

THIS AGREEMENT made in duplicate this ____ day of _____, 2025.

BETWEEN:

THE CORPORATION OF THE TOWN OF TILLSONBURG

hereinafter called the Lessor, of the First Part,

-and-

VAN QUAETHEM FARMS LTD.

hereinafter called the Lessee, of the Second Part

WHEREAS the Lessor has control of lands hereinafter described as:

1. Part of Lots 3, 4, and 5, Concession 5 NTR Middleton, and more particularly described as Part 2, Plan 37R-283 and Parts 10 and 11, Plan 41R-10104, comprising approximately 66 acres of farmable land;
2. Part of Lots 2 and 3, Concession 5 NTR Middleton, and more particularly described as part of Part 1, Plan 37R352, comprising approximately 48 acres of farmable land, and expressly excluding the southernmost 18 acres of farmable land and all lands south of Otter Creek;
3. Lands located on the east side of Highway 19 (Vienna Road), legally described as part of Lots 8 and 9, Concession 4, NTR, and more particularly described as Lots 1613 and 1638A, Plan 500, comprising of approximately 17 acres of farmable lands
 - a. With access through Unnamed Road adjacent to Lots 1612, 1613 and 1614; and,
4. Part of Lot 12-13, Concession 4, NTR Middleton as in NR442642 N of NR368925, Norfolk County, comprising approximately 34 acres of farmable lands.

(collectively the "Lands")

AND WHEREAS the Lessor is desirous of leasing the Lands to the Lessee and the Lessee is desirous to lease the Lands for agricultural purposes subject to the conditions hereinafter set forth in this agreement (the "Lease").

NOW THEREFORE THIS INDENTURE WITNESSETH

1. PAYMENT

The Lessee covenants with the Lessor that the Lessee shall pay annual rent for the Lands as set out below to the Lessor by two payments each year during the term of this Lease. The first payment of which shall constitute 50% of annual rental fee and shall be due and payable prior to the start of planting that this Lease remains in force and the remaining 50% of the annual rental fee shall be due and payable on November 30 of each year that this Lease remains in force:

- (a) Annual rent of Annual rent of \$61,050 for the one hundred and sixty-five (165) acres of Land (the "Base Rent") calculated at \$370 per acre plus Harmonized Sales Tax.

2. TERM

The term of the Lease shall be from April 1, 2025 to December 31, 2025 (the "Lease Term"). The Lease Term can be extended for additional one (1) year terms by the Lessor in its sole and absolute discretion. There is no representation or warranty of the Lessor that it must, shall or will extend the Lease Term.

3. CONDITION OF THE LANDS

The Lessee acknowledges and agrees that it is leasing the Lands in its current condition "as is" and the Lessee has conducted all inspections and performed its own due diligence to determine the suitability of the Lands for the Lessee's use. The Lessee acknowledges that the Lessor has made no representation or warranty and provides no covenant, representation or warranty

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concerning soil conditions, the existence of any items below the surface, and/or the environmental status of the Lands at any time. The Lessee acknowledges having inspected the property prior to signing this Lease and has relied upon its inspection regarding the suitability, condition, and state of repair of the Property. The Lessee further acknowledges that it has conducted its own due diligence as to the size of the Lands and the size of the arable part of the Lands and not relied upon any representation or warranty of the Lessor. The Lessee acknowledges that Base Rent shall not alter if size of the arable land is less than as set out in this Lease.

4. USE

- (a) The Parties agree that the crops to be grown on the Lands shall be agreed upon by the Parties prior to planting and shall generally be corn, soybeans or other cash crops.
- (b) The Lessee shall not do or permit to be done on the Lands anything which may:
 - i. Constitute a nuisance;
 - ii. Cause damage to the Lands;
 - iii. Cause injury or annoyance to occupants of neighbouring premises;
 - iv. Make void or voidable any insurance upon the Lands;
 - v. Constitute a breach of any by-law, status, order or regulation of any municipal, provincial or other competent authority relating to the Lands; or,
 - vi. Create any environmental hazard.
- (c) The Lessee 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, amended or successor legislation. If any order is made by any level of government, including all agencies, Crown corporations plus municipal bodies, or Court is made as a result of the Lessee's, or its servants, directors, employees, invitees, customers or agents, actions or inaction under this Article then the Lessee 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 Lessor harmless from any costs, including legal costs, if the Lessor suffers any damages or pays any costs associated with such order.
- (d) In order to operate the Lands efficiently and to maintain its high state of productivity, the Lessee covenants as follows:
 - i. To allow any incoming lessee or purchaser to enter upon the Lands after harvest in the last year of the Lease Term and have reasonable privileges and right-of-way to work on the Lands;
 - ii. To prepare a soil analysis at the end of the Lease Term or sixty days after a Termination Notice has been served by either Party (the "Soil Tests"). The cost of the Soil Tests shall be payable by the Lessee without contribution of the Lessor. The Lessee shall provide the Lessor a copy of each of the Soil Tests within 10 of the Lessee's receipt of the Soil Tests;
 - iii. To remove all crops from the ground at the end of the Lease Term; and,
 - iv. It will not construct any buildings upon the Lands.

5. RIGHT TO SELL SUBJECT LANDS

The Lessee acknowledges that the Lessor shall have the right to sell, **or remove from this Lease**, any part or parts of the Lands upon sixty (60) days notice, in writing, and upon expiry of such notice the Lessee shall surrender that part (or all if required by the notice) of the Lands sold by the Lessor, or removed from the Lease, and subject to the condition that if the Lessor requires possession of any or all of the Lands on which an agricultural crop is growing, the Lessee shall be compensated for any and all expenses incidental to growing such crop and the Base Rent shall be pro-rated to take into account the adjustment of that part of the Lands not surrendered (if any) throughout the balance of the Lease Term. The Lessee must provide to the Lessor detailed accounting of the costs incurred for the Lands in order to be reimbursed for the loss of the growing crops. The Lessee shall not demand, claim or plead any damages, costs, monies or compensation from the Lessor of any kind whatsoever and howsoever except as specifically provided for in this paragraph 5. The Lessee waives any and all claims, damages and/or losses

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for future income, profits or monies due to the surrender of some or all of the Lands. If agricultural lands are added or removed from this Lease prior to planting or preparation for planting, then the Base Rent will be adjusted accordingly but with no payment to the Lessee for crop loss.

6. FARM BUSINESS REGISTRATION NUMBER

The Lessee shall be required to provide proof of valid Farm Business Registration Number (OFA, CFFO or proof of exemption) to the Lessor prior to commencement of the Lease Term.

7. QUIET ENJOYMENT OF LANDS

It is further specifically agreed by and between the Parties hereto that the Lessor covenants with the Lessee for quiet enjoyment of the Lands. Notwithstanding the foregoing, the Lessor shall be permitted to access the Lands for any purpose(s), with the costs of any minor crop damage being borne by the Lessee.

8. ASSIGNMENT

The Lessee acknowledges and agrees that it will not assign or sublet the Lands without approval by the Lessor, which may be withheld by the Lessor at its sole and absolute discretion. The Lessee further covenants that it will not conduct any business, trade, enterprise or objects on the Lands other than to use the Lands for its own agricultural purposes pursuant to the terms and conditions contained in this Lease.

9. INSURANCE

The Lessee shall obtain Farm liability insurance of at least Two Million Dollars (\$2,000,000), covering injury to, or destruction of person or property, for which the Lessee may be held liable. The Lessee must obtain Farm Liability insurance on a form of coverage issued by an insuring company acceptable to the Town, which names the Town as an additional insured and contains a Cross Liability Clause. The Lessee shall provide the Town prior to the start of planting with an insurance certificate showing the required insurance coverage.

10. INDEMNIFICATION

The Lessee covenants to keep the Lessor indemnified and save harmless the Lessor at all times against any and all claims, suits, proceedings, 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 Lands or the subletting or assignment of same or any part thereof. And the Lessee further covenants to indemnify the Lessor with respect to any encumbrance on or damage to the Lands occasioned by or arising from the act, default, or negligence of the Lessee, its officers, agents, servants, employees, contractors, customers, invitees or licensees. The Lessee agrees that the foregoing indemnity shall survive the termination of this Lease notwithstanding any provisions of the Lease to the contrary.

11. MAINTENANCE

The Lessee covenants to maintain all of the Lands pursuant to this Lease in good condition at all times during the Lease Term, any extension of the Lease Term and any overholding periods (if any). The Lessee further covenants to keep the Lands free from refuse and shall not store any refuse, garbage, motor vehicles or any items on the Lands that may be considered by the Lessor to be noxious, hazardous or refuse.

12. IMPROVEMENTS TO LANDS

The Lessee agrees that all improvements to the Lands for the purposes of increasing agricultural production are at the Lessee's sole cost and subject to the approval of the Lessor in the Lessor's sole and absolute discretion. Notwithstanding the foregoing, the Lessor may consider entering into a second agreement for proposals that significantly expand the area available for agricultural production at the Lessor's sole discretion.

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13. BANKRUPTCY

The Lessee acknowledges and agrees that if during the Lease Term any of the goods or chattels of the Lessee shall at any time during the said term be seized or taken in execution or in attachment by any creditor of the Lessee, or if the Lessee shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent debtors, the then current and next ensuing balance of Base Rent shall immediately become due and payable and the said term shall, at the option of the Lessor, immediately become forfeited and determined and in such case, the Lessor may re-enter and take possession of the said lands as though the said lands was holding over after the expiration of the said term

14. TERMINATION FOR CONVENIENCE

It is further hereby agreed between the Parties hereto that this Lease may be terminated by either party in such party’s sole and absolute discretion by providing to the other Party sixty (60) days written notice prior to the termination date or the expiration of the Lease Term. In the case where the Lessor terminates the Lease, the provisions of Paragraph 5 above shall be in effect. If the Lessee terminates the Lease it shall be responsible to pay a pro-rated Base Rent to the date of termination, pay all items required by paragraph 4 of this Lease and the Lessor shall not be responsible to reimburse the Lessee for the loss or damages for the abandoned growing crops.

15. TERMINATION OF THE CONTRACT FOR CAUSE

In the event of any material default of this Lease by the Lessee, the Lessor shall have the right to provide written notice of such default and demand that the deficiency of program be rectified within five (5) working days or such longer period as may be agreed upon by the Lessor. If the said default is not rectified or steps are not take to rectify the situation according to the agreed upon plan, the Lessor shall be entitled to issue a written notice of termination for cause with no less than thirty (30) days notice and all Base Rent and amounts owing pursuant to paragraph 4 of this Lease shall be payable to the Lessor by the Lessee within thirty (30) days from termination.

16. DEFAULT

An “Act of Default” has occurred when:

- (a) The Lessee has failed to pay Rent for a period of 60 consecutive days from the date that payment has been requested by the Lessor;
- (b) The Lessee has breached his covenants or failed to perform any of his obligations under this Lease plus:
 - i. The Lessor has given notice specifying the nature of the default and the steps required to correct it; and,
 - ii. The Lessee has failed to correct the default as required by the notice;
- (c) Any insurance policy is canceled or not renewed by reason of the use or occupation of the Lands, or by reason of non-payment of premiums;
- (d) The Lands:
 - i. 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 Lessor.

When an Act of Default on the part of the Lessee has occurred:

- (a) The current year’s rent together with the next years’ rent shall become due and payable immediately; and,
- (e) The Lessor shall have the right to terminate this Lease and to re-enter the Lands and deal with them as he may choose.

If, because an Act of Default has occurred, the Lessor exercises his right to terminate this Lease and re-enter the Lands prior to the end of the Term, the Lessee shall nevertheless be liable for payment of Rent and all other amounts payable by the Lessee in accordance with the provisions of the Lease until the Lessor has re-let the Lands or otherwise dealt with the Lands in such

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manner that the cessation of payments by the Lessee will not result in loss to the Lessor and the Lessee agrees to be liable to the Lessor, 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 Lessee pays to the Lessor.

If when an Act of Default has occurred, the Lessor chooses not to terminate the Lease and re-enter the Lands, the Lessor shall have the right to take any and all necessary steps to rectify any or all Acts of Default of the Lessee and to charge the costs of such rectification to the Lessee and to recover the costs as Rent.

If, when an Act of Default has occurred, the Lessor chooses to waive his right to exercise the remedies available to him 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 Lessor 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 Lessor unless the waiver is in writing and signed by the Lessor.

17. NOTICE

Notice to either party shall be given at the following addresses:

If to the Lessor:

Development Commissioner
The Corporation of the Town of Tillsonburg
10 Lisgar Ave
Tillsonburg, ON N4G 5A5
Fax: 519-842-9431

If to the Lessee:

VanQuaethem Farms Ltd
353 Highway 19 South
Tillsonburg, ON N4G 4G9

The Lessee shall not at any time register notice of or a copy of this Lease on title to the Lands or any part thereof without consent of the Lessor.

16. MISCELLANEOUS

The words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include firms and corporations and vice versa.

This Lease, including any Schedule attached, shall constitute the entire agreement between the Lessor and Lessee. There is no representation, warranty, collateral agreement or condition which affects this agreement other than expressed herein.

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.

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.

The Lessee hereby agrees that they have had an opportunity to review the terms of this Lease and seek independent legal advice.

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.

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This Lease 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.

The Lessee shall not call on or demand the Lessor to perform any repairs or renovations prior to or after it obtains possession.

IT IS HEREBY declared and agreed that the expressions "Lessor" and "Lessee" wherever used in this indenture shall, when the context allows, include, be binding on and enure to the benefit of not only the Parties hereto, but also their respective executors, administrators and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals.

**SIGNED, SEALED AND)
DELIVERED in the)
Presence of)
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DEB GILVESY, MAYOR **DATE**

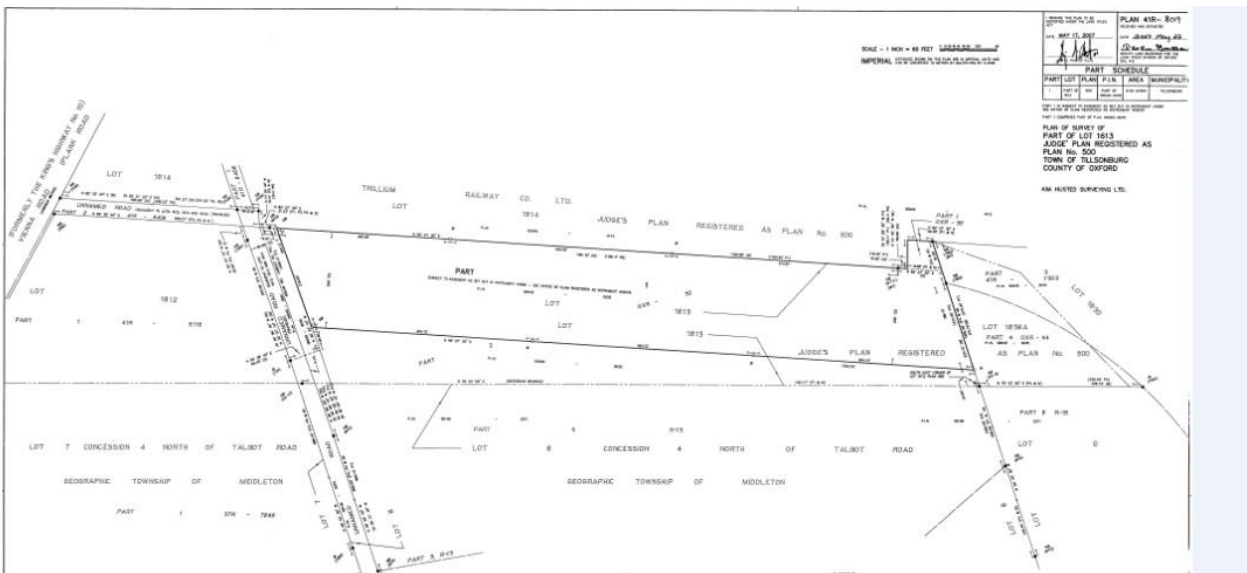
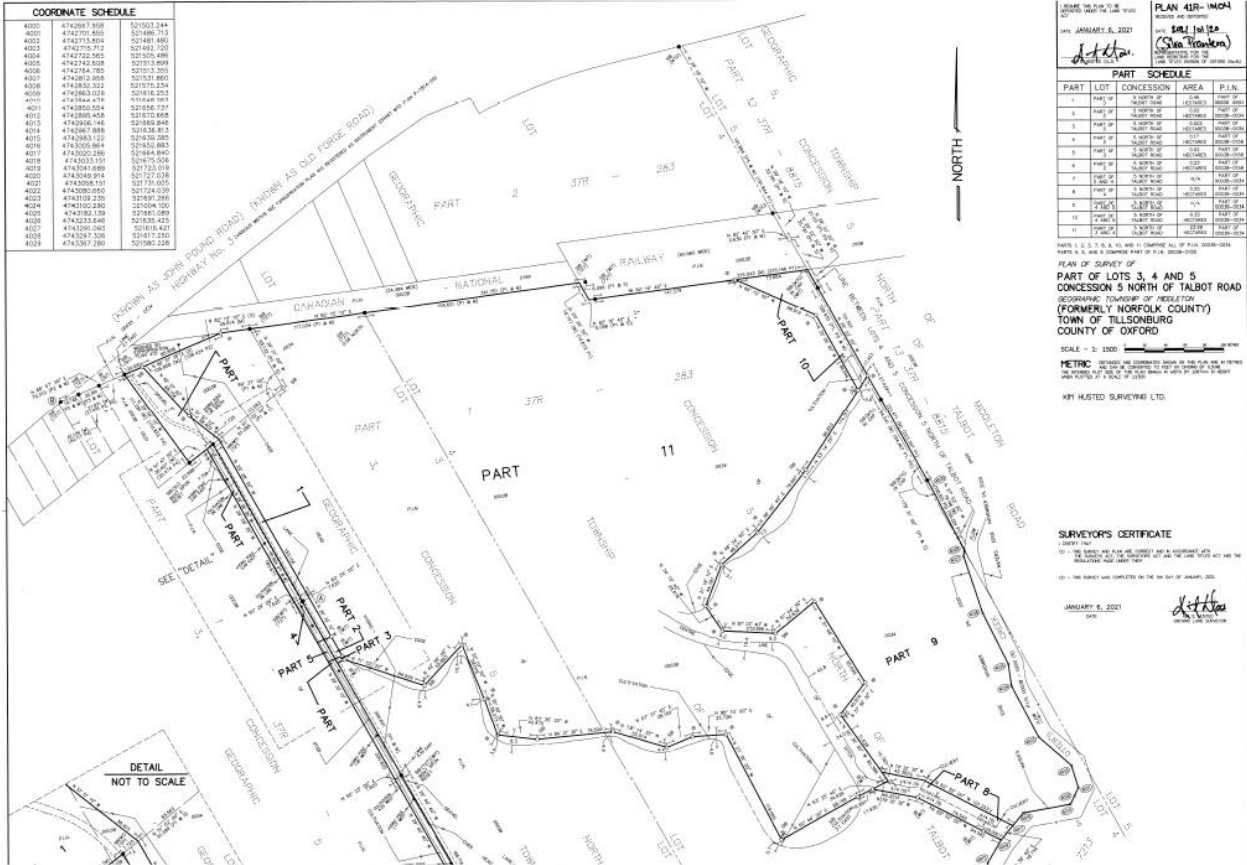
TANYA DANIELS, CLERK **DATE**

~~THE LESSEE~~

JOE VAN QUAETHEN **DATE**
PRESIDENT
I have the authority to bind the corporation

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