

CITY OF TORONTO

and

[•]

LEASE

140 Merton Street, Toronto

THIS LEASE made as of the day of [●], 202

IN PURSUANCE OF the Short Form of Leases Act

B E T W E E N:

CITY OF TORONTO

(hereinafter called the “**Landlord**”)

OF THE FIRST PART

- and -

[●]

(hereinafter called the “**Tenant**”)

OF THE SECOND PART

WHEREAS:

In consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties covenant and agree as follows:

**ARTICLE 1
DEFINITIONS**

Section 1.1

Definitions

The terms defined herein shall have for all purposes of this Lease and of all agreements or other subsequent instruments, implemental or confirmatory or amendatory hereof now or hereafter entered into in accordance with the provisions hereof, the following meanings unless the context expressly or by necessary implication otherwise requires:

“**Additional Rent**” means any and all amounts, other than Basic Rent, required to be paid by the Tenant under this Lease, whether or not same are designated “Additional Rent” or whether or not the same are payable by Landlord;

“**Affiliate**” of any Person means, at the time the determination is being made, any other Person Controlling, Controlled by or under common Control with, that Person, whether directly or indirectly;

“**Applicable Laws**” shall mean, collectively, every statute, regulation, by-law, building code, order, which from time to time affects the Demised Premises, the Building or the Work;

“Arbitration” means that the specified dispute is to be resolved pursuant to the *Arbitration Act, 1991*, S.O. 1991, c. 17 or any successor thereto. Each party is to bear its own costs and share equally in the fees and expenses of the Arbitrator and Arbitration, unless otherwise awarded by the Arbitrator. The parties hereby expressly agree that the provisions of the *Municipal Arbitrations Act*, R.S.O. 1990, c. M.48 relating to arbitrations shall not apply;

“Article”, “Section”, “Subsection” or “Paragraph” means the specified Article, Section, Subsection or Paragraph of this Lease;

“Basic Rent” means the rent payable pursuant to Section 3.2;

“Building” means the [●] unit affordable housing rental building, together with the Community Spaces, to be constructed on the land and all other improvements including, without limitation, the Building Systems, all fixtures, fixed machinery, accessories and equipment or other facilities, installations, alterations, additions, renovations, mechanical, electrical and utility installations which in each case will be permanently affixed thereto or permanently situated thereon or are of a permanent nature that are used in connection therewith from time to time and which together with the land forms the Demised Premises;

“Building Systems” means: (a) all heating, ventilating, air conditioning, climate control and humidity control equipment and systems serving the Demised Premises; (b) other systems, services, installations and facilities installed in or servicing the Building including, without limitation, the following systems, services, installations and facilities: mechanical, plumbing, sprinkler, drainage and sewage, electrical and other utilities, lighting, life safety (including fire prevention, detectors, safety system testing and plans, communications, security and surveillance), computer (including environmental, security and lighting control), ice and snow melting, refuse removal, window washing and music; (c) all machinery, appliances, equipment, apparatus, components, computer software and appurtenances forming part of or used for or in connection with any of such systems, services, installations and facilities including, but not limited to, boilers, motors, generators, fans, pumps, pipes, conduits, ducts, valves, wiring, meters and controls, and the structures and shafts housing and enclosing any of them; and (d) all Landlord owned or controlled telecommunications facilities, pathways, installations and equipment;

“City” means the City of Toronto;

“Capital Improvements” means all improvements, including the Building, to the Demised Premises carried out by the Tenant prior to the use of the Demised Premises, which improvements shall have received the prior written approval of the Landlord, to the extent required by the terms of this Lease;

“CMHC” means Canada Mortgage and Housing Corporation and any successor thereto;

“Commencement Date” means the [●];

“Community Spaces” has the meaning given in the Project Agreement;

“Community Spaces Sublease” means the lease(s) back to the City for the Community Spaces, which obligation forms part of this Lease;

“Contemplated Use” means the uses set out in Schedule B annexed hereto;

“Contribution Agreement” means the Contribution Agreement to be entered into between the City and the Tenant, contemporaneously with this Lease with respect to the operation and maintenance of the Demised Premises and all schedules attached thereto;

“Control” means, with respect to any Person at any time, the possession, directly or indirectly of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract, by virtue of being (or Controlling) the general partner, manager, managing partner, board of managers, board of trustees or board of directors of such Person, or by virtue of the beneficial ownership of or control over a majority of the economic interest of such Person or otherwise; and each of **“Controlled by”** or **“Controlling”** has a corresponding meaning;

“Demised Premises” means those lands described in Schedule “A” and shall include the Building and Building Systems, when the property has been redeveloped;

“Deputy City Manager” means the Deputy City Manager, Internal Corporate Services for the Landlord, his or her successor or his or her designate(s) from time to time;

“Event of Default” has the meaning given in Section 11.1;

“Executive Director, Housing Secretariat” means the Executive Director responsible for the administration of the Housing Secretariat and includes his or her designate or successor, if any;

“Force Majeure” means strikes, labour troubles, inability to procure materials or services, power failure, riots, insurrection, sabotage, rebellion, actions of military or civil authorities, wars, revolutions, and terrorism, act of God, epidemics and quarantines, or other reason whether of a like nature or not, which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement.

In no event shall the Tenant's inability to pay any money due under this Lease be considered a “Force Majeure” event or otherwise relieve the Tenant of its obligation to make payment as required under this Lease;

“Hereof”, “hereto”, “hereunder” or similar expressions means this Lease and, where relevant, the particular Article, Section, Subsection or Paragraph of this Lease;

“Hazardous Substances” means any hazardous or toxic substances or materials including but not limited to any products of waste, asbestos, urea formaldehyde foam insulation, radon gas or PCBs or any other contaminant or pollutant or condition of any nature or kind, including but not limited to any substance or condition defined as a contaminant or pollutant or as a hazardous or toxic substance or material or as having a negative environmental impact from time to time in any applicable legislation, by-laws or regulations or in any governmental, quasi-governmental regulatory or municipal policy or guideline.

“Heritage Easement Agreement” means a heritage easement agreement entered into pursuant to the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 and as required by Item PH11.3 adopted by City Council on December 17 and 18, 2019;

“Heritage Obligations” means the requirement of the “leaseholder” as set out in Item PH11.3 adopted by City Council on December 17 and 18, 2019 and the Heritage Easement Agreement;

“HST” means all harmonized taxes, goods and services taxes, sales taxes, value-added taxes, multi-stage taxes, business transfer taxes and any other taxes (however they are characterized) imposed in respect of the Rent payable by the Tenant, the rental of space by the Tenant or the provision of any service to or by the Landlord under this Lease;

“Landlord” means the City of Toronto and its successors and assigns;

“Lease” means this Agreement and all amendments thereto in writing that may be agreed upon by the Landlord and the Tenant from time to time;

“Lease Year” means the twelve month period commencing on the Commencement Date or if such date is not the first day of the month, then on the first day of the month next following.

“Leasehold Mortgage” means the first mortgage or similar security entered into by the Tenant of the Tenant’s leasehold interest in the Project as may be extended, modified, renewed or replaced from time to time;

“Leasehold Mortgagee” means the holder of the Leasehold Mortgage, as well as CMHC, as insurer of the Leasehold Mortgage, if applicable;

“Leasehold Parcel” means the parcel register for the Tenant’s leasehold interest in the Demised Premises to be opened pursuant to the provisions of subsection 2.1 of this Lease:

“Licensee” means any Person who enters into any lease, sublease, licence or other occupancy agreement with the Tenant related to any residential unit or storage unit in the Demised Premises;

“License Agreement” means an agreement between the Tenant and a Licensee.

“Market Rental Units” means those rental units in the Building that are to be rented by the Tenant at market rents;

“Parties” means the Landlord and the Tenant and their respective successors and permitted assigns; and **“Party”** means any one of the Parties;

“Person” means any individual, partnership, corporation, trust, unincorporated organization, municipality, government, or governmental agency or any combination thereof;

“Project Agreement” means the agreement to be entered into with respect to the construction of the Proposed Development between the Tenant and the City and all schedules attached thereto, substantially in the form of agreement attached hereto as Schedule D;

“Quantity Surveyor” means a quantity surveyor retained at the expense of the Tenant and acting under the joint direction of the Landlord and the Tenant;

“Rent” means Basic Rent and Additional Rent;

“Reserve Fund” shall have the meaning given in Section 9.2(c);

“Residential Tenancies Protocol” means the rent protocol for the market rent units set out in Schedule E hereto;

"RTA" means the *Residential Tenancies Act, 2006*, S.O. 2006 c.17 and any successor or replacement legislation;

"Substantial Performance" or "Substantially Perform" means substantial performance as set out in the *Construction Act*, R.S.O. 1990, c. 30 and "Substantially Performed" shall have a meaning consistent therewith

"Taxes" means all taxes, rates, duties, charges, impositions, levies, assessments, realty taxes, licence and permit fees, and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen of any kind and nature whatsoever whether municipal, parliamentary or otherwise, which are from time to time levied, imposed or assessed against the Demised Premises and including those levied, imposed or assessed thereon for education, schools, utilities and local improvements or in respect of any occupancy or use thereof, capital taxes and any business transfer tax, national goods and services tax, value added tax, sales tax or any tax levied, rated, charged or assessed in respect of Rent payable by the Tenant under this Lease and municipal business taxes relating to the ownership levied or imposed on all or any portion of the Demised Premises or the revenues therefrom or the Tenant in substitution for, or in addition to, Taxes presently levied or imposed, then any such new tax or levy shall be deemed to be and shall be included in Taxes;

"Tenant" means [●] its successors and permitted assigns;

"Term" means the period from the Commencement Date to the ninety-ninth (99th) anniversary of such date;

"Transfer" means an assignment or sublet of this Lease or any transaction whereby the rights of the Tenant under this Lease or to the Demised Premises or any part, are transferred, any transaction by which any right of use or occupancy of all or any part of the Demised Premises is conferred upon a third party, any mortgage, charge or encumbrance of this Lease or the Demised Premises or any part thereof or other arrangement under which either this Lease or the Demised Premises become security for any indebtedness or other obligations and includes any transaction or occurrence whatsoever (including, but not limited to, receivership proceedings, seizure by legal process and transfer by operation of law), or any change in Control of the Tenant but does not include the entering into of a leasehold mortgage or any other security authorized pursuant to Section 5.1, or subleases, licences or other occupancy arrangements of dwelling units in the ordinary course of the Tenant's activities as permitted by Section 8.1 of this Lease. In addition, it does not include a transfer to another entity associated with and controlled by the Tenant and of which the Landlord has received notice;

"Transferee" means the Person or Persons to whom a Transfer is or is to be made; and

"Work" shall mean all of the construction (including demolition) of the Building and the Capital Improvements with all ancillary services thereon or connected therewith and all sub-grade work which may be necessary in connection with the construction of the Demised Premises and the provision of all labour, materials, tools, machinery, equipment, appliances, shoring, hoarding, scaffolding, falsework, transportation and all other facilities necessary for the execution and completion of the construction of the Demised Premises.

ARTICLE 2 DEMISE

Section 2.1 Demise of Demised Premises

(a) In consideration of and subject to the Rent reserved and the covenants and conditions herein contained and in the Contribution Agreement, the Project Agreement and the Heritage Agreement, on the part of the Tenant to be paid, performed, observed and complied with, the Landlord hereby demises and lets to the Tenant, and the Tenant hereby leases from the Landlord, the Demised Premises to have and to hold during the Term, unless and until sooner terminated as expressly provided herein.

(b) The Tenant acknowledges and agrees that:

- (i) it shall accept the Demised Lands in an “as is, where is, with all faults” condition;
- (ii) the Landlord shall have no obligations with respect to any Capital Improvements, all of which shall be completed, maintained, and replaced by the Tenant at its sole cost and expense in accordance with the provisions of this Lease;
- (iii) the Landlord shall have no obligations with respect to any other work or required improvements identified in the attached Schedules to this Lease, including any obligations with respect to improvements required on the Demised Lands;
 - (1) subject to Section 12.1 hereof, the Landlord has made no representations and warranties relating to the Demised Lands or the Tenant’s use thereof;
 - (2) the Landlord has made no representations or warranties relating to the fitness for use, physical condition, environmental condition, soil condition, or quality or extent of Utilities servicing the Demised Lands; and
 - (3) the Tenant accepts this Lease and the Demised Lands subject to the Permitted Encumbrances.

(c) Each of the Landlord and the Tenant covenant and agree to perform, fulfil and observe the covenants, obligations and conditions herein contained to the extent they bind or are expressed to bind the Landlord or the Tenant, respectively.

Section 2.2 Leasehold Parcel/Registration of Agreement

(a) The Tenant shall create a leasehold parcel for the Demised Lands and shall register a notice of this Lease on title thereto. The Tenant shall have the right to register notice of any Leasehold Mortgage (and related security) on title to the Leasehold Parcel. The Tenant agrees that it will, at its sole expense, discharge and withdraw registration of this Lease and the Leasehold Mortgage (and related security) within thirty (30) days after the termination or expiry of this Lease. If such registrations are not discharged or withdrawn within such time, the Landlord shall have the right and is hereby appointed by the Tenant as the Tenant’s agent to prepare, execute and register such documentation as is required to discharge and withdraw any such registration.

(b) All costs incurred in the registration of this Lease, including the payment of land transfer tax, will be borne by the Tenant.

(c) In the event of any discrepancy or conflict between this Lease and the registered notice of this Lease, this Lease shall prevail to the extent of any such discrepancy or conflict.

Section 2.3 Surrender

At the expiration of the Term or the earlier termination of this Lease:

(a) The Tenant shall peaceably surrender and yield up to the Landlord the Demised Premises, in the state of repair required of the Tenant pursuant to this Lease and the Capital Improvements and any subsequent leasehold improvements shall thereupon vest in the Landlord free and clear of all financial encumbrances without any necessity for any transfer documentation and for no consideration and thereupon the rights of the Tenant under this Lease shall terminate.

(b) The Tenant shall deliver to the Landlord copies of all books and records with respect to the Demised Premises as are in its possession at such time so as to ensure the orderly continuance of operation of the Demised Premises by the Landlord if the Landlord so requires beginning on the date this Lease is terminated. The Landlord shall have the right to review the Tenant's original books and records related to the Demised Premises as and when necessary.

(c) The Tenant shall deliver to the Landlord, in addition to all books and records set out in 2.2(b), the following:

- (i) as-built plans;
- (ii) Building Systems operating and maintenance manuals, warranties;
- (iii) contracts for any Building Systems;
- (iv) all keys and access devices, as well as security turnover instructions; and
- (v) information re utility accounts;

and such other documentation and information as the Landlord deems necessary, in its sole discretion to ensure the orderly continuance of operation of the Demised Premises by the Landlord.

(d) Notwithstanding the termination of the Lease, whether at the expiration of the Term or earlier as is provided herein, the Tenant shall remain liable to the Landlord for any Event of Default hereunder by the Tenant, notice of which has been received by the Tenant, during the Term and which remain outstanding as of the expiry of the Term.

(e) Notwithstanding the foregoing, it is understood that the Tenant, upon termination or expiry of this Lease for any cause, may go upon the Demised Premises and remove chattels, trade fixtures and other personal property not in the nature of the Capital Improvement, in each case placed thereon by the Tenant (it being acknowledged and agreed that the Building Systems shall be deemed structural portions of the Building and may not be removed).

(f) The Tenant shall, at the expiration or earlier termination of the Term, at its sole cost, leave the Building and any subsequent leasehold improvements in the same condition it is required to be maintained pursuant to the provisions of this Lease.

Section 2.4 Assignment of Rights

(a) At the expiration of the Term or the earlier termination of this Lease, the Tenant shall, for no consideration, assign to the Landlord all of the Tenant's interest in the Demised Premises including, for greater certainty, the Building and all Tenant's fixtures and chattels necessary for the continued operation of the Demised Premises for residential housing, together with the benefit of all subleases, licence agreements, guarantees, warranties and other agreements and rights benefiting the Demised Premises or the Tenant's interest therein, if and to the extent that the Landlord shall require such benefits to be assigned, provided that such benefits are capable of being assigned. The Tenant agrees to deliver executed copies of all such documents to the Landlord at such time. The Landlord shall assume the Tenant's rights and obligations under such documents, provided that such rights and obligations are capable of being assigned. Notwithstanding the foregoing, the Tenant shall remain liable for any default, cost or obligation arising pursuant to such documents prior to the date of such assignment.

(b) The Tenant hereby constitutes the Landlord as the Tenant's true and lawful attorney fully empowered to execute any required documents in order to take any reasonable steps necessary to effect any such assignments set out in Section 2.4(a).

Section 2.5 Overholding

If the Landlord permits the Tenant to remain in possession of the Demised Premises after the expiration of the Term and without an agreement concerning such overholding and accepts Rent, as set out below, in respect thereof, a tenancy from month to month shall be deemed to have been created. Such tenancy may be terminated at any time either by the Landlord or, by the Tenant by notice to the other with the termination date to be set out in the notice and to be at least sixty (60) clear days after delivery of the notice and, in the absence of written agreement to the contrary, shall be subject to all of the terms of this Lease, except as to the Term.

ARTICLE 3 RENT

Section 3.1 Covenant to Pay Rent

The Tenant agrees to pay Basic Rent and Additional Rent as herein provided.

Section 3.2 Basic Rent

(a) From and after the Commencement Date, and throughout the Term, the Tenant shall pay to the Landlord at the office of the Landlord, or at such other place designated by the Landlord, in lawful money of Canada, without any prior demand therefor and, unless otherwise expressly set out herein, without any deduction, abatement, set-off or compensation whatsoever, as Basic Rent, annual rent equal to Ten Dollars (\$10.00) per annum for the duration of the Term, the receipt and sufficiency of which for the entirety of the Term has been received by the Landlord as of the date hereof.

(b) Notwithstanding the foregoing, if an Event of Default occurs which subsists beyond any applicable cure periods set out therein, then, from and after the occurrence of such default and until such time as such default is corrected, and in addition to any other rights and remedies of the Landlord under this Lease, the Tenant will be responsible for the payment of Basic Rent equal to the then current fair market rent for the use of the Demised Premises as a residential building as permitted under this Lease, as of the time when the Landlord invokes its rights herein to receive payment and to be agreed to by the Landlord and the Tenant. If the Landlord and Tenant cannot reach agreement, as provided for in this section 3.2(b), as to the Basic Rent payable, within three months of when such Basic Rent becomes due and payable, then the Basic Rent payable will be determined by Arbitration. The Landlord and the Tenant will each pay one-half of the fees and expenses of the Arbitration (except for the separate costs of each of the Parties. For certainty, upon correction of the Event of Default in question, the obligations of the Tenant under this subparagraph shall cease to apply.

Section 3.3 Late Payment Charges/NSF Cheques

If any amount due and payable to the Landlord remains unpaid thirty (30) days after it is due, interest on the amount outstanding from time to time shall be paid to the Landlord at the rate of 1.25% per month. Interest will be calculated monthly from and including the day after the last day of the thirty (30) day period and paid monthly until payment in full is received by the Landlord. The obligation of the Tenant to pay interest in accordance with this subsection is without prejudice to any of the other remedies available to the Landlord, at law or otherwise. A charge of \$40.00 (the "NSF Fee") will be paid by the Tenant for each cheque given by the Tenant to the Landlord that is not honored by the bank on which it is drawn. The NSF Fee may be increased from time to time by the Landlord so that it is equal to the fee charged by the Landlord in respect of cheques tendered in payment of municipal tax and water charges that are not honored by the banks on which they are drawn, and the Tenant agrees to pay the NSF Fee as it may be so increased from time to time.

Section 3.4 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease is a completely carefree net lease to the Landlord, save and except as is otherwise provided for in this Lease. The Landlord is not responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Demised Premises including, without limitation, the Building, or the use and occupancy thereof, or the contents thereof or the business or operation carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind whatsoever relating to the Demised Premises and the use thereof by the Tenant including, without limitation, the costs of all insurance and all Taxes, save and except as is otherwise provided for in this Lease.

Section 3.5 Nature of the Lease

This Lease shall be construed and deemed to be a commercial lease, notwithstanding that parts of the Demised Premises are used for residential purposes and may be considered rental units (as this term is defined under the RTA). The Tenant itself will not occupy the Demised Premises as a residential tenant, although Persons may occupy portions of the Demised Premises as their residential premises (the "Residential Units"). The Landlord and the Tenant acknowledge that Landlord shall not be considered to be a "landlord" as defined in the RTA in relation to the Tenant's Licensees. The Landlord and the Tenant

specifically acknowledge and agree that the relationship of the parties herein shall be governed by the provisions of the *Commercial Tenancies Act*, R.S.O. 1990, c.L.7.

Section 3.6 Waiver of Set-Off by Tenant

The Tenant hereby waives and renounces any and all existing and future claims and rights of set-off against any Rent and other monies payable hereunder to the Landlord and agrees to pay such Rent and other monies payable hereunder to the Landlord regardless of any claim or set-off which may be asserted by the Tenant or on its behalf.

Section 3.7 Taxes, Utility and Other Charges

Subject always to the terms and conditions of the Contribution Agreement and compliance by the Landlord with the provisions thereof, the Tenant agrees to pay when due at the Tenant's sole expense and for its own account from and after the Commencement Date:

(a) each and every instalment of Taxes on the Demised Premises or any part thereof, if applicable; and

(b) all utility charges and rates and similar taxes, rates, charges and assessments including payments in lieu thereof which are properly charged, levied or assessed in connection with the Demised Premises or any part thereof or which are properly levied or assessed against the Tenant or which would, if unpaid, become a lien on the Demised Premises or the Tenant's leasehold interest therein or where such lien will, at any time, affect the interest of the Landlord; and

(c) all of the other costs and expenses of maintaining and operating the Demised Premises, its services, equipment and facilities; such costs and expenses to include, without limiting the generality of the foregoing: Certificates of Property Use, compliance costs, ground water discharge filtration system maintenance and repair costs, the shared facilities costs associated with the Demised Premises, water, gas, electricity, telephone, telecommunications, water heating, snow and ice removal and clearance, administrative charges and salaries, repairs and replacement of equipment, fixtures and facilities, landscaping contracts, grass cutting, lighting, cleaning, supplies, supervising; and

(d) all other charges and expenses which are the responsibility of the Tenant pursuant to this Lease.

Section 3.8 HST Payable

HST shall be payable on all Rent and Additional Rent amounts. The Tenant will pay to the Landlord, at the same time as the amounts to which HST applies are payable, the full amount of all HST, with the intent that the Landlord be fully indemnified in respect of all HST payable or collectible by the Landlord. Despite anything else in this Lease, HST will not be considered to be consideration for the rental of space or the provision of any service by the Landlord under this Lease but will be considered to be Rent and the Landlord will have all of the same remedies for and rights of recovery with respect to such amounts as it has for non-payment of Rent under this Lease or at law.

Section 3.9 Landlord may Pay Taxes, etc.

If the Tenant fails to pay when due any Rent or Additional Rent required to be paid by the Tenant pursuant to this Lease, the Landlord shall have the right but shall have no obligation to pay the same at the expense of the Tenant after thirty (30) days' prior notice to the Tenant and the Tenant covenants to pay to the Landlord forthwith upon demand as Rent any amounts so paid by the Landlord.

Section 3.10 Adjustment of Rent

If applicable, sums paid by the Tenant under this Article 3 shall be subject to adjustment to reflect any partial billing periods encountered at the commencement or termination of this Lease.

Section 3.11 Payments of Rent

All payments of Rent are payable in lawful money of Canada without deduction, abatement, set-off or compensation whatsoever, unless otherwise expressly set out herein. Additional Rent is due and payable as specifically provided in this Lease.

ARTICLE 4 ASSIGNMENT AND SUBLETTING AND OTHER DISPOSITIONS OF INTEREST

Section 4.1 Dealings by Landlord

(a) The Landlord shall provide a non-disturbance agreement in favour of the Tenant from any mortgagee, assignee or purchaser which non-disturbance agreement shall be in a form and in substance acceptable to the Landlord and the mortgagee, assignee or purchaser, which confirms the Tenant can remain in the Demised Premises so long as it is good standing under this Lease.

(b) The Tenant shall, if requested by the Landlord, postpone the Lease and/or any registered notice of this Lease to any freehold mortgage registered after the date of registration of notice of this Lease against title to the Demised Premises, provided that:

- (i) the holder of each mortgage or charge affecting the Landlord's interest in the Demised Premises has executed and delivered to the Tenant a non-disturbance agreement in a form and in substances approved by the mortgagee which confirms the Tenant can remain in the Demised Premises so long as it is good standing under this Lease;
- (ii) the Tenant shall be permitted to remain in quiet possession of the Demised Premises without interruption or disturbance from the freehold mortgagee, assignee or purchaser so long as it is good standing under this Lease;
- (iii) the rights of the Tenant and those of any Leasehold Mortgagee arising out of this Lease and/or Leasehold Mortgage shall not be affected or disturbed by any freehold mortgagee, assignee or purchaser except as set out in Section (c) below;
- (iv) the Tenant and any Leasehold Mortgagee shall not in any foreclosure or other proceedings under the freehold mortgage, nor in any other way, be deprived of its rights under or pursuant to the Lease, nor shall this Lease be terminated or effected

by any foreclosure or sale or any proceeding under any freehold mortgage except as set out in Subsection (c) below; and

- (v) the Landlord shall cause any party to whom it sells the Demised Premises to enter into an agreement with the Tenant and the Leasehold Mortgagee wherein the Purchaser assumes the covenants and obligations of the Landlord under this Lease, which shall remain in full force and effect.

(c) So long as the Tenant has executed the non-disturbance agreement with a mortgagee, any non-disturbance agreement shall provide that the mortgagee will not exercise any enforcement rights under its mortgage without providing notice to the Tenant of such actions and giving the Tenant the opportunity to rectify the default under such mortgage. So long as the immediately preceding sentence is complied with, the Landlord shall be entitled to exercise all enforcement rights under its mortgage.

(d) The Landlord represents and warrants that the Demised Premises are owned and seized in fee simple by the Landlord and the Landlord has entered into this Lease with proper authority and has the right to lease the Demised Premises to the Tenant as contemplated herein. If, at any time during the term any indebtedness, encumbrance, lien, assessment, claim or other matter shall arise or shall be asserted which in any way interferes or threatens to interfere with the Tenant's use of the Demised Premises, as permitted by this Lease, then the Tenant shall have the right to expend such sums as are necessary to abate such threat or interference and the Landlord shall forthwith pay to the Tenant, on demand, the amount of any such sum expended by the Tenant. The Landlord acknowledges and agrees that it shall not grant any consent, easement, right or interest in the Demised Premises or enter into any agreement affecting the Demised Premises without the Tenant's prior written approval.

Section 4.2 Assignment and Subletting by Tenant

(a) Subject to Articles 5 and 8 the Tenant shall not Transfer or sublet all or any part of the Demised Premises for the whole or any part of the Term and shall not enter into, consent to or permit any Transfer without obtaining the prior written consent of the Landlord, which consent will not be unreasonably or arbitrarily withheld, conditioned or delayed. In determining whether the Landlord is prepared to grant its consent to a Transfer, the Landlord may consider the following factors:

- (i) whether the financial standing of the proposed Transferee is sufficient to satisfy the obligations of the Tenant under the Lease; and
- (ii) the reputation and experience of the transferee or its related corporation, its management and investors in the operation of affordable residential housing developments.

The Landlord may, in its sole discretion, charge a commercially reasonable administration fee for such request.

(b) Notwithstanding the foregoing or anything else contained in this Lease, the Tenant may effect a Transfer to or with any of the following, without the Landlord's consent, but with notice of same to the Landlord:

- (i) an Affiliate of the Tenant so long as there is no change in Control of the Tenant or the Affiliate; and
 - (ii) any lease, sublease or licence or other occupancy related to any dwelling or storage units in any building on the Demised Premises entered into with a Licensee.
- (c) Consent by the Landlord to any Transfer if granted shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against Transfer shall include a prohibition against any Transfer by operation of law. The Transfer of a part of the Demised Premises is prohibited.
- (d) No assignment by the Tenant shall be effective until the Transferee has entered into an agreement directly with the Landlord, in a form satisfactory to the Landlord, whereby the assignee expressly agrees to assume all of the obligations and liabilities arising from and after the date the assignment is effective, of the Tenant in this Lease including the use provision set out in Article 8. After the assignment is effected, the Tenant shall be relieved of all obligations and liabilities, under or pursuant to this Lease, including any liabilities or obligations incurred up to the date of the assignment is effective.
- (e) If a Leasehold Mortgagee is in possession or has acquired the Tenant's leasehold title, it may, subject to any rights of the Tenant, assign the leasehold interest of the Tenant in the Demised Premises; however, the party to whom such leasehold interest is assigned shall be obliged to comply with all of the terms of this Lease. When such an assignment has been completed, the Leasehold Mortgagee shall have no obligations and shall incur no liability under this Lease except for any liability on the part of the Leasehold Mortgagee arising out of any breach of this Lease committed by the Leasehold Mortgagee before the completion of such assignment and any other terms of this Lease for which the Leasehold Mortgagee would have been responsible to fulfil.
- (f) If the Tenant intends to effect a Transfer, the Tenant shall give prior written notice to the Landlord of such intent specifying the identity of the Transferee, the type of Transfer contemplated, and shall provide such financial, business or other information relating to the proposed Transferee and its principals as the Landlord or any mortgagee requires, each acting reasonably, together with copies of any documents which evidence the proposed Transfer (subject always to the redaction of any confidential information). The Landlord shall, within forty-five (45) days after having received such notice and all requested information, notify the Tenant either that it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article.

Section 4.3 Conditions of Transfer

- (a) Prior to the written consent of the Landlord being obtained, no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of the Tenant's covenants or any acceptance of the Transferee as Tenant or a release from the Tenant from the further performance by the Tenant of its obligations under this Lease. Any consent by the Landlord shall be subject to the Tenant and Transferee executing an agreement with the Landlord, in form and content satisfactory to the Landlord's solicitor, acting reasonably, agreeing that the Transferee will be bound by all of the terms of this Lease and that the Transferee will be so bound as if it had originally executed this Lease as tenant.

(b) Notwithstanding the effective date of any permitted Transfer as between the Tenant and the Transferee, all Rent for the month in which such effective date occurs shall be paid in advance by the Tenant so that the Landlord will not be required to accept partial payments of Rent for such month from either the Tenant or the Transferee.

(c) Any document evidencing any Transfer permitted by the Landlord, or setting out any terms applicable to such Transfer or the rights and obligations of the Tenant or Transferee thereunder, shall be prepared by the Landlord or its solicitors and all associated reasonable legal costs shall be paid by the Tenant.

ARTICLE 5 LEASEHOLD MORTGAGE

Section 5.1 Tenant's Right to Mortgage.

A Leasehold Mortgage may be granted by way of assignment or otherwise, to a financial institution as designated under Schedule 1 of Canada's *Bank Act*, SC 1991, c.46 or such other institution as consented to in writing by the City's Executive Director, Housing Secretariat. The Tenant shall also have the right to extend, modify, renew or replace any such Leasehold Mortgage with another Leasehold Mortgage, provided however that with respect to such Leasehold Mortgage:

- (a) the term of the Leasehold Mortgage shall not extend beyond the end of the Term;
- (b) the Leasehold Mortgage shall provide that it is expressly subject and subordinate to the Landlord's rights hereunder and in the Demised Premises;
- (c) the Tenant shall observe and perform all of the Tenant's obligations under any Leasehold Mortgage and keep any Leasehold Mortgage in good standing at all times; and
- (d) nothing contained in this Lease shall in any way bind the Landlord to subordinate its reversionary interest in the Demised Premises to any Leasehold Mortgage.

The Landlord acknowledges and agrees that the Tenant and/or the mortgagee shall be entitled to register the Leasehold Mortgage on the leasehold parcel for the Demised Premises.

Section 5.2 Tenant to Perform all Obligations under Leasehold Mortgage

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

Section 5.3 Tenant's Right to Refinance

The Tenant shall be entitled at any time to refinance, replace, renew and/or extend the Leasehold Mortgage and the provisions of Section 5.1 shall be amended mutatis mutandis.

Section 5.4 Tenant's Rights under Contribution Agreement

Nothing contained in this Article 5 shall in any way affect the Tenant's rights under the Contribution Agreement.

Section 5.5 Leasehold Mortgagee

Notwithstanding any other provisions of this Lease:

(a) The Landlord will give to the Leasehold Mortgagee, simultaneously with service on the Tenant, a duplicate of any and all notices or demands given by the Landlord to the Tenant from time to time. The Landlord shall not exercise any right, power or remedy with respect to any Event of Default under this Lease, including any right of re-entry or distress or right to terminate this Lease until;

- (i) the Landlord gives to the Leasehold Mortgagee at least forty-five (45) days' notice in writing of the intention to exercise any right, power or remedy with respect to an Event of Default hereunder, including to re-enter or to distrain or to terminate, which written notice shall specify the full particulars of the grounds therefor; and
- (ii) the Leasehold Mortgagee does not during that forty-five (45) day period either remedy all specified proper grounds for exercise of any right, power or remedy, including re-entry or distraint or termination, the Leasehold Mortgagee has not requested further time in which to cure any Event of Default (which additional time the Landlord shall grant, provided the Leasehold Mortgagee is diligently proceeding to cure the said defaults) or give to the Landlord notice in writing that the Leasehold Mortgagee intends to take, or has taken, formal proceedings for the enforcement of the Leasehold Mortgage and the protection of its position; and
- (iii) the Leasehold Mortgagee, having given the notice specified in (ii) has had reasonable time to pursue to its conclusion all reasonable proceedings for the enforcement of the Leasehold Mortgage and the protection of its position.

(b) Any Leasehold Mortgagee may make any payment or perform any act required to be made or performed by the Tenant with the same effect as if made or performed by the Tenant.

(c) If upon the conclusion of proceedings by the Leasehold Mortgagee for the enforcement of the Leasehold Mortgage and the protection of its position, the rights of the Tenant have been released to the Leasehold Mortgagee or foreclosed or sold, thereupon all then existing grounds for exercise of any power, right or remedy including re-entry or distress or termination based on an Event of Default by the Tenant and all then existing rights (if any) in respect of any remedy including of re-entry or distress or termination based on such grounds, held by the Landlord, shall terminate and the Leasehold Mortgagee or purchaser shall become the Tenant free of all liability for such grounds.

(d) Where the Landlord, at the request of the Tenant, intends to terminate the Lease either by surrender of lease or otherwise, notice of such intention shall be given in writing to the Leasehold Mortgagee, allowing the Leasehold Mortgagee at least 60 days to obtain repayment in full of the outstanding Leasehold Mortgage, inclusive of interest and penalties, or take mortgage default enforcement action. If the Leasehold Mortgagee provides to the Landlord notice of its intention to commence or the commencement of mortgage default enforcement action to realize on its security, including but not limited to foreclosure proceedings, the Landlord shall not accept the surrender of the Lease.

(e) Throughout any period of time during which, as a result of proceedings for default under the mortgage including transfer of leasehold title under the *National Housing Act*, R.S.C., 1985, c. N-11, the Leasehold Mortgagee as successor is in leasehold possession of the Demised Premises or holds leasehold title to the Demised Premises:

- (i) the Landlord waives, as against the Leasehold Mortgagee and its successors and assigns, all Basic Rent and Additional Rent and interest accruing and otherwise required to be paid under this Lease, but for the purpose of this waiver, Basic Rent and Additional Rent do not include municipal real estate taxes, school taxes, local improvement charges, water rates and utility charges and any other amounts or costs required to be paid by the Landlord or the Tenant and the actual costs of construction, maintenance and repair of damage that are the responsibility of the Tenant in each case which solely pertain to the period during which the Leasehold Mortgagee and/or its successors are in possession of the Demised Premises.
- (ii) the review and approval of the Landlord shall not be required with respect to plans, specifications, contractors, workers, tradesmen, materials, proposals, details and drawings for repairs, replacements, maintenance, improvements, alterations, and decorations unless the repair will materially affect the building's structure or the mechanical, heating, ventilating, air-conditioning or other base systems; and
- (iii) the consent of the Landlord shall not be required with respect to any vacancy of or removal of goods from the Demised Premises.

(f) No restriction on any Transfer, assignment or subletting of this Lease by the Tenant, including, but not limited to Subsection 8.1(1), applies to any Transfer, assignment or subletting or release of this Lease by the Leasehold Mortgagee and the Leasehold Mortgagee shall not remain liable on the Lease after any Transfer, assignment or release by it.

(g) If at any time the Demised Premises and/or the Capital Improvements are damaged or destroyed to the extent of twenty-five (25%) per cent or more of its full insurable value, then the Leasehold Mortgagee may, within 60 days of its receipt of notice of the event, the extent of damage or destruction and the appropriate amount of available insurance proceeds, elect to require that the insurance proceeds not be applied towards the repair or rebuilding or restoration of the Building, and in the event of such an election and unless a further election is made under section 5.5(g)(ii), the Lease shall be terminated, and the insurance proceeds shall be applied, in priority:

- (i) first, but only if and to the extent required by the Landlord or the Tenant, toward clearing and restoring the Demised Premises as nearly as possible to their condition prior to the commencement of construction;
- (ii) second, towards payment of all moneys owing on the Leasehold Mortgage;
- (iii) third, towards payment of all moneys payable to the Landlord under this Lease;
- (iv) fourth, in payment to the Landlord and the Tenant in accordance with their interests herein;

and neither the Landlord nor the Tenant shall be obligated to repair or rebuild or restore.

(h) Subject to Section 7.11, there shall be no obligation on the Leasehold Mortgagee to arrange or maintain any insurance.

(i) There shall be no obligation on the Leasehold Mortgagee to indemnify the Landlord except where the Leasehold Mortgagee would be so obligated under the terms of this Lease.

(j) In the event the Landlord or Tenant requires Arbitration pursuant to the Lease or if they mutually agree to any other form of dispute resolution, the party requiring Arbitration or the dispute resolution process, shall give timely notice of all proceedings to the Leasehold Mortgagee and the Leasehold Mortgagee may participate fully in the proceedings if in its reasonable opinion the outcome may affect its security.

(k) If the Leasehold Mortgagee wishes to take proceedings under its security to assign the Lease, and

(i) if the Leasehold Mortgagee assigns the Lease and the Leasehold Mortgagee or any assignee, elects, in accordance with such process to amend the permitted uses from the affordable housing use permitted under Section 8.1 of this Lease, then, at the written request of the Leasehold Mortgagee or its assignee or purchaser (the **"Use Change Request"**) on completion of the assignment or sale transaction, in addition to any other documents that may be required, the Landlord will enter into an agreement with the Leasehold Mortgagee, the assignee or purchaser deleting subparagraphs of 8.1 (1), (2) and (3) and insert a new subsection 8.1 (1) as follows:

"The Tenant may use the Project only for the purpose of a residential housing project, as its principal use [or such other lawful use to which the Landlord has consented] and any other ancillary uses related or pertaining thereto or otherwise servicing such residential housing project and in each case, only in accordance with all applicable zoning and other laws, by-laws and regulations."

The aforesaid amendment to the Lease shall be effective upon delivery of the Use Change Request and the rent payable shall be fair market rent for the property, in accordance with subsection 3.2(2)

(l) If the Leasehold Mortgagee is in possession of the Demised Premises as a mortgagee in possession, then the Leasehold Mortgagee shall be responsible for the obligations of the Tenant under this Lease for so long as it is in possession of the Demised Premises, but neither the Leasehold Mortgagee nor a Transferee under a transfer entered into pursuant to this 5.5 will have any liability with respect to any matter or thing occurring before the Leasehold Mortgagee's possession of the Demised Premises.

(m) Upon any rejection of this Lease by any trustee of the Tenant in any bankruptcy, reorganization, arrangement or similar proceeding which would, if it were not for this provision, cause this Lease to terminate, without any action or consent by the Landlord, the Tenant or any Leasehold Mortgagee, the transfer of the Tenant's interest hereunder to such Leasehold Mortgagee or its nominee shall automatically occur. Such Leasehold Mortgagee may terminate this Lease upon any such transfer upon giving notice thereof to the Landlord or no later than thirty (30) days after notice from the Landlord of such transfer. Upon any such termination such Leasehold Mortgagee shall have no further obligations hereunder (including any obligations which may have accrued prior to such termination) except in the event that said Leasehold Mortgagee may request a new lease, in which event all prior obligations accruing to the effective date of the new lease shall be payable at the date of its effectiveness notwithstanding the earlier rejection and termination.

(n) In the event of the termination of this Lease or of any succeeding lease made pursuant to the provisions hereof above or any other provision of this Lease prior to its stated expiration date,

upon the request of the Leasehold Mortgagee, the Landlord will enter into with the Leasehold Mortgagee, or as it may direct, a new lease of the Demised Premises with the Leasehold Mortgagee for the remainder of the term, effective as of the date of such termination, at the rent and additional rent and upon the covenants, agreements, terms, provisions and limitation herein contained, provided:

- (i) such Leasehold Mortgagee makes written request upon the Landlord for such new lease within sixty (60) days from the date of such termination and such written request is accompanied by payment to the Landlord of all amounts then due to the Landlord; and
- (ii) such Leasehold Mortgagee pays or causes to be paid to the Landlord at the time of the execution and delivery of said new lease any and all sums which would at the time of the execution and delivery thereof be due under this Lease but for such termination and pays or cause to be paid any and all expenses, including reasonable counsel fees, court costs and disbursements incurred by the Landlord in connection with any such Event of Default and termination as well as in connection with the execution and delivery of such new lease.

(o) Upon the execution and delivery of a new lease in accordance with the provisions hereof, all subleases which theretofore may have been assigned and transferred to the Landlord shall thereupon be assigned and transferred, without recourse by the Landlord, to the Leasehold Mortgagee as the new tenant.

(p) The Parties hereto shall give the Leasehold Mortgagee notice of any expropriation proceedings affecting the Demised Premises and such Leasehold Mortgagee shall have the right to intervene and be made a party to any such expropriation proceedings. The Tenant's interest in any award or damages for such taking is hereby set over, transferred and assigned to the Leasehold Mortgagee to the extent that such transfer and assignment is provided for by the terms of any such Leasehold Mortgage.

(q) The Parties hereby agree that the Leasehold Mortgagee shall be given notice of any arbitration or judicial proceedings by or between them and shall have the right to intervene therein and be made a party to such proceedings and shall receive notice of and a copy of any award or decision made in such proceedings.

(r) The Landlord agrees that the name of the Leasehold Mortgagee may be added to the "**Loss Payable Endorsement**" of any and all insurance policies required to be carried by the Tenant hereunder on condition that the insurance proceeds are to be applied (either by the Tenant or by any such Leasehold Mortgagee) in the manner specified in this Lease.

(s) No Leasehold Mortgagee shall become personally liable under the agreements, terms, covenants or conditions of this Lease or any new lease entered into in accordance with the provisions of this Article unless and until it becomes, and then only for as long as it remains, the owner of the leasehold estate. Upon any assignment of this Lease or the aforesaid new lease by any owner of the leasehold estate whose interest shall have been acquired by, through or under any Leasehold Mortgage or from any holder thereof, the assignor shall be relieved of any further liability which may accrue under this Lease or the aforesaid new lease from and after the date of such assignment (except for any outstanding liabilities arising prior to such date) provided that the assignee shall execute and deliver to Landlord a registrable instrument of assumption wherein such assignee shall assume and agree to perform and observe the covenants and conditions in

this Lease or the aforesaid new lease contained on Tenant's part to be performed and observed, it being the intention of the Parties that once the Leasehold Mortgagee shall succeed to Tenant's interest under this Lease or the aforesaid new lease, any and all subsequent assignments (whether by such Leasehold Mortgagee, any purchaser from or through the Leasehold Mortgagee or other transferee or assignee) shall effect a release of the assignor's further liability under this Lease or the aforesaid new lease (except for any outstanding liabilities arising prior to such date). Nothing contained herein shall be deemed to release the original Tenant of its liabilities hereunder;

(t) There shall be no merger of this Lease nor of the leasehold estate created by this with the fee estate in the Demised Premises or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (i) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate and (ii) the fee estate in the Demised Premises or any part thereof or any interest in such fee estate, and no such merger shall occur unless and until all corporations, firms and other entities, including any Leasehold Mortgagee, having any interest in (x) this Lease or the leasehold estate created by this Lease and (y) the fee estate in the Demised Premises or any part thereof or any interest in such fee estate shall join in a written instrument effecting such merger and shall duly register the same;

(u) Landlord shall, upon request, execute, acknowledge and deliver to each Leasehold Mortgagee making such request an agreement prepared at the sole cost and expense of Tenant, in form reasonably satisfactory to such Leasehold Mortgagee and Landlord, between Landlord, Tenant and such Leasehold Mortgagee, agreeing to all of the provisions of this Article;

(v) The Leasehold Mortgagee shall be entitled to enforce as against the Landlord all provisions of the Lease, as if it were a party to the Lease, either in the name of the Tenant or on its own behalf, including the right to bring injunctive relief, if applicable; and

(w) If there is more than one Leasehold Mortgagee, each shall have the rights and privileges contemplated under this Article and if more than one such Leasehold Mortgagee exercises their rights in conflict with one another, the holder of the higher-ranking Leasehold Mortgage shall prevail.

ARTICLE 6 INDEMNITY

Section 6.1 Non-Liability of Landlord

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 from, all claims of every nature and kind arising out of or in respect of:

- (a) the use and occupation of the Residential Units by the Licensees;
- (b) ensuring that the Licensee's use of and conduct within the Demised Premises complies with this Lease and all applicable laws;
- (c) enforcing the provisions of any License Agreement relating to the Residential Units.

(d) the acts of (including the negligent and wilful acts of): (i) any Licensee or any Person in the Demised Premises; (ii) occupants of properties adjacent to the Demised Premises; and/or (iii) the public;

(e) any occurrence on the Demised Premises, howsoever caused.

All property kept or stored on the Demised Premises is at the risk of the Tenant and the Tenant shall hold the Landlord harmless from and against claims arising out of damages to same, including any subrogation claims by the Tenant's insurers or by third parties. Notwithstanding the foregoing or any other provision herein or in any other agreement, the Landlord shall not be released from any liability and shall be responsible to the Tenant for all costs, fees, expenses, claims, actions, losses and damages arising from any breach of its obligations under this Lease or for any Hazardous Materials and any Hazardous Materials Activities in existence or pertaining to the period prior to the commencement date of this Lease (the "**Excluded Liability**").

Section 6.2 Tenant's Indemnity

Other than in respect of the Excluded Liability, the Tenant shall indemnify and save harmless the Landlord from any and all costs, expenses, claims, actions and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Demised Premises and this Lease, whether accrued, actual, contingent including, without limitation, the following but for certainty, excluding the Excluded Liability:

(a) any breach, violation or non-performance of any covenant, obligation or agreement in this Lease on the part of the Tenant to be fulfilled, kept, observed or performed;

(b) all legal fees and disbursements incurred in connection with any appeal, pertaining in any manner to this Lease and the Demised Premises;

(c) any damage to property, either real or personal, owned by the Landlord or others resulting at any time upon or occurring in or about the Demised Premises, unless caused by the gross negligence of the Landlord or those for whom the Landlord is in law responsible;

(d) any personal or bodily injury to any person or persons, including death, resulting at any time upon or occurring in or about the Demised Premises, unless caused by the gross negligence of the Landlord or those for whom the Landlord is in law responsible;

(e) any contract, lien, mortgage, charge or encumbrance on or in respect of the Demised Premises arising from or occasioned by the act, default or negligence of the Tenant or those for whom the Tenant is in law responsible;

(f) all costs and expenses of every kind and nature relating to the Demised Premises, unless expressly excluded under this Lease or unless expressly stated in this Lease to be the responsibility of the Landlord. Without limiting the generality of the foregoing, the Tenant is not responsible for any costs incurred by the Landlord with respect to the preparation and/or review of such documentation required by the Landlord to give effect to the Demised Premises, unless expressly stated to be the responsibility of the Tenant; and

(g) any appeal of an assessment of Taxes made by the Tenant, excluding any financial loss of the Landlord due to a reduction in the amount of Taxes payable by the Tenant resulting from such appeal being successful.

ARTICLE 7 INSURANCE

Section 7.1 Building-in-Course-of-Construction Insurance

Prior to the commencement of any Work including demolition or construction on the Demised Premises, the Tenant shall effect, maintain or cause to be maintained and keep in force, until completion of such Work including demolition, repair, alterations, construction, additions and/or renovations to the Building or construction of the Capital Improvements, insurance insuring the Landlord and the Tenant and their employees and all those for whom they are at law responsible (without rights of cross-claim as between the Landlord and the Tenant) from damage to the Capital Improvements, Building, fixtures, equipment and building materials forming part of the Demised Premises from time to time during the Work including demolition and construction (which may be by policies effective from time to time covering the risks during different phases of the Work, demolition and construction) by an "all risks" form, including resultant damage from error or design and faulty workmanship and, to the extent available and as would be obtained by a prudent owner of such a Demised Premises, to the Replacement Cost thereof at all times and in any event in an amount sufficient to prevent the Landlord or the Tenant from being deemed to be a co-insurer

Section 7.2 "All Risks" Property Insurance

Except as to any portion of the Building under construction which is insured by the insurance coverage provided pursuant to Section 7.1, the Tenant shall, at all times during the Term, insure and keep insured the Demised Premises and all other insurable property belonging to the Tenant and from time to time located on the Demised Premises in an amount not less than the Replacement Cost thereof against loss or damage by perils of "all risks" (being the perils from time to time included in the standard "all risks" policy issued by insurers from time to time), including resultant damage from error in design and faulty workmanship, to the extent available and as would be obtained by a prudent owner of such a Demised Premises, and in any event in an amount sufficient to prevent the Landlord or the Tenant from being deemed to be a co-insurer.

Section 7.3 Public Liability Insurance

The Tenant shall, at all times during the Term, maintain or cause to be maintained comprehensive general liability insurance including contractual liability on an occurrence basis in the names of the Tenant, the Landlord, and (if applicable) the Mortgagee as their respective interests may appear against claims for personal or bodily injury, death or property damage suffered by others arising in connection with the Demised Premises or out of the operations of the Tenant or its Licensees in, on or about the Demised Premises, indemnifying and insuring the Landlord and the Tenant and their employees and all others for whom each of them is at law responsible in such amounts and to such extent as a prudent owner of such a Demised Premises would, from time to time, carry (which amount shall initially be not less than Ten Million Dollars (\$10,000,000.00) during any period of construction and thereafter not less than Ten Million Dollars (\$10,000,000.00) for any personal or bodily injury, death, property damage or other claim in respect of any one accident or occurrence) and, without limiting the generality of the foregoing, with provisions for cross-liability and severability of interests.

Section 7.4 Other Insurance

The Tenant shall maintain, or cause to be maintained, and shall keep in force during the Term such other insurance as may be reasonably required by the Landlord or otherwise from time to

time and to the extent such other insurance is consistent with the customary practices of a prudent owner of a property similar to the Demised Premises and similarly located.

Section 7.5 Co-Insurance

All policies of insurance required under this Article and all renewals thereof shall not contain a stated amount co-insurance clause effective for the term of the policy or the renewal with the result that the Tenant shall not be a co-insurer under the terms of such policy or policies and the same shall permit full recovery of the amount insured in the event of loss.

Section 7.6 Copies of Policies and Approval of Policies

- (a) The Tenant shall deliver certificates of all insurance to the Landlord forthwith.
- (b) The Landlord, acting reasonably, shall have the right, but not the obligation, to approve of the insurers and the insurance policies carried by the Tenant including the limits of coverage and the provisions thereof.

Section 7.7 Non-Cancellation

Each of the policies of insurance provided pursuant to this Article shall contain an agreement by the insurer to the effect that it will endeavour to not cancel or alter or refuse to renew such policy prior to its expiration, whether by reason of non-payment of premium, non-fulfilment of condition or otherwise, except after thirty (30) clear days' prior written notice to the Landlord.

Section 7.8 Premiums and Evidence of Payment Thereof

The Tenant shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article.

Section 7.9 Additional Named Insureds

The Tenant shall cause any and all policies of insurance provided for in this Article 7 to include the Landlord as an additional insured or loss payee as applicable.

Section 7.10 Landlord's Right to Insure

The Tenant shall advise the Landlord of any cancellation, material alteration or lapse of any policies of insurance required to be provided hereunder. If the Tenant fails to effect and keep such insurance in force, or if such insurance is in an amount less than the amount required under this Lease, the Landlord shall have the right, upon at least 72 hours prior written notice to the Tenant and without assuming any obligation in connection therewith, to effect such insurance at the cost of the Tenant and all outlays by the Landlord shall be payable by the Tenant to the Landlord as Rent forthwith upon demand without prejudice to any other rights and recourses of the Landlord hereunder. No such insurance taken out by the Landlord shall relieve the Tenant of its obligations to insure hereunder and the Landlord shall not be liable for any loss or damage suffered by the Tenant in connection therewith.

Section 7.11 Loss or Damage

The Landlord shall not be liable for any death or injury arising from, or out of any occurrence in, upon, at, or relating to the Demised Premises or damage to property of the Tenant or of others located on the Demised Premises, nor shall it be responsible for any loss of or damage to any property of the Tenant or others from any cause, unless and to the extent that any such death, injury, loss or damage, results from the gross negligence of the Landlord, its agents, employees, contractors, or others for whom it may, in law, be responsible, or as a result of any Excluded Liability. Without limiting the generality of the foregoing, the Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, falling ceiling tile, failing fixtures, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Demised Premises or from the pipes, sprinklers, appliances, plumbing works, roof, windows or subsurface of any floor or ceiling of the Building or from the street or any other place or by dampness or by any other cause whatsoever. The Landlord shall not be liable for any such damage caused by other Persons on the Demised Premises or by occupants of adjacent property thereto, or the public, or caused by construction or by any private, public or quasi-public work. All property of the Tenant kept or stored on the Demised Premises shall be so kept or stored at the risk of the Tenant only and the Tenant releases and agrees to indemnify the Landlord and save it harmless from any claims arising out of any damage to the same including, without limitation, any subrogation claims by the Tenant's insurers.

Section 7.12 Waiver of Subrogation

The Landlord and the Tenant hereby release each other, to the extent of their agreed insurance coverage, from any and all liability for any loss or damage caused by fire or any of the losses covered by the releasing party's property insurance or loss covered by the releasing party's commercial general liability insurance, required to be maintained by the releasing party hereunder. Except as provided above, nothing contained in this Lease shall be deemed to release either Party hereto from liability for damages resulting from the fault or negligence of that Party or its agents, contractors or employees.

Section 7.12 Insurance Maintained by CMHC

Notwithstanding the foregoing, so long as CMHC maintains or causes to be maintained insurance coverages not less comprehensive than those provided in Sections 7.1, 7.2 and 7.3, Sections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 and 7.8 will not be enforced against CMHC.

ARTICLE 8 USE AND CONSTRUCTION

Section 8.1 Use and Management of Demised Premises

(a) Subject to section 5.5, the Tenant shall develop, use, manage and operate the Demised Premises solely, continuously and actively after the Commencement Date only for the Contemplated Use, in accordance with the requirements of the Contribution Agreement, Project Agreement, the Heritage Agreement and this Lease, including the Residential Tenancies Protocol. The Tenant shall not use or permit the use of the Demised Premises or any part thereof for any other business or purpose except as may be permitted under the Contribution Agreement, the Project Agreement, the Heritage Agreement and this Lease or as otherwise consented to by the Landlord, acting reasonably.

(b) The Tenant shall be permitted to lease, sublease or licence Residential Units in the Building and permit occupancy of the Building only in accordance with the terms of this Lease and the Contribution Agreement.

(c) The Tenant shall protect all public works services and/or utilities and all easements and right-of-way in favour of the Landlord on above, under or affecting the Demised Premises.

Notwithstanding the foregoing, the Tenant shall not be in default of its obligations under this Section 8.1 to the extent that it has ceased to operate in connection with any circumstance or delay contemplated by Section 15.11 hereof or any event of Force Majeure (as such term is defined in the Contribution Agreement); in connection with any repair or restoration work after damage or destruction; or any alteration, remodelling, renovation or expropriation or pursuant to any permitted Transfer of this Lease.

Section 8.2 Observance of Law

The Tenant shall, at its sole cost and expense (except as otherwise specified in this Lease), promptly:

(a) observe and comply with all Applicable Laws, and all requirements of all governmental authorities, including, without limitation, federal, provincial and municipal legislative enactments, zoning and building by-laws (where applicable), and any other governmental or municipal regulations or agreements now or hereafter in force which relate to or affect the demolition or construction of buildings and to equipping or maintenance, operation and use of the Demised Premises or the conduct of any business in the Demised Premises, and public ways adjacent thereto and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Demised Premises or any part thereof and including further all police, fire and sanitary regulations imposed by any federal, provincial or municipal authorities and all requirements made by fire insurance underwriters to the extent required in order to keep the required insurance in force;

(b) observe and comply with all requirements of, and pay all costs and expenses in connection with, the controls imposed by governmental authorities for ambient air and environmental standards;

(c) observe and comply with all police, fire and sanitary regulations imposed by any governmental authorities (whether federal, provincial or municipal); and

(d) comply with all present and future legislation under the *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, or any successor or replacement legislation including any regulations to designated substances;

(e) carry out all modifications, alterations or changes of or to the Demised Premises and the Tenant's conduct of business in or use or operation of the Demised Premises which are required by any such authorities as set out above.

Section 8.2.1 Compliance with Fire Prevention Laws and Regulations

(a) Without limiting the generality of the foregoing, the Tenant shall at all times during the Term strictly adhere to, and comply with, all fire prevention laws, statutes, by-laws, codes and regulations, including but not limited to the *Fire Protection and Prevention Act*, 1997 (S.O. 1997,

c. 4) (the “**Fire Prevention Act**”) and the *Fire Code* (O.Reg. 213/07) (the “**Ontario Fire Code**”), regulations, codes, permits, licences, industry standards, guidelines rules and directives as any of the same may be replaced or amended from time to time (collectively, the “**Applicable Fire Authorities**”) and all notice requirements, fire prevention obligations, and all maintenance, repair, inspection, monitoring and reporting responsibilities imposed thereby as well as by the City of Toronto’s Fire Services, as the Authority Having Jurisdiction (“**Toronto Fire**”).

(b) For greater certainty, the obligations contained in Subsection 8.2.1(a) above shall include, but shall not be limited to, the following:

- (i) Performance of all fire alarm monitoring responsibilities as required by Toronto Fire, and all Applicable Fire Authorities and in accordance with industry standards, which shall be performed by an Underwriter’s Laboratories of Canada (ULC) licensed provider.
- (ii) Immediate compliance with all notices of violation and/or Orders received from Toronto Fire with copies of said notices and Orders (as well as remedial steps to be taken) delivered to the Landlord within three (3) business days of receipt of same; and
- (iii) Timely submission to Toronto Fire of all preventative maintenance reports, as well as all Annual and Semi-Annual reports as may be required by Toronto Fire, the Fire Prevention Act and the Ontario Fire Code, with copies to the Landlord upon request; and
- (iv) Repayment to and in favour of the Landlord, forthwith and upon demand therefor, of any fines, penalties or demands for monies whatsoever which are charged to, levied against, requested or demanded of the Landlord, and are paid by same, as a result of non-compliance of the Tenant with the obligations contained in this Section 8.2.1.

(c) The Tenant shall immediately notify the Landlord of any fires (or incidents that are required to be reported to Toronto Fire as required by same or by the Applicable Fire Authorities) that take place at the Demised Premises, and shall deliver to the Landlord any relevant reports, documents or information in connection therewith within ten (10) business days of said reports, documents or information being received by the Tenant.

(d) For the purposes of this Section 8.2.1 and all requirements hereunder, the Tenant shall be deemed to be the owner of the Demised Premises and the Tenant shall at all times during the Term comply with this Section 8.2.1 as though it were the legal owner of the Demised Premises.

Section 8.2.2 Compliance with Technical Standards and Safety Act, 2000, S.O. 2000, c.16

(a) Without limiting the generality of Section 8.2 above, the Tenant shall at all times during the Term strictly adhere to, and comply with, all requirements of the Technical Standards and Safety Authority (“**TSSA**”), and all statutes, laws, by-laws, regulations, licences, permits and codes pertaining to elevating device safety, including but not limited to the *Technical Standards and Safety Act, 2000*, (S.O. 2000, c. 16) and all regulations made thereunder (the “**Act**”).

(b) For greater certainty, the obligations contained in Subsection 8.2.2(a) above shall include, but shall not be limited to, the following:

- (i) Performance, completion and compliance with all registration, licensing and maintenance obligations required by the TSSA and the Act and in this regard, prior to or upon execution of this Lease the Tenant shall deliver to the Landlord proof that the Tenant is registered with the TSSA and has entered into a valid and binding contract with a contractor licensed to inspect and repair existing elevating devices in accordance with the requirements of the TSSA and the Act;
- (ii) Immediate compliance with all notices of violation and/or orders received from the TSSA with copies of said notices and orders (as well as remedial steps to be taken) delivered to the Landlord within three (3) business days of receipt of same; and
- (iii) Timely submission to the TSSA of all maintenance reports, as well as all Annual and Semi-Annual reports as may be required by the TSSA and the Act, with copies delivered to the Landlord immediately thereafter.

(c) The Tenant shall deliver to the Landlord in a prompt and timely manner, notice of any unsafe condition or conditions with respect to the elevating devices at the Demised Premises as well as the Tenant's plan to remedy same (which remedial plan shall state that any such conditions will be addressed in a prompt and timely manner) or confirmation that any such condition has been rectified, and the Tenant shall also provide notice to the Landlord of any accidents with respect to the elevating devices at the Demised Premises immediately after any such accident takes place. The Tenant shall also provide all notices referred to in this section 8.2.2 to the TSSA and any other authority as may be required by the TSSA, the Act or otherwise at law.

(d) For the purposes of this Section 8.2.2 and all requirements hereunder, the Tenant shall be deemed to be the owner of the Demised Premises and the Tenant shall at all times during the Term comply with this Section 8.2.2 as though it were the legal owner of the Demised Premises.

Section 8.3 Development Approvals and Construction

(a) The Tenant acknowledges and agrees that the Landlord has obtained, all Official Plan and zoning by-law amendments for the development of the Demised Lands (the "**Existing Approvals**") and the Tenant agrees to satisfy all conditions and obligations pursuant to the Existing Approvals. The Tenant shall be responsible for securing and have carriage of all other approvals required to develop the Demised Premises and construct the Building as contemplated in this Lease (the "**Tenant's Approvals**") and shall diligently and continuously proceed with same. The Tenant agrees to (1) keep the Landlord informed of all developments with respect to the Tenant's Approvals; (2) provide the Landlord with copies of the Tenant's Approvals and all amendments thereto and all reports, including but not limited to, reports, studies and such other documents available in connection therewith; (3) permit the Landlord to attend all meetings with Governmental Authorities held in connection therewith; and (4) make enquiries of Governmental Authorities respecting same.

(b) The Tenant shall provide to the Landlord copies of all applications and supporting documentation submitted by or on behalf of the Tenant to the City or to any other Governmental Authorities.

(c) The Tenant shall diligently undertake the completion of the Building as follows:

- (i) the Tenant shall commence construction of the Building, as evidenced by the Tenant obtaining a building permit for the construction of the Building and commencing construction, within one year of the Commencement Date or such other date as approved by the Executive Director, Housing Secretariat, in her sole discretion; and
- (ii) the Tenant shall achieve Substantial Performance of the Building within three years of the Commencement Date or such other date as approved by the Executive Director, Housing Secretariat, in her sole discretion.

(d) In the event the Tenant appeals any decision or non-decision of the City or the Committee of Adjustment with respect to the Existing Approvals, the Tenant's Approvals or otherwise, to the Local Planning Appeal Tribunal (LPAT) or to the Toronto Local Appeal Body (TLAB), as applicable, (or any replacement thereof or successor thereto) or to any Court, without the prior written consent of the Landlord, which consent may be withheld in the Landlord's sole and unfettered discretion, this shall constitute an Event of Default. Nothing in this Lease shall derogate from the authority of the City as the applicable planning authority to review and approve the application for the Tenant's Approvals.

Section 8.4 Accessibility

The Tenant shall construct, operate and manage the Demised Premises such that a minimum of ten percent (10%) of the total rental units satisfy the accessibility standards defined pursuant to the Accessibility for Ontarians with Disabilities Act, 2005 and its associated regulations, as same may be amended, superseded or replaced from time to time (the "AODA").

Section 8.5 Community Benefits Plan

The Tenant shall be required to:

- (i) develop a Community Benefits Plan jointly with the City; oversee the Community Benefits Plan implementation and track progress through data collection and analysis with guidance from the City; and provide quarterly updates to the City throughout construction and initial occupancy of the Demised Premises to monitor progress and address matters related to the implementation of the Community Benefits Plan;
- (ii) agree upon a minimum target number of 'person year' jobs of Net New Hiring Opportunities to be recruited and sourced through local and/or Social Hiring approaches for the Housing Now Project; and/or
- (iii) agree upon a minimum project procurement target dollar value from local or diversely-owned businesses.

For the purposes of this Section 8.5:

"Net New Hiring Opportunities" means recruitment opportunities by the Tenant and its consultants and sub-contractors, that are new hires for the purpose of fulfilling aspects of work related to the Demised Premises. Net New Hiring Opportunities are focused on local and/or Social Hiring approaches. Local and Social Hiring targets are not intended to displace existing

employees who are already existing employees of the Tenant or its affiliates prior to the start of the Lease.

“**Social Hiring**” refers to targeted recruitment efforts that aim to hire qualified candidates who face unique barriers to employment or who self-identify as Black Torontonians, Indigenous persons, or people from equity-seeking groups. Social Hiring approaches are typically achieved through coordinated processes with community-based employment service providers who are affiliated with the City.

Section 8.6 Toronto Green Standards

The Tenant shall construct, operate and manage the Demised Premises such that it shall meet the requirements of the Toronto Green Standard Version 3 Tier 2 energy performance level and a minimum 25% decrease in energy consumption and greenhouse gas (GHG) emissions over the 2015 national building and energy codes.

Section 8.7 Community Spaces

(a) The Tenant covenants and agrees in favour of the Landlord to design, construct and finish the Community Spaces, at its sole expense, in accordance with the terms of the Project Agreement and this Lease.

(b) All construction and finishes with respect to the Community Spaces shall be to the standards and specifications identified in the Project Agreement, and subject to the approval of the City official identified therein.

Section 8.8 Construction Liens

(a) If any lien under the *Construction Act*, R.S.O. 1990, c. C30, or any like statute shall at any time be registered against the Demised Premises by reason of work done or materials supplied for or to the Tenant or for or to anyone holding an interest in the Demised Premises through the Tenant or if the Landlord is given notice of any such lien, the lien shall be discharged or vacated from the title to the Demised Premises by the Tenant within ninety (90) days after the lien is filed or sooner if the Demised Premises are in jeopardy of forfeiture or sale by the party performing the Work in respect of which the lien was filed even if the validity of the lien is being contested, if requested by the Landlord, or by a Leasehold Mortgagee. If the Tenant wishes to contest the amount or validity of any lien and has so notified the Landlord and if the Tenant has deposited with the Landlord or paid into court to the credit of the lien action the amount of the lien plus a reasonable amount for costs and has registered a discharge of such lien, the Tenant may defer payment of such lien for a period of time sufficient to enable the Tenant to contest the lien with due diligence, provided always that the Demised Premises shall not thereby become liable to forfeiture or sale.

(b) The Landlord may, but shall not be obligated to, discharge or vacate any construction lien if in the Landlord's judgment, exercised reasonably, the Demised Premises become liable to immediate forfeiture or sale or the Demised Premises is otherwise in jeopardy, and any amount paid by the Landlord in so doing, shall be reimbursed to the Landlord by the Tenant as Additional Rent within thirty (30) days after demand. If a construction lien is not discharged and vacated within three (3) months of registration, notwithstanding that the lien may be contested, the Landlord shall have the right, on written notice to the Tenant, to terminate the Lease.

(c) Nothing herein contained shall authorize Tenant, or imply any consent or agreement or request on the part of the Landlord to subject the Landlord's estate or interest in the Demised Premises and/or the Building to any construction lien or any other lien of any nature or kind whatsoever. Notice is hereby given to all parties that the Landlord expressly refuses and denies any consent or agreement or request to permit their estate or interest in the Demised Premises and/or the Building to be subject to any construction lien or other lien of any nature or kind whatsoever without the express written agreement of the Landlord to this effect. Tenant acknowledges that the Landlord is not, and should not be held to be, an owner as that term is defined in the *Construction Lien Act* with respect to the construction of any work on the Demised Premises by, or on behalf of Tenant.

Section 8.9 Tenant's Covenants

The Tenant covenants in respect of the use of the Demised Premises as follows:

- (a) not to commit, suffer or permit any act or omission in the Demised Premises which shall result in an illegal use or cause any breach of any of the Applicable Laws;
- (b) to maintain in force during the Term all necessary licences, permits, and authorizations relating to the use and occupancy of the Demised Premises by the Tenant; and
- (c) to comply with all terms and conditions set out in the Contribution Agreement.

ARTICLE 9 REPAIRS AND MAINTENANCE

Section 9.1 Landlord Not Responsible

The Landlord acting in its capacity as Landlord and not as a municipal corporation shall not be obliged to make any repairs whatsoever to the Demised Premises at any time during the Term nor to furnish any services or facilities to the Demised Premises or the Demised Premises except as set out in this Lease (including as a result of any Excluded Liability).

Section 9.2 Tenant's Obligation to Repair

(a) The Tenant shall, at its sole cost and expense, and at all times throughout the Term, keep and maintain the whole of the Demised Premises, and every part thereof, in first class condition and repair having regard to buildings of similar age and quality, as determined by the Landlord in its sole discretion. Without limiting the generality of the foregoing the Tenant shall promptly repair, replace and maintain and shall conduct routine, scheduled and preventative maintenance, in all The Tenant shall, at its sole cost and expense, and at all times throughout the Term, keep and maintain the whole of the Demised Premises, and every part thereof, in first class condition and repair having regard to buildings of similar age and quality, as determined by the Landlord cases as would a prudent owner, on and to:

- (i) the structure of the Building including the roof and roof membrane, windows, interior concrete slab floors and exterior walls;
- (ii) any capital repairs to the Demised Premises;
- (iii) the Building Systems;

- (iv) all components of the exterior of the Demised Premises; and,
- (v) interior of the Demised Premises including the Residential Units, all trade fixtures, improvements and equipment in the Demised Premises and the Residential Units, other than property owned by a Licensee.

(b) The Tenant shall at all times keep the Demised Premises in a neat and orderly condition, maintain in first class condition all landscaping and exterior areas, and keep all areas clear of ice and snow including any adjacent public areas as required by law, as would a prudent owner.

(c) The Tenant shall establish a capital asset replacement reserve fund (the "Reserve Fund") for the maintenance and repair of the Demised Premises and pay into the Reserve Fund in each year of the Term the amount of a minimum of five (5%) per cent of the gross revenues for the Demised Premises, including any subsidies or such other amount as agreed to by the City's Director, Housing Stability Services, in his absolute discretion. Annual contributions to the Reserve Fund shall be in addition to any interest earned by the Reserve Fund. Interest earned in the Reserve Fund is to accrue in the Reserve Fund. The Reserve Fund or a portion thereof may be held by the holder of the first mortgage registered on title. All amounts in the Reserve Fund shall revert to the City, as landlord absolutely at the end of the Lease

(d) In the event that the Landlord determines that any condition existing or potentially existing on the Demised Premises creates a risk to life, health or safety, the Tenant shall, at its own cost and expense, effect any repairs, maintenance or other modifications to the Demised Premises required to alleviate such condition as communicated by the Landlord to the Tenant.

Section 9.3 Capital Repairs in Last Three Years of Lease

Notwithstanding any other provision of this Lease, should the Tenant be required to effect any repair or replacement during the last three (3) years of the Term, the economically useful life of which would extend beyond the expiry of the Term, the Landlord and the Tenant may agree to terminate this Lease, or require the Tenant to proceed with the repair or replacement and, only if this Lease is not renewed and upon expiry, any unamortized amount of such repair or replacement for the period beyond the expiry of the Term will be reimbursed to the Tenant. The calculation of the unamortized amount will be based on straight line amortization of the costs of such repair or replacement over the improvements' economic life, in the opinion of the Landlord acting reasonably.

Section 9.4 Nuisance

The Tenant and its employees, agents, occupants and invitees shall not commit, cause or permit any nuisance or waste on the Demised Premises and shall ensure that nothing is done or kept at or on the Demised Premises which causes adverse disturbance, damage to or interference with normal use of any adjoining property. For certainty, the parties acknowledge and agree that the undertaking of the permitted uses herein do not violate this provision.

Section 9.5 Access by Landlord

Save in the case of emergency, as determined by the Landlord, acting reasonably in which case the Landlord shall have access without notice to the Demised Premises, the Landlord and its agents shall be entitled to enter the Demised Premises from time to time upon twenty-four (24) hours' prior notice or, where necessary, such period of time as set out in the *Residential*

Tenancies Act, 2006, S.O. 2006, c. 17 or its successor legislation, to view its state of repair, and without being considered to be interfering unreasonably with the Tenant's possession of the Demised Premises or the possession of any of the Tenant's subtenants or occupants.

Section 9.6 Repairs by Landlord

In the event the Landlord determines in its sole opinion, that the Demised Premises are not being maintained in the condition required under this Lease, the Landlord may on written notice require the Tenant to make repairs, alterations, changes, adjustments, improvements or additions to the Demised Premises or any part of them (the "Required Work"), as the Landlord reasonably considers necessary or desirable to maintain the Demised Premises in such condition. In the event the Tenant fails to do so within thirty (30) days after receipt of the Landlord's notice, the Landlord may elect to carry out the Required Work and recover all expenses from the Tenant including a fifteen percent (15%) administration fee.

Section 9.7 Environmental Matters

(a) The Tenant shall not cause or allow any hazardous or toxic waste or substances (collectively the "Hazardous Materials") to be used, generated, stored, or disposed of on, under or about, or transported to or from, the Demised Premises (collectively the "Hazardous Materials Activities") except in strict compliance, at the Tenant's expense, with all applicable Environmental Laws, as hereinafter defined, and using all necessary and appropriate precautions which a prudent operator would exercise.

(b) The Landlord shall not be liable to the Tenant for any Hazardous Materials Activities conducted on the Demised Premises during the Term or any extension thereof, however caused, whether or not consented to by the Landlord; the Tenant shall indemnify, defend with counsel, and hold the Landlord harmless from and against any claims, damages, costs and liabilities arising out of any and all such Hazardous Materials Activities.

(c) For purposes hereof, Hazardous Materials shall include but not be limited to substances defined as contaminants or pollutants under the *Environmental Protection Act* (Ontario), R.S.O. 1990, c. E.19 or the *Canadian Environmental Protection Act, 1999*, S.C. 1999, c. 33, and all other laws and ordinances governing similar matters; and any regulations adopted and publications promulgated pursuant thereto (collectively the "Environmental Laws"), as they may be amended from time to time.

(d) The Tenant shall notify the Landlord, as soon as reasonably possible both by telephone and in writing of any material spill or material unauthorized discharge of Hazardous Materials or of any material discharges under the Environmental Laws, and the Landlord, its representatives and employees at their expense may enter the Demised Premises at any time, upon reasonable notice, during the Term to inspect the Tenant's compliance herewith.

(e) The Tenant shall also be responsible for proper disposal of all substances and toxic materials, and other materials which under the Environmental Laws, any Governmental regulations dealing with waste and or recycling by virtue of prudent waste management procedures in the Tenant's industry require special disposal measures, including, without limitation, oil, kitchen waste, grease and cleaning substances.

(f) Subject to the provisions of Subsections 9.9 (g) and (i) below, after the Commencement Date, the Demised Premises shall be entirely at the risk of the Tenant and the Tenant shall

assume any and all responsibilities and liabilities arising out of or in any way connected with any matter or condition in, on, under or in the vicinity of the Demised Premises from and after the Commencement Date, whether known or unknown and whether such responsibilities are imposed by federal, provincial or municipal laws, statutes, by-laws, rules, regulations, orders or directives or by any regulatory authority, and whether imposed by common law, equity or statute ("Environmental Laws").

(g) The Landlord releases and discharges the Tenant, its employees, directors, officers, appointees, representatives and agents from any claims, demands and actions arising out of or as a result of the condition of the Demised Premises as of the Commencement Date and any impact such condition has had on any adjacent land owned by the Landlord, except where the claim, demand or action has been caused by the negligence of the Tenant or the negligence of any person on the Demised Premises at the invitation or request of the Tenant.

(h) The Tenant hereby indemnifies the Landlord, its elected and appointed officials, directors, officers, employees, appointees, agents and representatives (the "Indemnified Parties") from and against all damages, losses, liabilities, harm, injury, costs, expenses, actions, demands and claims (including legal and witness costs) that are suffered, sustained or incurred by an Indemnified Party as a result of or in connection with the activities or omissions of the Tenant on the Demised Premises or the activities or omissions of any person on the Demised Premises at the invitation or request of the Tenant, including in respect of any environmental investigations or remediation undertaken by the Tenant. This indemnity from the Tenant is the sole and exclusive indemnity obligation of the Tenant to the Landlord

(i) Notwithstanding the provisions of Sections 9.9 (g), (h) and (i) in the event that:

- (i) the soil, subsoil, surface water or groundwater of any other lands ("Neighbouring Properties") are affected by Hazardous Substance emanating from the Demised Premises to the extent that such effect is the result of the presence of Hazardous Substance on the Demised Premises prior to the Commencement Date or in respect of any Excluded Liability; and/or
- (ii) after the Commencement Date, Hazardous Substance emanating from lands owned or controlled by the Landlord affects the soil, subsoil, surface water or ground water at, on or under the Demised Premises, this Lease shall in either case not relieve the Landlord from any responsibilities and liabilities therefor to the Tenant or the owners or occupants of any Neighboring Properties and/or any Governmental Authority to the extent the Landlord has such responsibility under Environmental Laws and such effects cause damages, losses, liabilities, harm, injury, costs, expenses to, or actions, demands and claims against the Tenant or are the subject of regulatory action or third party claims, and the Tenant shall not be required to indemnify the Landlord with respect thereto. For clarity, it is understood and agreed that in the circumstances described in this Subsection 9.5 (9), the Landlord shall bear the responsibility and liability therefor, including as it would have had at law as if Subsections 9.9 (g), (h) and (i) had not been included herein.

**ARTICLE 10
DAMAGE OR DESTRUCTION**

Section 10.1 Continuation of Rent

Subject to subsection 10.2 (b) below, the partial or complete damage to or destruction of the Building shall not terminate this Lease or entitle the Tenant to surrender possession of the Premises or to have or to demand any abatement or reduction of the Rent or other charges payable under this Lease.

Section 10.2 Damage and Loss during Term

(a) If the Building from time to time standing on the Premises, or any equipment, machinery and other facilities are totally or partially destroyed by any cause whatsoever, there shall be no abatement of Rent and the Tenant shall repair, replace, rebuild or restore same with all reasonable diligence expeditiously in compliance with Applicable Law and this Lease and the Tenant shall not be entitled to use the Reserve Fund in respect thereof. Any new Building shall have a cost of not less than the Replacement Cost of the Building damaged or destroyed. The Tenant shall first submit its plans to the Landlord for approval and such plans shall be approved by the Landlord acting reasonably to the extent required herein and provided that all of the terms of this Lease continue to be complied with. The Landlord shall either approve of such plans or advise the Tenant of any changes to be made, acting reasonably, within ten (10) Business Days of the receipt of such plans, failing which the Landlord shall be deemed to approve of such plans. The Tenant shall deliver such assurances as the Landlord may reasonably require with respect to any aspect of the said repair, rebuilding or replacement.

(b) Provided further that and subject to the rights of the Leasehold Mortgagee under section 5.5., if the Building is damaged or destroyed in excess of fifty percent (50%) of the Replacement Cost of the Building above ground, then the Tenant may within ninety (90) days of such damage or destruction, at its option, give written notice to the Landlord that it wishes to terminate the Lease, in which case the Tenant shall not be obliged to repair and the Tenant shall surrender the Premises to the Landlord within thirty (30) days after delivery of the notice, the Rent shall be apportioned and paid to the date of such damage or destruction, and the Lease shall forthwith be terminated. The Tenant and the Landlord agree that all of the insurance proceeds payable with respect to such damage or destruction shall be paid to the Tenant. If the Tenant elects to terminate this Lease, the Tenant (to the extent of the insurance proceeds paid to the Tenant) shall undertake such activities as are required to demolish the Building and leave the Premises in a level condition, free from debris, with the balance of such insurance proceeds payable by reason of such damage or destruction to be retained by the Tenant absolutely. In that event, the Tenant is under no obligation to repair, rebuild or replace the Building on the Premises notwithstanding any other provision of this Lease and the Landlord shall accept the Premises in "as is" condition at that time, subject only to the demolition of the Building by the Tenant with the Premises being left in level condition, free from debris.

(c) The Tenant shall not be deemed to be in default under this Lease during any period of construction or repair while the Premises is untenable in whole or in part.

(d) The certificate of a Quantity Surveyor mutually agreed to by the Tenant and the Landlord shall bind the Parties as to:

- (i) the percentage of the Premises rendered untenable;
- (ii) the date upon which the Tenant's reconstruction or repair is completed or Substantially Performed and the date when the Premises are rendered tenable; and
- (iii) the state of completion of any work of the Tenant

ARTICLE 11 REMEDIES OF LANDLORD

Section 11.1 Default and Right to Re-Enter

If and whenever (each an "**Event of Default**"):

(a) the Tenant fails to complete the construction of the Building and/or the Community Spaces, in accordance with the terms of this Lease, the Project Agreement, the Heritage Agreement and/or the Contribution Agreement, within the timeframes set out in Section 8.2 hereof (and subject to the cure periods set out therein);

(b) the Tenant fails to enter into the Lease for the Community Spaces or attempts, at any time, to terminate the Lease for the Community Spaces;

(c) the Tenant fails to pay any Rent or other sums due hereunder within thirty (30) days of the later of the day or dates appointed for the payment thereof and receipt of written notice by the Tenant from the Landlord of the amounts then outstanding;

(d) a default under Section 8.1 (a) that is not cured within a period of thirty (30) days following written notice thereof by the Landlord, or such longer time as would have reasonably sufficed for the remedying of such failure if the Tenant had commenced to remedy the same within thirty (30) days and thereafter proceeded to remedy the same with reasonable diligence, provided that the Tenant shall not be entitled to the advantage of such longer time unless it shall have actually proceeded thereafter to remedy the same with all due diligence and shall have provided to the Landlord, if requested by the Landlord, reasonable evidence as to the steps being taken by the Tenant toward remedying the same; or

(e) the Tenant fails to observe or perform any terms, covenants, obligations or conditions of this Lease, the Contribution Agreement, the Project Agreement and/or the Heritage Agreement, to be observed or performed by the Tenant, provided the Landlord first gives the Tenant thirty (30) days prior written notice of any such failure to perform (other than those terms, covenants or conditions set out below in subsections (f), (g), (h), (i) or (j), for which no notice is required) and the Tenant fails to cure such failure within such period of thirty (30) days or such longer time as would have reasonably sufficed for the remedying of such breach or non-performance, provided the Tenant has commenced to remedy the same within thirty (30) days and thereafter proceeds to remedy the same within all due diligence, further provided that the Tenant shall not be entitled

to the advantage of such longer time unless it shall have actually commenced and thereafter proceeds to remedy the same with all due diligence and shall have provided to the Landlord, if requested by the Landlord, reasonable evidence as to the steps being taken by the Tenant toward remedying the same; or

(f) the Tenant becomes bankrupt or insolvent or takes the benefit of any act now or hereafter in force for bankrupt or insolvent debtors or files any proposal or makes any assignment for the benefit of creditors or any arrangement of compromise; or

(g) a receiver or a receiver and manager is appointed for all or a portion of the Tenant's property and the receiver's appointment is not vacated within thirty (30) days; or

(h) any steps are taken or any action or proceedings are instituted by the Tenant or by any other party including, without limitation, any court or governmental body of competent jurisdiction for the dissolution, winding-up or liquidation of the Tenant or its assets other than a corporate re-organization of the Tenant and such dissolution, winding-up or liquidation is not rescinded within thirty (30) days; or

(i) the Tenant abandons the Demised Premises or the Demised Premises becomes unoccupied for a period of sixty (60) consecutive days or more without the consent of the Landlord, or

(j) this Lease is taken under any writ of execution; or

(k) the Tenant purports to make a Transfer other than in compliance with this Lease, which Transfer is not withdrawn within ninety (90) days following written notice from the Landlord in respect thereof,

then and in every such case the Landlord, in addition to any other rights or remedies it has pursuant to this Lease or by law, has the immediate right of re-entry upon the Demised Premises and it may repossess the Demised Premises, 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.

Notwithstanding the foregoing and without limiting any other remedies, the Landlord may have arising out of this Lease or at law, upon the happening of a default by the Tenant under this Lease which the Tenant has not rectified within the time required pursuant to the provisions of this Lease, the Landlord shall have the right, without any re-entry or termination of this Lease, to enter upon the Demised Premises and cure or attempt to cure such default (but this shall not obligate the Landlord to cure or attempt to cure any such default or, after having commenced to cure or attempted to cure such default, to continue to do so), and to recover from the Tenant all damages and expenses incurred by the Landlord (plus 15% for administration costs) as a result of any breach by the Tenant.

Section 11.2 Right to Relet

If the Landlord elects to re-enter the Demised Premises as herein provided, 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 such alterations and repairs as are necessary in order to relet the Demised 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 discretion considers advisable. Upon each such reletting all rent received by the Landlord from such reletting shall be applied first, to the payment of any indebtedness other than Rent due hereunder from the Tenant to the Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees, and solicitor's fees and of costs of such alterations and repairs; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by the Landlord and applied in payment of future rent as the same becomes due and payable hereunder. If such Rent received from such reletting during any month is less than that to be paid during that month by the Tenant hereunder, the Tenant shall pay any such deficiency which shall be calculated and paid monthly in advance on or before the first day of each and every month. No such re-entry or taking possession of the Demised Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to the Tenant. Notwithstanding any such reletting without termination the Landlord may at any time thereafter elect to terminate this Lease for such previous breach. If the Landlord at any time terminates this Lease for any breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it incurs by reason of such breach, including the cost of recovering the Demised Premises, solicitor's fees (on a solicitor and client basis) and including the worth at the time of such termination of the excess, if any, of the amount of Rent and charges equivalent to Rent required to be paid pursuant to this Lease for the remainder of the stated Term over the then reasonable rental value of the Demised Premises for the remainder of the stated Term, all of which amounts shall be immediately due and payable by the Tenant to the Landlord

Section 11.3 Landlord's Expenses

If legal action is brought for recovery of possession of the Demised Premises, for the recovery of Rent or any other amount due under this Lease, or because of the breach of any other terms, covenants or conditions herein contained on the part of the Tenant to be kept or performed, and a breach is established, the Tenant shall pay to the Landlord all reasonable expenses incurred therefor, including solicitor's fee (on a solicitor and client basis), unless a Court shall otherwise award.

Section 11.4 Removal of Chattels

In case of removal by the Tenant of the goods and chattels of the Tenant from the Demised Premises other than in accordance with this Lease, the Landlord may follow same for thirty (30) days in the same manner as is provided for in the *Commercial Tenancies Act*, R.S.O. 1990, c.L.7.

Section 11.5 Waiver by Tenant of Exemption from Distress

The Tenant hereby agrees with the Landlord that notwithstanding anything contained in the *Commercial Tenancies Act*, or any statute subsequently passed to take the place of or amend the said Act, none of the goods and chattels of the Tenant on the Demised Premises at any time during the Term shall be exempt from levy by distress for Rent in arrears by the Tenant as provided for by any sections of the said Act or any amendments thereto, and that if any claim is made for such exemption by the Tenant or if a distress is made by the Landlord, this covenant and agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to the levying upon any such goods as are named as exempted in any sections of the said Act or any amendments thereto; the Tenant waiving, as it hereby does, all and every benefit that could or might have accrued to the Tenant under any or by virtue of any sections of the said Act, or any amendments thereto but for this covenant. Notwithstanding the foregoing, in the event that CMHC holds leasehold title, as tenant, this clause will not be enforced.

Section 11.6 Remedies of Landlord Cumulative

The remedies of the Landlord specified in this Lease are cumulative and are in addition to any remedies of the Landlord at law or equity. No remedy shall be deemed to be exclusive, and the Landlord may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity.

ARTICLE 12 QUIET ENJOYMENT

Section 12.1 Right of Tenant

If the Tenant is not in default with respect to the payment of Rent hereby reserved, which default persists beyond any applicable cure period, the Tenant shall and may peaceably enjoy and possess the Demised Premises during the Term, without any interruption or disturbance whatsoever from the Landlord or any other Person, firm or corporation lawfully claiming from or under the Landlord, and free from the adverse claims of any Persons whatsoever and the Landlord will protect the Tenant, with full, complete and absolute possession of the Demised Premises subject in each case only to the other express provisions of this Lease. The Landlord covenants and agrees that no exclusive uses, rights or privileges shall be granted to any Persons (nor will the Landlord consent to same) which would affect the use of the Demised Premises without the written consent of the Tenant. The Landlord covenants and agrees that if any lien or encumbrance is registered against the Demised Premises which may result in the sale thereof or which causes harm to the Tenant, then the Landlord, shall, as soon as is reasonably possible, at its own expense cause the same to be removed by payment to the lien claimant or posting security in the appropriate court of any like proceeding.

Section 12.2 Ownership of Building

During the Term, the Building and Capital Improvements shall be the absolute property of the Tenant. Upon the expiration of the Term or, upon the earlier termination of this Lease, the Building shall become the absolute property of the Landlord without any payment therefor to the Tenant and free and clear of any and all encumbrances, liens or charges of any kind. At such time, Landlord's absolute right of property in the Building, shall take priority over any other interest in the Building which may now or hereafter be created by the Tenant, and all dealings by the Tenant with the Building which in any way affect title thereto shall be subject to these rights of the Landlord.

ARTICLE 13 ESTOPPEL CERTIFICATES

Section 13.1 Estoppel Certificates

Each of the Parties shall, at any time and from time to time during the Term, upon not less than fifteen (15) clear days' prior notice by the other Party, execute, acknowledge and deliver to the other Party a statement in writing certifying whether this Lease is in good standing, unmodified and in full force and effect, or where requested, that the particular terms thereof have been met or satisfied, as the case may be, or if there have been modifications that the same are in good standing, in full force and effect as modified, stating the modifications, the dates to which the Rent and other charges, if any, have been paid in advance, the defaults, if any, on the part of the Party requesting such statement known to the Party from whom such statement is requested and the action taken or proposed to be taken by such last-mentioned Party with respect to the same; it

being intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser of the Landlord's freehold estate, the Tenant's leasehold estate, any mortgagee of the freehold, any assignee or sublessee of the Tenant's leasehold estate or any leasehold mortgagee, as the case may be.

ARTICLE 14 APPROVALS, NOTICES, ETC.

Section 14.1 Approvals

Where by a provision of this Lease an approval, consent or agreement of a Party (hereinafter individually or collectively referred to as an "Approval") is required, unless the contrary is expressly provided in this Lease:

- (a) a request for an Approval shall be in writing and shall contain reasonable detail of the reason for the request;
- (b) the Party whose Approval is required will use reasonable commercial efforts to give notice to the requesting Party either that it gives its Approval, or that it withholds its Approval, setting forth in reasonable detail its reasons for withholding within thirty (30) days of receiving the request;
- (c) where an Approval is required from the Landlord, such approval may be withheld in the Landlord's sole discretion having regard to all factors a prudent landlord and owner of real property would be entitled to consider in the circumstances; and,
- (d) where an Approval is required from the Tenant, such approval may not be unreasonably withheld.
- (e) Notwithstanding any consent or approval given by the Landlord with respect to any plans, specifications or other construction-related matter, the Landlord will not be in any way liable for the design or construction of any proposed structure, and the party that has obtained the consent or approval of the Landlord shall be wholly liable for such design and construction. Each architect, engineer, auditor, assessor, consultant or any other person of similar nature employed or retained by the Landlord or Tenant will act in accordance with the applicable principles and standards of such person's profession

Section 14.2 Notices

(a) All notices, demands, requests, agreements, consents, approvals and payments (hereinafter, individually or collectively called a "Notice") which may be or are required to be given pursuant to this Lease shall be in writing and shall be delivered by personal service to the following address:

- (i) to the Landlord at:

City of Toronto
Metro Hall, 55 John Street, 2nd Floor, Suite 204
Toronto, ON
Attention: Deputy City Manager, Internal Corporate Services

and a copy to:

City of Toronto
Metro Hall, 55 John Street 7th Floor
Toronto, ON M5V 3C6
Attention: Executive Director, Housing Secretariat

(ii) to the Tenant at:

[●]

Attention: [●]

Fax No.: [●]

Any such notice given as aforesaid shall be deemed to have been effectively given on the next business day following the date of such delivery. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the Party at its changed address.

(b) Either party under this Lease may from time to time by Notice to the other party change its address for service under this Lease.

ARTICLE 15 GENERAL

Section 15.1 General Provisions

(a) This Lease is subject to compliance with the subdivision and part-lot control provisions of the *Planning Act*, R.S.O. 1990, c. P.13, as amended, if necessary, failing which any interest granted herein which requires consent pursuant thereto shall be deemed to be in force for twenty-one years less a day.

(b) The headings used throughout the body of this Lease form no part hereof, but shall be deemed to be inserted for convenience of reference only.

(c) The words herein, hereof, hereto, therein, thereof, etc. refer to this Lease as a whole and not any particular part hereof.

(d) Where the word "including" or "includes" is used in this Lease, it means "including without limitation" or "includes without limitation".

(e) This Lease shall be read and construed with all changes in gender and/or number as may be required by the context.

(f) If any action is required to be taken pursuant to this Lease on or by a specified date that is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

Section 15.2 Applicable Law

This Lease shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein from time to time and shall be treated in all respects as an Ontario lease.

Section 15.3 Invalidity

The invalidity or unenforceability of any provision or covenant contained in this Lease shall not affect the validity or enforceability of any other provision or covenant herein contained and any such invalid provision or covenant shall be deemed to be severable.

Section 15.4 Covenants Independent

Each covenant contained in this Lease is a separate and independent covenant, and a breach of covenant by any Party will not relieve the other Party from its obligation to perform each of its covenants, except as otherwise expressly provided herein.

Section 15.5 Currency

All reference to currency in this Lease shall be deemed, unless the context otherwise requires, to be a reference to lawful money of Canada.

Section 15.6 Entire Agreement

This Lease and the other agreements specifically referred to herein constitute the entire agreement among the Parties pertaining to the Lease of the Demised Premises to the Tenant and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect thereto. There are no conditions, warranties, representations or other agreements between the Parties in connection with this Lease except as specifically set forth herein or in such other agreements.

Section 15.7 Amendments

No supplement, modification, amendment, waiver or termination of this Lease shall be binding unless executed in writing by the Landlord and the Tenant and consented, if required by the Tenant, in writing by the Leasehold Mortgagee and no modification or amendment shall have any force and effect, if required by the Tenant, without the express consent of the Leasehold Mortgagee.

Section 15.8 Non-Waiver

No waiver of any of the provisions of this Lease shall be deemed to be or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

Section 15.9 Calculations

Except as otherwise provided herein, all calculations required or permitted under this Lease shall be made on the basis of generally accepted accounting principles and practices applied on a

consistent basis. All calculations made by the Landlord under this Lease shall be final and binding on the parties in the absence of manifest error or fraud.

Section 15.10 Successors and Assigns

All of the provisions of this Lease shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

Section 15.11 Excusable Delay

Except as expressly otherwise provided in this Lease:

(a) if because of an event of Force Majeure, the party is delayed in performing or observing a covenant or in complying with a condition under the terms of this Lease that party is required to do by a specified date or within a specified period of time or with all due diligence (save and except for the payment of Basic Rent and/or surrender of the Demised Premises on the expiration or earlier termination of the Term); and

(b) if the circumstance is not caused by the default or act of commission or omission of that party nor avoidable by the exercise of reasonable effort or foresight by that party

then, in that event, the date or period of time by or within which that party is to perform, observe or comply will be extended by a period of time equal to the duration of the delay, provided that nothing excuses a delay dealing with a life and safety issue or excuses the Tenant from the payment of Basic Rent hereunder when due or payment under the Contribution Agreement.

Section 15.12 Time of Essence

Time shall be of the essence of this Lease, except as specifically provided otherwise herein.

Section 15.13 Relationship of Parties

None of this Lease, the Contribution Agreement or the Project Agreement shall be deemed to create any relationship between the Parties other than that of Landlord and Tenant as to the Demised Premises. For greater certainty, the Parties agree that they are not partners or joint venturers and that the Tenant is not the agent or representative of the Landlord and has no authority to bind the Landlord.

Section 15.14 Continuation of Certain Obligations

Wherever specifically provided for in this Lease or if it is necessary for the full implementation of any provision of this Lease, the obligations of a Party shall survive the expiration of the Term or the earlier termination of this Lease, as the case may be.

Section 15.15 No Voluntary Surrender

The Tenant shall not have the right to surrender this Lease without the prior written consent of the Landlord.

Section 15.16 Expropriation

In the event of expropriation of the Demised Premises or any part thereof by any lawful power or authority which the Tenant acknowledges may include the Landlord, each of the Landlord and the Tenant shall be entitled to seek compensation for their respective interest so expropriated. In the event of expropriation of all of the Demised Premised, this Lease and the Term shall be terminated forthwith and thereupon Rent shall be apportioned and paid to the date of termination and the Tenant shall surrender possession of the Demised Premises and the Demised Premises to the Landlord, provided that such termination shall not affect the Tenant's claim to seek compensation. In calculating any compensation payable to the Tenant pursuant to this provision, the following amounts shall be considered as deductions from the Tenant's entitlement to compensation (such deductions hereinafter referred to as the "**Sum**"): any secured or unsecured consideration provided to the Tenant by the Landlord in respect of construction of the Demised Premises and outstanding amounts payable by the Tenant to the Landlord with respect to this Lease and the Contribution Agreement which are then due and outstanding, together with any monies owing under any Leasehold Mortgage (which amounts, if any, shall be directed by the Landlord from such compensation and paid to the Leasehold Mortgagee). In determining the amount of the Sum to be deducted from the Tenant's compensation, the Sum shall be present valued as at the day compensation is determined (the "**New Sum**"), and such New Sum shall be deducted from any compensation payable to the Tenant.

Section 15.17 Registration of Agreement

The Tenant shall have the right to register a notice of this Lease and any Leasehold Mortgage against title to the Demised Premises. If the Tenant registers the Lease, the Tenant agrees that it will, at its sole expense, discharge and withdraw from title any such registration of the lease within thirty (30) days after the termination of this Lease. If such registration is not discharged or withdrawn within such time, the Landlord shall have the right and is hereby appointed by the Tenant as the Tenant's agent to prepare, execute and register such documentation as is required to discharge and withdraw any such registration.

Section 15.18 Rights, Obligations and Capacity of the Landlord

All rights and benefits and all obligations of the Landlord under this Agreement shall be rights, benefits and obligations of the Landlord in its capacity as a party to this Agreement and shall not derogate from or interfere or fetter with the rights, benefits and obligations of the Landlord, its Council or its elected and appointed officials and representatives in their respective functions and capacities.

Section 15.19 Further Assurances

Each Party agrees to make such further assurances as may be reasonably required from time to time by the other Party to more fully implement the true intent of this Lease.

Section 15.20 Assignment by the Landlord

If the Landlord transfers the Demised Premises and if the transferee executes an assumption of this Lease each in a form and content acceptable to the Tenant, then the Landlord shall be relieved of all liability under this Lease after the date of such transfer.

Section 15.21 City as Municipal Corporation

(1) Nothing in this Lease derogates from, interferes with, or fetters the exercise by the City of all of its rights and obligations as a municipality (whether discretionary or mandatory), or imposes any obligations on the City in its role as a municipality, and the City shall not be prevented from or prejudiced in carrying out its statutory rights and responsibilities, including its planning rights and responsibilities. Nothing in this Lease derogates from, interferes with, or fetters the exercise by the City's officers, employees, agents, representatives or elected and appointed officials of all of their rights, or imposes any obligations on the City's officers, employees, agents, representatives or elected and appointed officials, other than as expressly set out in this Lease.

(2) No communication or dealing between the Tenant and any department, committee, body, officer, employee, agent, representative or elected or appointed official of the City that is not clearly in respect of and in accordance with this Lease will be deemed to be a communication or dealing under this Lease between the Tenant and the City as parties to this Lease, or affect the City with notice of any such communication or dealings. It is intended and agreed that any communication or dealing between the Tenant and the City as parties to this Lease will only be effective if delivered in accordance with the notice provisions in this Lease. No communication or dealing between the City as a party to this Lease and the Tenant as a party to this Lease will relieve from the responsibility of discharging its lawful obligations to the City imposed by statute, regulation, by-law or by any other lawful manner separate and apart from the obligations imposed under this Lease.

Section 15.22 Arbitration

Where a Party wishes to refer a matter to Arbitration for determination (including for certainty whether the occurrence of a default of Tenant's obligations under this Lease has occurred), after a Party gives notice that it is referring such matter to Arbitration for determination (the "**Arbitration Notice**"):

(a) The Parties may, within fifteen (15) days after the delivery of the Arbitration Notice, agree in writing upon the appointment of a single arbitrator who will determine the dispute or matter acting alone, failing which such arbitrator may be appointed by order of the Court in accordance with the applicable legislation in respect of private arbitrations in the Province of Ontario, upon the application of either Party, made on notice to the other Party. The language to be used in the arbitral proceedings shall be English.

(b) Within fifteen (15) days of the appointment of the arbitrator, the Party who delivered the Arbitration Notice (the "**Initiator**") shall deliver to the other Party and to the arbitrator a statement (the "**Statement of Claim**") describing the facts supporting its position, the points at issue and the relief sought. The responding Party shall deliver to the Initiator and to the arbitrator a responding statement within 15 days from the receipt of the Statement of Claim.

(c) Unless expressly agreed to in writing to the contrary, the parties undertake as a general principal to keep confidential all awards in their Arbitration, together with all materials, proceedings and evidence created for the purpose of the Arbitration and all documents produced by any Party in the proceedings not otherwise in the public domain, save and except to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a competent court.

(d) It is the intent of the parties that, barring extraordinary circumstances, the Arbitration proceedings shall be concluded within sixty (60) days from the date the arbitrator is appointed.

The parties may agree to extend this time limit or the arbitrator may do so in his or her discretion if he or she determines that the interest of justice so requires. The arbitrator shall use his or her best efforts to issue the final award or awards within fifteen (15) days after closure of the proceedings. Failure to adhere to these time limits will not be a basis for challenging the award.

(e) The determination made by the arbitrator shall be final and binding upon the Landlord and the Tenant. The costs of Arbitration shall be apportioned between the parties hereto as the arbitrator may decide. Neither Party shall be deemed to be in default in respect of the dispute which is subject of the Arbitration so long as the Arbitration is proceeding.

(f) The parties expressly agree that the provisions of the *Municipal Arbitrations Act*, R.S.O. 1990, Chapter M.48 shall not apply at any time to any arbitration whatsoever initiated pursuant to this Lease. Arbitration initiated pursuant to this Lease shall proceed in accordance with the provisions of the *Arbitration Act, 1991*, S.O. 1991, Chap. 17.

Section 15.23 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts delivered electronically) and all such counterparts taken together will be deemed to constitute one and the same instrument. This Agreement may be executed by electronic signature and such electronic signature shall be deemed to be an original signature for the purpose of this Agreement with the same legal effect as an original signature.

Section 15.24 Schedules

The following schedules form part of this Lease:

Schedule A	Legal Description
Schedule B	Contemplated Use
Schedule C	Declaration of Non-Discrimination
Schedule D	Project Agreement
Schedule E	Residential Tenancies Protocol
Schedule F	Heritage Easement Agreement

IN WITNESS WHEREOF this Lease has been duly executed by the Parties hereto on the date first written above by:

[•]

Per: _____
Name:
Title:
I have the authority to bind the Corporation

Per: _____
Name:
Title:
I have the authority to bind the Corporation

CITY OF TORONTO

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "A"

Legal Description & Permitted Encumbrances

Legal Description:

Permitted encumbrances:

1. Applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements and building restrictions, provided they are complied with.
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown and any statutory exceptions to title.

SCHEDULE "B"

CONTEMPLATED USE

Tenant to construct, use, manage and operate the Demised Lands continuously, actively and diligently for the principal purpose of the provision of rental housing, and such ancillary uses as are provided in By-law 1779-2019 and the Project Agreement.

A minimum of 50% of the total number of dwelling units within the Demised Lands must be Affordable Rental Housing Units, provided that there shall be no fewer than 254 Affordable Rental Housing Units.

A minimum of 50% of the total Gross Floor Area for residential uses on the Demised Lands must be provided within the Affordable Rental Housing Units.

Affordable Rental Housing Units bedroom mix and unit size is to be provided as set out in the City Contribution Agreement.

SCHEDULE "C"

DECLARATION OF NON-DISCRIMINATION

SCHEDULE "D"
PROJECT AGREEMENT

SCHEDULE "E"

RESIDENTIAL TENANCIES PROTOCOL

Part I – Adjustments to Rent Payable

1. The Tenant may adjust the rent payable by a residential tenant with respect to a Market Rental Unit only in accordance with this Protocol.

2. The Tenant may adjust the rent payable by a residential tenant with respect to a Market Rental Unit, if at least twelve (12) months have elapsed:

(a) since the residential tenant first moved into the Market Rental Unit; or

(b) since the day of the last rent increase with respect to the Market Rental Unit, if there has been an increase,

by no more than the Provincial Guideline plus two percent (2%) (the "Maximum"). The Tenant acknowledges that, if the rent increase guideline of the *Residential Tenancies Act, 2006* applies during the term of the Lease to the Market Rental Units, the Tenant agrees that it will abide by the most restrictive increase.

Part II – Annual Reporting

3. No later than December 31st of each year during the term of the Lease, the Tenant is required to provide the Deputy City Manager, Corporate Services, with a confirmation letter that the rent for each Market Rental Unit was not increased by more than the Maximum. If deemed necessary by the Deputy City Manager, Corporate Services, acting reasonably, the Tenant must make such books, accounts and records available at all reasonable times for audit and inspection by the Deputy City Manager, Corporate Services, or anyone designated in writing by the Deputy City Manager, Corporate Services, to ensure compliance.

Part III – Application for Rent Increases above Maximum

4. The Tenant may apply to the Deputy City Manager, Corporate Services for a consent permitting the rent charged to be increased by more than the Maximum for any or all of the Market Rental Units on the Demised Lands in any or all of the following cases:

(1) An extraordinary increase in the cost for municipal taxes and charges for the Demised Lands.

(2) Eligible capital expenditures incurred respecting the Demised Lands or one or more of the Market Rental Units in it.

(3) Operating costs related to security services provided in respect of the Demised Lands by persons not employed by the Tenant.

5. An application to the Deputy City Manager, Corporate Services pursuant to this Protocol will be made at least 120 days before the effective date of the first intended rent increase referred to in the application.

6. The Tenant shall include with an application under this Protocol a summary of each of the following, if applicable:

(1) Any item in a work order that has not yet been completed, regardless of whether or not the compliance period has expired.

(2) Any item in a work order that relates to one or more elevators in the Building and that has not yet been completed, regardless of whether or not the compliance period has expired.

(3) Any item in an order made under section 21 of the *Technical Standards and Safety Act, 2000* that relates to one or more elevators in the Building and that has not yet been completed, regardless of whether or not the compliance period has expired and regardless of whether the order was made against the Tenant or another person or entity.

(4) Any specified repairs or replacements or other work ordered by the Landlord and Tenant Board under paragraph 4 of subsection 30 (1) of the *Residential Tenancies Act, 2006* that relates to one or more elevators in the Building and that has not yet been completed, regardless of whether or not the compliance period has expired.

7. A summary referred to in Section 5 of this Protocol shall include the following information:

(1) A description of the work that was ordered to be carried out.

(2) The person or entity who was ordered to carry out the work and the time for compliance specified in the order.

(3) The person or entity who made the order and the date the order was made.

(4) Such additional information as may be requested by the Deputy City Manager, Corporate Services, acting reasonably.

8. If an application is made under this Protocol and the Tenant has given a notice of rent increase as required, until a consent authorizing the rent increase for the Market Rental Unit takes effect, the Tenant shall not require the residential tenant to pay a rent that exceeds the lesser of,

(a) the new rent specified in the notice; and

(b) the greatest amount that the Tenant could charge without applying for a rent increase.

9. Despite Section 7, the residential tenant may choose to pay the amount set out in the notice of rent increase pending the outcome of the Tenant's application and, if the residential tenant does so, the Tenant shall owe to the residential tenant any amount paid by the residential tenant exceeding the amount allowed by the consent of the Deputy City Manager, Corporate Services.

10. Subject to Sections (10) to (13), in an application under this Protocol, the Deputy City Manager, Corporate Services will make determinations in accordance with this Protocol with respect to all of the grounds of the application and, if the Deputy City Manager, Corporate Services is satisfied that a consent permitting the rent charged to be increased by more than the Maximum is justified, will provide a consent,

(a) specifying the percentage by which the rent charged may be increased in addition to the Maximum; and

(b) subject to this Protocol, specifying a 12-month period during which an increase permitted by clause (a) may take effect.

11. If the Deputy City Manager, Corporate Services is satisfied that a consent permitting the rent charged to be increased by more than the Maximum is justified and that the percentage increase justified, in whole or in part, by operating costs related to security services and by eligible capital expenditures, is more than 3 per cent,

(a) the percentage specified under Subsection 9(a) that is attributable to those costs and expenditures shall not be more than 3 per cent; and

(b) the consent made under Section 9 shall, in accordance with this Protocol, specify a percentage by which the rent charged may be increased in addition to the Maximum in each of the two 12-month periods following the period specified under Subsection 9(b) but that percentage in each of those periods shall not be more than 3 per cent.

12. Section 13 applies to a Market Rental Unit if the Deputy City Manager, Corporate Services determines that,

(a) the Tenant,

(i) has not completed items in work orders regardless of whether or not the compliance period has expired and which are determined by the Deputy City Manager, Corporate Services to be related to a serious breach of a health, safety, housing or maintenance standard;

(ii) has not completed specified repairs or replacements or other work ordered by the Landlord and Tenant Board under paragraph 4 of subsection 30 (1) of the *Residential Tenancies Act, 2006* regardless of whether or not the compliance period has expired;

(iii) has been found by the Landlord and Tenant Board to be in serious breach of the Tenant's obligations under subsection 20 (1) or section 161; or

(iv) is in serious breach of the Tenant's obligations under any applicable City by-laws, or federal or provincial statutes or regulations relating to health, safety, housing or maintenance standards; and

(b) the Market Rental Unit is affected by,

(i) one or more items referred to in subclause (a) (i) that have not been completed,

(ii) one or more repairs or replacements or other work referred to in subclause (a) (ii) that has not been completed, or

(iii) a serious breach referred to in subclause (a) (iii) and/or subclause (a) (iv).

13. Section 13 applies to a Market Rental Unit if the Deputy City Manager, Corporate Services determines that,

(a) the Tenant has not completed items in work orders regardless of whether or not the compliance period has expired and which relate to one or more elevators in the Building;

(b) the Tenant or another person or entity, as applicable, has not completed items in orders made under the section 21 of the *Technical Standards and Safety Act, 2000* regardless of whether or not the compliance period has expired and which relate to one or more elevators in the Building; or

(c) the Tenant has not completed specified repairs or replacements or other work ordered by the Landlord and Tenant Board under paragraph 4 of subsection 30 (1) of the *Residential Tenancies Act, 2006* regardless of whether or not the compliance period has expired and which relates to one or more elevators in the Building.

14. If this Section applies to a Market Rental Unit, the Deputy City Manager, Corporate Services will:

(a) dismiss the application with respect to the Market Rental Unit; or

(b) provide, in any consent provided under Section 9, that the rent charged for the Market Rental Unit shall not be increased pursuant to the consent until the Deputy City Manager, Corporate Services is satisfied, by a supplementary application made by the Tenant within the time period specified by the Deputy City Manager, Corporate Services, on notice to the residential tenant of the Market Rental Unit, that,

(i) all items referred to in Subsection 11(a)(i) that affect the Market Rental Unit have been completed or have ceased to apply as provided for by any final appeal decision, if a finding was made under that Subsection, (ii) all repairs, replacements and other work referred to in Subsection 11(a)(ii) that affect the rental unit have been completed or have ceased to apply as provided for by any final appeal decision, if a finding was made under that Subsection,

(ii) the serious breach referred to in Subsection 11(a)(iii) or Subsection 11(a)(iv) no longer affects the rental unit, if a finding was made under either Subsection,

(iii) all items referred to in Subsection 12(a) have been completed or have ceased to apply as provided for by any final appeal decision, if a finding was made under that Subsection,

(iv) all items referred to in Subsection 12(b) have been completed or have ceased to apply as provided for by any final appeal decision, if a finding was made under that Subsection, and

(v) all repairs, replacements and other work referred to in Subsection 12(c) have been completed or have ceased to apply as provided for by any final appeal decision, if a finding was made under that Subsection.

15. A consent from the Deputy City Manager, Corporate Services under Section 9 with respect to a Market Rental Unit ceases to be of any effect on and after the day a new residential tenant enters into a new tenancy agreement with the Tenant in respect of that Market Rental Unit if that agreement takes effect on or after the day that is 90 days before the first effective date of a rent increase in the consent.

16. The factor to be applied for the purposes of paragraph 6 of Subsection 26 (2) and paragraph 2 of Subsection 27(2) is determined by dividing the total rents of the Market Rental Units in the Building that are subject to the application and are affected by the operating cost by the total rents of the Market Rental Units in the Building that are affected by the operating cost. The rent for a Market Rental Unit that is vacant or that is otherwise not rented shall be deemed to be the average rent charged for the Market Rental Units in the Building.

17. An application under Section 3 of this Protocol must be accompanied by the following material:

(a) if the application is based on an extraordinary increase in the cost for municipal taxes and charges,

(i) evidence of the costs for the base year and the reference year and evidence of payment of those costs, and

(ii) evidence of all grants, other forms of financial assistance, rebates and refunds received by the Tenant that effectively reduce those costs for the base year or the reference year,

(b) if the application is based on capital expenditures incurred,

(i) evidence of all costs and payments for the amounts claimed for capital work, including any information regarding grants and assistance from any level of government and insurance, resale, salvage and trade-in proceeds,

(ii) details about each invoice and payment for each capital expenditure item, in the form approved by the City, and

(iii) details about the rents for all Market Rental Units in the Building that are affected by any of the capital expenditures, in the form approved by the City,

(c) if the application is based on operating costs related to security services, evidence of the costs claimed in the application for the base year and the reference year and evidence of payment of those costs

(d) all applications must include two additional photocopies of the application, along with either a compact disc containing the material, or a USB drive containing the material.

18. If an application under section 3 of this Protocol is based on capital expenditures, the Tenant must:

(a) upon the request of a residential tenant, provide the tenant with either:

(i) a compact disc containing the material, or a USB drive containing the material, for a charge of not more than five dollars; or

(ii) a photocopy of the material provided under Subsections 16(a) and (b), for no more than the Tenant's reasonable out-of-pocket costs for the photocopying; or

(iii) an e-mail of the material provided under Subsection 16(a) and (b) in portable document format, at no charge to the residential tenant.

(b) if the Tenant has an office in or close to the Building, provide during normal business hours and at no charge, a photocopy of the material provided under Subsection 16(a) and (b) available for viewing by residential tenants subject to the application; and

(c) in the application, inform every residential tenant subject to the application of the ways in which a residential tenant may obtain access under this section to the material provided under Subsection 16(a) and (b).

19. In determining the amount of any capital expenditures or the amount of operating costs in an application under Section 3 of this Protocol, the Deputy City Manager, Corporate Services will:

(a) include any provincial sales tax and harmonized sales tax paid by the Tenant in respect of the capital expenditures or operating costs;

(b) exclude any penalties, interest or other similar charges for late payment of any amount paid by the Tenant in respect of the capital expenditures or operating costs;

(c) exclude any amount that has already been included in calculating the amount of a capital expenditure or operating cost in the same application or for which the Tenant has obtained relief in a previous consent under this Protocol; and

(d) subtract the amount of all grants, other forms of financial assistance, rebates and refunds received by the Tenant that effectively reduce the operating costs.

20. If a Building forms part of a larger project, the operating costs for the project and the amount of capital expenditures which benefit both the Building and the other parts of the project shall be allocated between the Building and the other parts of the project in accordance with one or more of the following factors at the City's choice:

(a) the area of each part of the project;

(b) the market value of each part of the project; and/or

(c) the revenue generated by each part of the project.

21. If the allocation of operating costs and capital expenditures in accordance with section 19 of this Protocol would be unreasonable considering how much of the costs and expenditures are attributable to each part of the project, the operating costs and capital expenditures shall be allocated among the parts of the project in reasonable proportions according to how much of the costs and expenditures are attributable to each part of the project.

22. If the Tenant incurs a cost arising out of a transaction that is not an arm's length transaction, the Deputy City Manager, Corporate Services shall consider only that part of the Tenant's Cost that is less than or equal to the costs that would arise from a similar market transaction.

23. For the purposes of this Protocol, one corporation is related to another corporation if,

(a) one of the corporations is controlled by the other corporation;

(b) both of the corporations are controlled by the same person or group of related persons each member of which is related to every other member of the group;

(c) each of the corporations is controlled by one person and the person who controls one of the corporations and the person who controls the other corporation are related persons;

(d) one of the corporations is controlled by one person and that person is related to any member of a group of related persons that controls the other corporation;

(e) one of the corporations is controlled by one person and that person is related to each member of an unrelated group that controls the other corporation;

(f) any member of a group of related persons that controls one of the corporations is related to each member of an unrelated group that controls the other corporation; or

(g) each member of an unrelated group that controls one of the corporations is a related person to at least one member of an unrelated group that controls the other corporation.

24.(1) The rules set out in this section apply to the Deputy City Manager, Corporate Services in making determinations relating to capital expenditures.

(2) A rent increase shall not be consented to in respect of a capital expenditure unless the work was completed during the 18-month period ending 120 days before the effective date of the first intended rent increase referred to in the application.

(3) The value of the Tenant's own labour in carrying out the work involved in the capital expenditure is equal to the amount of time spent multiplied by a rate of pay that is reasonable given the Tenant's experience in the market and skill in the type of work done but,

(a) if the amount of time spent exceeds the amount of time that would be reasonable given the Tenant's experience and skill, the latter amount of time shall be used in the calculation of the value of the Tenant's own labour;

(b) only that part of the value of the Tenant's own labour that does not exceed the amount a person in the business of doing such work would charge shall be considered; and

(c) the value of the Tenant's own labour does not include any amount with respect to the management and administration of the work involved in the capital expenditure.

(4) The cost of a leased asset is the fair market value of the leased asset at the commencement of the lease.

(5) The amount of a capital expenditure is calculated as follows:

(a) Add the following amounts:

(i) The purchase prices.

(ii) The cost of any leased assets.

(iii) The installation, renovation and construction costs.

(iv) The value of the Tenant's own labour as determined under subsection (3).

(b) Subtract from the amount determined under paragraph (a) any grant or other assistance from any level of government and any insurance, salvage, resale or trade-in proceeds related to the work undertaken or the item purchased.

(6) For each Market Rental Unit that is subject to the application, the percentage rent increase that is justified by capital expenditures shall be determined in accordance with the following rules.

(a) Determine which capital expenditures affect the unit.

(b) For each capital expenditure that affects the unit, multiply the amount of the capital expenditure determined under subsection (5) by the rent for the unit, and divide that result by the sum of the rents for all Market Rental Units in the Building that are affected by the capital expenditure.

(c) If the Deputy City Manager, Corporate Services is of the opinion that the amount determined under paragraph (b) for a capital expenditure does not reasonably reflect how the unit is affected by the capital expenditure,

(i) paragraph (b) does not apply, and

(ii) the Deputy City Manager, Corporate Services will determine an amount by another method that, in the opinion of the Deputy City Manager, Corporate Services, better reflects how the unit is affected by the capital expenditure.

(d) Add the amounts determined under paragraph (b) or (c), as the case may be, for all of the capital expenditures that affect the unit.

(e) Amortize the amount determined under paragraph (d) over the weighted useful life of the capital expenditures that affect the unit, as determined in paragraph (f), in equal monthly instalments of capital expenditure over the weighted useful life using straight-line method.

(f) The weighted useful life of all capital expenditures that affect the unit shall be determined in accordance with the following rules:

(i) For each capital expenditure that affects the unit,

A. divide the amount determined under paragraph (b) or (c), as the case may be, for the capital expenditure by the amount determined under paragraph (d), and

B. multiply the amount determined under sub-subparagraph A by the useful life of the capital expenditure, as determined under section 24.

(ii) Add the results determined under sub-subparagraph i B for all capital expenditures that affect the unit and round to the nearest full year.

(g) The amortization under paragraph (e) shall be calculated using the interest rate determined under Subsection 31(n).

(h) The percentage rent increase that is justified for the unit by capital expenditures is determined by dividing the amortized amount determined under paragraph (e) by the monthly rent for the unit, and multiplying the result by 100.

25.(1) The useful life of work done or a thing purchased will be determined from the Schedule subject to the following rules:

(a) Where the useful life set out in Column 3 of the Tables in the Schedule is less than 10 years, the useful life of work done or a thing purchased shall be deemed to be 10 years.

(b) If, when a thing is purchased, it has previously been used, the useful life of the thing shall be determined taking into account the length of time of that previous use.

(c) If the work done or thing purchased does not appear in the Schedule, the useful life of the work or thing shall be determined with reference to items with similar characteristics that do appear in the Schedule.

(d). Despite paragraphs (b) and (c), for the purposes of making a determination under this section, the useful life of work done or a thing purchased shall not be determined to be less than 10 years.

(2) If the useful life of work done or a thing purchased cannot be determined under subsection (1) because the work or thing does not appear in the Schedule and no item with similar characteristics appears in the Schedule, the useful life of the work or thing shall be what is generally accepted as the useful life of such work or thing but in no case shall the useful life be determined to be less than 10 years.

26.(1) An increase in the cost for municipal taxes and charges is extraordinary if it is greater than the Maximum plus 50 per cent of the Maximum.

(2) For the purposes of subsection (1), the Maximum is the Maximum for the calendar year in which the effective date of the first intended rent increase referred to in the application falls.

(3) Despite subsection (1), if the Maximum is less than zero, any increase in the cost for municipal taxes and charges is deemed to be extraordinary.

27.(1) The rules set out in this section apply to the Deputy City Manager, Corporate Services in making determinations related to extraordinary increases in the cost for municipal taxes and charges.

(2) The amount of the allowance for an extraordinary increase in the cost for municipal taxes and charges is calculated as follows:

(a) Adjust the reference year costs for municipal taxes and charges by the Maximum plus 50 per cent of the Maximum determined in accordance with subsection 25(2).

(b) If municipal taxes and charges for a tax year are increased as a result of an appeal of a tax assessment, add to the base year costs for municipal taxes and charges the amount of the increase resulting from the appeal.

(c) If a tax notice respecting the reference year municipal taxes and charges is issued on or after November 1 in the base year, add to the base year costs for municipal taxes and charges the amount, if any, by which the reference year municipal taxes and charges exceed the municipal taxes and charges for the year preceding the reference year.

(d) If a tax notice respecting the reference year municipal taxes and charges is issued on or after November 1 in the base year and if the reference year municipal taxes and charges are increased as a result of an appeal of a tax assessment, the amount of the increase resulting from the appeal,

(i) shall be included in determining the amount by which the reference year municipal taxes and charges exceed the municipal taxes and charges for the year preceding the reference year for the purpose of paragraph (c), and

(ii) shall not be added under paragraph (b).

(e) Subtract the reference year costs for municipal taxes and charges, as adjusted under paragraph (a), from the base year costs for municipal taxes and charges, as adjusted under paragraphs (b), (c) and (d).

(f) Multiply the amount determined in paragraph (e) by the factor determined under Section 15.

(3) Despite Section 15, if the Maximum is less than zero per cent, for the purposes of the calculations in subsection (2), the Maximum is deemed to be zero per cent.

(4) An increase in municipal taxes and charges as a result of an appeal of a tax assessment shall not be considered under subsection (2) if the application for the rent increase was filed more than 12 months after the decision on the appeal was issued.

28.(1) This section applies to the Deputy City Manager, Corporate Services when making determinations respecting operating costs related to security services.

(2) The amount of the allowance for operating costs related to security shall be calculated as follows:

(a) Subtract the operating costs for security services in the reference year from the operating costs for security services in the base year.

(b) Multiply the amount determined under paragraph (a) by the factor determined under Section 15.

(3) The Board shall exclude from the calculation under subsection (2) any operating costs for security services that are no longer being provided to the tenant at the time the application is heard.

29. The percentage rent increase above the Maximum for each Market Rental Unit that is the subject of the application shall be calculated in the following manner:

(a) Divide the amount of each allowance determined under subsection 29 (2) and section 30 by the total rents for the Market Rental Units that are subject to the application and are affected by the operating cost.

(b) If the Deputy City Manager, Corporate Services is of the opinion that the amount determined under paragraph (a) for an allowance does not reasonably reflect how the Market Rental Units that are subject to the application are affected by the operating cost to which the allowance relates,

(i) paragraph (a) does not apply in respect of the allowance, and

(ii) the Deputy City Manager, Corporate Services will determine an amount by another method that, in the opinion of the Deputy City Manager, Corporate Services, better reflects how the Market Rental Units that are subject to the application are affected by the operating cost to which the allowance relates.

(c) Determine the percentage that each allowance referred to in paragraph (a) represents of the total rents for the Market Rental Units that are subject to the application and are affected by the operating cost by multiplying each of the amounts determined under paragraph (a) or (b), as the case may be, by 100.

(d) Add together the percentages determined under paragraph (c) for each allowance referred to in paragraph (a) that relates to an operating cost that affects the Market Rental Unit.

(e) Add the percentage determined under paragraph (d) and the percentage determined under paragraph 8 of Subsection 23(6).

30.(1) Subject to section 30 of this Protocol, if the Deputy City Manager, Corporate Services consents to a rent increase for a Market Rental Unit under section 9 of this Protocol, that rent increase may only be taken within 12 months of the first intended rent increase referred to in the application for a Market Rental Unit in the Building.

(2) Subject to section 30 of this Protocol, the rent increases provided for under Section 10 of this Protocol may only be taken during the subsequent 12-month periods which begin and end on the same days of the year as the 12-month period referred to in subsection (1).

(3) Despite subsection (1), if the unit is subject to Subsection 13(b) of this Protocol, the rent charged for the Market Rental Unit shall not be increased before the date specified by the Board

under Subsection 13(b) of this Protocol, and the increase may only be taken within 12 months after that date.

(4) Despite subsection (2), if the Market Rental Unit is subject to Subsection 13(b) of this Protocol, the rent increases provided for under Section 10 of this Protocol may only be taken during the subsequent 12-month periods which begin and end on the same days of the year as the 12-month period referred to in subsection (3).

31.(1) If a consent with respect to a Market Rental Unit that increases the lawful rent is made under section 9 of this Protocol with respect to capital expenditures or operating costs for security services before the time for taking any rent increases under one or more previous consents has expired, the Tenant may annually increase the lawful rent being charged by no more than the Maximum plus 3 per cent of the previous lawful rent, until such time as no rent increase with respect to capital expenditures or operating costs related to security services consented to under section 5 of this Protocol remains to be taken.

(2) If a Tenant fails to take a rent increase in accordance with subsection (1) in any 12-month period in which the Tenant was entitled to take such a rent increase, the Tenant may not take that rent increase in any subsequent time period.

(3) If a Tenant takes a rent increase in accordance with subsection (1) that is less than the amount the Tenant was entitled to take, the Tenant may not take the amount of the rent increase which the Tenant failed to take in any subsequent time period.

(4) This section does not prevent a Tenant from increasing the rent charged by more than 3 per cent of the previous lawful rent charged with respect to an extraordinary increase in the cost for municipal taxes and charges in accordance with a consent under Section 9 of this Protocol.

Part IV – Definitions

32. For the purposes of this Protocol, the following definitions shall apply:

(a) “arm’s length” means the persons involved are not related persons;

(b) “base year” means,

(i) when determining rent increases due to an extraordinary increase in the cost for municipal taxes and charges, the last completed calendar year immediately preceding the day that is 90 days before the effective date of the first intended rent increase referred to in the application,

(ii) when determining rent increases due to operating costs related to security services, the annual accounting period of one year in length chosen by the Tenant which is most recently completed on or before the day that is 90 days before the effective date of the first intended rent increase referred to in the application, and

(iii) despite clauses (i) and (ii) above, if a consent has previously been provided with respect to the Building under Section 9 of this Protocol in which relief was granted or for operating costs related to security services, the base year shall begin and end on the same days of the year as the base year used in the previous consent;

(c) "Building" has the same meaning as in the lease between the City of Toronto and the Tenant;

(d) "capital expenditure" means an expenditure for an extraordinary or significant renovation, repair, replacement or new addition, the expected benefit of which extends for at least five years including,

(i) an expenditure with respect to a leased asset if the lease qualifies as determined under Section 32 of this Protocol, and

(ii) an expenditure that the Tenant is required to pay on work undertaken by a municipality, local board or public utility, other than work undertaken because of the Tenant's failure to do it,

but does not include,

(iii) routine or ordinary work undertaken on a regular basis or undertaken to maintain a capital asset in its operating state, such as cleaning and janitorial services, elevator servicing, general building maintenance, grounds-keeping and appliance repairs, or

(iv) work that is substantially cosmetic in nature or is designed to enhance the level of prestige or luxury offered by a unit or Building;

(e) "Consumer Price Index" means the annual average Consumer Price Index as published by Statistics Canada for the preceding year;

(f) "control" means direct or indirect ownership or control either alone or with a related person of,

(i) more than 50 per cent of the issued share capital of a corporation having full voting rights under all circumstances, or

(ii) issued and outstanding share capital of a corporation in an amount that permits or may permit the person to direct the management and policies of the corporation;

(g) "Demised Lands" has the same meaning as in the lease between the City of Toronto and the Tenant;

(h) "eligible capital expenditures" is a capital expenditure that:

(i) is necessary to protect or restore the physical integrity of the Building or part of it;

(ii) is necessary to comply with subsection 20 (1) of the *Residential Tenancies Act, 2006*;

(iii) is necessary to maintain the provision of a plumbing, heating, mechanical, electrical, ventilation or air conditioning system;

(iv) provides access for persons with disabilities;

(v) promotes energy or water conservation; or

- (vi) maintains or improves the security of the Building;
- (i) "Deputy City Manager, Corporate Services" means the Deputy City Manager, Corporate Services for the City of Toronto, and includes the Deputy City Manager's designates or successors, if any;
- (j) "elevator" means an elevator intended for use by residential tenant;
- (k) "extraordinary increase" means extraordinary increase as defined by or determined in accordance with this Protocol.
- (l) "family", in relation to a person, means,
 - (i) the person's spouse,
 - (ii) the parents or other ancestors or the children or other descendants of the person or the person's spouse,
 - (iii) the brothers and sisters of the person or the person's spouse, and the children and other descendants of those brothers and sisters,
 - (iv) the aunts and uncles of the person and the person's spouse and the children and other descendants of those aunts and uncles,
 - (v) the spouses of the person's sons and daughters;
- (m) "harmonized sales tax" means any tax imposed under Part IX of the *Excise Tax Act (Canada)*;
- (n) "incurred" means, in relation to a capital expenditure,
 - (i) the payment in full of the amount of the capital expenditure, other than a holdback withheld under the *Construction Act*,
 - (ii) if the expenditure relates to a lease, the assumption, when the lease commences, of the obligations under it, or
 - (iii) if the expenditure relates to work undertaken by a municipality, local board or public utility, when the work is completed.
- (o) "Market Rental Units" has the same meaning as in the lease between the City of Toronto and the Tenant;
- (p) "physical integrity" means the integrity of all parts of a structure, including the foundation, that support loads or that provide a weather envelope and includes, without restricting the generality of the foregoing, the integrity of,
 - (i) the roof, exterior walls, exterior doors and exterior windows,

(ii) elements contiguous with the structure that contribute to the weather envelope of the structure, and

(iii) columns, walls and floors that support loads.

(q) "reference year" means the 12-month period immediately preceding the base year.

(r) "related person", where used to indicate a relationship with any person, includes,

(i) a member of the family of such person,

(ii) an employer or employee of such person,

(iii) a partner of such person,

(iv) a trust or estate in which such person has a beneficial interest,

(v) a trust or estate in which such person serves as a trustee or in a similar capacity,

(vi) a trust or estate in which persons related to such person, as otherwise determined under this definition, have a beneficial interest,

(vii) a corporation controlled by such person,

(viii) a corporation controlled by such person and persons related to such person, or

(ix) a corporation controlled by a person related to such person;

(s) "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a residential tenant to the Tenant or the Tenant's agent for the right to occupy a Market Rental Unit and for any services and facilities and any privilege, accommodation or thing that the Tenant provides for the residential tenant in respect of the occupancy of the Market Rental Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing;

(t) "similar market transaction" means an arm's length transaction that occurs or may reasonably be expected to occur under the same or comparable terms and conditions and in the same general geographic location; and

(u) "Tenant" has the same meaning as in the lease between the City of Toronto and the Tenant.

33. For the purposes of the definition of "capital expenditure" in subsection 23(d), a lease qualifies if substantially all the risks and benefits associated with the leased asset are passed to the lessee and, when the lease commences, any one or more of the following is satisfied:

(a) the lease provides that the ownership of the asset passes to the lessee at or before the end of the term of the lease;

(b) the lease provides that the lessee has an option to purchase the asset at the end of the term of the lease at a price that is less than what the market value of the asset will be at that time;

(c) the term of the lease is at least 75 per cent of the useful life of the asset, as determined in accordance with section 24 but without regard to any part of section 24 that prevents the useful life from being determined to be less than 10 years; and/or

(d) the net present value of the minimum lease payments is at least 90 per cent of the asset's fair market value at the commencement of the lease where the net present value is determined using the interest rate determined under Subsection 31(n).

33.(1) For the purposes of this Protocol, a capital expenditure to replace a system or thing is not an eligible capital expenditure for the purposes of this Protocol if the system or thing that was replaced did not require major repair or replacement, unless the replacement of the system or thing promotes,

(a) access for persons with disabilities;

(b) energy or water conservation; or

(c) security of the Building or part of it.

(2) For the purposes of this Protocol, a capital expenditure is not an eligible capital expenditure with respect to a Market Rental Unit for the purposes of this section if a new residential tenant entered into a new tenancy agreement in respect of the Market Rental Unit and the new tenancy agreement took effect after the capital expenditure was completed.

Schedule
Useful life of work done or thing purchased

Table 1
Sitework

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Concrete fences	20
2.	Steel or chain link fences	15
3.	Metal or wrought iron fences	25
4.	Wood fences	15
5.	Dead tree removal	20
6.	ew trees	20
7.	Shrub replacement	15
8.	Sodding	10
9.	Asphalt parking lots, driveways and walkways	15
10.	Concrete parking lots, driveways and walkways	15
11.	Gravel parking lots, driveways and walkways	10
12.	Interlocking brick parking lots, driveways and walkways	20
13.	Repairs to parking lots, driveways and walkways	5

Table 2
Concrete

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Concrete curbs and patio slabs	15
2.	Concrete foundation walls	20
3.	Garage concrete floor (slab) and rebar repairs	10
4.	Concrete retaining walls	25
5.	Concrete stairs and porches	10
6.	Concrete balcony slabs	10

Table 3
Masonry

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Chimney masonry (brick, block)	20
2.	Metalbestos type chimney	15
3.	Chimney masonry repairs	15
4.	Masonry repairs, tuck pointing	15

5.	Masonry replacement	20
6.	Sandblasting	25

Table 4
Metals

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Steel balcony railings	15

Table 5
Wood and plastics

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Wood balcony railings	10
2.	Decks and porches	20
3.	Wood retaining walls	15

Table 6
Thermal and Moisture Protection

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Caulking	10
2.	Aluminium and plastic eavestrough and downpipes	15
3.	Galvanized eavestrough and downpipes	20
4.	Garage concrete floor, waterproofing membrane	15
5.	Garage concrete floor, waterproofing sealer	5
6.	Insulation	20
7.	Aluminium metal flashing	25
8.	Galvanized, painted metal flashing	15
9.	Steel, prefinished metal flashing	10
10.	Cedar shakes roof	25
11.	Clay tiles roof	25
12.	Built up roof	15
13.	Inverted four-ply roof	20
14.	Metal panels roof	25
15.	Sarnafil roof	25
16.	Single ply roof	20
17.	Slate roof	25
18.	Sloped (asphalt shingles) roof	15
19.	Roof repairs	5
20.	Asphalt shingles siding	15
21.	Cedar siding	25
22.	Cedar shakes siding	25

23.	Insulated panel, aluminium siding	25
24.	Steel siding	25
25.	Masonite siding	20
26.	Plywood siding	10
27.	Stucco siding	20
28.	Aluminium soffits and fascia	25
29.	Gypsum soffits and fascia	15
30.	Plywood soffits and fascia	20
31.	Pre-finished steel soffits and fascia	25
32.	Vinyl soffits and fascia	25
33.	Wood soffits and fascia	15
34.	Above-ground waterproofing	15

Table 7
Doors and Windows

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Aluminium storm doors and windows	15
2.	Aluminium, steel doors	20
3.	Patio doors	20
4.	Wood doors	20
5.	Garage door and operator	10
6.	Lock replacement, building	20
7.	Aluminium window framing	20
8.	Wood window framing	15

Table 8
Finishes

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Common areas carpets	10
2.	Ensuite carpets	10
3.	Asphalt flooring	10
4.	Ceramic tile flooring	10
5.	Hardwood flooring	20
6.	Linoleum flooring	10
7.	Marble flooring	25
8.	Parquet flooring	20
9.	Quarry tile flooring	10
10.	Restaining of flooring	5
11.	Rubber tiles flooring	20
12.	Sanding of flooring	5
13.	Vinyl tile flooring	10
14.	Gypsum board repairs	5

15.	Gypsum board replacement	20
16.	Marble wall panels	25
17.	Mirror panels	10
18.	Exterior painting: walls, trim, balconies	5
19.	Interior painting: common areas, ensuite	10
20.	Panelling	20
21.	Fibre suspended ceilings	15
22.	Metal suspended ceilings	25
23.	Vinyl wallcovering	10

Table 9
Specialties

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Bicycle racks	10
2.	Building, storage/service	20
3.	Recreational lockers	15
4.	Storage lockers	15
5.	Mailboxes	15
6.	Playground equipment (swings etc.)	10
7.	Satellite dish	10
8.	Sauna heaters	10
9.	Sauna walls	15
10.	Steel television antennae	15
11.	Above ground swimming pool	10
12.	Ceramic tile swimming pool	15
13.	Concrete swimming pool	20
14.	Swimming pool heater	10
15.	Swimming pool painting	5
16.	Swimming pool pump, filter	15
17.	Vinyl swimming pool	15
18.	Whirlpool, Jacuzzi	15

Table 10
Equipment

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Backhoe	10
2.	Dehumidifiers	10
3.	Commercial floor polishers	15
4.	Domestic floor polishers	5
5.	Front end loader	10
6.	Garbage bins, boxes	10
7.	Garbage compactors	15

8.	Garbage disposers	5
9.	Metal garbage huts	20
10.	Wood garbage huts	15
11.	Humidifiers	10
12.	Incinerator	15
13.	Metal scaffold	20
14.	Power lawnmower	10
15.	Snow blower	10
16.	Tractors, small	10
17.	Trucks, pick-up and delivery	10
18.	Vacuums, commercial	10

Table 11
Furnishings

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Clothes dryer	15
2.	Dishwasher	10
3.	Microwave	10
4.	Refrigerator	15
5.	Stove	15
6.	Washing machine	15
7.	Cabinets, counters: bath, kitchen	25
8.	Drapes	10
9.	Couches	10
10.	Folding chairs and tables	10
11.	Office furniture	10
12.	Pictures	15
13.	Venetian blinds	10

Table 12
Conveying Systems

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
1.	Elevators – electrical controls	15
2.	Elevators – interior wall panels	15
3.	Elevators – new installation	20
4.	Elevators – mechanical retrofit (cable system)	15

Table 13
Mechanical

Column 1 Item	Column 2 Work Done or Thing Purchased	Column 3 Useful life in years
------------------	--	----------------------------------

1.	Gas fired atmospheric boilers	15
2.	Hot water boilers	15
3.	Boiler insulation	25
4.	Boiler retubing	20
5.	Steam boilers	25
6.	Central system (air conditioning)	15
7.	Chiller	25
8.	Cooling tower	25
9.	Corridor system	15
10.	Exhaust and supply fans	20
11.	Fan coil units	20
12.	Electric, forced air furnace	25
13.	Oil, gas, forced air furnace	25
14.	Oil, gas, wall or floor furnace	20
15.	Heat exchanger	15
16.	Heat pumps	15
17.	Electric heating system	10
18.	Hot air heating system	15
19.	Hot water heating system	25
20.	Steam heating system	10
21.	Commercial hot water tanks	20
22.	Domestic hot water tanks	25
23.	Sanitary exhaust – central system	20
24.	Sanitary exhaust – individual system	15
25.	Stair pressurization fans	20
26.	Incremental air conditioner units	15
27.	Sleeve, window air conditioner units	10
28.	Culvert (metal, concrete)	25
29.	Drains, stacks (plastic)	20
30.	Lawn sprinklers (underground)	10
31.	Faucets	10
32.	Tubs, toilets, sinks	15
33.	Booster, circulating pumps	25
34.	Fire, jockey pumps	15
35.	Sump pumps	15
36.	Risers	25
37.	Sanitary system	25
38.	Septic tank and tile bed	20
39.	Storm system	25
40.	Valves, access doors, fittings, etc.	15
41.	Water softener	15
42.	Water treatment	20
43.	Wells and water system	20

Table 14
Electrical

Column 1	Column 2	Column 3
Item	Work Done or Thing Purchased	Useful life in years
1.	Electric heating cables (garage ramp)	10
2.	Emergency lighting (battery operated)	15
3.	Emergency system lighting	20
4.	Emergency system generator	25
5.	Fire extinguishers	10
6.	Fire system (alarms, smoke detectors)	15
7.	Intercom	15
8.	Exterior light fixtures	15
9.	Interior light fixtures: common areas, ensuite	10
10.	Electrical panel and distribution	15
11.	Electrical power line	25
12.	Rewiring	25
13.	Street lighting	15
14.	Surveillance system cameras	15
15.	Surveillance system monitors	15
16.	Surveillance system switchers	15
17.	Electrical switches and splitters	25
18.	Indoor electric temperature control	15
19.	Outdoor electric temperature control	15
20.	Pneumatic temperature control	20
21.	Transformer	25

SCHEDULE "F"

HERITAGE EASEMENT AGREEMENT