Rent, the sum of \$100.00 (plus GST) as a service charge to the Landlord immediately upon demand being made by the Landlord.

#### 4.9 No Joint Venture

It is expressly agreed between the parties that there is no intention to create a joint venture, partnership or any other relationship between the parties, other than that of landlord and tenant, and the Tenant shall make no assertion or representation to the contrary.

#### 4.10 Intentionally Deleted

#### 4.11 No Set-Off

All Rent shall be paid by the Tenant without set-off, abatement, or deduction for any cause whatsoever and the Tenant expressly waives the benefits of section 35 of the Act and any present or future act or statute permitting the Tenant to claim a set-off, abatement, or deduction against or from Rent for any cause whatsoever.

#### 4.12 Net Lease

This Lease is a completely carefree and absolutely net lease to the Landlord. Except as otherwise stated in this Lease, the Landlord is not responsible during the Term for any costs, charges, expenses, taxes (except the Landlord's income taxes) or outlays of any nature or kind (extraordinary or ordinary) whatsoever arising from or relating to the:

- a) Premises and their contents;
- b) the use and occupancy of the Premises; and
- c) the business carried on in the Premises,

and the Tenant shall be solely responsible for same. For greater certainty, any amount and any obligation with respect to the Premises which is not expressly declared in this Lease to be the Landlord's responsibility shall be the sole responsibility of the Tenant.

### 5. TAXES

#### 5.1 Business Taxes of Tenant

The Tenant shall, on or before their due date, pay to the relevant Authorities, as Additional Rent, all Business Taxes. The Tenant shall, upon request of the Landlord from time to time, deliver to the Landlord for inspection, receipts for payment of all Business Taxes and will furnish such other information in connection therewith as the Landlord may reasonably require.

#### 5.2 Real Property Taxes

- a) The Tenant shall, on or before their due date, pay to the relevant Authorities, as Additional Rent, all Real Property Taxes.
- b) The Tenant shall provide the Landlord, within 30 days after receipt by the Tenant, a copy of all bills and assessment notices for the Real Property Taxes and shall promptly deliver to the Landlord receipts evidencing the payment of all Real Property Taxes and furnish such other information in connection therewith as the Landlord reasonably requires.

#### 5.3 Alternate Methods of Taxation

If, during the Term, the method of taxation is altered so that the whole or any part of the Real Property Taxes now levied, rated, assessed or imposed on real estate and improvements are levied, assessed, rated or imposed wholly or partially as a capital levy or on the rents received or otherwise, or if any tax, assessment, levy, imposition or charge, in lieu thereof shall be imposed upon the Landlord, then all such taxes, assessments, levies, impositions and charges shall be included within the Tenant's obligation to pay the Real Property Taxes as set out in Article 5.

#### 5.4 Pro-Rata Adjustment

If any taxation year during the Term of this Lease is less than 12 calendar months, the Tenant's obligation to pay the Real Property Taxes shall be subject to a per diem pro-rata adjustment.

#### 5.5 GST

The Tenant shall pay to the Landlord all GST payable on the Rent (including, without limitation, accelerated Rent), which payment shall be made at the same time as the Rent to which the GST relates is to be paid in accordance with the terms of this Lease. Regardless of any other provision of this Lease to the contrary, the amounts payable by the Tenant under this section shall be deemed not to be Rent, but the Landlord shall have all of the same remedies for and

rights of recovery for such amounts as it has for the recovery of Rent under this Lease, including, without limitation, the right to distrain against the Tenant's property.

#### 5.6 Capital Tax

The Landlord represents and warrants that on the date that the parties sign this Lease, the Landlord is not responsible or liable for the payment of Capital Taxes. If at any time during the Term the Landlord becomes responsible or liable for the payment of Capital Taxes, the Tenant shall pay to the Landlord, or as the Landlord may direct, all Capital Tax within 15 days following the date that the Landlord advises the Tenant of the Capital Tax payable. For the purposes of this section, "Capital Tax" means an amount imputed (on the assumption that the Airport is the Landlord's only asset) by the Landlord to the Premises in respect of taxes, rates, duties and assessments presently or hereafter levied, rated, charged or assessed from time to time upon the Landlord and payable by the Landlord (or by any corporation on behalf of the Landlord) on account of its or their capital. Capital Tax shall be imputed based on the amount allocated by the Landlord, acting reasonably, amongst all users and occupants of the Airport. Capital Tax also means the amount of any capital or place of business tax levied by any government or other applicable taxing authority against the Landlord with respect to the Premises whether known as Capital Tax or by any other name.

### 6. UTILITIES

#### 6.1 Utility Rates

In each and every year during the Term, the Tenant shall pay, as Additional Rent, and discharge when due all rates, charges and costs for all utilities and services supplied to the Premises, including, without limitation, water, gas and electricity (collectively, "Utilities"). The Tenant shall indemnify and keep indemnified the Landlord and the Premises from and against any and all Claims in respect thereof.

#### 6.2 Connections

The Tenant shall, at its cost, be solely responsible for the installation and maintenance of and for all alterations to any connecting system providing Utilities to the Premises, including, when supplied, the Landlord's water, sanitary sewage and storm sewage, to the point of connection designated by the Landlord.

#### 6.3 Non-Liability of the Landlord

The Landlord shall not be liable for any damages, direct or indirect, resulting from or contributed to by any interruption, cessation of or failure in the supply of any Utilities to the Premises, regardless of the reason for such interruption, cessation or failure except to the extent caused by the negligence or wilful misconduct of the Landlord or the Landlord's Employees. The Tenant shall indemnify and save the Landlord harmless from and against any and all Claims (including, without limitation, Claims for personal discomfort or illness of the Tenant or any Persons permitted by it to be on the Premises) by reason of any such interruption, cessation or failure except to the extent caused by the negligence or wilful misconduct of the Landlord or the Landlord's Employees.

#### 6.4 Landlord's Supply of Utilities

The Landlord shall be under no obligation to furnish or supply Utilities to the Premises. If, however, the Landlord elects to supply any Utilities to the Premises, the Tenant shall purchase such Utilities from the Landlord during such period of time as the Landlord elects to supply such Utilities to the Premises in accordance with a separate supply agreement to be entered into by the Landlord and the Tenant which shall provide for the supply of such Utilities at reasonably competitive rates.



7. **ADDITIONAL IMPROVEMENTS**

7.1 Alterations

a) The Tenant will not make any Additional Improvements or any alterations, repairs or replacements to the Existing Improvements (collectively, "Alterations") without first obtaining the Landlord's written consent. The Landlord's consent shall be evidenced by the issuance of a Facility Alteration Permit.

b) Prior to commencing any Alterations, the Tenant shall submit to the Landlord:

i) details of the proposed Alterations, including, without limitation, plans, drawings and specifications prepared by qualified Experts and such other information relating to the Alterations as may be requested by the Landlord (collectively, the "Plans"). If the Tenant makes any alterations or changes to the Plans for any reason whatsoever, it shall submit the revised Plans to the Landlord and obtain the Landlord's consent to such alterations or changes prior to proceeding with any work based upon such alterations or changes;

ii) evidence, satisfactory to the Landlord, that the Tenant has obtained an assignment to and irrevocable licence in favour of the Landlord of the copyright in the Plans from the copyright owner of the Plans. The agreement providing such assignment and license shall expressly state that the said owner shall not hold the Landlord responsible for any costs incurred or to be incurred in connection with the preparation of the Plans or their subsequent use by the Landlord and that the Landlord is entitled to use the Plans at any time for any purpose related to the project which is the subject matter of the Plans;

iii) an undertaking signed by the Tenant to indemnify the Landlord against liens, costs, damages and expenses which may arise in connection with the making of the Alterations in form and substance acceptable to the Landlord, acting reasonably;

iv) evidence satisfactory to the Landlord, acting reasonably, that the Tenant has obtained all necessary consents, approvals, permits, licences and inspections from all Authorities having jurisdiction and all consents and approvals from NavCan; and

v) evidence that it, or its contractors and sub-contractors, have obtained, and will keep in full force and effect:

(1) 50% performance bonds; and

(2) 50% labour and material payment bonds.

The Landlord shall be named as an obligee pursuant to such bonds.

c) Upon commencing any Alterations, the Tenant shall, subject to section 19.1, diligently pursue and complete the construction of the Alterations without delay or cessation. If the Tenant has ceased construction of the Alterations because of the occurrence of the application of section 19.1, it shall again commence construction of the Alterations and thereafter diligently pursue and complete the construction of the Alterations upon section 19.1 ceasing to have effect.

d) All Alterations by the Tenant shall be:

i) at the sole cost of the Tenant;

- ii) performed by competent workers whose labour union affiliations (if any) are not incompatible with others employed by the Landlord and its contractors and who are fully covered by Workers' Compensation;
  - iii) performed in a good and workmanlike manner in accordance with the approved Plans, all applicable Laws, the Airport Construction Code and the then current best standards of practice;
  - iv) subject to the reasonable supervision and direction of the Landlord; and
  - v) completed as expeditiously as possible with first class new materials and free of all levies, liens and encumbrances of every nature and kind.
- e) Any Alterations made by the Tenant without the prior written consent of the Landlord or which are not in accordance with the Plans approved by the Landlord shall, if requested by the Landlord, be promptly removed by the Tenant at its expense and the Premises restored to their previous condition.
- f) Upon completion of any Alterations, the Tenant shall provide to the Landlord as-built drawings for the Alterations (together with an assignment of the copyright in same provided that any such assignment shall not affect the Tenant's recourse against the original copyright owner) and shall secure all applicable statutory declarations and certificates of inspection, approval and occupancy and provide evidence of same to the Landlord.
- g) The consents given by the Landlord to any Alterations only relate to the general acceptability of the Alterations and by giving such consents, the Landlord shall not be deemed to have any direct or indirect interest, responsibility or liability with respect to such Alterations or the design, installation or maintenance of or for the payment of same, all of which shall be the sole responsibility of the Tenant. The Tenant shall indemnify and hold harmless the Landlord from all Claims suffered or incurred by the Landlord as a result of its having reviewed and approved the Alterations.
- h) The Tenant shall be responsible for all costs incurred by the Landlord in connection with reviewing and approving the Plans, supervising and inspecting the making of the Alterations and otherwise exercising its rights in this section 7.1. Such costs shall be paid for by the Tenant within 15 days of the Landlord providing the Tenant, from time to time, with an invoice in respect of such costs.

#### 7.2 Inspection by Landlord

The Landlord, or such Persons as the Landlord may designate, may enter the Premises at all reasonable times during the course of construction for the purpose of inspecting the progress of the work and ascertaining whether the work conforms with the Plans and the provisions of this Article. The Tenant shall co-operate with the Landlord by providing access and anything else that may be required to assist in any such inspection. The Landlord shall use reasonable efforts to minimize any disruption to the Tenant's work during any such inspection.

#### 7.3 Connections for Services

If required, the Tenant shall carry out and complete all lateral connections, whether upon, over or under the Lands for all services, including storm sewers, sanitary sewers, hydro-electric power, natural gas, water and telephone in order that all of the said services are connected to the Premises in accordance with the Plans.

#### 7.4 No Damage to Adjacent Lands

In carrying out the Alterations, the Tenant shall not cause any damage or injury to occur to the lands adjacent to the Lands or the structures or other improvements located on such adjacent lands (the "Adjacent Lands and Improvements"). If the Adjacent Lands and

Improvements are damaged or injured as a result of the making of the Alterations, the Tenant shall indemnify and save harmless the Landlord from all Claims arising in connection with such damage or such injury except to the extent such damage or injury was caused by the negligence or wilful misconduct of the Landlord or the Landlord's Employees.

#### 7.5 Suspension

The Landlord may, upon written notice to the Tenant, halt or suspend the carrying out of the Alterations where the Tenant fails to carry out the Alterations in accordance with this Lease until such time as the Tenant remedies the breach causing such halt or suspension.

#### 7.6 Discharge Of Liens

- a) The Tenant shall promptly pay all of its contractors and suppliers and shall do any and all things necessary so as to minimize the possibility of a lien attaching to the Lands or the Landlord's or the Tenant's leasehold interest in the Lands and should any such lien be made or filed, the Tenant shall discharge it within 15 days following the date of the registration of such lien. The Tenant may, however, contest the validity of any such lien, but in doing so, it shall obtain an order of a court of competent jurisdiction discharging the lien from the title to the Lands or the Landlord's or the Tenant's leasehold interest in the Lands, as the case may be, by payment into Court of the amount required to discharge such lien.
- b) If the Tenant fails to discharge any such lien as provided in section 7.6(a), then in addition to any other right or remedy of the Landlord, the Landlord may, in its sole discretion, discharge the lien by paying the amount claimed to be due into Court and the amount paid by the Landlord together with all costs and expenses including solicitor's fees (on a solicitor and his client basis) incurred for the discharge of the lien, together with an administrative fee equal to 20% of the amount paid by the Landlord, shall be due and payable by the Tenant to the Landlord within 15 days of written demand being made by the Landlord on the Tenant.

### 8. MAINTENANCE AND REPAIRS

#### 8.1 Tenant's Repairs

- a) Subject to Articles 7 and 18, the Tenant shall, at all times during the Term and at its sole cost and expense, keep and maintain the Premises and every part thereof in good order, first-class condition and repair, as would a prudent owner. The Tenant shall promptly make all needed repairs and replacements to the Premises with due diligence and dispatch, including, without limitation, all repairs or replacements which are interior or exterior, structural or non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen and regardless of whether the cost for such repairs or replacements would constitute a capital expenditure. For greater certainty, the Tenant's obligation to repair shall extend to all maintenance, repairs and, where necessary, replacement of all driveways, sidewalks, parking areas and landscaped areas on the Lands.
- b) Except as expressly set out in this Lease, the Landlord is not responsible for making any repairs or replacements in and to the Premises of any nature or kind whatsoever.

#### 8.2 Entry onto the Premises

- a) The Landlord may, at all reasonable times, and upon twenty-four (24) hours prior written notice, enter the Premises in order to:
  - i) view the state of repair and maintenance of the Premises. The Tenant shall comply with all reasonable requirements of the Landlord with respect to the care, maintenance and repair of the Premises; and

- ii) show them to prospective purchasers, lessees (but only during the last 6 months of the Term) or mortgagees.

The Landlord shall not be liable for damage to property of the Tenant or of others located on the Premises as a result of any such entry however caused unless caused by the negligence or wilful misconduct of the Landlord or the Landlord's Employees.

- b) The Landlord may enter the Premises at any time, and without the necessity of giving notice to the Tenant, where, in the Landlord's opinion, there is a real or apprehended emergency or danger to persons or property or where any delay by the Landlord in dealing with such emergency might prejudice airport safety, the Landlord or the Airport. In this event, if the Tenant is not present to open and permit an entry into the Premises, the Landlord may, use force to forcibly enter the Premises without rendering the Landlord liable therefor and without releasing the Tenant from any of the Tenant's Covenants.
- c) No entry on the part of the Landlord in accordance with this section shall impose upon the Landlord any obligation, responsibility or liability for the care, maintenance or repair of the Premises, except as specifically provided for in this Lease.

### 8.3 Repair on Notice

The Tenant shall commence to repair in accordance with its obligations contained in section 8.1 upon 15 days notice in writing from the Landlord, but the Landlord's failure to give notice shall not relieve the Tenant from its obligation to repair. If the Tenant, upon written notice being given pursuant to this section, refuses or neglects to repair properly as required by section 8.1, and to the reasonable satisfaction of the Landlord, the Landlord may, but shall not be obligated to, make such repairs without liability to the Tenant for any loss or damage that may accrue to the Tenant's merchandise, fixtures or other property or to the Tenant's business by reason thereof. Upon the Landlord providing the Tenant with invoices or other evidence relating to the cost of the work so performed by the Landlord, the Tenant shall pay such amount, together with an administrative fee equal to 20% of the amount of such costs, within 15 days of receiving such invoice or other invoice.

### 8.4 Notify Landlord

The Tenant shall give immediate notice in writing to the Landlord of any damage caused to the Premises upon such damage becoming known to the Tenant.

## 9. CONTROL OF THE AIRPORT

### 9.1 Landlord's Control

The Tenant acknowledges and agrees that:

- a) the Airport is at all times under the exclusive control, management and operation of the Landlord;
- b) the Landlord shall have the right to establish, amend and replace, from time to time, the Airport Regulations;
- c) the Airport Regulations shall be deemed to be incorporated into and form an integral part of this Lease; and
- d) the Tenant shall observe and perform the Airport Regulations.

9.2 Landlord's Alterations

- a) In connection with the Landlord's control and operation of the Airport, the Landlord may, at all reasonable times:
  - i) enter the Premises for the purpose of making any repairs or alterations thereon or thereto as the Landlord may, in its reasonable discretion, determine as being necessary for the proper operation of the Airport provided that the making of any such repairs or alterations and any such repairs or alterations do not materially adversely interfere with the Tenant's use of the Premises for the Permitted Uses;
  - ii) grant, modify and terminate easements or other agreements pertaining to the use and maintenance of all or any part or parts of the Lands provided that such grants, modifications or terminations do not materially adversely interfere with the Tenant's use of the Premises for the Permitted Uses; and
  - iii) make any changes or additions to the pipes, conduits, utilities and other services in the Premises which service the Premises or the Airport Lands provided that such changes or additions do not materially adversely interfere with the Tenant's use of the Premises for the Permitted Uses.
- b) In exercising any of its foregoing rights, the Landlord shall have the right to:
  - i) bring onto the Premises and use such machinery, equipment, material and workers as may be required by the Landlord;
  - ii) cause temporary obstructions of any pedestrian or vehicular access to the Premises; and
  - iii) temporarily suspend the supply of any utilities to the Premises.
- c) In exercising any of its foregoing rights, the Landlord shall:
  - i) do so as expeditiously as reasonably possible;
  - ii) use reasonable efforts to minimize the interference with the Tenant's business operations on the Premises;
  - iii) consult with the Tenant with respect to issues arising out of the Landlord's exercise of such rights and prior to exercising such rights; and
  - iv) restore any damage caused to the Premises as a result of the exercise of such rights.
- d) The exercise of such rights by the Landlord shall not:
  - i) constitute an eviction of the Tenant from the Premises, a re-entry by the Landlord or a breach by the Landlord of its covenant for quiet enjoyment;
  - ii) entitle the Tenant to any abatement of Rent or compensation for inconvenience, nuisance or discomfort;
  - iii) entitle the Tenant to make any Claims against the Landlord; or
  - iv) save and except as set out in section 9.2(c)(iv), impose upon the Landlord any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the Premises, or any part thereof.

## 10. ENVIRONMENTAL MATTERS

### 10.1 Compliance with Laws and Policies

The Tenant shall, in connection with the use or occupancy of the Premises or the Airport Lands, at its sole cost, comply with, and cause the Tenant's Employees to comply with:

- a) all Environmental Laws; and
- b) all Environmental policies which may be established by the Landlord for the Airport from time to time in respect of the use, treatment, handling, clean up and disposal of Hazardous Substances provided that such policies are communicated in writing to the Tenant and apply uniformly to all users, tenants or occupants of the Airport.

### 10.2 Use of Hazardous Substances

The Tenant shall provide the Landlord with a written statement describing its policy covering Environmental matters and which describes, inter alia:

- a) all of the Hazardous Substances used by the Tenant in its business or which may be located on the Premises;
- b) the procedures used by the Tenant to contain and handle such Hazardous Substances; and
- c) the procedures used by the Tenant to contain and deal with spills of Hazardous Substances.

Such statement shall be provided to the Landlord prior to the Commencement Date and within 20 days following the date that the Landlord requests such a report from time to time during the Term. The Tenant shall, subject to section 10.11, properly contain and handle all Hazardous Substances within the Premises and dispose of same in accordance with all Environmental Laws.

### 10.3 No Adverse Impact

In using Hazardous Substances, the Tenant shall, and shall cause the Tenant's Employees to:

- a) handle and use same in accordance with all reasonable policies imposed or enacted from time to time by the Landlord, communicated in writing to the Tenant and uniformly applied to all users, occupants and tenants of the Airport;
- b) not use same in a manner which may cause an undue risk; and
- c) not use same in a manner which may cause or contribute to an adverse Environmental effect upon the Premises, the Airport, the Airport Lands, any other lands or to the Environment.

### 10.4 Tenant's Responsibility

- (a) Subject to section 10.11, the Tenant shall be solely responsible and liable for any clean-up and remediation required by the Landlord in accordance with the Lease or any Authority having jurisdiction of any Hazardous Substances which the Tenant, the Tenant's Employees or any Transferee caused to be Released onto or into the air, the Premises, the Airport, the Airport Lands, other lands and/or the groundwater or surface waters under or on the Lands or any other lands. Upon the occurrence of any such Release or any Environmental Event, the Tenant shall:

- (i) promptly, give or cause to be given to the Landlord notice to that effect and thereafter give or cause to be given to the Landlord from time to time written notice of the extent and nature of the Tenant's compliance with the following provisions of this section 10.4;
  - (ii) promptly, perform or cause to be performed any work to rectify the contravention or non-compliance, or to manage the adverse effects of the Release of any Hazardous Substance and to ensure conformity and compliance with all Environmental Laws;
  - (iii) if requested by the Landlord, obtain or cause to be obtained a certificate from an independent reputable consultant designated or approved by the Landlord verifying the complete and proper compliance with the requirements of Environmental Laws or, if such is not the case, reporting as to the extent and nature of any failure to comply with Environmental Laws;
  - (iv) promptly, cease or cause the cessation of any activity by the Tenant, the Tenant's Employees or any Transferees which causes or permits any Hazardous Substance to be Released onto or into the Premises or any adjacent land, air or water or results in any Hazardous Substance to be Released onto or into the Premises or any adjacent land, air or water or results in any Hazardous Substance being released into the Environment; and
  - (v) if requested by the Landlord, obtain or cause to be obtained a certificate from an independent reputable consultant designated or approved by the Landlord verifying that any activity referred to in section 10.4(a) (iv) above has ceased.
- (b) If any such clean-up, remediation or other action is required in accordance with section 10.4(a), the Tenant shall, at its sole cost, prepare all necessary studies, plans and proposals and submit them to the Landlord for approval, provide all bonds and other security required by any lawful Authorities and carry out the work required. In carrying out such work, the Tenant shall keep the Landlord fully informed of the progress of the work. If the Tenant fails to immediately commence any such work upon receipt of written notice from the Landlord, or, having started such work, fails to diligently proceed with same, the Landlord may, in its sole discretion, elect to carry out all such work, or any part of it, and, if the Landlord does so, the Tenant shall pay for all costs in connection therewith, together with an administrative fee equal to 20% of such costs, within 15 days of written demand being made by the Landlord.
- (c) Subject to section 10.11, notwithstanding any rule of law to the contrary, all Hazardous Substances or improvements or goods containing Hazardous Substances brought onto, used at or Released from the Premises (unless brought on to the Premises by the Landlord or the Landlord's Employees) shall, despite any other provision of this Lease to the contrary (other than section 10.11) and any expiry, termination or disclaimer of this Lease, be and remain the property and sole responsibility of the Tenant notwithstanding any present or future statutory provision or legal presumption to the contrary and notwithstanding the degree of their affixation to the Premises. This clause supersedes any other provision of this Lease to the contrary.
- (d) The Tenant shall be responsible and liable for any failure by a Transferee to perform any of the covenants contained in this Article 10.

#### 10.5 Landlord's Audit Right

- a) The Landlord may, on prior written notice, at any time during or after the Term:
  - i) require the Tenant to cause an Environmental audit of the Premises to be carried out; or

- ii) enter the Premises for the purpose of causing an Environmental audit of the Premises to be carried out.
- b) The scope and breadth of such Environmental audit shall be determined by the Landlord in its reasonable discretion. The resulting Environmental audit report shall be addressed to both the Landlord and the Tenant and copies given to both. If any audit reveals any breach by the Tenant of the Tenant's Covenants contained in this Article, the Tenant shall:
  - i) immediately take such steps as are necessary so as to rectify such breach; and
  - ii) if required by the Landlord, in its sole discretion, obtain and post a bond or irrevocable letter of credit in the name of the Landlord as security for the Tenant's obligations in section 10.5(b)(i). The bond or irrevocable letter of credit shall be in such amount as the Landlord reasonably determines having regard to the estimated costs of such work. If the Tenant fails to comply with its obligations in section 10.5(b)(i), the Landlord may, in its sole discretion, exercise its rights in section 22.3 and perform such work and draw upon the bond to pay for the costs of such work.
- c) Intentionally Deleted.
- d) The Landlord shall be solely responsible for the cost of any audit performed pursuant to section 10.5(a) except:
  - (i) if any such audit reveals a breach by the Tenant of any of the Tenant's Covenants contained in this Lease; or
  - (ii) in the case of any such audit done in the last year of the Term,

in which case the Tenant shall be responsible for the cost of such audit. The Tenant shall pay such cost to the Landlord within 30 days of the Tenant receiving an invoice from the Landlord.

#### 10.6 Removal of Hazardous Substances

Subject to section 10.11, upon the expiry of the Term, or at such other times as may be required by any lawful Authority, the Tenant shall remove all Hazardous Substances from the Premises and carry out all remediation work necessitated as a result of such removal, all at the Tenant's sole cost and expense. The Tenant shall provide to the Landlord full information with respect to any remedial work performed pursuant to this section 10.6 and shall comply with the Landlord's reasonable requirements with respect to such work. Without limiting the generality of the foregoing, the Tenant shall:

- (a) prepare all necessary studies, plans and proposals and submit them to the Landlord for approval;
- (b) if required by the Landlord, in its sole discretion, obtain and post a bond or irrevocable letter of credit in the name of the Landlord as security for the Tenant's obligations in this section 10.6. The bond or irrevocable letter of credit shall be in such amount as the Landlord reasonably determines having regard to the estimated cost of such work. If the Tenant fails to comply with its obligations in this section 10.6, the Landlord may, in its sole discretion, exercise its rights in section 22.3 and perform such work and draw upon the bond to pay for the costs of such work; and
- (c) obtain or cause to be obtained a certificate from an independent reputable consultant designated or approved by the Landlord verifying the complete and proper compliance with this section 10.6.



#### 10.7 Records

The Tenant shall maintain and shall ensure that any Transferee shall maintain at the Premises during the Term, and for a period of ten (10) years following the expiration or early termination of the Term at such location as may be approved by the Landlord, documents and records, including permits, licences, orders, approvals, certificates, sound recordings, authorizations, registrations and other such records, including any documents and records stored by means of a device, relating to the operations conducted at and the Environmental condition of the Premises which may be either reviewed or copied or both reviewed and copied by the Landlord at any time on 24 hours' prior written notice, except in the case of an emergency during the Term, when no prior notice shall be required.

#### 10.8 Access by Landlord

Without limiting the Landlord's rights pursuant to section 8.2 and without relieving the Tenant of any of its obligations under this Lease, the Tenant shall and shall ensure that any Transferee shall, at such reasonable times as the Landlord requires, permit the Landlord and its designated representatives to enter and inspect the Premises and the operations conducted at the Premises, to conduct, at Landlord's expense, Environmental tests and Environmental assessments and in that regard, to remove samples from the Premises, to examine and make copies of any documents or records relating to the Premises, to interview the employees of the Tenant and any Transferee and to take such steps as the Landlord deems necessary for the safety and preservation of the Premises. Following the completion of such tests or assessments, the Landlord shall restore the Premises to the state they were in prior to such tests or assessments.

#### 10.9 Regulatory Enquiries

The Tenant shall promptly provide and shall ensure that any Transferee shall promptly provide to the Landlord on request such written authorizations as the Landlord may require from time to time to make inquiries of any Authority regarding the Tenant's and any Transferee's compliance with Environmental Laws.

#### 10.10 Survival of Tenant's Obligations

- (a) The obligations of the Tenant under this Article 10 including the Tenant's obligations to remove and remediate Hazardous Substances shall survive the Surrender Date or early termination of this Lease. If, after the Surrender Date or early termination of this Lease, the performance of those obligations by the Tenant requires access to the Premises, the Tenant shall have such access and entry at such times and upon such terms and conditions as the Landlord may, from time to time, specify.
- (b) The obligations of the Tenant under this Article 10 are in addition to, and shall not limit, the obligations of the Tenant contained in other provisions of this Lease.

#### 10.11 Tenant Not Responsible

- (a) Regardless of any other provision of this Lease, the Tenant shall not be responsible for any Hazardous Substances:
  - (i) brought onto the Premises by the Landlord or the Landlord's Employees; or
  - (ii) which migrate on to the Premises from adjoining lands, unless the Tenant owns or leases such lands and, if the Tenant has leased such adjoining lands, it is responsible under the terms of its lease with respect to such adjoining lands to remove and make remediation with respect to such Hazardous Substance from and on such adjoining lands,

collectively "Excluded Hazardous Substances".

- (b) If any Excluded Hazardous Substances are located on the Premises at any time during the Term, the Landlord shall either comply with its obligations in Article 37 of the Head Lease in respect of such Excluded Hazardous Substances (which, for greater certainty, will not include making any demand against the Tenant as an Occupant (as that term is defined in the Head Lease)) or, if the Head Landlord is responsible for dealing with the Excluded Hazardous Substances, make demand upon the Head Landlord to comply with its obligations under Article 37 of the Head Lease in respect of such Excluded Hazardous Substances.

## 11. USE OF PREMISES

### 11.1 Use of Premises

- (a) The Tenant shall only use the Premises for the following purposes in connection with operating a hangar and fixed base terminal operation (the "Permitted Uses"):
  - (i) repair, maintenance and parking of the Tenant's aircraft;
  - (ii) aircraft and avionics maintenance, repair and assembly (parts and service) for general aviation aircraft;
  - (iii) sale of lubricants, hydraulic fluids, petroleum, oxygen and nitrogen for general aviation aircraft;
  - (iv) rental of aircraft hangar, office, shops and meeting rooms and aircraft ramp parking to general aviation clients;
  - (v) ground handling services for general aviation aircraft, including aircraft fuelling and de-icing at locations at the Premises designated by the Landlord, aircraft grooming, lavatory service and freight on-loading and off-loading for general aviation aircraft;
  - (vi) general aviation, scheduled and charter passenger and medevac air services;
  - (vii) provision of flight planning and weather briefing facilities and services for general aviation clients;
  - (viii) related administration support space; and
  - (ix) provision of facilities and services, such as facsimile machines and photocopiers on a not for fee basis for general aviation clients.
- (b) The Tenant acknowledges and agrees that pursuant to the Airport Regulations the Landlord may require that certain aircraft de-icing services be provided only at the Landlord's Central De-Icing Facility. Except as provided in the following sentence, the Tenant shall not use or permit, or suffer the use of, the Premises or any part or parts thereof for any business or purposes other than the Permitted Uses.
- (c) The Tenant shall be permitted to use, or cause to be used, the Premises for the provision of any or all of the following services (a "Service") to customers of the Tenant by the Tenant or a third party service provider (a "Service Provider"):
  - (i) flight catering;
  - (ii) car rentals;
  - (iii) duty-free and other retail sales;
  - (iv) filming

- (v) food and beverage services; and
- (vi) provision of facilities and services described in section 11.1(a)(ix) of this Lease on a for-fee basis.

provided that:

- (i) the Tenant shall have obtained the prior written consent of the Landlord to the use of the Premises for the purposes of providing a Service, such consent not to be unreasonably withheld; and
  - (ii) the Tenant or the Service Provider, as the case may be, shall have entered into the GTAA's standard form concession or licence agreement in respect of the Services to be provided by the Tenant or the Service Provider, as the case may be.
- (d) Provided the Tenant receives the Landlord's prior written consent in each instance, the Tenant shall be permitted to use the Premises for the repair, maintenance and parking of wide-body aircraft of the Tenant's customers.

#### 11.2 Conduct of Business

In its use of the Premises, the Tenant shall:

- a) not perform any acts or carry on any practices which may damage the Premises or be a nuisance;
- b) not commit or suffer or permit to be committed any waste upon the Premises;
- c) not interfere or permit any interference with the use, operation or maintenance of the Airport;
- d) obtain and provide evidence to the Landlord from time to time on demand being made by the Landlord that the Tenant has obtained all necessary approvals, licenses and consents from all Authorities having jurisdiction for the operation of its business on and from the Premises and that such approvals, licenses and consents are in full force and effect;
- e) not:
  - i) sell at the Airport any goods or services to the public or passengers, other than those associated with and necessary for the Permitted Uses;
  - ii) conduct a general merchandising concession or a ground transportation business;
  - iii) store and distribute aviation or automotive fuel, whether for the Tenant's own use or for sale other than as associated with and necessary for the Permitted Uses;
  - iv) store and distribute glycol other than as associated with and necessary for the Permitted Uses;
  - v) use or occupy the Premises for the purpose of constructing or operating any Air Terminal Building; or
  - vi) use or occupy the Premises for any purpose other than a permitted use as set out in the Approved Land Use Plan or for a use that is inconsistent with the uses permitted by the Head Lease;

- f) conduct its business in the Premises in a manner befitting the character of the Airport and otherwise in accordance with good business practices;
- g) discontinue, on written demand being made by the Landlord, any conduct which, in the Landlord's reasonable determination, may harm the Landlord's reputation or reflect unfavourably on the Airport; and
- h) not do or permit to be done any act in or on the Premises which may impair the operation of any system or facility provided for the protection of the general public or the operation of the Airport.

### 11.3 Observance of Law

The Tenant shall, at its sole cost and expense, and subject to the other provisions of this Lease, promptly:

- a) observe and comply with all Laws which are in effect from time to time during the Term and which, directly or indirectly, pertain to or affect the Premises, the Tenant's use of the Premises, the conduct of any business in the Premises, and the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Premises;
- b) observe and comply with all police, fire and sanitary regulations imposed by any Authority or made by fire insurance underwriters;
- c) comply with the Airport Regulations; and
- d) carry out all modifications, alterations or changes of or to the Premises and the Tenant's conduct of business in or the use of the Premises which are required by any Authority.

The Tenant hereby authorizes the Landlord to make reasonable enquiries of all Authorities with respect to the Tenant's compliance with the terms of this section and shall, within 10 days of demand being made by the Landlord, provide to the Landlord such written authorization as it may require in order to make such enquiries.

### 11.4 Electronic and Visual Interference

- a) The Tenant shall not, and shall ensure that any Transferee shall not, conduct any operation, construct any Additional Improvements, make any changes or alterations to any Existing Improvements, carry out any other work, install any equipment or signs, or do anything else which will in any manner:
  - i) interfere with any electronic signal from any Air Navigation Facility;
  - ii) cause physical or electronic interference with or hazard to the navigation of any aircraft; or
  - iii) adversely affect any Air Navigation Facility or any electrical power system serving the Airport.
- b) Upon receipt of notice from either the Landlord or NavCan of any such interference, hazard or effect, the Tenant shall, at its sole cost and expense, immediately cease and remove any improvement, alteration, work or equipment causing the interference, hazard or effect save and except if same belongs to or was installed or placed by the Landlord or the Landlord's Employees.
- c) If the Tenant fails to comply with the preceding provisions of this section, the Landlord or NavCan may, without limiting recourse to any other remedies available to them:

- i) enter the Premises and remove the improvement, alteration, work and equipment causing any such interference, hazard or effect, at the Tenant's cost plus an administrative fee equal to 20% of such cost, which costs shall be paid within 15 days of demand being made by the Landlord; and/or
- ii) obtain an injunction prohibiting the Tenant from failing to, or ordering the Tenant to, comply with the provisions of this section. The Tenant shall not oppose the Landlord's application for such an injunction and this section may be pleaded as a complete estoppel to any objection raised by the Tenant.

#### 11.5 Tenant's Signs

The Tenant shall not paint, affix or display any sign, advertisement, notice or lettering on any part of the Premises which is in public view without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed.

#### 11.6 Landlord's Signs

The Landlord may at any time during the last 6 months of the Term, place upon the Premises a sign stating that the Premises are "For Lease". Such signs shall be of reasonable dimensions and shall be reasonably placed so as not to interfere with the Tenant's business, and the Tenant shall not remove such notice, or permit same to be removed.

#### 11.7 Official Languages

The Tenant shall comply with the *Official Languages Act* (Canada) and *Service to the Public* regulations.

### 12. **INSURANCE AND INDEMNIFICATION**

#### 12.1 Tenant's Insurance

- a) The Tenant shall, at its sole cost and expense, take out and keep in full force and effect throughout the Term and any period when it is in possession of the Premises, the following insurance:
  - i) except as to any portion of the Premises under construction and which is insured by the insurance coverage required by section 12.1(a)(iv), "all-risks" property insurance insuring the Premises (including, without limitation, all buildings and structures on the Lands and all 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, including, without limitation, stock-in-trade, furniture, fittings, installations, signs, alterations, additions, partitions, fixtures and anything in the nature of a leasehold improvement). Such insurance:
    - a) shall be in an amount not less than the full replacement cost from time to time of the items insured. If there is a dispute as to the amount of full replacement cost, the decision of the Landlord shall be conclusive and binding;
    - b) shall name the Landlord and the Head Landlord as additional named insureds;
    - c) shall name the Landlord as a loss payee;
    - d) may contain reasonable deductibles in amounts acceptable to the Landlord;

- e) shall be on an agreed amount coinsurance basis on such IBC form as the Landlord may specify from time to time;
  - f) shall include coverage for flood and earthquake; and
  - g) shall include the following endorsements:
    - (1) contingent liability from enforcement of building by-laws; and
    - (2) a breadth of coverage clause stating the policy will be not more restrictive than a standard policy of fire insurance, including extended coverage and malicious damage extensions;
- ii) comprehensive form boiler and machinery insurance on a blanket repair and replacement basis covering all objects connected and ready for use within the Premises or serving the Premises with limits for each accident in an amount at least equal to the full replacement cost of such objects and the Premises (including, without limitation, all buildings and structures on the Lands and all 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, including, without limitation, stock-in-trade, furniture, fittings, installations, signs, alterations, additions, partitions, fixtures and anything in the nature of a leasehold improvement). Such insurance:
- a) shall be in an amount not less than the full replacement cost from time to time of the items insured. If there is a dispute as to the amount of full replacement cost, the decision of the Landlord shall be conclusive and binding;
  - b) shall name the Landlord and the Head Landlord as additional named insureds;
  - c) shall name the Landlord as a loss payee;
  - d) may contain reasonable deductibles in amounts acceptable to the Landlord;
  - e) shall be on an agreed amount coinsurance basis on such IBC form as the Landlord may specify from time to time; and
  - f) shall include the following endorsements:
    - (1) contingent liability from enforcement of building by-laws; and
    - (2) during any period of construction or reconstruction, delayed completion (income and soft costs) in an amount sufficient to cover the exposure to loss associated with testing of the equipment;
- iii) business interruption insurance in an amount which will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against in section 12.1(a)(i) and (ii) and other perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises as a result of such perils. Such insurance:
- a) shall include a provision for the payment of the Rent; and
  - b) be in a profits form of coverage with an indemnity period of not less than 24 months;

iv) during any period of construction or reconstruction of the Premises, until completion of construction or reconstruction, builder's risk insurance insuring such construction for the full replacement cost from time to time thereof. Such insurance:

- a) may contain reasonable deductibles in amount acceptable to the Landlord;
- b) shall be no more restrictive than the CCDC 201 Builders Risk Form (or any replacement from time to time);
- c) shall name the Landlord and the Head Landlord as additional named insureds;
- d) shall name the Landlord as a loss payee;
- e) shall contain no exclusion for loss or damage caused by floor or by floor or earth movement, including earthquake;
- f) shall be written on a wrap-up basis covering the Landlord, the Tenant, the contractor and all sub-contractors;
- g) shall, in the case of any significant new construction or renovation, be extended to cover soft costs including delayed rents (24 months minimum), interest, advertising cost and rental commissions when the loss is caused by an insured risk; and
- h) shall contain the following endorsements:
  - (1) breadth of coverage clause stating the policy will not be more restrictive than a standard policy of fire insurance, including extended coverage and malicious damage extensions;
  - (2) provisions for the application of the policy deductibles on a defined "occurrence" basis;
  - (3) replacement cost including expert fees, insured's overhead, contractors' margin of profit, general average and salvage charges; and
  - (4) damage or destruction by civil authority;

v) in addition to the insurance described in section 12.1(a)(iv), during any period of construction or reconstruction of the Premises, the Tenant shall (except to the extent that such coverage can be and is maintained under the other insurance required to be maintained by the Tenant pursuant to section 12.1(a)) provide and maintain:

- a) in the event the construction is not on the Airside, liability insurance written on a wrap-up basis covering the Landlord, the Head Landlord and the Tenant for damages due to property damage, bodily injury (including death) and personal injury arising out of the existence of the Premises as well as any construction operation or arising out of the control or the use of the Premises by the Tenant. The coverage shall be no more restrictive than the CCDC 101 liability policy (or any replacement of such policy from time to time), including CCDC 101-2 endorsement (or any replacement of such policy from time to time). Such insurance:
  - (1) shall be subject to the IBC pollution exclusion, with the hostile fire exception and subject to a project exclusion;

- (2) shall contain a combined single limit of the maximum available, but in no event less than \$25,000,000.00;
  - (3) provide no less than 24 months completed operations coverage; and
  - (4) include non-owned automobile liability insurance;
- b) in the event any part or the whole of the construction is on any part of the Airside, airport contractors liability insurance obtained from the aviation market covering the Landlord and the Tenant for damages because of property damage, bodily injury (including death) and personal injury arising out of the existence of the Premises as well as the construction operations or arising out of the control or use of the Premises by the Tenant. The policy shall contain a combined single limit of not less than \$250,000,000.00;
- c) project-specific professional errors and omission coverage in respect of architects and engineers including coverage for all professional risks in the amount of not less than \$5,000,000.00 or such other amount as may be agreed upon by the Landlord and the Tenant, having regard to the value of the construction project;
- d) if the construction or renovation involves working with asbestos, asbestos abatement liability coverage, on a claims-made basis and without exclusions for health related hazards, in the amount of not less than \$3,000,000.00, and shall ensure that PCB liability coverage is obtained in the amount of not less than \$3,000,000.00, and such other amount as may be agreed upon by the Landlord and the Tenant, having regard to the value of the construction project;
- vi) comprehensive general liability and aviation liability insurance, which:
- a) shall be on an occurrence basis;
  - b) shall include coverage for personal injury liability; bodily injury liability; contractual liability; heat, smoke or fumes from a hostile fire; "all-risks" tenants' legal liability for the full replacement costs of the Premises; non-owned automobile liability and owners' and contractors' protective insurance; coverage with respect to the Premises (coverage to include the business operations conducted by the Tenant and any other Person on the Premises); nuclear hazard for isotopes;
  - c) name the Landlord and the Head Landlord as additional named insureds;
  - d) specifically insure the Landlord for:
    - (1) vicarious liability for any actions or failure to act of the Tenant and those for whom the Tenant is responsible at law; and
    - (2) liability arising out of the Tenant's business and all operations usual or incidental thereto and the Tenant's use of the Premises;
  - e) if the use of the Premises or the Tenant's activities expose the Tenant to any of the risks associated with the uses enumerated below, the policy shall provide coverage for liability arising out of such risks from:
    - (1) products and broad form completed operations;
    - (2) paid parking lot;



- (3) commercial hangar;
  - (4) flying airplanes;
  - (5) taxiing airplanes;
  - (6) emergency equipment and services;
  - (7) fuelling and defuelling;
  - (8) de-icing aircraft;
  - (9) licensed premises;
  - (10) carrying passengers or freight;
  - (11) professional acts;
  - (12) demolition;
  - (13) security services; and,
  - (14) ground control;
- f) if the use of the Premises or the Tenant's activities involve carrying passengers, or the Premises provide public access to an airfield, the policy shall provide coverage for war and allied risks;
- g) shall, if the Tenant's business operations includes or involves aviation related operations, provide for coverage in the following limits:
- (1) a combined single limit of not less than \$100,000,000.00 per occurrence (except in respect of products and completed operations both of which are on an annual aggregate basis) for bodily injury (including death) and property damage including damage to aircraft; and
  - (2) a combined single limit of not less than \$25,000,000.00 per occurrence for personal injury; and
- h) shall, if the Tenant's business operations do not include or involve aviation related operations, provide for coverage of not less than \$5,000,000.00 for any one occurrence and contain an aggregate limit of no less than \$5,000,000.00;
- vii) standard owners' form automobile insurance providing third party liability insurance with \$2,000,000.00 inclusive limits; and accident benefits insurance, covering all licensed vehicles owned, leased or operated by or on behalf of the Tenant. If such vehicles require access to the Airside, this limit will increase to \$10,000,000.00; and
- viii) any other form or forms of insurance as the Tenant or the Landlord may reasonably require from time to time in amounts and for insurance risks against which a prudent tenant operating a business at an airport would protect itself.

It shall be the Tenant's sole responsibility, and cost, to decide whether or not to carry any other insurance coverage in addition to that specified above.

- b) All policies required by this section shall:

- i) be in form and with insurers acceptable from time to time to the Landlord;
  - ii) contain an endorsement requiring the insurers under such policies to notify the Landlord in writing at least 60 days prior to any material change or cancellation thereof;
  - iii) contain a waiver in favour of the Landlord and the Head Landlord of any breach of warranty clause such that the insurance policies in question shall not be invalidated in respect of the interests of the Landlord and the Head Landlord by reason of a breach by the Tenant of any warranty contained in such policies;
  - iv) contain a clause stating that the Tenant's insurance policy will act as primary insurance and shall not call into contribution any other insurance that may be available to the Landlord or the Head Landlord; and
  - v) not contain an exclusion that removes coverage because the Premises and the Tenant's business operations are located at an airport.
- c) All property damage and public liability insurance required pursuant to this section shall contain a severability of interest clause and cross liability clause.
- d) All property, boiler and machinery and business interruption insurance required pursuant to this section shall contain:
- i) a joint loss agreement endorsement, which shall apply whether or not the insurers are signatories to the IBC agreement; and
  - ii) a waiver of any rights of subrogation which the insurers of the Tenant may have against the Landlord or the Head Landlord and those for whom the Landlord or the Head Landlord is in law responsible whether the damage is caused by the act, omission or negligence of the Landlord or those for whom the Landlord is so responsible and shall have attached thereto and forming part thereof the Mortgagee's standard form of mortgage clause.
- e) Prior to the Commencement Date, the Tenant shall furnish to the Landlord certified certificates of insurance which shall:
- i) be signed by the Tenant's insurers, or an authorized representative of the insurer;
  - ii) contain sufficient particulars to enable the Landlord to confirm that the Tenant has taken out the insurance required by this Lease; and
  - iii) be in a form satisfactory to the Landlord,
- or, if required by the Landlord, certified copies of all such policies. The Tenant shall provide written evidence of the continuation of such policies from its insurer's representatives not less than 10 days prior to their respective expiry dates.
- f) All insurance premiums for the insurance required by this section shall be paid for by the Tenant.
- g) If:
- i) the Tenant fails to take out or maintain any of the insurance required by this section; or
  - ii) any of the insurance required by this section is not approved by the Landlord and the Tenant fails to rectify the situation within 48 hours after written notice by the Landlord that it does not approve of such insurance,

the Landlord shall have the right, but not the obligation, to effect the insurance required by this section, and to pay the cost of premiums therefor. In such event, the Tenant shall pay to the Landlord the amount so paid by the Landlord, plus 20% thereof as an administrative charge, within 15 days of demand being made by the Landlord.

12.2 Intentionally Deleted.

12.3 Adjustment of Claims and Disbursement of Insurance Proceeds

Where damage or destruction occurs which is wholly or partly covered by insurance, the Tenant shall use the insurance proceeds to perform all necessary work to repair, restore or rebuild the items damaged or destroyed or to reimburse the Tenant in respect of costs incurred by the Tenant for such work already performed. Should the insurance proceeds, if any, be insufficient to pay the entire cost of the necessary work to be performed by the Tenant to rebuild in accordance with Article 18, the Tenant agrees to pay the deficiency or the entire cost of such work, as the case may be.

12.4 Adverse Impact on Insurance

- a) If any of the Landlord's insurance premiums are increased by reason of anything done or omitted or permitted to be done by the Tenant or by anyone permitted by the Tenant to be upon the Premises, the Tenant shall be responsible for paying the full amount of such increase. The Tenant shall pay such increase within 15 days after invoices for such additional premiums are rendered by the Landlord. In determining the Tenant's responsibility for any increased cost of insurance as aforesaid, a statement issued by the organization, company or insurer establishing the insurance premiums or rates for the relevant insurance policies stating the reasons for such increase shall be conclusive evidence in determining the Tenant's responsibility for same.
- b) If any of the Landlord's insurance is cancelled or is threatened to be cancelled by the insurer by reason of the use or occupation of the Premises or any part thereof by the Tenant or by any Transferee or by anyone permitted by the Tenant to be upon the Premises, and if the Tenant fails to remedy the condition giving rise to the cancellation or threatened cancellation within 48 hours after notice thereof by the Landlord, the Landlord may, at its option, in addition to any other remedy it may have, forthwith terminate this Lease by notice in writing to the Tenant and thereupon Rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination and the Tenant shall immediately deliver up possession of the Premises to the Landlord and the Landlord may re-enter and take possession of same.

12.5 Limitation of the Landlord's Liability

The Landlord shall not be liable or responsible in any way to the Tenant or to any other Person for and the Tenant hereby releases the Landlord in respect of:

- a) any Injury arising from or out of any occurrence on, in or relating to the Premises or any loss or damage to property (including loss of use thereof) of the Tenant or any other Person located in, on or around the Premises from any cause whatsoever;
- b) without limiting the generality of the provisions of section 12.5(a), any Injury to the Tenant or any other Person or loss or damage to property resulting from: airplane disasters; strikes; lockouts; war; riots; insurrection; Acts of God; fire; smoke; explosions; falling or defective plaster, ceiling tiles, fixtures or signs; broken glass; steam; fumes; vapours; odours; dust; dirt; cinders; grease; acid; oil; any noxious, offensive or excessive liquids, solids or gases; any Hazardous Substance; debris; vibration; radiation; air or noise pollution; theft; vandalism; breakage; vermin; electricity; electrical or other wiring, computer or electronic equipment or systems malfunction or stoppage; water; rain; floods; flooding; freezing; earthquake, tornado or hurricane; wind; snow; sleet; hail; frost; ice;

excessive heat or cold; sewage; sewer backup; toilet overflow; leaks or discharges from any part of the building on the Premises, or from any pipes, sprinklers, appliances, equipment, electrical or other wiring, plumbing fixtures, roof, windows, skylights, doors, trap doors or subsurface of any floor or ceiling of any part of such buildings or from the street or any other place, or by dampness or climatic conditions or from any other cause whatsoever;

- c) any Injury, loss or damage caused by any Person in or on the Premises or by the public, or by construction or renovation, or by any private, public or quasi-public work, or by interruption, cessation or failure of any public or other utility service or any other cause whatsoever;
- d) any Injury to the Tenant or any other Person or any loss or damage suffered to the Premises or the contents thereof by reason of the Landlord or its representatives entering the Premises to undertake any work therein, or to exercise any of the Landlord's rights or remedies under this Lease or at law, or to fulfil any of the Landlord's Covenants, or in the case of emergency; or
- e) any Injury, loss or damage insured against or required to be insured against by the Tenant pursuant to this Lease.

All property kept or stored on the Premises shall be so kept or stored at the risk of the Tenant only and the Tenant shall hold the Landlord harmless from and against Claims arising out of damages to same, including, but not limited to, any subrogation claims by the Tenant's insurers. Notwithstanding anything contained herein to the contrary, it is understood and agreed that the limitation on liability contained in this section 12.5 shall not apply to any death or Injury or any damage to property referred to in this Lease if any death or Injury or any damage to property is caused by or to the extent contributed to by the negligence or wilful misconduct of the Landlord or the Landlord's Employees, but only to the extent that:

- (A) the Tenant is not required to have insurance coverage pursuant to section 12.1 of this Lease; and
- (B) the Tenant does not otherwise have insurance coverage for such death or Injury or any such damage to property;

in either case without taking into account any deductible or co-insurance provisions or other clauses.

#### 12.6 Indemnification of Landlord

The Tenant shall indemnify the Landlord and save it harmless from and against any and all Claims in connection with:

- a) any Injury referred to in section 12.5 or any loss or damage to property referred to in section 12.5 and in respect of which the Tenant has released the Landlord pursuant to section 12.5;
- b) the failure of the Tenant to observe and perform any of the Tenant's Covenants;
- c) the occupancy or use by the Tenant of the Premises, including, without limitation, the conduct and operation by the Tenant of its business on the Premises;
- d) subject to section 10.11, any Hazardous Substance being brought into, produced or maintained in, or discharged from, the Premises during the Term;
- e) any Hazardous Substance being brought onto the Airport Lands or the Airport by the Tenant, the Tenant's Employees or any Transferee during the Term; and

- f) any occurrence on the Premises however caused except to the extent caused by the negligence or wilful misconduct of the Landlord or the Landlord's Employees.

In case the Landlord, without actual fault on its part or that of the Landlord's Employees, is made a party to any litigation commenced by or against the Tenant, the Tenant shall defend the Landlord, at Tenant's own expense and with Tenant's own legal counsel, with respect to such litigation. To the extent that the Tenant so assumes the defence of Landlord, Tenant shall not pay any costs or expenses relating to defence of the litigation, including legal fees on a solicitor and his own client basis, incurred or paid by the Landlord in connection therewith, the Landlord agreeing that the Tenant shall have sole responsibility for all matters relating to such defence including choice of legal counsel.

### 13. TRANSFERS

#### 13.1 Consent Required

- (a) The Tenant will not effect a Transfer, in whole or in part, without the prior written consent of the Landlord in each instance, which consent shall not be unreasonably or arbitrarily withheld or delayed. The consent by the Landlord to any Transfer to a Transferee, if granted, shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against a Transfer is to be construed so as to include a prohibition against any Transfer by operation of law. No Transfer shall be deemed to have been consented to by the Landlord as a result of the Landlord's failure to reply to a request by the Tenant for consent to a Transfer.
- (b) The Tenant will not effect a Transfer, in whole or in part, unless such Transfer:
  - i) meets all of the Transfer Requirements; or
  - ii) is approved by the Head Landlord.
- (c) Notwithstanding anything to the contrary contained herein, the Tenant may assign this Lease or sublet the Premises to an Affiliate of the Tenant without the Landlord's consent (a "Permitted Affiliate Transfer") provided that:
  - (i) prior to the date of the Permitted Affiliate Transfer:
    - (A) the Tenant provides the following to the Landlord:
      - (1) written notice of its intention to effect a Permitted Affiliate Transfer and the name of the Affiliate to whom the Permitted Affiliate Transfer is to be made (the "Permitted Affiliate Transferee");
      - (2) evidence reasonably satisfactory to the Landlord that the Permitted Affiliate Transferee is an Affiliate;
      - (3) a copy of the document giving effect to the Permitted Affiliate Transfer; and
      - (4) an undertaking by the Permitted Affiliate Transferee to remain an Affiliate of the Tenant for the remainder of the Term or until the Landlord has given its consent as provided herein to the Transfer pursuant to which the Permitted Affiliate Transferee is no longer an Affiliate of the Tenant; and
    - (B) the Permitted Affiliate Transferee executes an agreement with the Landlord in which the Permitted Affiliate Transferee agrees to be bound by all of the Tenant's Covenants as if such Permitted Transferee had originally executed this Lease as tenant; and

- (ii) except for the provisions of sections 13.3(b), 13.3(e)(ii) and 13.3(j) which shall apply to a Permitted Affiliate Transfer, the other provisions of this Article 13 shall not apply.
- (d) Notwithstanding anything to the contrary contained herein, the Tenant may, without having to obtain the Landlord's consent, and without having to comply with the other provisions of this Article 13 (other than sections 13.3(b), 13.3(e)(ii) and 13.3(j)) grant licenses or subleases for the use of parts of the Premises, provided that:
  - (i) the licence or sublease is on a form approved by the Landlord, acting reasonably;
  - (ii) the term of any such licence or sublease (including any renewals or extensions thereof) is less than 1 year;
  - (iii) the area of the portion of the Premises which is the subject matter of such licence is less than ten percent (10%) of the total area of the Premises;
  - (iv) the licence or sublease does not permit the licensee or subtenant to use the Premises subject to the licence or sublease for a use which is not permitted by, or which is prohibited by, the terms of this Lease; and
  - (v) the Tenant shall maintain copies of any such licence or sublease at the Premises (or such other location agreed upon by the Landlord acting reasonably) and make them available to be reviewed by the Landlord at any time on two (2) Business Days notice.

### 13.2 Factors for Consent

Despite the fact that the Landlord may not unreasonably or arbitrarily withhold its consent to a Transfer, the Landlord will be considered to be reasonably withholding its consent if its reason or reasons for doing so is or are based upon all or any of the following factors:

- a) any factor which a court of law would consider to be reasonable;
- b) a proposed change in the use of the Premises to other than the Permitted Uses;
- c) if the Landlord determines that the document giving effect to the Transfer is contrary to this Lease or the Head Lease;
- d) the financial condition of the Transferee is not satisfactory to the Landlord;
- e) the Tenant is in default of any of the Tenant's Covenants or an Event of Default has occurred and is continuing; or
- f) the failure of the Transferee to provide such guarantees or other security as may be required by the Landlord to guarantee or secure the Transferee's obligations pursuant to any document evidencing the Transfer and its obligations under this Lease, the Landlord agreeing that it shall not require of any Transferee any guarantees or security over and above that which is required hereunder of the Tenant.

The preceding factors are not intended to be an exhaustive list of the factors which the Landlord may take into account in determining whether or not to give its consent to a proposed Transfer.

### 13.3 Transfers

- a) If the Tenant intends to effect a Transfer, in whole or in part, the Tenant shall provide the Landlord with written notice of its intention to effect a Transfer, which written notice shall set out the name of the proposed Transferee and its principals and be accompanied by:

- i) such information regarding the proposed Transferee as the Landlord may reasonably require in order to determine whether or not to consent to the proposed Transfer, including, without limitation, information concerning the principals of the Transferee, reasonable information as to the proposed Transferee's, and its principals', prior business experience, complete evidence of the Transferee's, financial strength and business information regarding the proposed Transferee and its principals and an original copy of all documents and agreements relating to the proposed Transfer; and
- ii) the sum of \$1,000.00, being the Landlord's administrative fee payable for considering the Tenant's request for consent. Such fee excludes any legal fees and disbursements which the Landlord may incur in connection with a request for its consent. The Landlord shall be entitled to increase the said amount from time to time to reflect market conditions.

The Landlord shall not be required to consider any request for its consent until such time as it has received all of the preceding information and monies. Within 10 Business Days of receiving all such information and monies, the Landlord will notify the Tenant in writing either that it consents (subject to the Tenant and the Transferee complying with all of the provisions of this section 13.3 on their respective parts to be complied with) or does not consent to the Transfer.

- b) If there is a Transfer of this Lease, the Landlord may collect Rent from the Transferee and apply the net amount collected to the Rent required to be paid pursuant to this Lease, but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of the obligation to obtain the Landlord's consent to a Transfer, or the acceptance of the Transferee as tenant, or a release of the Tenant from the further performance of the Tenant's Covenants.
- c) Any document evidencing the Landlord's consent to a Transfer shall be prepared by the Landlord or its solicitors.
- d) All reasonable legal and other third party costs incurred by the Landlord with respect to a request by the Tenant for the Landlord's consent to a proposed Transfer (including, without limitation, the costs of all examinations, the costs of preparing all requisite documents, processing costs and the costs of all negotiations by the Landlord or its solicitors) shall be paid by the Tenant to the Landlord forthwith upon demand, and, in any event, prior to the Landlord giving its consent. For greater certainty, such costs shall be paid by the Tenant whether or not the Landlord consents to the proposed Transfer. The Tenant shall provide to the Landlord such deposit on account of the Landlord's legal fees as the Landlord or its solicitors may require prior to the Landlord instructing its solicitors to consider or deal with the Tenant's request for consent.
- e) Any consent by the Landlord shall be subject to:
  - i) the Transferee executing a security agreement in favour of the Landlord, which security agreement shall contain provisions substantially similar to those set out in section 21.2, the Landlord agreeing that it shall not require of any Transferee any guarantees or security over and above that which is required hereunder of the Tenant;
  - ii) the Tenant and the Transferee executing an agreement with the Landlord providing for the following:
    - a) the Transferee's agreement to be bound by all of the Tenant's Covenants as if such Transferee had originally executed this Lease as tenant;
    - b) if the Transferee is not an assignee, the Transferee's agreement that, at the Landlord's option, all of the Transferee's right, title and interest in and to the Premises absolutely terminates upon the surrender, release, disclaimer

or merger of this Lease, despite the provisions of section 21 or section 39(2) of the Act; and

- c) if this Lease is terminated prior to the end of the Term, the Transferee will enter into an agreement with the Landlord on substantially the same terms as the Transferee's agreement with the Tenant, but only if the Landlord makes written demand on the Transferee to do so within 30 days following the termination of this Lease.
  - f) If, as a result of any Transfer (other than licences or subleases entered into in accordance with section 13.1(d)), the Tenant is entitled, directly or indirectly, as a result of such Transfer to receive for the Transferee's right to use, possess or occupy the Premises, as tenant, a rent, payment, fee or any other consideration, in the form of cash, negotiable instrument, goods, services or in other form whatsoever, which is greater than the Minimum Rent payable to the Landlord, then the Tenant shall pay any such excess to the Landlord forthwith within 10 days after receipt thereof by the Tenant from time to time. The Tenant shall immediately make available to the Landlord upon request subject to the Landlord signing a confidentiality agreement with the Tenant all of the Tenant's books, records and documentation so as to enable the Landlord to verify the receipt or the amount of any such excess.
  - g) All amounts payable by the Tenant pursuant to this Lease up to the effective date of the Transfer, including, without limitation, all amounts required to be paid by the Tenant pursuant to this section 13.3, shall be paid in full to the Landlord prior to the Landlord executing the document evidencing its consent to the Transfer. Until such time as the said amounts are paid in full, the Landlord shall be under no obligation to give its consent to the Transfer or execute the document evidencing its consent to the Transfer. Where any such amounts cannot be finally determined at that time, the Tenant shall deposit with the Landlord an amount reasonably estimated by the Landlord to cover such undetermined amounts, such amount to be held by the Landlord without any liability for interest thereon until the estimated amounts become finally determined by the Landlord, at which time the appropriate adjustments shall be made.
  - h) 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 shall not be required to accept partial payments of Rent for such month from either the Tenant or any Transferee.
  - i) If this Lease is disclaimed or terminated by any trustee in bankruptcy of any Transferee or by the Transferee in accordance with its rights under the Bankruptcy and Insolvency Act (Canada), the Tenant shall not be released from its obligations under this Lease, as amended by the document evidencing the Landlord's consent to the Transfer, and the Tenant shall continue to be responsible for the performance of the Tenant's Covenants throughout the balance of the Term. The Tenant's obligations under this Lease shall survive any such disclaimer or termination.
  - j) Regardless of any Transfer effected by the Tenant and any consent given by the Landlord to such Transfer, the Tenant shall not be released from its obligation to observe and perform all of the Tenant's Covenants and the Tenant shall be jointly and severally liable with the Transferee for the performance of the Tenant's Covenants for the balance of the Term.
- 13.4 Corporate Ownership
- a) If the Tenant is a corporation or if the Landlord consented to a Transfer of this Lease to a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the corporate shares of the Tenant or of any direct or indirect parent corporation of the Tenant which results in any change in the present effective voting control of the Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a



Transfer of this Lease to a corporation is permitted) (a "Change in Control") shall, for the purposes of this Article 13, be deemed a Transfer. If the Tenant does not acquire the prior written consent of the Landlord to a Change in Control as required by the preceding provisions of this Article 13, which consent shall not be unreasonably or arbitrarily withheld or delayed, the Landlord shall be entitled to terminate this Lease upon 5 Business Days' written notice to the Tenant given up to 60 days after the date the Landlord becomes aware of such Transfer. The Tenant shall upon the Landlord's request, provide an officer's certificate as to the securities register and shareholdings of the Tenant.

- b) This section 13.4, however, shall not apply to the Tenant if at the time of a Change in Control:
  - i) the Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or in the United States; or
  - ii) the Tenant is a private corporation but is controlled by a public corporation defined as aforesaid,

so long as in either case prior to or as soon as reasonably possible after the Change in Control, the Landlord has received assurances satisfactory to the Landlord that there will be a continuity of the existing management of the Tenant, and of its business practices and policies notwithstanding any such sale, transfer or other disposition of controlling shares.

#### 13.5 No Advertising of the Premises

The Tenant shall not print, publish, post, display or broadcast any notice or advertisement to the effect that the Premises are for lease or for sale or otherwise advertise the proposed sale or lease of the whole or any part of the Premises and shall not permit any broker or other party to do any of the foregoing, unless the complete text and format of any such notice, advertisement or offer is first approved in writing by the Landlord, which approval shall not be unreasonably withheld or delayed. Without in any way restricting or limiting the Landlord's right to refuse any text or format on other grounds, no text proposed by the Tenant shall contain any reference to the rental rate of the Premises.

#### 13.6 Assignment by Landlord

In the event of the sale or assignment by the Landlord of its interest in the Head Lease, or the assignment by the Landlord of this Lease or any interest of the Landlord under this Lease, and to the extent that such purchaser or assignee assumes the Landlord's Covenants, the Landlord shall, thereupon and without further agreement, be freed and relieved of all liability with respect to the Landlord's Covenants.

### 14. LEASEHOLD MORTGAGES

#### 14.1 Leasehold Mortgage

The Tenant shall have the right at any time and from time to time during the Term to grant one or more Leasehold Mortgages and to extend, modify, renew or replace any such Leasehold Mortgages, provided however that in each case:

- a) the Leasehold Mortgage either:
  - i) meets all of the Transfer Requirements; or
  - ii) is approved by the Head Landlord;
- b) the Landlord has been given written notice of such Leasehold Mortgage together with the names and address for service of the Leasehold Mortgagee;

- c) neither the term nor the amortization period of the Leasehold Mortgage extends beyond the end of the Term;
- d) the Leasehold Mortgage contains the Leasehold Mortgagee's acknowledgment and agreement that:
  - i) only the Tenant's interest in the Premises is mortgaged under such Leasehold Mortgage;
  - ii) no foreclosure or sale will be made except of the Tenant's leasehold interest in the Premises and the Tenant's ownership interest during the Term in the Premises;
  - iii) the Landlord owes no obligations to the Leasehold Mortgagee under the Leasehold Mortgage; and
  - iv) the Landlord is not in any way responsible for any of the Tenant's obligations under the Leasehold Mortgage;
- e) the Leasehold Mortgage shall provide that it is expressly subject and subordinate to the Landlord's rights under this Lease and in the Premises;
- f) the proceeds of the Leasehold Mortgage are used by the Tenant solely for the purpose of financing the construction, improvement and operation of the Premises by the Tenant and/or the operation of the business carried out in the Premises by the Tenant;
- g) the Tenant is not in default of any of the Tenant's Covenants at the time the Leasehold Mortgage is given, extended, modified, renewed or replaced, as the case may be;
- h) the Leasehold Mortgage provides that it is not assignable by the Leasehold Mortgagee except to another Leasehold Mortgagee;
- i) the Leasehold Mortgage shall not contain any provisions which would impair or effect the Landlord's rights to receive and deal with insurance proceeds in accordance with its rights, if any, in Article 12;
- j) the Tenant shall be responsible for all reasonable costs and expenses (including, without limitation, the Landlord's legal fees) incurred by the Landlord in connection with the Tenant entering into, extending, modifying, renewing or replacing the Leasehold Mortgage and the Landlord negotiating the terms of and entering into the agreement referred to in section 14.1(k), and same shall be paid to the Landlord by the Tenant on demand, and, in any event, prior to the Landlord executing the agreement referred to in section 14.1(k); and
- k) the Leasehold Mortgagee has, contemporaneously with the entering into of the Leasehold Mortgage, entered into an agreement in form and substance substantially similar to the agreement attached hereto as Schedule "D".

#### 14.2 Tenant to Perform Obligations

The Tenant shall observe and perform all of the Tenant's obligations under every Leasehold Mortgage and keep every Leasehold Mortgage in good standing at all times.

#### 14.3 No Obligation on the Landlord to Mortgage

The Landlord shall not be obligated to mortgage, charge or otherwise encumber its leasehold interest in the Premises in favour of a Leasehold Mortgagee or be a covenantor, guarantor, or surety of any Leasehold Mortgage.

## 15. HEAD LEASE

### 15.1 Inspection of Head Lease

The Landlord shall permit the Tenant to review the Head Lease at the Landlord's offices at such reasonable times as the Landlord determines.

### 15.2 Tenant's Acknowledgement

The Tenant acknowledges and agrees that:

- a) the rights granted to it by this Lease are subject to the terms of and the continued existence of the Head Lease. Upon the expiration, disclaimer or termination of the Head Lease, this Lease shall immediately expire and, subject to any agreement entered into between the Tenant and the Head Landlord, the Tenant shall surrender possession of the Premises to the Landlord in accordance with its obligations contained in this Lease; and
- b) subject to any rights of non-disturbance granted by the Head Landlord, upon the default of the Landlord under the Head Lease and the early termination and re-entry by the Head Landlord, the Head Landlord has the option, in its sole unfettered discretion, to require the Tenant to attorn to the Head Landlord in which event the Tenant shall forthwith attorn to the Head Landlord.

### 15.3 Power of Attorney

Effective upon the expiry or early termination of the Head Lease, the Tenant hereby irrevocably appoints the Minister of Transport, and any other person authorized by the Minister of Transport to act on his or her behalf, as the Tenant's attorney with full power and authority to execute and deliver in the name of the Tenant, all documents necessary to effect the transfer to the Head Landlord of the title to or the ownership of any Additional Improvements or any new addition to, improvement to, alteration of or replacement of any Existing Improvements on the Premises.

### 15.4 Non-Disturbance Agreement

Section 19.1 of the Head Lease, a copy of which is attached as Schedule "F", sets out the terms pursuant to which the Head Landlord will enter into a non-disturbance agreement with the Tenant. If requested by the Tenant in writing, the Landlord shall request the Head Landlord to enter into a non-disturbance agreement with the Tenant on the terms set out in section 19.1 of the Head Lease. The Tenant shall comply with all of the terms of section 19.1 of the Head Lease which require compliance by the "Occupant" (as that term is defined in the Head Lease). The Tenant acknowledges and agrees that:

- a) the Landlord has made no representation or warranty to the Tenant regarding the Tenant's ability to obtain such a non-disturbance agreement from the Head Landlord;
- b) the Tenant assumes the entire risk of the Head Landlord refusing to provide a non-disturbance agreement to the Tenant;
- c) the Landlord shall not be liable to the Tenant for any Claims resulting or arising from the refusal of the Head Landlord to enter into a non-disturbance agreement with the Tenant, even if the Head Landlord's reason for so refusing is due to the actions or omissions of the Landlord; and
- d) the Landlord's only obligation in connection with this matter shall be to make the initial request to the Head Landlord for such a non-disturbance agreement.

## 16. RIGHT TO RELOCATE OR TERMINATE

### 16.1 Right to Relocate

- a) The Landlord may at any time, or from time to time, at any time following October 31, 2009, relocate the Tenant from the Premises to another location on the Airport Lands having groundside and airside access (the "New Premises"). If the Landlord wishes to so relocate the Premises, the Landlord shall:
- i) give the Tenant not less than 180 days prior written notice (the "Relocation Notice");
  - ii) construct on the New Premises improvements substantially similar in size and quality as those located on the Premises on the date that the Landlord gives the Tenant the Relocation Notice. The Landlord shall advise the Tenant in writing when the New Premises are ready for occupancy by the Tenant; and
  - iii) pay for the direct out-of-pocket labour and equipment costs of moving the Tenant from the Premises to the New Premises, including, without limitation moving the Tenant's Trade Fixtures from the Premises to the New Premises and costs relating to notification of the Tenant's change of address. In no event shall the Landlord be required to make any payment to the Tenant on account of goodwill, loss of profits or loss of business in connection with the Landlord exercising its rights in this section 16.1.
- b) Within 45 days following the later of the Landlord advising the Tenant that the New Premises are ready for occupation and the expiry of the notice period contained in the Relocation Notice, the Tenant shall relocate its operations from the Premises to the New Premises. Upon the expiry of such 45 day period, this Lease shall be deemed to be amended to reflect the fact that the Premises will thereafter be the New Premises. Within 15 days of written demand being made by the Landlord, the Tenant shall execute such further assurances, releases or documents as may be required by the Landlord to give effect to any of the Landlord's rights under this section 16.1.
- c) The Tenant shall not have any right to object to or make any claim other than as expressly set out in this section on account of the exercise by the Landlord of its rights under this section and the Tenant shall not be entitled to any abatement of Rent.

### 16.2 Right to Terminate

- a) The Landlord shall have an option (the "Termination Option") to terminate this Lease at any time following October 31, 2009 on the following terms and conditions:
- i) the Landlord gives the Tenant not less than 180 days written notice of its exercising the Termination Option, the last day of such notice period being called the "Termination Date"; and
  - ii) the Landlord pays to the Tenant on or before the Termination Date a lease termination fee in an amount equal to the sum of:
    - (A) an amount on account of the undepreciated value of the Tenant's investment in Existing Improvements made prior to the Commencement Date (the "Initial Investment"). For this purpose, the Initial Investment shall be deemed to have a value of \$2,442,065.00 on the Commencement Date and shall be amortized on a straight line basis over twenty-five (25) years; and
    - (B) an amount equal to the undepreciated value of the Additional Improvements, all alterations and additions made by the Tenant to the Existing Improvements and the Tenant's Leasehold Improvements in each

case made following the Commencement Date amortized on a straight line basis from the date of installation or construction to October 31, 2025, being the expiration date of the Lease. The parties acknowledge that the value of the Additional Improvements installed between November 1, 2000 and November 26, 2001 is \$3,519,290.00.

- b) On the Termination Date, the Tenant shall surrender possession of the Premises to the Landlord in accordance with its obligations contained in this Lease. If required by the Landlord at any time following the termination of this Lease, the Landlord and the Tenant shall enter into a written agreement reflecting the termination of this Lease on the terms contained in this section.
- c) The Tenant shall not have any right to object to or make any claim other than as expressly set out in this section on account of the exercise by the Landlord of the Termination Option.

## 17. STATUS STATEMENT, ATTORNMENT AND SUBORDINATION

### 17.1 Status Statement

On demand being made by the Landlord or the Tenant from time to time, the Tenant or the Landlord shall execute and deliver to the other, any Mortgagee or the Head Landlord a statement in writing, in the form supplied by the Landlord or Tenant certifying that the Lease is unmodified and in full force and effect (or if modified, stating the modification and that the Lease is in full force and effect as modified), the Commencement Date, the Term, the amount of Rent then being paid under this Lease, the dates to which Rent has been paid, whether or not there is any existing default on the part of the Landlord or the Tenant of which the Tenant is aware and any other particulars that the Tenant or the Landlord, as applicable, may request.

### 17.2 Attornment

Subject to section 17.3, the Tenant shall, if proceedings are brought by a Mortgagee to take possession of the Premises or assign this Lease to another Person, attorn to the Mortgagee or such other Person upon any such taking or assignment and recognize such Mortgagee or Person as the Landlord under this Lease. The Tenant shall execute promptly such instruments or certificates to carry out the intent of this section 17.2 as shall be requested by the Landlord, such Mortgagee or other Person.

### 17.3 Lease Subordination

This Lease and all the rights of the Tenant hereunder are subject and subordinate to all Mortgages which may now or hereafter affect the Premises or any part or parts thereof, and to all advances made or hereafter to be made upon the security thereof and all renewals, modifications and extensions thereof. The Tenant agrees to execute promptly whenever requested by the Landlord or the Mortgagee an instrument or instruments confirming such subordination. The subordination in the immediately preceding two sentences and the attornment in section 17.2 is subject to the condition that such Mortgagee agrees that if it enforces its security, the Tenant will be entitled to remain in possession of the Premises in accordance with the terms of the Lease provided the Tenant performs each and every one of the Tenant's Covenants (a "Non-Disturbance Agreement"). Regardless of any other provision of this Lease, this Lease shall not be subordinated to and the Tenant shall not be required to subordinate this Lease to any future Mortgagee unless such Person provides a Non-Disturbance Agreement to the Tenant.

**18. DAMAGE AND DESTRUCTION**

**18.1 Damage to the Premises**

- a) Subject to sections 18.1(b) and (c), in the case of damage to, or total or partial destruction of, the Additional Improvements or the Existing Improvements (collectively, the "Improvements") from any cause whatsoever (collectively, the "Damage"):
- i) the Tenant shall:
    - a) give the Landlord prompt written notice of such Damage; and
    - b) at its sole cost, promptly and diligently proceed to do all work necessary to make all repairs, replacements, restoration and reconstruction to and of the Improvements to return the Improvements to the same condition as prevailed immediately prior to the occurrence of such Damage. All such work shall be carried out in accordance with the provisions of Article 7; and
  - ii) this Lease shall continue in full force and effect and shall not be considered to be frustrated, notwithstanding any present or future Laws to the contrary.
- b) If the Damage occurs during the final 3 years of the Term and such Damage represents 70% or more of the fair market value of the Improvements at the time of the Damage, the Tenant shall have the right to terminate this Lease (the "Termination Option") upon the following terms and conditions:
- i) there is then in force and payable a policy (or policies) of insurance providing for the payment of the replacement of the Improvements and that the proceeds thereof shall be equivalent to a payment being made on a replacement cost basis insurance policy, whether or not an insured shall rebuild the Improvements (the "Proceeds") and the Proceeds have been paid;
  - ii) the Proceeds shall be paid to the parties as their respective interests may appear, except in those cases where the Landlord has notified the insurer and the Tenant that there are arrears of Rent owing by the Tenant under this Lease. If the Landlord has so notified the insurer, the Proceeds otherwise payable to the Tenant shall be paid to the Landlord to the extent of the arrears of Rent owing by the Tenant;
  - iii) the Tenant exercises the Termination Option within 15 days following the occurrence of the Damage by delivering written notice of such exercise to the Landlord, failing which it shall be deemed to have elected not to terminate this Lease;
  - iv) this Lease shall be deemed to be terminated on the exercise of the Termination Option by the Tenant, provided that the terms of this section 18.1(b) have been complied with;
  - v) the Tenant shall pay to the Landlord all Rent due and payable to the date of termination; and
  - vi) the Tenant shall, if requested by the Landlord, deliver up the Premises in a vacant state, properly filled, levelled, cleared and compacted and free and clear of all Leasehold Mortgages.
- c) If the Damage occurs during the final 3 years of the Term and such Damage represents 70% or more of the fair market value of the Improvements at the time of the Damage, the Landlord shall have the right to terminate this Lease by giving written notice of such election to terminate to the Tenant within 15 days following the occurrence of the

Damage, failing which it shall be deemed to have elected not to terminate this Lease. If the Landlord exercises its termination option:

- i) the Tenant shall:
    - a) at its cost, if requested by the Landlord, properly fill, level, clear and compact the Premises;
    - b) pay to the Landlord all Rent due and payable to the date of termination; and
    - c) deliver vacant possession of the Premises free and clear of any Leasehold Mortgages and other encumbrances; and
  - ii) the Proceeds shall be paid to the parties as their respective interests may appear, except in those cases where the Landlord has notified the insurer and the Tenant that there are arrears of Rent owing by the Tenant under this Lease. If the Landlord has so notified the insurer, the Proceeds otherwise payable to the Tenant shall be paid to the Landlord to the extent of the arrears of Rent owing by the Tenant.
- d) The decision of the Landlord's Expert as to whether the Damage represents 70% or more of the fair market value of the Improvements at the time of the Damage shall be final and binding on the parties. The Landlord shall use reasonable efforts to cause its Expert to advise the Landlord and the Tenant of its determination within 10 days of the occurrence of the Damage.

## 19. IMPOSSIBILITY OF PERFORMANCE

### 19.1 Impossibility

If any party is bona fide delayed or hindered in or prevented from the performance of the Landlord's Covenants or the Tenant's Covenants, as the case may be, by reason of:

- a) being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to perform such obligation;
- b) not being able to obtain any required permission or authority;
- c) strikes, walkouts or labour troubles;
- d) power failures;
- e) restrictive Laws or the orders or directions of any Authority (unless given as a result of a party's failure to comply with any Laws);
- f) riots, insurrections, war, sabotage or rebellion;
- g) abnormal weather conditions or abnormal subsurface conditions;
- h) acts of God; or
- i) any other event beyond its control,

none of which is the fault of the party so delayed, and provided that such party gives written notice to the other party within 3 Business Days of the commencement of such impediment and a further written notice within 3 Business Days following the date that such impediment is rectified, then the party so delayed shall, so long as such impediment exists, be relieved from performing such obligation and the other party shall not be entitled to any compensation for any

inconvenience, loss, damage, nuisance or discomfort thereby occasioned. Upon the reason for the delay being rectified, the party so delayed shall thereafter perform such delayed obligation within the appropriate time period after the expiration of the period of such delay. Nothing in this section shall, however, excuse a delay caused by a lack of funds or other financial circumstances of any party or excuses the Tenant from paying Rent when it is due and payable.

## 20. LANDLORD'S COVENANTS

### 20.1 Quiet Enjoyment

As long as the Tenant observes and performs the Tenant's Covenants, the Tenant may peaceably possess and enjoy the Premises for the Term without any hindrance, interruption or disturbance from the Landlord or any other Person lawfully claiming by, from or under it. The Landlord shall not initiate, promote nor request an amendment to the Approved Land Use Plan, or a replacement thereof, which would prohibit the Tenant from using the Premises for the Permitted Uses.

### 20.2 Landlord's Representations

The Landlord represents and warrants to the Tenant that as at the date this Lease is signed:

- (a) the Permitted Uses comply with the Approved Land Use Plan and are not inconsistent with the uses permitted by the Head Lease;
- (b) the Landlord has the capacity to enter into this Lease and perform the Landlord's Covenants;
- (c) no Event of Default has occurred and is continuing under the Head Lease; and
- (d) the Landlord has not granted any Person any right to occupy the Lands other than the Tenant pursuant to this Lease.

### 20.3 Common Areas

The Landlord shall operate, maintain and insure the Common Areas in accordance with its obligations under the Head Lease.

## 21. SECURITY

### 21.1 Security Deposit

- a) Contemporaneously with the Tenant's execution of this Lease, it shall provide the Landlord with a security deposit in an amount equal to 3 months Minimum Rent (the "Security Deposit"). Whenever the monthly Minimum Rent is increased in accordance with section 4.2, the Tenant shall, within 15 days of the date of such increase, provide the Landlord with such additional monies as are required so as to ensure that the amount of the Security Deposit is equal to 3 months Minimum Rent.
- b) The Landlord shall hold the Security Deposit (plus all monies added to the Security Deposit in accordance with the terms of this Lease) as security for the faithful performance by the Tenant of the terms, covenants and conditions of this Lease on the part of the Tenant to be observed and performed. The Landlord shall be under no obligation to apply the Security Deposit on account of Rent, but may do so in its sole and absolute discretion. Any portion of the Security Deposit may be applied towards the payment of overdue or unpaid Rent and may also be applied as compensation to the Landlord for any loss or damage arising from the failure of the Tenant to observe and perform the Tenant's Covenants.



- c) If the Landlord uses all or part of the Security Deposit, the Tenant shall upon notification by the Landlord pay to the Landlord the amount required to reimburse it for the amount so applied.
- d) Within 90 days following the expiration of this Lease, the Landlord shall refund to the Tenant any portion of the Security Deposit not used by the Landlord after application by the Landlord to any damage incurred by the Landlord as a result of the Tenant failing to observe and perform the Tenant's Covenants.
- e) The Landlord will be discharged from any liability to the Tenant with respect to the Security Deposit if it is transferred to any purchaser of the Landlord's interest in the Premises or Lease.
- f) The Landlord will not be required to pay interest to the Tenant on any part of the Security Deposit.

21.2 Security Interest

- a) The Tenant hereby grants to the Landlord a security interest (in this section called the "Security Interest") in all of the Tenant's Personal Property (the "Collateral"), to secure the performance of all of the Tenant's Covenants. The parties agree that the Security Interest shall attach to the Collateral immediately upon the Tenant acquiring any rights in the Collateral from time to time. The Tenant acknowledges and agrees that this section is intended to constitute a security agreement as defined in the Personal Property Security Act (Ontario). This security agreement is separate from and shall survive the termination, expiry or disclaimer of this Lease.
- b) Upon the occurrence of an Event of Default, the Landlord, by itself or by a receiver or any replacement thereof appointed in writing by the Landlord, may take possession of the Collateral and will have all the rights of a secured party under the Personal Property Security Act (Ontario). The Landlord shall be entitled to recover the reasonable expenses of retaking, holding, repairing, processing, repairing for disposition and disposing of the Collateral and all other reasonable expenses, including, without limitation, legal costs, incurred by the Landlord. The Landlord may exercise any rights provided by this section on the Premises and for such purpose may lock the Premises, change any locks on the Premises and by any means exclude the Tenant from all or any part of the Premises and the Landlord shall not thereby be terminating this Lease in the absence of express written notice terminating this Lease.
- c) This Security Interest shall not be deemed to have been satisfied, discharged or redeemed by reason of the Tenant not being indebted to the Landlord at any time or from time to time and no payments shall reduce the amount secured by this Security Interest except to the extent expressly approved by the Landlord in writing.
- d) This Security Interest and the rights of the Landlord under this section are additional security to the Landlord to secure the Tenant's obligations under this Lease and are given in addition to and may be exercised by the Landlord without prejudice to any other rights of the Landlord under this Lease or at law, including, without limitation, the Landlord's right of distress.
- e) The Tenant shall not grant any security interests in the Collateral to any Person other than:
  - i) the Landlord;
  - ii) an institutional lender providing financing to the Tenant in respect of the Tenant's business operations in the Premises; and

- iii) vendors of equipment sold to the Tenant, provided that any such security interest is only given in respect of the equipment purchased by the Tenant from such vendor,

and the Landlord shall, if requested, postpone its Security Interest in favour of security interests granted to the Persons described in sections 21.2(e)(ii) and (iii).

## 22. DEFAULT

### 22.1 Default

- a) If and whenever an Event of Default occurs, then the Landlord has to the extent permitted by law, the immediate right of re-entry upon the Premises and it may expel all Persons and remove all property from the Premises and such property may be removed and sold or disposed of by the Landlord in such manner as the Landlord in its sole and absolute discretion deems advisable or may be stored in a public warehouse or elsewhere at the cost and for the account of the Tenant, all without service of notice or resort to legal process and without the Landlord being considered guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby including any such loss or damage caused by the negligence of the Landlord or its servants and agents. If the Landlord sells such property in accordance with the foregoing, the Landlord shall be entitled to retain all proceeds received from such sale for its own account, but the Landlord will apply such proceeds against the damages suffered by the Landlord as a result of such re-entry. Notwithstanding the foregoing, the Landlord shall not sell such property for 5 Business Days following the date of its re-entry and the Tenant shall be entitled to remove such property from the Premises during such 5 day period under the Landlord's supervision. In addition to any and all other rights of the Landlord, and at the option of the Landlord, upon the occurrence of an Event of Default:
  - i) the full amount of the current month's Rent together with the next 3 month's Rent will immediately become due and payable as accelerated Rent; and
  - ii) the Landlord may deny the Tenant any or all services to the Premises, including, without limitation, the supply of utilities.
- b) If the Landlord elects to re-enter the Premises or if it takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make any alterations and repairs which the Landlord, in its sole and absolute discretion, deems necessary in order to re-let the Premises, or any part thereof, for such term or terms (which may be for a term extending beyond the Term) and at such rent and upon such other terms, covenants and conditions as the Landlord in its sole and absolute discretion considers advisable. Upon each such re-letting all rent received by the Landlord will be applied as follows:
  - i) first to the payment of any indebtedness other than Rent due hereunder;
  - ii) second, to the payment of any reasonable costs and expenses of re-letting, including reasonable brokerage fees and solicitors' fees and the reasonable costs of all alterations and repairs to the Premises which the Landlord, in its sole and absolute discretion, deems necessary in order to re-let the Premises;
  - iii) third, to the payment of Rent due and unpaid under this Lease; and
  - iv) the residue, if any, will be held by the Landlord and applied in payment of future Rent as same becomes due and payable under this Lease.

If the rent received from such re-letting during any month is less than that payable by the Tenant under the terms of this Lease, the Tenant will pay any such deficiency in advance on the first day of each month. The Landlord shall in no way be responsible or liable for

any failure to re-let the Premises or any part thereof, or for any failure to collect any Rent due upon any such re-letting. No re-entry or taking possession of the Premises by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to the Tenant. Regardless of any re-letting without termination, the Landlord may at any time thereafter elect to terminate this Lease for the previous breach.

- c) If the Landlord terminates this Lease, in addition to any other remedies it may have, the Landlord may recover from the Tenant all damages it incurs by reason of the Tenant's breach, including, without limitation, the cost of recovering the Premises, brokerage fees and solicitors' fees, the cost of all tenant inducements, alterations and repairs to the Premises which the Landlord, in its sole and absolute discretion, deems necessary in order to re-let the Premises and the worth at the time of such termination of the excess, if any, of the amount of Rent required to be paid pursuant to this Lease for the remainder of the Term (had this Lease not been terminated) over the then rental value of the Premises, as determined by the Landlord, for the remainder of the Term (had this Lease not been terminated), all of which amounts shall be immediately due and payable by the Tenant to the Landlord. Upon any termination of this Lease, the Landlord shall be entitled to retain all of the monetary deposits provided by the Tenant as liquidated damages on account of the minimum amount of damages which the parties agree the Landlord will suffer as a result of such termination, all without the necessity for any legal proceedings. In no circumstances whatsoever shall the Landlord be required to return the said deposits or any part thereof to the Tenant.
- d) The Landlord may use such force as it deems necessary for the purpose of gaining entry to the Premises for the purpose of exercising any of its rights in this Lease, and the Tenant hereby releases the Landlord from all Claims in respect of any such entry save for those resulting from the negligence or wilful misconduct of the Landlord or the Landlord's Employees.

## 22.2 Distress

- a) The Tenant hereby waives and renounces the benefit of any present or future Laws, statutory or otherwise, taking away or limiting or purporting to take away or limit the Landlord's right of distress and the Tenant hereby agrees with the Landlord that, notwithstanding any such laws, all Personal Property from time to time on the Premises shall be subject to distress for Rent and the fulfilment of all of the Tenant's obligations under this Lease in the same manner as if such laws had not been made. Upon the Landlord effecting a distress, this provision may be pleaded as an estoppel against any Claims which the Tenant, or any Person claiming through the Tenant, may bring against the Landlord in respect of any distress levied by the Landlord.
- b) In addition to any other rights of the Landlord to distrain, the Landlord shall have the right to distrain on all of the Personal Property on the Premises, including, without limitation, all heavy or connected machinery and equipment. The Landlord may without notice to the Tenant exercise any right of distress on the Premises and for such purpose the Tenant agrees that the Landlord may enter the Premises by any means which the Landlord in its sole and absolute discretion deems necessary, including, without limiting the generality of the foregoing, by using any keys in the Landlord's possession to unlock any locks preventing access to the Premises or by the use of such force as the Landlord in its sole and absolute discretion deems necessary, including, without limitation, the breaking of any lock, door or window or other point of entry into the Premises. The Landlord shall have the right to lock the Premises, change any locks on the Premises and by any means exclude the Tenant from all or any parts of the Premises and the Landlord shall not thereby be terminating this Lease in the absence of an express written notice terminating this Lease. The Tenant hereby consents to being excluded by the Landlord from all or any parts of the Premises for the purpose of the Landlord exercising its right of distress and acknowledges and agrees that such exclusion shall not constitute a termination of this Lease in the absence of an express written notice from the Landlord terminating this Lease. The Landlord may exercise any right of distress at any time

during the day or night and on any day of the week whether or not the Premises are occupied by any Person at the time.

- c) The Tenant agrees that a distress of all of the Personal Property may be effected by written notice posted in or on the Premises, whether or not the Landlord locks or otherwise secures such Personal Property from the Tenant on the Premises or elsewhere. If the Landlord effects a distress by written notice or by any other means, the Tenant agrees not to use, remove or permit to be used or removed any distrained Personal Property and not to interfere with the Landlord's exercise of its right of distress.
- d) The Tenant agrees that the Landlord's exercise of any right of distress as permitted hereby or at law shall not:
  - i) constitute a trespass or breach of any express or implied term of this Lease or render the Landlord subject to any legal proceeding; or
  - ii) render the Landlord liable or responsible in any way to the Tenant or any other Person for any act, fault, default, negligence, breach or omission of the Landlord or its bailiffs, agents, servants, employees or any other Persons, or for any occurrence or for any cause whatsoever, including, without limitation, any Injury to the Tenant or others or for any loss or damage to any property of the Tenant or others.
- e) In exercising any right of distress, the Landlord may distrain against all or any Personal Property, irrespective of whether, or of the degree to which, the distress may be excessive and the Tenant waives any and all rights and remedies in respect thereof. In exercising any right of distress, the Landlord may hold all distrained Personal Property without limit in time and the Tenant waives any and all rights and remedies in respect thereof.
- f) In addition to others entitled to do so, the Landlord and its agents and employees shall have the right without notice to the Tenant to purchase any Personal Property on the Premises distrained by the Landlord.
- g) If there remains arrears of Rent following the completion of a distress, the Landlord shall be entitled to levy a further distress on the remaining Personal Property on the Premises.
- h) The Tenant shall indemnify and hold harmless the Landlord from and against any and all Claims arising out of the exercise by the Landlord of any of its rights under this section.
- i) The rights given to the Landlord pursuant to this section are in addition to, and not in replacement of, its common law right to distrain upon the Personal Property and this section shall in no way derogate from or in any way impair the Landlord's common law right to distrain upon the Personal Property.

### 22.3 Right to Perform

If the Tenant fails to observe or perform any of the Tenant's Covenants (such unobserved or unperformed covenants being called the "Unperformed Covenants"), then the Landlord may, at its option, upon twenty-four (24) hours prior written notice (or such other notice period required or contemplated by the terms of this Lease), except in cases of emergency or apprehended emergency where no notice is required, and without waiving or releasing the Tenant from the strict performance of the Tenant's Covenants, perform the Unperformed Covenants to such extent as the Landlord, acting reasonably, considers desirable and in doing so may pay all necessary and reasonable incidental costs and expenses. If the Landlord commences performing any of the Unperformed Covenants, it may at any subsequent time cease performing the Unperformed Covenants without any incurring any liability whatsoever. All sums paid by the Landlord in performing the Unperformed Covenants, plus an administrative fee equal to 20% of the amount so paid together with interest thereon at the rate provided for in section 4.8 calculated from the date of the making of such payment by the Landlord, shall be paid by the Tenant within 15 days of the Landlord making written demand on the Tenant for such payment.

22.4 Waiver

The Tenant hereby waives:

- a) its right to terminate this Lease in accordance with the provisions of the *Bankruptcy and Insolvency Act* (Canada) unless it first obtains the Landlord's written consent, which consent may be unreasonably and arbitrarily withheld; and
- b) its right to seek relief from any forfeiture of this Lease or any re-entering of the Premises by the Landlord pursuant to the Landlord's rights under this Lease or at law.

22.5 Legal Expenses

If the assistance of legal counsel shall be required to recover possession of the Premises, re-let the Premises, recover Rent, or because of the breach of any other of the Tenant's Covenants, or to advise the Landlord on any of the foregoing matters, the Tenant shall pay to the Landlord all reasonable expenses incurred therefor, including solicitor fees on a solicitor and his client basis, within 15 days after demand being made by the Landlord and reasonably detailed evidence of expenses being provided to the Tenant.

22.6 Rights Cumulative

The rights and remedies given to the Landlord in this Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by the Landlord shall be deemed to be in exclusion of any other rights or remedies provided in this Lease or by law or in equity.

22.7 Acceptance of Rent - Non-Waiver

No receipt of monies by the Landlord from the Tenant after the termination of this Lease in any lawful manner shall reinstate, continue or extend the Term, or affect any notice previously given to the Tenant or operate as a waiver of the right of the Landlord to enforce the payment of Rent then due or thereafter falling due, or operate as a waiver of the right of the Landlord to recover possession of the Premises by proper suit, action, proceedings or other remedy. After the service of any notice to terminate this Lease and the expiration of any time therein specified or after the commencement of any suit, action, proceeding or other remedy, or after a final order or judgment for possession of the Premises, the Landlord may demand, receive and collect any monies due, or thereafter falling due without in any manner affecting such notice, suit, action, proceeding, order or judgment. Any and all such monies so collected shall be deemed payments on account of the use and occupation of the Premises or at the election of the Landlord on account of the Tenant's liability hereunder.

22.8 No Waiver

No condoning or waiver by either the Landlord or Tenant of any default or breach by the other at any time or times of the Landlord's Covenants or the Tenant's Covenants, respectively, shall be deemed or construed to operate as a waiver of the Landlord's or Tenant's rights under this Lease, as the case may be, in respect of any continuing or subsequent default or breach nor so as to defeat or affect in any way the rights or remedies of the Landlord or Tenant under this Lease, as the case may be, in respect of any such continuing or subsequent default or breach. Unless expressly waived in writing, the failure of the Landlord or the Tenant to insist in any one or more cases upon the strict performance of any of the Landlord's Covenants or the Tenant's Covenants, as the case may be, shall not be deemed or construed to operate as a waiver for the future strict performance or observance of such covenants. The subsequent acceptance of Rent by the Landlord shall not be deemed to be a waiver of any preceding breach by the Tenant of any of the Tenant's Covenants regardless of the Landlord's knowledge of such preceding breach at the time of its acceptance of such Rent.

22.9 Accord and Satisfaction

No payment by the Tenant or receipt by the Landlord of a lesser amount than the Rent stipulated in this Lease shall be deemed to be other than on account of the earlier stipulated Rent, nor shall any endorsement or statement on any cheque or any letter accompanying any cheque or payment as Rent be deemed an accord and satisfaction, and the Landlord may accept such cheque or payment without prejudice to the Landlord's rights to recover the balance of such Rent or pursue any other remedy provided in this Lease.

22.10 Intentionally Deleted

23. **GENERAL**

23.1 Notice

Any notice or other communication required or permitted to be given by this Lease shall be in writing and shall be effectively given if:

- a) delivered personally;
- b) sent by prepaid courier service;
- c) sent by registered mail; or
- d) sent by fax or other similar means of electronic communication and confirmed by mailing the original documents so sent by prepaid mail on the same or following day,

in the case of notice to:

- i) the Landlord at:

Lester B. Pearson International Airport  
Box 6031  
Toronto AMF, Ontario, L5P 1B2

Attention: Chief Executive Officer

Fax No. 905-676-3339

together with a further copy to Landlord at the address set out above and addressed to the attention of General Counsel.

- ii) the Tenant at:

6120 Midfield Road  
Mississauga, Ontario L5P 1B1

Attention: President

Fax No. (905) 678-5766

together with a further copy to Tenant at the address set out above and addressed to the attention of General Counsel

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is

not a Business Day such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication sent by registered mail shall be deemed to have been given and received on the third Business Day following the date of mailing. Any notice or other communication transmitted by fax or other similar form of electronic communication shall be deemed to have been given and received on the day of its transmission provided that such day is a Business Day and such transmission is completed before 5:00 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first Business Day after its transmission. Regardless of the foregoing, if there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal mail delivery by Canada Post, then no notice or other communication may be delivered by registered mail. If there has been a mail stoppage and if a party sends a notice or other communication by fax or other similar means of electronic communication, such party shall be relieved from the obligation to mail the original document in accordance with this section. If two or more Persons are named as Tenant, such notice or other communication given hereunder shall be sufficiently given if sent in the foregoing manner to any one of such Persons.

### 23.2 Lease Entire Agreement

This Lease constitutes the entire agreement between the parties pertaining to the subject matter of this Lease and supersedes all prior agreements, offers to lease, understandings, negotiations and discussions, whether oral or written, of the parties. This Lease may not be modified or amended except pursuant to an agreement in writing executed by the Landlord and the Tenant. There are no representations, warranties, covenants, conditions or other agreements, whether oral or written, express or implied, forming part of or in any way affecting or relating to this Lease or the Premises except as expressly set out in this Lease. Without limiting the generality of the foregoing, the Tenant specifically acknowledges and agrees that, except as expressly otherwise provided herein, the Landlord has not made any representations or warranties to the Tenant regarding whether the Tenant's intended use of the Premises is permitted by the applicable zoning, the Tenant having independently satisfied itself with respect to this matter prior to signing this Lease.

### 23.3 Registration

The Tenant shall not register this Lease or permit anyone acting on the Tenant's behalf to register it. The Tenant may, however, register any registrable document which shall only disclose the Premises, the Term, the Commencement Date, the renewal rights, if any, and the parties to this Lease, but such document shall not exhibit the Lease or any part of it and the said document shall be subject to the approval of the Landlord's solicitors, at the Tenant's expense. Such approval shall be obtained prior to the document being registered, and shall be prepared by the Tenant and registered at the sole cost and expense of the Tenant. Any registrable document requested or registered by the Tenant shall contain an irrevocable power of attorney by the Tenant in favour of the Landlord, which power of attorney is also hereby irrevocably granted by the Tenant to the Landlord under the *Powers of Attorney Act* (Ontario) and which power of attorney shall survive and may be exercised during any subsequent legal incapacity of the Tenant, authorizing the Landlord to execute on behalf of and in the name of the Tenant such notices, agreements and documents as shall be required or desired by the Landlord to expunge or discharge from the Registrar of Title of the Lands any interest of the Tenant therein after the expiry or earlier termination of this Lease. The said power of attorney shall survive the expiry or earlier termination of this Lease.

### 23.4 Applicable Law

This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario contract. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

### 23.5 Interpretation

In this Lease, "herein", "hereof", "hereunder", "hereafter" and similar expressions refer to this Lease and not to any particular section, paragraph or other portion thereof, unless there is something in the subject matter or context inconsistent therewith. The parties agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate paragraph hereof.

### 23.6 Headings and Captions

The Table of Contents, Article numbers, Article headings, section numbers and section headings appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease or of any provision hereof.

### 23.7 Gender and Number

The grammatical changes required to make the provisions of this Lease apply in the plural sense, and to make the said provisions apply to corporations, firms, partnerships or individuals, male or female, will be assumed as though in each case fully expressed. If the Tenant consists of more than one Person, the covenants of the Tenant shall be deemed to be joint and several and covenants of each such Person. If the Tenant is a partnership (the "Tenant Partnership") each Person who is presently a member of the Tenant Partnership, and each Person that becomes a member of any successor Tenant Partnership, shall be and continue to be liable jointly and severally for the performance of this Lease, whether or not such Person ceases to be a member of such Tenant Partnership or successor Tenant Partnership.

### 23.8 Partial Invalidity

If for any reason whatsoever any term, covenant or condition of this Lease, or the application thereof to any Person, firm or corporation or circumstance, is to any extent held or rendered invalid, unenforceable or illegal, then such term, covenant or condition:

- a) is deemed to be independent of the remainder of the Lease and to be severable and divisible therefrom, and its validity, unenforceability or illegality does not affect, impair or invalidate the remainder of the Lease or any part thereof; and
- b) continues to be applicable to and enforceable to the fullest extent permitted by law against any Person and circumstance other than those as to which it has been held or rendered invalid, unenforceable or illegal.

### 23.9 Compliance with the Planning Act

It is an express condition of this Lease that the provisions of section 50 of the *Planning Act* (Ontario), as amended or replaced from time to time, be complied with if applicable in law. Until any necessary consent to this Lease is obtained, the Term (including any extensions or renewals thereof) and the Tenant's rights and entitlement granted by this Lease shall be deemed not to exceed a period of 21 years less a day from the Commencement Date. The Tenant shall apply diligently to prosecute such application for such consent forthwith upon the execution of this Lease by both the Landlord and the Tenant, and the Tenant shall be responsible for all costs, expenses, taxes and levies imposed, charged or levied as a result of such application and in order to obtain such consent. The Tenant shall at all times keep the Landlord informed of its progress in obtaining such consent and the Landlord shall cooperate with the Tenant in regard to such application, but at the sole expense of the Tenant. Notwithstanding the foregoing, the Landlord reserves the right at any time, at the Tenant's expense, to apply for such consent in lieu of the Tenant and the Tenant's application is hereby expressly made subject to any application which the Landlord intends to make.

### 23.10 Intentionally Deleted



23.11 No Option

The submission of this Lease for examination does not constitute a reservation of or option to lease for the Premises and this Lease becomes effective as a lease only upon execution and delivery thereof by the Landlord and the Tenant and the execution and delivery to the Landlord by the Indemnifier, if any, of the Indemnity Agreement.

23.12 References to Statutes

Any reference to a statute in this Lease includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed and which has the effect of supplementing or superseding such statute or regulations.

23.13 Approval in Writing

Wherever the Landlord's consent is required to be given under this Lease or wherever the Landlord must approve any act or performance by the Tenant, such consent or approval, as the case may be, shall not be effective unless same is in writing.

23.14 Time

Time shall be of the essence of this Lease and every part of it, except as may be expressly provided to the contrary in this Lease, and no extension or variation of this Lease shall operate as a waiver of this provision. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Lease, unless this Lease provides to the contrary, the date which is the reference date in calculating such period shall be excluded. If Rent is required to be paid on a day which is not a Business Day, it shall be paid on the immediately preceding Business Day.

23.15 No Contra Proferentem

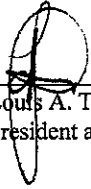
This Lease has been negotiated and approved by the parties and, notwithstanding any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Lease.

23.16 Successors

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties. No rights, however, shall enure to the benefit of any Transferee of the Tenant unless the Transfer to such Transferee has been approved by the Landlord in writing as provided in Article 13.

IN WITNESS WHEREOF the parties have executed this Lease.

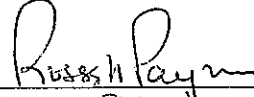
**GREATER TORONTO AIRPORTS AUTHORITY**

Per:   
Louis A. Turpen  
President and Chief Executive Officer

REVIEWED  
*MBH*  
GTAA  
LEGAL DEPT.

Per: \_\_\_\_\_  
Name:  
Title:

**SKY SERVICE F.B.O. INC.**

Per:   
Name: RUSSELL PAYSON  
Title: PRESIDENT

Per: \_\_\_\_\_  
Name:  
Title:

SCHEDULE "A"

LEGAL DESCRIPTION OF THE LANDS

Part of Lot 9, Land Registrar's Compiled Plan No. 1006, City of Mississauga, Regional Municipality of Peel, designated as Part 2 on Reference Plan 43R-11367.

SCHEDULE "B"

LEGAL DESCRIPTION OF THE AIRPORT LANDS

PART A-1

LEGAL DESCRIPTION (Peel Land Titles Lands)

In the City of Mississauga, in the Regional Municipality of Peel, in the Province of Ontario, being composed of:

Firstly: All of PIN 13526-0011 (LT), being all of Lot 1, according to Land Registrar's Compiled Plan No. 1004 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Secondly: All of PIN 13526-0001 (LT), being all of Lot 1, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Thirdly: All of PIN 13526-0002 (LT), being all of Lot 2, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

SUBJECT TO an easement in favour of Bell Canada as set out in Instrument No. 791683 over part of Lot 2, Land Registrar's Compiled Plan 1006, and designated as PART 1 on Reference Plan 43R-12696;

Fourthly: All of PIN 13526-0003 (LT), being all of Lot 3, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Fifthly: All of PIN 13526-0004 (LT), being all of Lot 4, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Sixthly: All of PIN 13526-0005 (LT), being all of Lot 5, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Seventhly: All of PIN 13526-0006 (LT), being all of Lot 6, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Eighthly: All of PIN 13526-0007 (LT), being all of Lot 7, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

SUBJECT TO an easement in favour of the Ontario Water Resources Commission as set out in Instrument No. 163646VS over part of Lot 7, Land Registrar's Compiled Plan 1006, and designated as PART 1 on Reference Plan 43R-492;

Ninthly: All of PIN 13526-0008 (LT), being all of Lot 8, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Tenthly: All of PIN 13526-0009 (LT), being all of Lot 9, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43);

Eleventhly: All of PIN 13263-0118 (LT), being all of Block 6, according to Registered Plan 43M-596 registered in the Land Registry Office for the Land Titles Division of Peel (No. 43) being all of Parcel Block 6-1, Section 43M-596;

Twelfthly: All of PIN 13262-0014 (LT), being part of Lot 6 in Concession 7 Southern Division of the Geographic Township of Toronto Gore, designated as PART 1 on Reference Plan 43R-19167 being part of Parcel 6-1, Section 43-TOR.GORE-7 S.D.;

SUBJECT TO an easement in favour of Terminal 3 Limited Partnership as set out in Instrument No. LT1607942 over that part of Lot 6, Concession 7, Southern Division, Geographic Township of Toronto Gore, designated as PART 2 on Reference Plan 43R-19974 being part of Parcel 6-1, Section 43-Tor.Gore-7 S.D.;

Thirteenthly: All of PIN 13262-0042 (LT), being part of Lot 6 in Concession 7 Southern Division of the Geographic Township of Toronto Gore, designated as PART 2 on Reference Plan 43R-19167 being part of Parcel 6-1, Section 43-TOR.GORE-7 S.D.;

SUBJECT TO an easement in favour of Terminal 3 Limited Partnership as set out in Instrument No. LT1607942 over that part of Lot 6, Concession 7, Southern Division, Geographic Township of Toronto Gore, designated as PART 1 on Reference Plan 43R-19974 being part of Parcel 6-1, Section 43-Tor.Gore-7 S.D.; and

Fourteenthly: All of PIN 13276-0120 (LT), being part of Lots 8 and 9, Concession 4, East of Hurontario Street of the Geographic Township of Toronto, designated as PART 1 on Reference Plan 43R-15952, save and except Part 1 on Reference Plan 43R-17800, being Parcel 8-10, Section 43 Toronto Township 4 EHS;

TOGETHER WITH a right over Part 1 on Plan 43R-17800 as in LT1125249.

**PART A-2**

**LEGAL DESCRIPTION (Peel Registry Lands)**

In the City of Mississauga, in the Regional Municipality of Peel, in the Province of Ontario, being composed of:

Firstly: All of PIN 13263-0105 (R), being all of Lot 10, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

SUBJECT TO an easement in favour of the Corporation of the Town of Mississauga as set out in Instrument No. 236038VS over part of Lot 10, Land Registrar's Compiled Plan 1006, and designated as PART 1 on Reference Plan 43R-379;

AND SUBJECT TO an easement in favour of the Corporation of the City of Mississauga as set out in Instrument No. 699556 over part of Lot 10, Land Registrar's Compiled Plan 1006, and designated as PART 1 on Reference Plan 43R-10031;

Secondly: All of PIN 13281-0038 (R), being all of Lot 11, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Thirdly: All of PIN 13281-0030 (R), being all of Lot 12, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Fourthly: All of PIN 13281-0026 (R), being all of Lot 13, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Fifthly: All of PIN 13281-0040 (R), being all of Lot 14, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Sixthly: All of PIN 13281-0048 (R), being all of Lot 15, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Seventhly: All of PIN 13274-0051 (R), being all of Lot 16, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Eighthly: All of PIN 13273-0369 (R), being all of Lot 17, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43);

Ninthly: All of PIN 13260-0094 (R), being all of Lot 18, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43); and

Tenthly: All of PIN 13262-0034 (R), being all of Lot 19, according to Land Registrar's Compiled Plan No. 1006 registered in the Land Registry Office for the Registry Division of Peel (No. 43).

Eleventhly: All of PIN 13276-0119 (R), being composed of the southeast half of the northwest half of Lot 8, Concession 4, East of Hurontario Street;

SAVE AND EXCEPT that part of the aforesaid parcel designated as Parts 12, 13, 14, 15 and 16 on Reference Plan 43R-17345 and that part of the parcel designated as Parts 3 and 4 on Plan RD-291;

SUBJECT TO an easement in favour of Runnymede Development Corporation as in Instrument No. 421898 over that part of the parcel herein designated as Parts 1 and 2 on Plan 43R-4616; and

SUBJECT TO an easement in favour of The Regional Municipality of Peel as in Instrument No. 556165 over that part of the parcel herein designated as Part 1 on Plan 43R-4616; and

SUBJECT TO an easement in favour of The Corporation of the City of Mississauga as in Instrument No. 556166 over that part of the parcel herein designated as Part 2 on Plan 43R-4616;

all as described in Instrument No. RO 1083835.



**PART A-3**

**LEGAL DESCRIPTION (Easements benefiting Peel Lands)**

TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 135754VS over part of Blocks 3, 6, 7, 10 and part of Davand Drive according to Registered Plan 43M-757, and part of Peel Condominium Plan No. 384, and designated as PART 2 on Reference Plan 43R-12270:

Block 3	PIN 13281-0073 (LT),
Block 6	PIN 13281-0133 (LT),
Block 7	PIN 13281-0074 (LT),
Block 10	PIN 13281-0072 (LT),
Peel Condominium Plan No. 384	PIN 19384-0001 (LT),
Davand Drive	PIN 13281-0047 (R);

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 135754VS (and in Instrument No. 179365) over part of Blocks 1, 2, 3 and part of Columbus Road according to Registered Plan 43M-845, and designated as PARTS 3, 4 and 5 on Reference Plan 43R-12270:

Block 1	PIN 13281-0123 (LT),
Block 2	PIN 13281-0132 (LT),
Block 3	PIN 13281-0089 (LT);

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 580591 over part of Block 4 according to Registered Plan M-346, and designated as PART 6 on Reference Plan 43R-12270:

PIN 13281-0049 (LT);

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 180382 over part of the West half of Lot 4, Concession 4 EHS, Township of Toronto, and designated as PART 4 on Reference Plan 43R-8732:

PIN 13263-0033 (R);

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 114660 over part of Lot 9, Concession 7 EHS, Township of Toronto Gore, and shown coloured yellow on a plan of survey (T 1500) attached to the said deed:

PIN 13260-0093 (R)  
PIN 13260-0100 (R)  
PIN 13260-0101 (R)  
PIN 13260-0113 (R)  
PIN 13260-0114 (R)  
PIN 13260-0115 (R)  
PIN 13260-0116 (R);

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada as set out in Instrument No. 108357 over part of Lot 8, Concession 7 EHS, Township of Toronto Gore, and shown coloured yellow on a plan of survey (T 1496) attached to the said deed:

PIN 13260-0101 (R)  
PIN 13260-0102 (R)  
PIN 13260-0103 (R)  
PIN 13260-0104 (R)  
PIN 13260-0105 (R)  
PIN 13260-0106 (R)  
PIN 13260-0165 (R).

**PART B-1**

**LEGAL DESCRIPTION (Toronto Land Titles Lands)**

In the City of Etobicoke, in the Municipality of Metropolitan Toronto, in the Province of Ontario, being composed of:

Firstly: All of PIN 07633-0001 (LT), being all of Lot 1, according to Land Registrar's Compiled Plan No. 12114 registered in the Land Registry Office for the Land Titles Division of Metropolitan Toronto (No. 66); and

Secondly: All of PIN 07633-0002 (LT), being all of Lot 2, according to Land Registrar's Compiled Plan No. 12114 registered in the Land Registry Office for the Land Titles Division of Metropolitan Toronto (No. 66).

**PART B-2**

**LEGAL DESCRIPTION (Toronto Registry Lands)**

In the City of Etobicoke, in the Municipality of Metropolitan Toronto, in the Province of Ontario, being composed of:

Firstly: All of Lot 3, according to Land Registrar's Compiled Plan No. 12114 registered in the Land Registry Office for the Registry Division of Metropolitan Toronto (No. 64);

SUBJECT TO a license in favour of Her Majesty the Queen in right of the Province of Ontario as set out in Order in Council O.C. 1427/86 attached to Instrument No. TB351006 over part of Lot 3, Land Registrar's Compiled Plan 12114, and designated as PARTS 5, 6 and 7 on Reference Plan 64R-10198; and

Secondly: All of Lot 4, according to Land Registrar's Compiled Plan No. 12114 registered in the Land Registry Office for the Registry Division of Metropolitan Toronto (No. 64);

SUBJECT TO an easement in favour of the Consumers Gas Company Ltd. as set out in Instrument No. CA321339 over part of Lot 4, Land Registrar's Compiled Plan 12114, and designated as PART 2 on Reference Plan 64R-13407;

AND SUBJECT TO an easement in favour of Bell Canada as set out in Instrument No. CA353095 over part of Lot 4, Land Registrar's Compiled Plan 12114, and designated as PART 4 on Reference Plan 64R-13407.

**PART B-3**

**LEGAL DESCRIPTION (Easements benefiting Toronto Lands)**

TOGETHER WITH a license in favour of Her Majesty the Queen in right of Canada over part of Lot 21, Concession 4 FTH, Township of Etobicoke, as set out in Order in Council O.C. 1427/86 attached to Instrument No. TB351006 and designated as PART 1 on Plan 64R-10145, and PART 3 on Plan 64R-10198;

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada over part of Lot 20, Concession 3 FTH, Township of Etobicoke, as set out in Instrument No. 284688, and shown coloured yellow on a plan of survey (T 2049) attached to the said deed;

AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada over part of Lot 21, Concession 3 FTH, Township of Etobicoke, as set out in Instrument No. 278194, and shown coloured yellow on a plan of survey (T 2003) attached to the said deed;

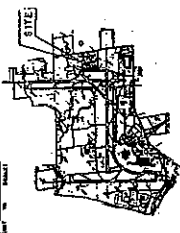
AND TOGETHER WITH an easement in favour of Her Majesty the Queen in right of Canada over part of Lot 21, Concession 3 FTH, Township of Etobicoke, as set out in Instrument No. 240954, and shown coloured yellow on a plan of survey (T 1756) attached to the said deed.

SCHEDULE "C"

DIAGRAM OF THE LANDS

**SCHEDULE V  
DIAGRAM OF LANDS**

Transport Canada  
Aviation  
Aviation



NO.	DESCRIPTION	DATE	BY
1	...	...	...
2	...	...	...

NO.	DESCRIPTION	DATE	BY
1	...	...	...
2	...	...	...

**SURVEY PLAN**  
LEGAL LEASE OUTLINE PLAN OF AREA B

WILDMAN-HADFIELD LIMITED  
2220 SHEPPARD AVENUE EAST, SUITE 200  
SCARBOROUGH, ONTARIO M1S 1T6  
TEL: (416) 291-1111

**PLAN OF SURVEY OF  
PART OF LOT 10, CONCESSION V (EAST OF HURONTARIO STREET)  
PART OF LOT 10, CONCESSION VI (EAST OF HURONTARIO STREET)  
AND PART OF ALLOWANCE FOR ROAD BETWEEN CONCESSIONS V AND VI (EAST OF HURONTARIO STREET)  
CITY OF MISSISSAUGA, REGIONAL MUNICIPALITY OF PEEL  
(FORMERLY TOWNSHIP OF TORONTO, COUNTY OF PEEL)  
R.J. STEWART-O.L.E.  
1982**

PLAN 434-1162  
UNCLASSIFIED

INSTRUMENT NO. 12320

INSTRUMENT NO. 15283

**SCHEDULE**

NO.	DESCRIPTION	DATE	BY	REMARKS
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WILDMAN-HADFIELD LIMITED  
2220 SHEPPARD AVENUE EAST, SUITE 200  
SCARBOROUGH, ONTARIO M1S 1T6  
TEL: (416) 291-1111

SCHEDULE "D"

FORM OF TRI-PARTY AGREEMENT

**TRI-PARTY AGREEMENT**

**THIS AGREEMENT** made as of the • day of •, •.

**AMONG:**

**GREATER TORONTO AIRPORTS AUTHORITY,**  
(the "Landlord")

**OF THE FIRST PART**

and

•  
(the "Tenant")

**OF THE SECOND PART**

and

•  
(the "Leasehold Mortgagee")

**OF THE THIRD PART**

**RECITALS:**

- A. By Lease No. • dated • (the "Lease"), the Landlord did demise to the Tenant those certain lands and premises (the "Leased Premises") situate in Toronto, Ontario, Canada at Lester B. Pearson International Airport, as more particularly described in the Lease.
- B. Pursuant to a leasehold mortgage dated as of •, a copy of which is attached hereto as Schedule "A" (as the same may be amended, supplemented or replaced from time to time, the "Leasehold Mortgage"), the Tenant charged, mortgaged and subleased to and in favour of the Leasehold Mortgagee its interest in and to the Lease and the Leased Premises.
- C. The Landlord, the Tenant and the Leasehold Mortgagee wish to enter into this Agreement to set out their respective rights and obligations in the event of default by the Tenant in the observance and performance by it of any of its obligations under the Lease or the Leasehold Mortgage.

**NOW THEREFORE** for good and valuable consideration and the mutual covenants and agreements hereinafter contained the parties hereto agree as follows:

**1. Definitions**

1.1 The following terms used in this Agreement shall have the respective meanings set forth below:

**"Business Day"** means any day which is not a Saturday, Sunday or a statutory holiday observed in Ontario and "Business Days" shall have a corresponding meaning;

**"Event of Default"** shall have the meaning ascribed thereto in the Lease;

**"Head Landlord"** shall have the meaning ascribed thereto in the Lease;

**"Incurable Default"** shall have the meaning ascribed thereto in Section 4.2 hereof;

**"Protecting its Security"** shall have the meaning ascribed thereto in Section 5.2 hereof;

**"Restated Lease"** shall have the meaning ascribed thereto in Section 6.1 hereof;

**"Transfer"** shall have the meaning ascribed thereto in the Lease; and

**"Transfer Requirements"** shall have the meaning ascribed thereto in the Lease.

**2. Consent and Acknowledgement**

2.1 The Landlord hereby consents to the Leasehold Mortgage and acknowledges that all requirements in the Lease relating to the Leasehold Mortgage and this Agreement have been complied with or waived, but:

(a) this consent shall not be deemed to waive or modify in any respect any of the rights of the Tenant or the Landlord under the Lease or to relieve the Tenant or the Landlord from the observance and performance of any and all covenants and conditions of the Lease; and

(b) except as hereinafter provided, no (i) Transfer, or (ii) assignment, sub-letting or parting with possession of the Leased Premises or any part thereof, by the Leasehold Mortgagee or its agent shall be made without the prior written consent of the Landlord, such consent not to be unreasonably withheld.

**3. Representations and Warranties of Landlord**

3.1 The Landlord represents and warrants that:

(a) the Lease is an "Occupant Agreement in the Ordinary Course of Operations" (as defined in the lease dated December 2, 1996 between the Head Landlord, as landlord, and the Landlord, as tenant), and as such does not require consent of the Head Landlord;

(b) the granting of the Leasehold Mortgage and the exercise of remedies thereunder do not require the consent of the Head Landlord;

(c) no Event of Default has occurred and is continuing; and

(d) the Landlord has the capacity and the ability to enter into the Lease.

**4. Default Under Lease**

4.1. If, at any time during the term of the Lease and so long as the Leasehold Mortgagee shall retain any charge pursuant to the Leasehold Mortgage upon the Tenant's interest in the Lease, the Tenant shall default in the performance of any of the covenants, conditions or agreements in the Lease, then the Landlord, before becoming entitled as against the



Tenant or the Leasehold Mortgagee to exercise any of the rights and remedies of the Landlord set forth in the Lease, shall give notice in writing to the Leasehold Mortgagee of the default and the particulars thereof at the same time as the Landlord gives notice of such default to the Tenant under the provisions of the Lease or any applicable law, and upon receipt of such notice the Leasehold Mortgagee shall:

- (a) in the case of a default requiring the payment of money, have a period of ten (10) Business Days within which to remedy such default; or
- (b) in the case of a default other than a default requiring the payment of money, have twenty (20) Business Days within which to remedy such default, or if such default cannot be cured within such period of twenty (20) Business Days, the Leasehold Mortgagee shall have such further period of time as may reasonably be required to remedy such default considering the nature of such default so long as the Leasehold Mortgagee proceeds to remedy the default with diligence;

and during any such time period the Landlord shall not cancel, forfeit or terminate the Lease or exercise any of the other rights and remedies of the Landlord under the Lease.

- 4.2 If the event giving rise to a default by the Tenant under the Lease is the bankruptcy or insolvency of the Tenant or any other event which cannot be remedied by the Tenant (an "Incurable Default"), the Landlord agrees with the Tenant and the Leasehold Mortgagee not to exercise any right to cancel, forfeit or terminate the Lease or exercise any of the other rights and remedies of the Landlord under the Lease if the Leasehold Mortgagee, within a period of twenty (20) Business Days after delivery of notice in writing from the Landlord to the Leasehold Mortgagee advising the Leasehold Mortgagee of such Incurable Default:

- (a) shall have cured all defaults, other than the Incurable Default, of which the Leasehold Mortgagee shall have been given notice by the Landlord pursuant to Section 4.1 hereof; and
- (b) shall have entered into a Restated Lease;

provided, however, that nothing herein shall restrict the Landlord from exercising its rights and remedies under the Lease with respect to any and all further defaults under the Lease occurring after the Leasehold Mortgagee shall have commenced Protecting its Security, subject to the provisions of this Agreement or the Lease, as the case may be, with respect to the notice required to be given to the Leasehold Mortgagee of any such further default.

- 4.3 If:

- (a) any default (other than an Incurable Default) of which notice shall have been given to the Leasehold Mortgagee is not remedied by the Leasehold Mortgagee within the said period of ten (10) or twenty (20) Business Days set out in Section 4.1 hereof, as the case may be; or
- (b) in the case of an Incurable Default, the Leasehold Mortgagee shall not have complied with Section 4.2 above;

or, in the case of either (a) or (b), except in the case of a default requiring the payment of money, within such further period of time as may reasonably be required to remedy the defaults or commence Protecting its Security so long as the Leasehold Mortgagee proceeds to remedy the defaults or commences Protecting its Security with diligence, then, the Landlord shall be at liberty to exercise any of its rights or remedies to which it may be entitled under the Lease without any further limitation on such rights and remedies.

## 5. Enforcement of Leasehold Mortgage

5.1 If the security constituted by the Leasehold Mortgage shall become enforceable and the Leasehold Mortgagee shall commence Protecting its Security whether directly or through its agents, then so long thereafter as the terms and conditions of the Lease and the provisions hereof are observed and performed, the Leasehold Mortgagee shall be entitled to enforce its rights under the Leasehold Mortgage as against the interest of the Tenant in and to the Lease and the Landlord shall not exercise any of its remedies pursuant to the Lease subject to Section 4 hereof.

5.2 The Leasehold Mortgagee agrees that upon:

- (a) the Leasehold Mortgagee, or any person for or on behalf of the Leasehold Mortgagee or any receiver, receiver-manager or monitor appointed by the Leasehold Mortgagee, taking action of any kind whatsoever to enforce its security under the Leasehold Mortgage;
- (b) the Leasehold Mortgagee, or any person for or on behalf of the Leasehold Mortgagee or any receiver, receiver-manager or monitor appointed by the Leasehold Mortgagee, whether or not such person is categorized as the agent of the Tenant, taking possession of the Leased Premises or any portion thereof pursuant to the Leasehold Mortgage; or
- (c) the Leasehold Mortgagee, or any person for or on behalf of the Leasehold Mortgagee or any receiver, receiver-manager or monitor appointed by the Leasehold Mortgagee, paying any amount or performing any act to remedy any default of the Tenant under the Lease which would constitute the Leasehold Mortgagee a mortgagee in possession of the Leased Premises;

(such acts by the Leasehold Mortgagee individually or collectively hereinafter referred to as the Leasehold Mortgagee "Protecting its Security"), the Leasehold Mortgagee shall thereupon:

- (d) within five (5) Business Days of the date it commences Protecting its Security, cure all monetary defaults by the Tenant under the Lease existing up to the time the Leasehold Mortgagee commences Protecting its Security and of which the Leasehold Mortgagee shall have been given notice by the Landlord;
- (e) within ten (10) Business Days of the date it commences Protecting its Security (or such further period of time as may reasonably be required so long as the Leasehold Mortgagee proceeds to remedy the default with diligence), cure all non-monetary defaults by the Tenant (other than Incurable Defaults) under the Lease existing up to the time the Leasehold Mortgagee commences Protecting its Security and of which the Leasehold Mortgagee shall have been given notice by the Landlord; and
- (f) thereafter, observe, comply with and perform all of the covenants, conditions or agreements of the Tenant under the Lease as if the Leasehold Mortgagee had been the original tenant under the Lease.

5.3 The Leasehold Mortgagee shall not assign the Tenant's rights under the Lease unless:

- (a) the Leasehold Mortgagee shall have
  - (i) complied with Section 5.2 hereof; and
  - (ii) cured all defaults (other than an Incurable Default) in the performance of any of the Tenant's covenants, conditions or agreements under the Lease arising subsequent to the Leasehold Mortgagee commencing Protecting its Security and existing up to the date of assignment of the Lease to the extent the Leasehold Mortgagee has become responsible for same in accordance with this Agreement; and

- (b) the Leasehold Mortgagee complies with the terms and conditions contained in the Lease relating to such an assignment (including without limitation Article 13 of the Lease). Upon such assignment, the Leasehold Mortgagee shall be released by the Landlord from all future obligations under the Lease, but shall not be released and shall remain liable to the Landlord in respect of any and all obligations under the Lease or this Agreement arising prior to the date of assignment to the extent the Leasehold Mortgagee has become responsible for same in accordance with this Agreement.

## 6 Restated Lease

6.1 Subject to Section 4.2 hereof, upon the request of the Leasehold Mortgagee made in writing within thirty (30) days from the date of either service by the Landlord upon the Leasehold Mortgagee of notice of final termination of the Lease by reason of an Incurable Default, or of final determination by a court of competent jurisdiction that the Lease has terminated by reason of an Incurable Default, whichever date shall last occur, the Landlord shall promptly provide, at the expense of the Leasehold Mortgagee, a restated lease of the Leased Premises (the "Restated Lease") to the Leasehold Mortgagee or its agent as tenant, and the Landlord as landlord thereunder, for the balance of the then unexpired term thereof upon the same terms and conditions as are therein contained, it being understood and agreed that:

- (a) the Landlord shall prepare such substitute lease at the Leasehold Mortgagee's expense;
- (b) if the Leasehold Mortgagee requests such Restated Lease in its name or in the name of its agent, then the Leasehold Mortgagee or its agent may thereafter assign its or their entire interest under the Restated Lease to a *bona fide*, arm's length purchaser approved by the Landlord, acting reasonably (the "Purchaser") provided:
- (i) the Leasehold Mortgagee shall have:
- (A) complied with Section 5.2 hereof; and
- (B) cured all defaults (other than an Incurable Default) in the performance of any of the Tenant's covenants, conditions or agreements under the Restated Lease arising subsequent to the Leasehold Mortgagee commencing Protecting its Security and existing up to the date of assignment of the Restated Lease to the extent the Leasehold Mortgagee has become responsible for same in accordance with this Agreement; and
- (ii) the Leasehold Mortgagee complies with the terms and conditions contained in the Restated Lease relating to such an assignment (including without limitation Article 13 of Lease).

Upon such assignment, the Leasehold Mortgagee shall be released by the Landlord from all future obligations under the Restated Lease, but shall not be released and shall remain liable to the Landlord in respect of any and all obligations under the Restated Lease or this Agreement arising prior to the date of assignment to the extent the Leasehold Mortgagee has become responsible for same in accordance with this Agreement;

- (c) prior to any assignment of the Restated Lease, the Leasehold Mortgagee or its agent shall first offer to surrender or assign such Restated Lease to the Landlord or its agent, which offer shall be open for acceptance by the Landlord for a period of thirty (30) days during which time the Landlord may accept such offer by paying to the Leasehold Mortgagee the same amount as would have been required to be paid by the Purchaser in consideration of the assignment contemplated by paragraph (b) above;

- (d) if the Leasehold Mortgagee requests such Restated Lease in the name of its agent, the Leasehold Mortgagee shall enter into an indemnity agreement with the Landlord in form and substance satisfactory to the Landlord, acting reasonably; and
- (e) the Leasehold Mortgagee shall cure all defaults in the performance of any of the Tenant's covenants, conditions or agreements under the Lease arising subsequent to the Leasehold Mortgagee commencing Protecting its Security and existing up to the date of such Restated Lease to the extent the Leasehold Mortgagee has become responsible for same in accordance with this Agreement.

## **7 Surrender of Lease**

- 7.1 The Landlord agrees with the Leasehold Mortgagee that it will not accept a surrender of the Lease nor amend the Lease without the prior written consent of the Leasehold Mortgagee, which consent, in the case of an amendment only, shall not be unreasonably withheld.

## **8 Acknowledgment of Leasehold Mortgagee**

- 8.1 The Leasehold Mortgagee acknowledges and agrees that:

- (a) only the Tenant's interest in the Leased Premises is mortgaged under the Leasehold Mortgage;
- (b) no foreclosure or sale of the Leased Premises under the Leasehold Mortgage will be made except of the Tenant's leasehold interest in the Leased Premises and the Tenant's ownership interest during the term of the Lease in the Leased Premises;
- (c) the Landlord owes no obligations to the Leasehold Mortgagee under the Leasehold Mortgage;
- (d) the Landlord is not in any way responsible for any of the Tenant's obligations under the Leasehold Mortgage; and
- (e) subject to the terms of this Agreement, the Leasehold Mortgage is expressly subject and subordinate to the Landlord's rights under the Lease and in the Leased Premises, including, without limitation:
  - (i) the Landlord's right to insurance proceeds in respect of the Leased Premises;
  - (ii) the Landlord's right to relocate the Leased Premises in accordance with Section 16.1 of the Lease; and
  - (iii) the Landlord's right to terminate the Lease in accordance with Section 16.2 of the Lease.

## **9 Assignment**

- 9.1 The Leasehold Mortgagee shall not assign the Leasehold Mortgage or any of its interest therein unless the assignee thereof (i) is a Leasehold Mortgagee (as that term is defined in the Lease), and (ii) first enters into a tri-party agreement with the Landlord on the same terms and conditions and in the same form as this Agreement. Upon such assignment, the Leasehold Mortgagee shall be released by the Landlord from all future obligations under the Lease and this Agreement, but shall not be released and shall remain liable to the Landlord in respect of any and all obligations under the Lease or this Agreement arising prior to the date of assignment to the extent that the Leasehold Mortgagee has become responsible for same in accordance with this Agreement.

## **10 Principal Amount of Leasehold Mortgage**

10.1 Each of the Tenant and the Leasehold Mortgagee shall not agree to any amendment, restatement or supplementing to or of the Leasehold Mortgage increasing the principal amount of the Leasehold Mortgage if at the time an Event of Default exists under the Lease.

**11 Landlord Not Bound by Leasehold Mortgage**

11.1 Except as expressly provided herein, the Landlord in entering into this Agreement does not hereby acknowledge or approve of any of the terms of the Leasehold Mortgage as between the Tenant and the Leasehold Mortgagee except for the granting itself of the Leasehold Mortgage and the Landlord shall not be bound by nor be deemed to have any knowledge of any of the terms of the Leasehold Mortgage.

**12 Costs and Expenses**

12.1 The Tenant shall be responsible for all reasonable costs and expenses (including without limitation the Landlord's legal fees) incurred by the Landlord in connection with the Tenant entering into, extending, modifying, renewing or replacing the Leasehold Mortgage and the Landlord negotiating the terms of and entering into this Agreement, and the same shall be paid by the Tenant to the Landlord within thirty (30) days of demand being made by the Landlord, and in any event, prior to the Landlord executing this Agreement.

**13 Notice**

13.1 All notices, demands and requests which may be or are required or contemplated to be given by any party to the other herein shall be in writing. All notices, demands and requests by any party shall be served personally or sent by registered mail by such party as follows:

(a) To the Landlord at:

Greater Toronto Airports Authority  
Lester B. Pearson International Airport  
P.O. Box 6031  
Toronto AMF, Ontario,  
L5P 1B2

Attention: President and Chief Executive Officer

Telecopy: (905) 676-3339

with a copy to General Counsel;

b) To the Tenant at:

•

Attention: •

Telecopy •

Telecopy: •

c) To the Leasehold Mortgagee at:

•

Attention: •

Telecopy: •

All notices, demands and requests shall be deemed to be received when received. Any party may change its address in the manner provided for the giving of notices set out above.

**14 General**

- 14.1 This Agreement shall enure to the benefit of the respective parties hereto and their respective successors and permitted assigns.
- 14.2 Time shall be of the essence of this Agreement.
- 14.3 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 14.4 This Agreement may be executed in counterparts each of which when so executed shall constitute an original and be deemed to constitute one and the same agreement.

**IN WITNESS WHEREOF** the parties have caused this Agreement to be executed as of the day and year first above written.

**GREATER TORONTO AIRPORTS AUTHORITY**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[TENANT]**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

**[LEASEHOLD MORTGAGEE]**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

**SCHEDULE "A"**

**Leaschold Mortgage**



SCHEDULE "E"

TRANSFER RESTRICTIONS

[Attach a copy of section 18.02.01 from the Head Lease]

**Section 18.02      Occupant Agreement in the Ordinary Course of Operations**

18.02.01      Subject to the Tenant remaining liable on this Lease, the Tenant may, without the consent of the Minister, enter into an Occupant Agreement in respect of a part of the Demised Premises, provided that:

- (a) the land or space which is the subject matter of the Occupant Agreement is not:
  - (i) all or substantially all of Airside;
  - (ii) any part of Airside except if such part is used only for the purpose of agriculture, aircraft parking, aircraft servicing or aircraft fuelling or any other use permitted under the Approved Land Use Plan for such part;
  - (iii) the whole or any part of the Ground Transportation Reserve;
  - (iv) more than:
    - (A) twenty-five (25) hectares of any part of the Lands, other than the Ground Transportation Reserve if the whole of such part is used for aircraft maintenance, or
    - (B) ten (10) hectares of any part of the Lands, if the whole such part is used for agriculture, aircraft parking, aircraft servicing or aircraft fuelling or for any other use permitted under the Approved Land Use Plan for such part.
  - (v) all or substantially all of the concession area of any Air Terminal Building except where the parties hereto have entered into an agreement providing for inclusion in Airport Revenue of the aggregate of all Gross Revenue derived by the Tenant or any other Person or both from all end users or occupants for the use or occupancy of any part of such concession area of any Air Terminal Building; or
  - (vi) all or substantially all of the general terminal area of any Air Terminal Building except where the parties hereto have entered into an agreement providing for inclusion in Airport Revenue of the aggregate of all Gross Revenue derived by the Tenant or any other Person or both from all end users or occupants for the use or occupancy of any part of such general terminal area of any Air Terminal Building;

- (b) the Occupant Agreement contains a covenant whereby the parties thereto covenant that the land or space which is the subject matter of the Occupant Agreement shall not be used or occupied for the purpose of constructing or operating any Air Terminal Building;
- (c) the Occupant Agreement contains a covenant whereby the parties thereto covenant that the land or space which is the subject matter of the Occupant Agreement will not be used or occupied
  - (i) for any purpose other than a permitted use as set out in the Approved Land Use Plan and in the case of Airside for any purpose other than agriculture, aircraft parking, aircraft servicing or aircraft fuelling, or for any other use permitted under the Approved Land Use Plan for such part, or
  - (ii) for a use that is inconsistent with the use clause herein;
- (d) the Occupant Agreement is for less than the then total remainder of the Term;
- (e) the Occupant Agreement does not create any privity of estate or privity of contract between the Occupant and the Landlord;
- (f) the Occupant Agreement contains an agreement by the Occupant whereby, subject to any rights of non-disturbance granted by the Landlord, the Occupant acknowledges and agrees that, upon the default hereunder of the Tenant and early termination of this Lease and re-entry by the Landlord, the Landlord has the option, in Her sole unfettered discretion, to require the Occupant to attorn to the Landlord in which event the Occupant shall forthwith attorn to the Landlord;
- (g) the Occupant Agreement contains covenants, obligations and agreements by the Occupant in terms which are no less stringent than the provisions of this Lease so as to enable the Tenant to comply with its obligations under this Lease and to ensure a covenant or obligation of an Occupant or Transferee of any part of the Demised Premises;
- (h) the Occupant Agreement is not inconsistent with any of the terms of this Lease;
- (i) the Occupant Agreement contains a covenant whereby the Occupant irrevocably appoints the Minister as the Occupant's

attorney with full power and authority to execute and deliver in the name of the Occupant, all documents necessary to effect the transfer to the Landlord of the title to or the ownership of any New Facility or any addition to, improvement to, alteration of or replacement of any Existing Facility on the land or in the space which is the subject matter of the Occupant Agreement effective upon expiry or early termination of this Lease as contemplated in Paragraph 3.10.03(b); and

(i) the Occupant Agreement contains a covenant which prohibits any further assigning, subletting or sharing of possession by the Occupant unless such assigning, subletting or sharing of possession:

- (i) meets all the requirements of this Subsection 18.02.01, or
- (ii) is approved by the Minister.

SCHEDULE "F"

NON-DISTURBANCE AGREEMENT REQUIREMENTS

[Attach a copy of section 19.01 from the Head Lease]

## ARTICLE 19 - NON-DISTURBANCE AND SEPARATE LEASE

### Section 19.01 Non-disturbance

19.01.01 Subject to Subsections 19.01.02 and 19.01.03, if the Tenant is not in default, the Landlord, represented by the Minister, shall, upon request made by the Tenant to the Minister, enter into a non-disturbance agreement substantially in the form attached hereto as Schedule "H" with any Occupant of any part of the Demised Premises provided such part of the Demised Premises is the subject matter of an Occupant Agreement in the Ordinary Course of Operations which,

- (a) in the case of a Major Air Carrier, is for a term not exceeding thirty (30) years including any renewals, and
- (b) in all other cases, is for a term not exceeding fifteen (15) years including any renewals.

SCHEDULE 'H'

FORM OF NON-DISTURBANCE AGREEMENT

THIS IS SCHEDULE 'H' TO THE GROUND LEASE BETWEEN HER MAJESTY THE QUEEN IN RIGHT OF CANADA AND THE GREATER TORONTO AIRPORTS AUTHORITY DATED AS OF THE 2ND DAY OF DECEMBER, 1996.

- C. The Ground Lease contains certain provisions allowing the Landlord to re-enter and take possession of the Premises; and
- D. This Agreement is entered into at the request of the Authority and the Occupant.

**NOW THEREFORE**, in consideration of the sum of \*\*\*\*\*Dollars (\$\*\*\*\*\*), now paid by the Occupant to the Landlord, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

- 1. Upon the Landlord terminating the Ground Lease, the Occupant will attorn to the Landlord as landlord under the Lease subject to the terms and conditions specified herein.
- 2. Upon the Landlord terminating the Ground Lease, but subject to the Occupant complying with its obligations pursuant to Section 1 hereof, and provided, subject to any modification or amendment referred to in Section 6, the representations and warranties set out in Section 4 are true and correct at and as of the date of termination of the Ground Lease and with the same effect as if made at and as of the date of termination of the Ground Lease, so long as the Occupant is observing and performing all of its covenants and obligations under the Lease including the covenant or obligation to pay rent and other monies, subject to all the other provisions of this Non-Disturbance Agreement Landlord will accept and acknowledge the attornment of the Occupant under the Lease and permit the Occupant to continue in quiet possession of the Premises under the Lease throughout the remainder of the term of the Lease without interruption or disturbance from the Landlord or any person claiming by, through or under the Landlord subject to the following:
  - (a) the Landlord shall not be or become liable to remedy any default of the landlord (the Authority) under the Lease predicated on an event which occurs or commences prior to the termination of the Ground Lease;
  - (b) from and including the date of termination of the Ground Lease the Landlord shall not be or become liable for any terms or conditions in the Lease other than the covenant for quiet enjoyment;
  - (c) the Landlord shall not be or become liable for any representation or warranty of the landlord (the Authority) given to the Occupant in respect of the Premises;



- (d) subject to Paragraph 2(b), the attornment of the Occupant shall be in respect of the Lease attached hereto as Schedule "A" and, notwithstanding Section 6, the Landlord shall not be required to acknowledge any modifications or amendments to the Lease made between the date of execution of this Non-Disturbance Agreement and the date of termination of the Ground Lease, except such modifications or amendments which the Landlord, in Her sole and absolute discretion, chooses to acknowledge; and
  - (e) the Landlord shall not be required to acknowledge any deposit of the Occupant in respect of any obligation of the Occupant arising during the period of time after the attornment of the Occupant to the Landlord as landlord under the Lease except to the extent that such deposit shall have been paid to the Landlord prior to the attornment of the Occupant to the Landlord as landlord under the Lease.
3. From and including the date the Occupant attorns to the Landlord as landlord under the Lease, the Landlord will,
- (a) provide access to the Premises, and
  - (b) leave in place or replace in another location the utility lines or any one or more of such utility lines providing hydro, water, gas and storm and sanitary sewers, to the property line of the Premises, if any has been provided by the landlord under the terms of the Lease prior to termination of the Ground Lease.

**Note:** In the case of a sublease of space delete (a) and (b) above and replace with:

- (a) provide access to the Premises
- (b) continue the provision of the utility lines or replace in another location the utility lines or any one or more of such utility lines providing hydro, heat and air conditioning to the Premises if any has been provided by the landlord under the terms of the Lease prior to the termination of the Ground Lease, and
- (c) maintain to the Landlord's requirements the common areas and the structure of the building of which the Premises form a part

4. The Occupant represents and warrants that,
- (a) the Lease has been duly executed and delivered between the parties thereto;
  - (b) the Lease constitutes the whole of the legal relationship between the Occupant and the Authority in relation to the subject matter thereof and there are no other agreements in relation to the Premises except those listed on Schedule B attached hereto;
  - (c) the Lease and the other documents listed on Schedule B attached hereto have not been modified or amended except for those modifications and amendments which are attached hereto as and which comprise a part of Schedule A;
  - (d) there exist no outstanding claims in respect of the Lease;
  - (e) the Occupant has not prepaid and will not, during the entire term of the Lease, prepay any rent or other amounts payable to the landlord (the Authority) pursuant to the Lease;
  - (f) except for a deposit of a maximum of three (3) months rent under the Lease, there have been no deposits of any amount payable to the landlord (the Authority) pursuant to the Lease; and
  - (g) the improvements referred to in Section 7 will be, during the entire term of the Occupant Agreement until the Occupant attorns to the Landlord as landlord under the Lease, under the exclusive possession of the Occupant.
5. The Occupant acknowledges that the Landlord is relying upon the Occupant's representations and warranties set out in Section 4.
6. Upon the Landlord terminating the Ground Lease, and the attornment of the Occupant to the Landlord as landlord under the Lease, the Occupant shall provide to the Landlord fully executed copies of all modifications or amendments to the Lease made between the date of execution of this Non-Disturbance Agreement and the date of termination of the Ground Lease.
7. The Occupant represents and warrants that the estimated cost to the Occupant to construct all improvements on the Premises to be owned by the Occupant and to be in the exclusive possession of the Occupant is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

8. The Occupant shall deliver to the Landlord, forthwith upon substantial completion of the improvements referred to in Section 7, a statement of the cost to the Occupant to construct such improvements.
9. The Landlord may at any time cause a complete audit by the Landlord's authorized representatives to be made of the cost to the Occupant to construct all improvements on the Premises referred to in Section 7.
10. The Occupant shall:
  - (a) provide to the Landlord's representative appropriate space on the Premises satisfactory to the Landlord or the Landlord's representative, and
  - (b) permit the Landlord's representatives to have access to all accounting, financial and other business records and documents as may be required by such representative to perform such audit

all of which shall be at no cost to the Landlord or the Landlord's representative.
11. From the date the Landlord terminates the Ground Lease, and the Occupant attorns to the Landlord as landlord under the Lease, the Landlord may relocate the Occupant from the Premises to other premises on the Airport with similar capacity as determined by the Landlord. The Occupant shall relocate from the Premises to such other premises upon the request of the Landlord. In this event, provided the Lease contains an obligation on the part of the landlord to pay at least the amount hereafter provided for, the Landlord will pay for the out-of-pocket labour and equipment cost to carry out the physical move of the Occupant from the Premises to such other premises.
12. From the date the Landlord terminates the Ground Lease, and the Occupant attorns to the Landlord as landlord under the Lease, where the Landlord requires possession of the Premises for:
  - (a) the demolition of the building of which the Premises form a part;
  - (b) obtaining vacant possession of the entire building of which the Premises form a part;
  - (c) repairs or renovation to all or substantially all of the portion of the building in which the Premises are located;
  - (d) operational requirement, where the Premises comprise part of Airside; or

- (e) where the Landlord is Her Majesty, a public work or other public purpose (as such concept has been interpreted pursuant to the *Expropriations Act (Canada)*, R.S.C. 1985, C.E-21,

the Landlord may terminate the Occupant Agreement without payment of any compensation to the Occupant whatsoever, unless the improvement referred to in Section 7, is, during the entire term of the Occupant Agreement, fully owned by the Occupant, and in the exclusive possession of the Occupant, in which event the Landlord may terminate the Occupant Agreement upon payment to the Occupant of the then net carrying amount of the lesser of the cost of the improvements:

- (f) as set out in the statement referred to in Section 8, and
- (g) as set out in an audit which the Landlord causes to be performed;

provided that the improvements shall be depreciated in accordance with Generally Accepted Accounting Principles.

**Note: Section 12 to be deleted if Occupant is Major Air Carrier**

13. The Authority and the Occupant shall assign to the Landlord the benefit of any security which was provided by the Occupant at any time to secure the performance by the Occupant of its obligations under the Lease and the Authority and the Occupant shall forthwith upon termination of the Lease, execute and deliver all documents necessary to effect such assignment. In the event the Authority is unwilling or unable to execute or deliver any such document the Occupant shall forthwith deliver to the Landlord equivalent security with the Landlord being the beneficiary.
14. The rights of the Occupant under this agreement shall not, in any way, alter, affect or prejudice any of the rights or remedies available to the Landlord against the Authority.
15. The Occupant agrees that it will not assign the Lease in whole or in part or sublet the Premises in whole or in part without assigning this Agreement to such assignee or sublessee and without requiring such assignee or sublessee of its interest in the Premises to agree to assume and to perform each of its covenants, obligations and agreements under this Agreement in the same manner and to the same extent as if originally named as a party to this Agreement. The Occupant shall forthwith provide to the Landlord an executed

copy of such assignment. The Occupant shall not otherwise assign this Agreement under any circumstances.

16. The Occupant hereby irrevocably appoints the Minister of Transport as its, his or her attorney with full power and authority to execute and deliver in his, her or its name, all document necessary to effect the transfer to the landlord of the title to and the ownership of the improvements referred to in Section 7 or any addition to, improvement to, alteration of or replacement of the improvements referred to in Section 7.
17. This Agreement shall extend to, and be binding upon and enure to the benefit of the Landlord and its successors and assigns, the Authority and its successors and permitted assigns and the Occupant and its successors and permitted assigns.

**IN WITNESS WHEREOF** the parties hereto have executed this Non-Disturbance Agreement as of the day and year first above written.

**HER MAJESTY THE QUEEN IN  
RIGHT OF CANADA**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Transport

**[INSERT NAME OF "OCCUPANT"]**

\_\_\_\_\_  
Print Name of Officer

\_\_\_\_\_  
Signature of Authorized  
Signing Officer

\_\_\_\_\_  
Print Title of Officer

\_\_\_\_\_  
Print Name of Officer

\_\_\_\_\_  
Signature of Authorized  
Signing Officer

\_\_\_\_\_  
Print Title of Officer

**GREATER TORONTO AIRPORTS  
AUTHORITY**

\_\_\_\_\_  
Print Name of Officer

\_\_\_\_\_  
Signature of Authorized  
Signing Officer

\_\_\_\_\_  
Print Title of Officer

\_\_\_\_\_  
Print Name of Officer

\_\_\_\_\_  
Signature of Authorized  
Signing Officer

\_\_\_\_\_  
Print Title of Officer

**SCHEDULE "A"**

This is Schedule "A" to the Non -Disturbance Agreement between Her Majesty the Queen in right of Canada, *[insert name of Occupant]*, and Greater Toronto Airports Authority dated the                      day of                      , 19                      .

***-ATTACH LEASE BETWEEN OCCUPANT AND AUTHORITY-  
AND ALL AMENDMENTS THERETO TO THE DATE OF EXECUTION OF THIS  
NON-DISTURBANCE AGREEMENT***

**SCHEDULE "B"**

This is Schedule "B" to the Non -Disturbance Agreement between Her Majesty the Queen in right of Canada, *[insert name of Occupant]*, and Greater Toronto Airports Authority dated the                      day of                      , 19                      .

***ATTACH ALL OTHER DOCUMENTS COMPRISING THE TRANSACTION BETWEEN [INSERT NAME OF OCCUPANT] AND GREATER TORONTO AIRPORT AUTHORITY IN RESPECT OF THE PREMISES.***