

TILLSONBURG AIRPORT HANGAR LEASE

This Lease is made this 12th day of December, 2022 (the “Effective Date”).

B E T W E E N

THE CORPORATION OF THE TOWN OF TILLSONBURG (the “Landlord”)

- and –

Mark Kniss
104 Crosier Street, Delhi Ontario (the “Tenant”)

WHEREAS the Landlord owns all and singular that certain parcel or tract of land and premises situated, lying and being in the Township of South West Oxford in the County of Oxford, being comprised of:

PT LT 3-4 CON 7 DEREHAM; LT 5-6 CON 7 DEREHAM; PT LT 7 CON 7 DEREHAM PT 1, 2, 3, 4 & 5, 41R2877, PT 2 & 3, 41R2714, PT 1, 2 & 3, 41R4343, PT 1, 2, 3 & 4, 41R4545; S/T 406551; SOUTH-WEST OXFORD;

PIN: 00016-0089 (LT); LRO #41;

municipal address being 244411 Airport Road, Tillsonburg, ON N4G 4H1;

referred to herein as the “Property”, the “Airport” or the “Tillsonburg Airport” upon which is located the Tillsonburg Airport which is owned and operated by the Landlord.

In consideration of the covenants, agreements, warranties and payments herein set forth and provided for, the sum of two dollars (\$2.00) paid by each party to the other and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto respectively covenant and agree as follows:

1. LEASED PREMISES

- (1) The Leased Premises shall consist of a portion of the Tillsonburg Airport identified as Taxiway C1 Lot 9 on the plan attached as Schedule “A”, being the area upon which the Tenant’s airplane hangar shall be located plus one (1) metre of land extended beyond the exterior perimeter of the Tenant’s airplane hangar building (the “Leased Premises”).
- (2) Notwithstanding the above, the Landlord reserves the right to assign an alternate lot to the Tenant on thirty (30) days’ written notice at any time prior to the commencement of construction of the Tenant’s hangar.
- (3) The Landlord covenants and agrees to the construction by the Tenant of an airplane hangar on the Leased Premises being a Hangar, (the “Hangar”) subject to the provisions of Schedule “B”. The Tenant shall complete the construction of the Hangar at its sole cost and expense.
- (4) The Landlord covenants and agrees that the Hangar on the Leased Premises is not owned by the Landlord but is owned by the Tenant.

2. GRANT OF LEASE

- (1) The Landlord leases the Leased Premises to the Tenant:
 - (a) at the Rent set forth in Section 3;
 - (b) for the Term set forth in Section 4; and
 - (c) subject to the conditions and in accordance with the covenants, obligations and agreements herein including schedules.
- (2) The Landlord covenants that it has the right to grant the leasehold interest in the Leased Premises free from encumbrances except as disclosed on title.

3. RENT

- (1) Rent means the amounts payable by the Tenant to the Landlord pursuant to this Section and includes Additional Rent.
- (2) The Tenant covenants to pay to the Landlord, during the Term of this Lease rent as follows (the “Base Rent”): for every year of the Term, the total sum of \$1,116.00 per annum (based upon \$0.31 per square foot of Hangar building area) plus H.S.T., and any other applicable services tax which may accrue on account of the Landlord collecting rent, payable yearly

Landlord’s Initials _____ Tenant’s Initials _____

in advance. Base Rent shall commence on the first day of the Term. If the first day of the Term is not January 1st then Base Rent for the first year of the term shall be prorated until December 31 of the initial year. Base Rent shall then be due on 1st day of the year commencing on January 1st, 2023 and every 1st day of January thereafter. The Parties further agree that the Landlord may, in their sole and absolute discretion, increase the Base Rent annually in accordance with the Town of Tillsonburg Rates and Fees Bylaw, as amended. If the square footage of the Hangar on the Leased Premises expands then the Base Rent shall accordingly increase in proportion to the additional square footage.

- (3) The Tenant further covenants to pay all other sums required by this Lease to be paid by it and agrees that all amounts payable by the Tenant to the Landlord or to any other party pursuant to the provisions of this Lease shall be deemed to be additional rent ("Additional Rent") whether or not specifically designated as such in this Lease.
- (4) The Landlord and the Tenant agree that it is their mutual intention that this Lease shall be a completely carefree net lease for the Landlord and that the Landlord shall not, during the Term of this Lease, be required to make any payments in respect the Leased Premises other than charges of a kind personal to the Landlord (such as income and estate taxes and mortgage payments) and to effect the said intention of the parties the Tenant promises:
 - (a) to pay as Additional Rent: business taxes, real estate taxes and licenses if applicable;
 - (b) to pay all annual fees in accordance with the Town of Tillsonburg Rates and Fees Bylaw, as amended, as Additional Rent for such expenses incurred by the Landlord for the maintenance and servicing of the Airport; and,
 - (c) to pay the Landlord a one-time capital recovery charge, based on actuals, for the Landlord to construct the associated hangar apron, if applicable; and,
 - (d) to pay for or provide servicing and maintaining the Leased Premises and the Hangar and shall include the following:
 - (i) all utilities and services including, but not limited to, electricity, water, sewage, natural gas and propane. The Tenant acknowledges that connection fees for utilities and services are entirely at the Tenant's cost. Further, the Tenant acknowledges that nothing in this Lease, including in this article, is a warranty, covenant or representation by the Landlord to provide connections, utilities or services to the Leased Premises or that the services or utilities can be extended to the Leased Premises;
 - (ii) snow removal and landscaping on the Leased Premises including cutting the grass and weed control of the Leased Premises including the one (1) metre area around the perimeter of the Hangar;
 - (iii) all repair, service and maintenance to the Hangar including reasonable wear and tear; and,
 - (iv) to pay airport infrastructure fees in accordance with the Town of Tillsonburg Rates and Fees Bylaw, as amended.
- (5) The Tenant hereby agrees to indemnify and protect the Landlord from any liability accruing to the Landlord in respect of the expenses payable by the Tenant as provided for herein.
 - (i) The Tenant on behalf of itself/himself/herself/themselves, its/his/her/their heirs, executors, administrators and assigns, including its/his/her/their successors in title, hereby covenants and agrees to indemnify and save harmless the Landlord from all actions, cause of actions, suits, claims, demands, damages, losses, costs, charges and expenses of every nature and kind whatsoever by whomsoever make brought or prosecuted, including legal fees, which the Landlord may incur or have to pay, which may arise either directly or indirectly by reason of any activity, actions, performance, negligence or non-performance of the Tenant, its employees, servants, agents, contractors, subcontractors, architect, landscape architect, engineer, surveyor, planner, consultant, project manager or any other person the Tenant is responsible for at law during the duration of this Agreement; in executing the Works under this Agreement; by reason of installation of any Works required under this Agreement; by the failure of the Tenant to complete the installation of the Works required under this Agreement; because of or on account of the ownership, construction, use existence, or maintenance of the property described in the Agreement; by the exercise of the Tenant's powers under this Agreement; the construction, maintenance or the improper or inadequate construction, installation and/or maintenance of the Works; any act or omission of said parties while undertaking the Works; or by reason of the neglect of the Tenant or its employees, servants, agents, contractors, subcontractors or others for whom the Tenant is responsible at law.
 - (ii) Without limiting the generality of the foregoing, the Tenant agrees to indemnify and save harmless the Landlord for any issues related to the alteration of any grade or existing level construction, the maintenance or repair of any taxiway within the Airport, or by reason of the failure, neglect or omission of the Tenant to do anything agreed to be done pursuant to this Agreement or by reason of

any act or omission of the Tenant, including failure of the Tenant to comply with the *Construction Act*.

- (6) Additional Rent shall be payable yearly in advance on the same dates stipulated for payment of Base Rent in Section 3 (2).
- (7) All payments to be made by the Tenant pursuant to this Lease are to be in Canadian funds by bank draft, money order or cheque payable to the Landlord and shall be delivered to the Landlord at the Landlord's address for service set out in Section 17 or to such other place as the Landlord may from time to time direct in writing.
- (8) All Rent in arrears and all sums paid by the Landlord for expenses incurred which should have been paid by the Tenant shall bear interest from the date payment was due, or made, or expense incurred at a rate per annum equal to the prime commercial lending rate of the Landlord's bank plus two (2) per cent.
- (9) The Tenant acknowledges and agrees that the payments of Rent and Additional Rent provided for in this Lease shall be made without any deduction for any reason whatsoever unless expressly allowed by the terms of this Lease or agreed to by the Landlord in writing and no partial payment by the Tenant which is accepted by the Landlord shall be considered as other than a partial payment on account of Rent owing and shall not prejudice the Landlord's right to recover any Rent owing.

4. TERMS AND POSSESSION

- (1) The Tenant shall have possession of the Leased Premises for a period of twenty years, ten months (the "Term"), commencing on the 1st day of November, 2022 and ending on the 1st day of January, 2042.
- (2) The Tenant shall pay any and all connection costs for hydro, gas, water, heating, air-conditioning and for all other services and utilities as may be provided to the Leased Premises. The Tenant shall arrange with the local authority for connection of gas, electricity and water in the name of the Tenant. Nothing in this paragraph or lease is a warranty or representation by the Landlord that any utilities or services are extended to the Leased Premises or can be extended to the Leased Premises.
- (3) Subject to the Landlord's rights under this Lease, and as long as the Tenant is in good standing, the Landlord covenants that the Tenant shall have quiet enjoyment of the Leased Premises during the Term of this Lease without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming through the Landlord.

5. ABATEMENT OF RENT DURING CONSTRUCTION

- (1) So long as the Lease has been fully executed, the Tenant has provided the Landlord with proof of the Tenants insurance, and the Tenant has paid the first and last month's Rent to be held as a deposit, the Landlord shall provide the Tenant with possession of the Leased Premises for a period of up to six (6) months commencing on the Effective Date for the purposes of constructing the Hangar on the Leased Premises. All terms of the Lease shall be applicable from the Effective Date save and except for the payment of Rent, Base Rent and Additional Rent which shall be payable as of the first day of the month of occupancy of the Hangar or the expiry of the six (6) month construction period whichever occurs first.
- (2) In the event the Tenant has not completed construction of the Hangar within the six (6) month construction period, the Landlord, in its sole and absolute discretion, may extend the construction period upon written request of the Tenant or terminate this Lease of which then the Tenant's deposit provided in Section 5 (1) would be forfeited.

6. ASSIGNMENT

- (1) The Tenant shall not assign this Lease or sublet the whole or any part of the Leased Premises unless they first obtain the consent of the Landlord in writing, which consent shall not unreasonably be withheld and provided the sub-Tenant and/or assignee signs a written acknowledgement that he/she will be bound by the terms, conditions and rules as provided for in this Lease. The Tenant hereby waives its right to the benefit of any present or future Act of the Legislature of Ontario which would permit the Tenant to assign this Lease or sublet the Leased Premises without the Landlord's consent.
- (2) The consent of the Landlord to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting.
- (3) Any consent given by the Landlord to any assignment or other disposition of the Tenant's interest in this Lease or in the Leased Premises shall not relieve the Tenant from its obligations under this lease, including the obligation to pay Rent, Base Rent and Additional Rent as provided for herein.
- (4) If all or more than 50% of the shares in the Tenant should be sold, assigned or transferred in any manner to a person other than the Tenant, then such transferee shall be bound by

the terms and conditions of this Lease.

7. USE

- (1) During the Term of this Lease the Leased Premises shall not be used for any purpose other than as an aircraft hangar for the storage, repair and operation of airplanes, without the express consent of the Landlord given in writing. The Tenant shall not construct a new hangar or any other building on the Leased Premises except in accordance to the terms of this Lease.
- (2) The Tenant shall not do or permit to be done at the Leased Premises anything which may:
 - (a) contravene any Airport use, standards, or tenant policy as established by the Landlord from time to time;
 - (b) cause damage to the Leased Premises;
 - (c) cause injury or annoyance to occupants of neighbouring premises;
 - (d) make void or voidable any insurance upon the Leased Premises;
 - (e) constitute a breach of any by-law, status, order or regulation of any municipal, provincial or other competent authority relating to the Tillsonburg Airport, the Leased Premises including any septic bed or other property, equipment or appurtenances; and,
 - (f) create an environmental hazard. The Tenant shall not store, allowed to be stored or do anything that creates hazardous waste or toxic material as defined by the Environmental Protection Act or any related or successor legislation. If an order is made by any level of government, including all agencies, crown corporations, municipal bodies, or a court is made as a result of the Tenant's, or its servants, directors, employees, invitees, customers or agents, actions or inaction under this Article or Article 7(2)(e) above or as a result of the septic bed system used by the Tenant then the Tenant shall satisfy the terms of such order including, but not limited to, paying all costs of the work required and shall indemnify and save the Landlord harmless from any costs, including legal costs, if the Landlord suffers any damages or pays any costs associated with such order.
- (3) The Tenant shall:
 - (a) not interfere in the use of the Airport or any other use of the Property. The Tenant acknowledges that there are other uses of the Property and it shall not interfere in any other use of the Property. The Tenant further acknowledges that there are other Tenants and users of the Airport and it shall not unreasonably interfere in the use or operation of the Airport in any manner nor shall it do, or allow to be done by any of its invitees, customers, employees or agents, anything that would cause or constitute a nuisance, safety violation or hazard to any other Tenant or any user of the Airport who are acting reasonably;
 - (b) comply with all federal and provincial transportation guidelines, regulations, rules, by-laws, statutes, directives and any other such matter that governs the flight, use or operation of aircraft;
 - (c) not block or obstruct the taxiways or runway and permit the ingress and egress to adjacent hangars, aprons and parking areas;
 - (d) not conduct any major repairs to any motor vehicle of any kind other than an aircraft or any vehicle or machinery ancillary to or connected with aircraft;
 - (e) not perform aircraft repair or maintenance outside of the Leased Premises;
 - (f) not start any aircraft in the Hangar;
 - (g) not store any items on the Leased Premises, surrounding Property or in the Hangar other than aircraft and related aircraft items except as specifically permitted in this agreement;
 - (h) not store any flammable products inside the Hangar or on the Leased Premises with the exception of fuel or necessary aircraft related products;
 - (i) notify the Landlord of any public activities and/or events no less than thirty (30) days before such activity and/or event with approval by the Landlord, in its sole and absolute discretion and such approval not to be unreasonably withheld;
 - (j) comply with all rules and regulations of the Airport and ensure the compliance of all the Tenant's contractors, employees, agents, customers and invitees; and,
 - (k) provide proof of documentation showing current and proper insurance coverage of any aircraft stored inside the Hangar.
- (4) The Tenant covenants and agrees that the Landlord may require the adjustment in the Airport leases and as such may demand the Tenant move the Hangar and the location of the Leased Premises. The Landlord shall compensate the Tenant for any expenses in moving the Hangar as agreed between the Parties.
- (5) The Tenant shall be permitted to construct and maintain one (1) aircraft hangar (the "Works") on the Leased Premises as follows:
 - (a) the dimensions of the Hangar shall be 60 feet by 60 feet for a total floor area of 3,600 square feet;
 - (b) the style of the Hangar shall be either a pole barn style building or a metal frame building;

- (c) the siding, siding colour, roof colour, hanger number, and height of the building will be maintained in accordance with current Airport standards as approved by the Landlord;
 - (d) the hangar apron shall be constructed of a hard surface (i.e. asphalt or concrete) with a minimum 300mm (12") structural sub-base to the satisfaction of the Landlord;
 - (e) any construction or renovation shall comply with the construction requirements of the Landlord in its sole and absolute discretion including the construction requirements detailed in Schedule "B" to this Lease and all applicable building code standards and by-laws of the municipality in which the Leased Premises are located and any federal or provincial statutes, rules or regulations;
 - (f) prior to the commencement of construction, the Tenant shall submit, at its sole cost, a site plan and drainage/grading plan which shall include, but not limited to, the information required in this Article 7(5) of this Lease and the proposed floor elevation, which all shall be subject to the approval of the Landlord;
 - (g) the Tenant agrees to maintain the lot grading during and after construction and erection of the Hangar and shall comply with the lot grading and drainage requirements of the Landlord at the sole cost of the Tenant;
 - (h) obtain all necessary permits, as applicable, at the expense of the Tenant; and,
 - (i) the Tenant shall be responsible for and pay the cost of all repair, renovation, and maintenance and nothing in this Lease shall render the Landlord responsible for any such costs.
- (6) The Landlord acknowledges that it has granted access to the Tenant for the Tenant to maneuver its aircraft from the Hangar to the adjacent taxiway and runway of the Airport. Further, the Landlord hereby grants to the Tenant, its successors and assigns, free and uninterrupted access in, over, upon, across or through the Hangar apron area, defined as 19 metres wide and 6.5 metres from the front of the Hangar to the adjacent taxiway. The Landlord grants to the Tenant the right to enter upon the Hangar apron area at all times and to pass and re-pass thereon as may be required by the Tenant, and its licensees, successors, assigns, servants, agents, employees and contractors including all necessary vehicles, equipment and machinery, from time to time, for the purposes of installing, maintaining, replacing, and reconstructing a suitable surface treatment to the Hangar apron as approved by the Landlord in its sole and absolute discretion. Any cost of installing, removing, maintaining, replacing and/or reconstructing the Hangar apron shall be at the sole expense of the Tenant without contribution of the Landlord. The Tenant covenants that it shall not conduct such work to the Hangar apron without first obtaining the consent of the Landlord and such consent shall not be unreasonably withheld. The Tenant hereby releases the Landlord from any and every claim which may or might arise out of the proper exercise by the Tenant of any of the rights granted herein.

8. CONSTRUCTION IMPLEMENTATION SCHEDULE (Not Applicable / Existing Hangar)

- (1) The Tenant hereby undertakes to complete the work herein in accordance with the timeframes set out in the Schedule "C" (the "Construction Schedule"). The Tenant shall submit a proposed construction schedule which shall be subject to amendments and approval by the Landlord and attached hereto as Schedule "C". A variance to the timeframes will only be allowed if approved in writing by the Landlord. Failure to comply may result in the Tenant being in default of this Agreement and the Landlord may seek remedy pursuant to this Agreement.
- (2) The Landlord approved work shall be carried out by the Tenant in a proper and professional manner so as to do as little damage or disturbance as possible to the Airport lands or the Airport's infrastructure. The Tenant shall repair and make good all damage and disturbance that may be caused to the Airport lands or the Airport's infrastructure, to the satisfaction of the Landlord, acting reasonably, at the sole expense of the Tenant.
- (3) During construction, the works to be carried out by the Tenant, shall be maintained in all respects in a state of good repair by the Tenant, including keeping the site in a sound, neat, safe and clean condition to the satisfaction of the Landlord. If the site is not kept in a state of good repair, upon seven (7) business days written notice to the Tenant (or such shorter time as may be required in the case of an emergency or other urgent matters or as otherwise provided herein), the Landlord shall have the right to do any work necessary to fulfill this condition and all costs incurred by the Landlord shall be recovered from the Tenant and may be recovered as Additional Rent.

9. REPAIR AND MAINTENANCE

- (1) The Tenant covenants that during the term of this Lease and any renewal thereof, the Tenant shall keep the Leased Premises and Hangar in good condition including all alterations and additions made thereto, and shall, with or without notice, promptly make all needed repairs and all necessary replacements as would a prudent owner. The Tenant shall be responsible for all wear and tear to the Hangar and shall affect all repairs as necessary. Save and except the Landlord's, or its agent's, contractor's and employee's negligence or intentional actions, at no time is the Landlord responsible for any repairs or

damage to the Hangar or the Leased Premises.

- (2) The Tenant shall permit the Landlord or a person authorized by the Landlord to enter the Leased Premises including the Hangar to examine the condition thereof and view the state of repair at reasonable times:
 - (a) and if upon such examination repairs are found to be necessary, written notice of the repairs required shall be given to the Tenant by or on behalf of the Landlord and the Tenant shall make the necessary repairs within the time specified in the notice; and,
 - (b) if the Tenant refuses or neglects to keep the Leased Premises including the Hangar in good repair the Landlord may, but shall not be obliged to, make any necessary repairs, and shall be permitted to enter the Leased Premises and Hangar, including by its servants or agents, for the purpose of effecting the repairs without being liable to the Tenant for any loss, damage or inconvenience to the Tenant in connection with the Landlord's entry and repairs. If the Landlord makes such repairs the Tenant shall pay the cost of them immediately as Additional Rent.
- (3) Subject to any renewal, upon the expiry of the Term or other determination of this Lease the Tenant agrees to surrender peaceably the Leased Premises to the Landlord in a state of good repair and subject to the conditions contained in this Article 9(3). The Tenant may remove the Hangar provided the Tenant places the Leased Premises back into a similar condition as it was in prior to the construction of the Hangar even if the construction of the Hangar predated this Lease. At any time during the Term, expiry of the Term, if an Act of Default occurs or upon termination of this Lease if the Tenant is in arrears of any rent whatsoever the Tenant agrees that the Landlord shall be permitted to register such lien on the Hangar under the *Personal Property Security Act* and possession of the Hangar will not be obtained by the Tenant until the lien is paid in full with all accrued interest and legal fees.
- (4) The Tenant shall immediately give written notice to the Landlord of any substantial damage that occurs to the Leased Premises including the Hangar from any cause.
- (5) The Tenant hereby agrees that at no time is the Landlord responsible for any damage, including damage to property or personal injury, as a result of the Tenant's use of the Leased Premises, Airport or Property and the Tenant hereby waives any cause of action in law, equity or by statute as against the Landlord for any loss. The Tenant acknowledges that it shall not institute any claim or make any demand against the Landlord, or anyone that may claim indemnity from the Landlord, for any personal injury or damage to property, including aircraft, as a result of the Tenant's use (including storage) of the Hangar, Airport or Property. The Tenant acknowledges that the use of the Airport, Hangar or Property is at its own risk.
- (6) The Tenant hereby forever releases the Landlord from any and all claims in law, equity or by statute as a result of any intentional or negligent acts of any other Tenant and/or user of the Property and/or Airport, or their agents, contractors, invitees, customers or employees that may cause death, personal injury or property loss to the Tenant or its agents, customers, employees, contractors or invitees.

10. ALTERATIONS AND ADDITIONS

- (1) If the Tenant, during the Term of this Lease or any renewal of the Lease, desires to make any alterations or additions to the Leased Premises, including but not limited to; erecting partitions, attaching equipment, and installing necessary furnishings or additional equipment of the Tenant's business but not including erecting a new hangar or any other accessory building, the Tenant may do so at his own expense provided that any and all alterations or additions to the Leased Premises made by the Tenant must comply with any requirement of the Landlord including Schedule "B" and all applicable building code standards and by-laws of the municipality in which the Leased Premises are located and any federal or provincial statutes, rules or regulations.
- (2) The Tenant shall pay Rent at the rate prescribed in paragraph 3 above based upon the area of the Hangar subsequent to any addition or alteration.
- (3) The Tenant shall be responsible for and pay the cost of any alterations, additions, installations or improvements that any governing authority, municipal, provincial or otherwise, may require to be made in, on or to the Leased Premises.
- (4) No sign, advertisement or notice shall be inscribed, painted or affixed by the Tenant, or any other person on the Tenant's behalf, on any part of the outside of the Hangar unless it is located along the facade of the Hangar's front and provided it complies with the Landlord's signage requirements and with all applicable laws, by-laws and regulations and is in good workmanlike manner. No other sign, advertisement or notice shall be erected unless it has been approved in every respect by the Landlord in writing.

Landlord's Initials _____

Tenant's Initials _____

- (5) The Tenant agrees, at its own expense and by whatever means may be necessary, immediately to obtain the release or discharge of any encumbrance that may be registered against the Landlord's property in connection with any additions or alterations to the Leased Premises made by the Tenant or in connection with any other activity of the Tenant.
- (6) The Tenant shall, at his own expense, if requested by the Landlord, remove any or all additions or improvements made by the Tenant to the Leased Premises during the Term and shall repair all damage caused by the installation or the removal or both.
- (7) The Tenant shall not bring onto the Leased Premises or any part of the Leased Premises any machinery, equipment or any other thing that might in the opinion of the Landlord, by reason of its hazardous nature, weight, size or use, damage the Leased Premises or the Property. If the Leased Premises or Property are damaged the Tenant shall restore the Leased Premises or Property immediately or pay to the Landlord the cost of restoring the Leased Premises or Property.

11. INSURANCE

- (1) The Tenant covenants to keep the Landlord indemnified and save harmless the Landlord at all times against all claims, suits, procedures, actions and demands (including but not limited to all legal costs) whatsoever and howsoever arising by any person, entity or corporation whether in respect of damage, loss or death to person or property, arising out of or occasioned by the maintenance, use or occupancy of the Leased Premises, Airport and Property or the subletting or assignment of same or any part thereof. And the Tenant further covenants to indemnify the Landlord with respect to any encumbrance on or damage to the Leased Premises occasioned by or arising from the act, default, or negligence of the Tenant, its officers, agents, servants, employees, contractors, customers, invitees or licensees. The Tenant agrees that the foregoing indemnity shall survive the termination of this Lease notwithstanding any provisions of the Lease to the contrary.
- (2) The Tenant shall carry insurance in its own name insuring against the risk of damage to the Tenant's property and the Hangar within the Leased Premises caused by fire or other perils.
- (3) The Tenant shall carry such general liability and property damage insurance including personal injury and property damage coverage with at least two million (\$2,000,000.00) dollars in limits of each occurrence with respect to the Leased Premises and Tenant's occupation of the Leased Premises. Such insurance policy shall contain no airport site exclusion.
- (4) All insurance policies in this Section 11 including this Article shall name the Landlord, where applicable, as an insured and loss payee and the policy shall include a cross-liability endorsement. All policies shall be applicable as primary insurance, taking precedence over any other insurance protection owned by the Landlord. The Tenant shall insure that each insurance policy contains a waiver of subrogation rights which the insurer may have against the Landlord and the persons for whom is legally responsible.
- (5) Upon demand of the Landlord, the Tenant shall provide a copy of any and all policies of insurance including renewals and terms of such policies to the Landlord. If any policy of insurance is canceled the Tenant shall inform the Landlord without delay of such cancellation and shall obtain a replacement policy without delay on the same terms as set out in this Section 11. Under no circumstances shall delivery of and review by the Landlord of any certificate set forth or any insurance policy or any other proof of existence of the insurance coverage release the Tenant of its obligations to take out insurance in strict compliance with the present provisions or constitute a waiver in favour of the Tenant of any of the Landlord's rights.

12. ACTS OF DEFAULT AND LANDLORD'S REMEDIES

- (1) An Act of Default has occurred when:
 - (a) the Tenant has failed to pay Rent for a period of 45 consecutive days from the date that payment was required to be paid to the Landlord;
 - (b) the Tenant has breached its covenants or failed to perform any of its obligations under this Lease for a period of 45 consecutive days and:
 - (i) the Landlord has given ten (10) days' notice specifying the nature of the default and the steps required to correct it; and,
 - (ii) the Tenant has failed to correct the default as required by the notice;
 - (c) the Tenant has:
 - (i) become bankrupt or insolvent or made an assignment for the benefit of

- creditors;
 - (ii) had its property seized or attached in satisfaction of a judgment;
 - (iii) had a receiver appointed;
 - (iv) committed any act or neglected to do anything with the result that a Construction Lien or other encumbrance is registered against the Landlord's property; or,
 - (v) taken action with a view to dissolution or liquidation;
 - (d) any required insurance policy is cancelled or not renewed by reason of the use or occupation of the Leased Premises, or by reason of non-payment of premiums;
 - (e) the Leased Premises:
 - (i) has become vacant or remain unoccupied for a period of 180 consecutive days. For the purposes of this section the Parties agree that the terms "vacant and "unoccupied" shall mean no use or utilization of the Hangar and/or no storage of necessary tools, implements or equipment in the Hangar; or,
 - (ii) is used by any other person or persons, or for any other purpose than as provided for in this Lease without the written consent of the Landlord;
 - (f) failure to install or remedy faulty work,
- if, in the opinion of the Landlord the Tenant:
- i. is not proceeding or causing to be proceeded the works required in connection with this Agreement within thirty (30) days' of notice given; or
 - ii. is improperly performing the works; or
 - iii. has neglected or abandoned before the completion, or unreasonably delayed the same, so that conditions of this Agreement are being violated or carelessly executed or being carried out in bad faith; or
 - iv. has neglected or refused to renew or again perform such work as may be rejected by the Landlord as defective or unsuitable; or
 - v. has defaulted performance of the terms and conditions of this agreement;

then, in any such instance, the Landlord shall promptly notify the Tenant, in writing, of such default or neglect and if such notification be without effect within ten (10) business days after such notice, the Landlord shall thereupon have full authority and power to purchase materials and employ workers and machines for the proper completion of the works at the cost and expense of the Tenant. The cost of such work shall be calculated by the Landlord whose decision shall be final and be paid to the Landlord by the Tenant on demand. Should payment not be received following the issuance of an invoice from the Landlord, the Landlord shall collect same as Additional Rent in addition to any other remedy available to the Landlord.

It is further understood and agreed between the parties hereto that such entry upon the Premise shall be as an agent for the Tenant and shall not be deemed, for any purposes whatsoever, as an acceptance of the works by the Landlord.

- (2) When an Act of Default on the part of the Tenant has occurred:
 - (a) the current year's Rent together with the next years' Rent shall become due and payable immediately; and,
 - (b) the Landlord shall have the right to terminate this Lease and to re-enter the Leased Premises and deal with them as it may choose.
- (3) If, because an Act of Default has occurred, the Landlord exercises its right to terminate this Lease and re-enter the Leased Premises prior to the end of the Term, the Tenant shall nevertheless be liable for payment of Rent and all other amounts payable by the Tenant in accordance with the provisions of the Lease until the Landlord has re-let the Leased Premises or otherwise dealt with the Leased Premises in such manner that the cessation of payments by the Tenant will not result in loss to the Landlord and the Tenant agrees to be liable to the Landlord, until the end of the Term of this Lease for payment of any difference between the amount of Rent hereby agreed to be paid for the Term hereby granted and the Rent any new Tenant pays to the Landlord.
- (4) If when an Act of Default has occurred, the Landlord chooses not to terminate the Lease and re-enter the Leased Premises, the Landlord shall have the right to take any and all necessary steps to rectify any or all Acts of Default of the Tenant and to charge the costs of such rectification to the Tenant and to recover the costs as Rent.
- (5) If, when an Act of Default has occurred, the Landlord chooses to waive its right to exercise the remedies available to it under this Lease or at law the waiver shall not constitute condonation of the Act of Default, nor shall the waiver be pleaded as an estoppel against the Landlord to prevent his exercising his remedies with respect to a subsequent Act of Default. No covenant, term, or condition of this Lease shall be deemed to have been waived by the Landlord unless the waiver is in writing and signed by the Landlord.

13. TERMINATION UPON NOTICE AND AT END OF TERM

- (1) If the Leased Premises and/or Property are subject to an Agreement of Purchase and Sale:
 - (a) The Landlord shall have the right to terminate this Lease, notwithstanding that the Term has not expired, by giving ninety (90) days' notice (the "Notice") in writing to the Tenant and, at the Tenant's option, the Landlord shall pay to the Tenant the fair market value for the Hangar or the Tenant agrees to remove the Hangar and comply with Articles 9(3) and 10(5) of this Lease. Upon expiry of the Notice the Tenant shall provide vacant possession of the Leased Premises provided the Landlord pays to the Tenant a bonus of \$500.00. For the purposes of this Article and Articles 13(3) and 13(4) fair market value shall be determined as of the date of the issuing of the Notice.
- (2) If the Tenant remains in possession of the Leased Premises after termination of this Lease as aforesaid and if the Landlord then accepts Rent for the Leased Premises from the Tenant, it is agreed that such overholding by the Tenant and acceptance of Rent by the Landlord shall create a monthly tenancy only but the tenancy shall remain subject to all the terms and conditions of this Lease except those regarding the Term. The Parties agree that if the Term is not renewed then upon expiry of the Term or if the Tenant is an overholding tenant then either Party may terminate the lease upon sixty (60) days written notice to the other party and the Tenant shall comply with Articles 9(3) and 10(5) of this Lease.
- (3) Other than a termination of this Lease in accordance with Article 13(1) of this Lease, the Landlord shall, at any time and notwithstanding that the Term has not expired, have the unqualified right to terminate this Lease upon one year's prior written notification (the "Notice") if the Leased Premises are required for any reason or purpose of the Landlord in which event the Landlord shall pay to the Tenant the fair market value for the Hangar, if erected by the Tenant, unless the Tenant agrees to remove the Hangar and comply with Articles 6(3) and 7(5) of this Lease, and the Tenant shall provide such vacant possession upon the expiry of the Notice provided the Landlord pays to the Tenant a bonus of \$500.00.
- (4) The Parties agree that it is their mutual intention that at the end of the Term of this Lease the lease shall be renewed upon such conditions and terms as agreed between the Parties. The Parties further agree that although it is their mutual intention to renew the lease nevertheless either party may decide not to renew the lease for any reason. The Parties acknowledge that upon such renewal all terms and conditions shall be negotiated between the Parties. If the Parties do not renew this Lease then the Parties agree that the Landlord shall be granted the Right of First Refusal to purchase the Hangar (the "Option"). The Tenant covenants that it will not sell the Hangar, or any part thereof, to any person, firm or corporation, without first providing the Landlord to exercise its Option as set out in the terms of this paragraph. Upon the Tenant receiving a bona fide offer in writing (the "Third Party Offer") the Tenant shall deliver to the Airport Office, 244411 Airport Road, Township of South-West Oxford, Ontario, a copy of the Third Party Offer and the Landlord shall have twenty business days (the "Notice Period") from the date of receipt of the Third Party Offer to exercise the Option to match the Third Party Offer. If the Landlord exercises its option in the Notice Period then it must inform the Tenant at the Property in writing that it will purchase the Tenant's interest in the Hangar on the same terms and conditions, or more favourable terms to the Tenant at the Landlord's discretion, as contained in the Third Party Offer (the "Landlord's Offer"). If the Landlord exercises its Option in the Notice Period then the Tenant must sell the Hangar to the Landlord upon the terms and conditions as contained in the Landlord's Offer. If the Landlord does not exercise its option in the Notice Period then the Tenant shall be at liberty to accept the Third Party Offer provided that there are no modifications to the Third Party Offer. If any modifications are made to the Third Party Offer then the Landlord shall be permitted to exercise its option pursuant to the terms of this paragraph. For the purpose of this paragraph, if the Tenant is a corporation, the word "sell", in addition to its ordinary meaning, shall be deemed to mean and include a sale or disposition of the corporate shareholding of the Tenant by the person or persons who, at the date of the commencement of the lease holds or hold a majority of the corporate shares. Subject to the conditions contained in Article 4 of this Agreement, the Parties agree that prior to the expiry of this Lease if the Tenant seeks to assign this Lease to a third party then the Landlord will agree to examine a proposal to extend the term of this Lease however nothing in this paragraph shall require the Landlord to accept any amendment of the term or new term.

14. ACKNOWLEDGMENT BY TENANT

- (1) The Tenant agrees that it will at any time or times during the Term, upon being given at least forty-eight (48) hours prior written notice, execute and deliver to the Landlord a statement in writing certifying:
 - (a) that this Lease is unmodified and is in full force and effect (or if modified stating the modifications and confirming that the Lease is in full force and

Landlord's Initials _____

Tenant's Initials _____

- effect as modified);
- (b) the amount of Rent being paid;
- (c) the dates to which Rent has been paid;
- (d) other charges payable under this Lease which have been paid;
- (e) particulars of any prepayment of Rent or security deposits; and,
- (f) particulars of any sub tenancies.

15. SUBORDINATION AND POSTPONEMENT

- (1) This Lease and all the rights of the Tenant under this Lease are subject and subordinate to any and all charges against the land, buildings or improvements of which the Leased Premises form part, whether the charge is in the nature of a mortgage, trust deed, lien or any other form of charge arising from the financing or re-financing, including extensions or renewals, of the Landlord's interest in the Property.
- (2) Upon the request of the Landlord the Tenant will execute any form required to subordinate this Lease and the Tenant's rights to any such charge, and will, if required, attorn to the holder of the charge.
- (3) No subordination by the Tenant shall have the effect of permitting the holder of any charge to disturb the occupation and possession of the Leased Premises by the Tenant as long as the Tenant performs his obligations under this Lease.

16. RULES AND REGULATIONS

The Tenant agrees on behalf of itself and all persons entering the Leased Premises with the Tenant's authority or permission to abide by such reasonable rules, standards and regulations of the Airport and/or Property which shall form part of this Lease and as the Landlord may make and/or amend from time to time.

17. NOTICE

- (1) Any notice required or permitted to be given by one party to the other pursuant to the terms of this Lease may be given

To the Landlord at:

Tillsonburg Regional Airport
Attn: Airport Administrator
244411 Airport Rd
South-West Oxford, On
N4G 4H1
Fax: 519-842-3445

To the Tenant at the Leased Premises or at:

Mark Kniss
104 Crosier Street, Delhi Ontario

- (2) The above addresses may be changed at any time by giving ten (10) days written notice.
- (3) Any notice given by one party to the other in accordance with the provisions of this Lease shall be deemed conclusively to have been received on the date delivered if the notice is served personally or seventy-two (72) hours after mailing if the notice is mailed.

18. REGISTRATION

The Tenant shall not at any time register notice of or a copy of this Lease on title to the Property of which the Leased Premises form part without consent of the Landlord.

19. INTERPRETATION

- (1) The words importing the singular number only shall include the plural, and vice versa, and words importing the masculine, feminine or neutral gender shall include the other genders, and words importing persons shall include firms and corporations and vice versa.
- (2) Unless the context otherwise requires, the word "Landlord" and the word "Tenant" wherever used herein shall be construed to include the executors, administrators, successors and assigns of the Landlord and Tenant, respectively.
- (3) When there are two or more Tenants bound by the same covenants herein contained, their

obligations shall be joint and several.

20. MISCELLANEOUS

- (1) Unless otherwise stipulated, parking, if applicable, in the common parking area shall be in common and unreserved.
- (2) If a dispute should arise between the Parties in the interpretation of this Agreement then both parties agree that such dispute shall be referred to binding arbitration and be bound by the result of such arbitration. The terms, form and procedure of the arbitration shall be in accordance with the *Arbitration Act* or any successor legislation. The parties further agree that the arbitrator shall be jointly chosen and the arbitrator shall have the ability to award costs of the arbitration. This clause shall not apply if the Tenant is in default under the terms of the Lease which include but are not limited to:
 - (a) its obligations to pay Rent, Base Rent and/or Additional Rent;
 - (b) non-repair or maintenance of the Leased Premises;
 - (c) subleased the Leased Premises without the authorization of the Landlord, acting reasonably;
 - (d) changed its use of the Leased Premises; or,
 - (e) used the Leased Premises in any manner contrary to Article 7.
- (3) In the event that any clause herein should be unenforceable or be declared invalid for any reason whatsoever, such enforce ability or invalidity shall not affect the enforce ability or validity of the remaining portions of the covenants and such unenforceable or invalid portions shall be severable from the remainder of this Lease.
- (4) This Lease shall be construed and enforced in accordance with the laws of the Province of Ontario. Any proceeding shall be brought at the City of Woodstock in the County of Oxford, Ontario.
- (5) The Tenant hereby agrees that it has had an opportunity to review the terms of this Lease and seek independent legal advice.
- (6) Should any provision of this Lease require judicial interpretation or arbitration, it is agreed that the court or arbitrator interpreting or construing the same shall not apply a presumption that the terms thereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it be agreed that both parties have participated in the preparation hereof.
- (7) This Lease and it's schedules constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof, except as specifically set forth herein. No supplement, modification, waiver or termination of this Lease shall be binding unless executed in writing by the Parties.
- (8) The Tenant agrees that it has not relied upon any representation, promise or warranty of the Landlord with respect to the condition of the Leased Premises, Hangar or any representation or promise of the Landlord to repair, renovate or otherwise alter the Leased Premises in any manner prior to or after commencement of the Term. The Parties agree that the Leased Premises are being offered to the Tenant in an "as is" condition. The Tenant shall not call on or demand the Landlord to perform any repairs or renovations prior to or after it obtains possession. The Tenant acknowledges that it has performed its own due diligence in establishing the state of repair of the Leased Premises including the Hangar.

In Witness of the foregoing covenants the Landlord and the Tenant have executed this Lease.

Landlord
Deb Gilvesy, Mayor
The Corporation of the Town of Tillsonburg

Landlord
Kyle Pratt, CAO
The Corporation of the Town of Tillsonburg

Landlord's Initials _____

Tenant's Initials _____

We have authority to bind the Corporation.

Per:

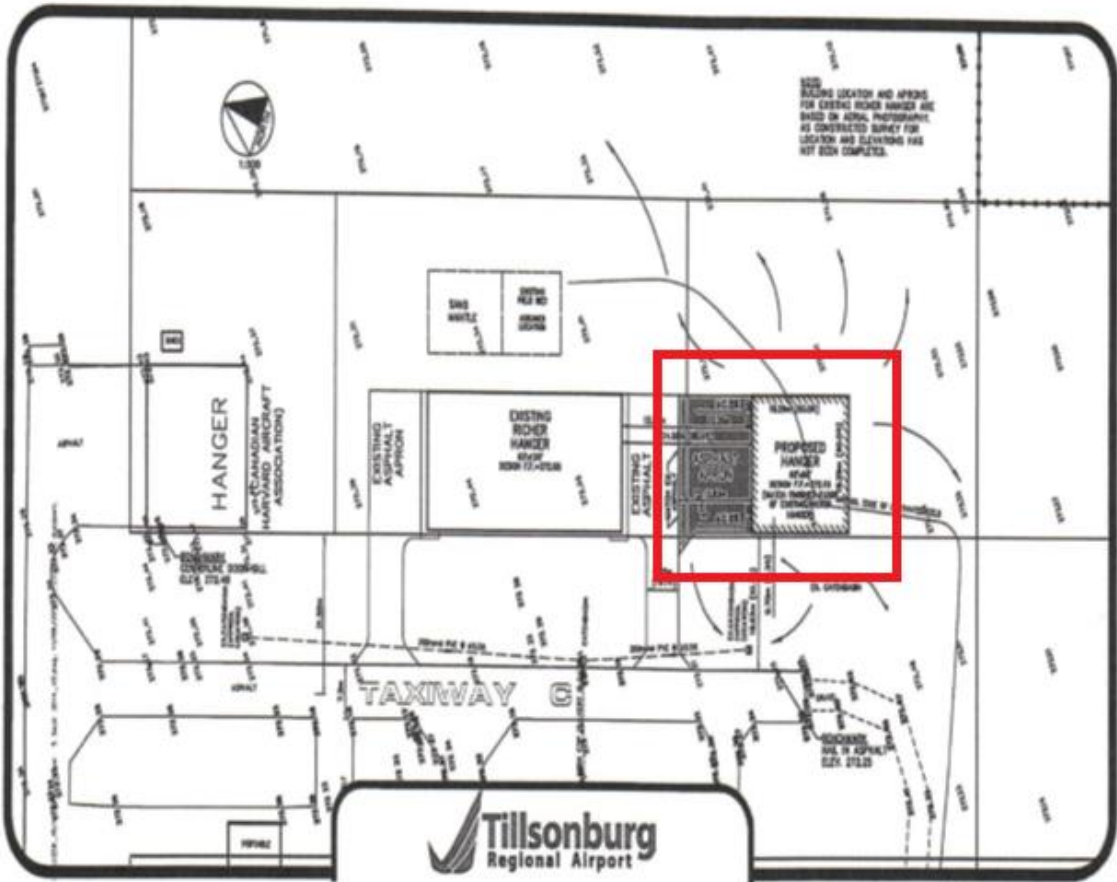
Witness

Name
Tenant

Schedule “A”

THE “LEASED PREMISES”

Taxiway C1 Lot 9



Landlord’s Initials _____

Tenant’s Initials _____

SCHEDULE “B” (Not Applicable / Existing Hangar)
CONSTRUCTION REQUIREMENTS

- 1. The Tenant shall construct an airplane hangar building with approximate dimensions of XX feet wide by XX feet deep comprising a floor area of XXXX square feet.
- 2. The Tenant covenants and agrees, notwithstanding any other statute, regulation or provision regarding the federal government’s authority to regulate the aeronautics industry, to:
 - (a) obtain from the Landlord an Airport Development Permit prior to construction;
 - (b) to pay to the Landlord a flat fee of \$600 to administer the Airport Development Permit;
 - (c) to construct the airplane hangar, and any other building that may be permitted, to the standard of the Ontario Building Code, O. Reg. 332/12 as amended or replaced from time to time (the “OBC”) and to the satisfaction of the Landlord in its sole and absolute discretion, and;
 - (d) to ensure all persons retained by the Tenant have appropriate health and safety policies, insurance and WSIB coverage.
- 3. The Tenant shall provide to the Landlord the following in order to obtain an Airport Development Permit and approval for use of the Leased Premises and hangar thereon:
 - (a) prior to construction, submission of:
 - 1. all applicable fees;
 - 2. 2 copies of a site plan showing the proposed location of the hangar and dimensions to the adjacent buildings;
 - 3. 2 copies of construction drawings (foundation plan, floor plan, building elevations, diaphragm/truss bracing, anchorage, construction details/finishes, etc.) stamped by a professional engineer;
 - 4. 2 copies of the truss drawings stamped by a professional engineer; and
 - 5. Commitment to General Reviews form completed by both the building owner and professional engineer;
 - (b) prior to occupancy and acceptance:
 - 1. inspection of the construction and acceptance of same by the Landlord in in respect of compliance with the OBC, the terms of this Airport Lease and all policies and rules regulating the Tillsonburg Airport; and
 - 2. submission of all site reports (footing inspection, framing inspection, occupancy inspection) and an occupancy report from the professional engineer; and,
 - (c) final approval:
 - 1. provide a final report (verifying outstanding items not completed at occupancy have been completed/corrected) from the professional engineer if applicable.
- 4. The parties covenant and agree that the Tenant is not required to obtain a building permit from the Township of Southwest Oxford for construction of buildings on the Tillsonburg Airport.
- 5. The Tenant covenants and agrees that failure to comply with the provisions of this schedule shall be an event of default of this Lease and in the absence of remedying such default, shall permit the Landlord to terminate this Lease and seek any and all other recourse against the tenant in such instance.

SCHEDULE “C” (Not Applicable / Existing Hangar)
CONSTRUCTION SCHEDULE

Provided by the Tenant prior to execution of the lease agreement and approved by the Landlord.

Preliminary Construction Schedule: Start of Construction **Insert date**
End of Construction **Insert date**

Note: Tenant has expressed that a detailed construction schedule will be provided once contractor and Tenant have finalized.