

CITY OF TORONTO

and

TENANT

LEASE

Address, Toronto, Ontario

THIS LEASE made as of the ____ day of _____, 2021

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 -

TENANT

(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;

"Affordable Housing" means rental housing that is operated in accordance with the terms of the Contribution Agreement;

"Applicable Fire Authorities" shall have the meaning given in Subsection 5.2.1(a);

"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;

"BCA" means an inspection and study of the Demised Premises, commonly known as a "building condition assessment", to determine the anticipated costs of major repair and replacements expected to be required, over the term of the Lease in order to maintain the Demised Premises in the condition as required under this Lease, including any update thereof from time to time and where used herein shall refer to the most recent BCA or update thereof;

"Building" means the 59 unit affordable housing rental building constructed, on behalf of the Landlord 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 are 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, elevators, 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.

"Capital Repair Cost" shall mean the total expected costs as set out in the BCA;

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

“Commencement Date” means the XX day of XXXX, 202X.

“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;

“Contribution Agreement” means the Contribution Agreement to be entered into between the Tenant and the Landlord, concurrent with the execution of this lease, with respect to the operation of the affordable housing units located on the Demised Premises and all schedules attached thereto;

“Demised Premises” means those lands described in Schedule “A” and shall include the Building and Building Systems;

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

“Environmental Laws” shall have the meaning given in Subsection 6.11(3);

“Fire Prevention Act” shall have the meaning given in Subsection 5.2.1(a);

“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 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;

“Hazardous Materials” 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.

“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;

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

"Licencee" means any Person who enters into any lease, sublease or licence or other occupancy agreement with the Tenant related to the Residential Units in any building on the Demised Premises;

"Licence Agreement" means an agreement between the Tenant and a Licensee;

"Ontario Fire Code" shall have the meaning given in Subsection 5.2.1(a);

"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;

"Plans and Specifications" means the plans and specifications prepared or to be prepared for or on behalf of the Tenant for any reconstruction, renovation and/or additions to the Building, as the case may be;

"Required Work" shall have the meaning in Section 6.9;

"Rent" means Basic Rent and Additional Rent;

"Reserve Fund" has the meaning set out in Section 6.3(2);

"Reserve Fund Account" has the meaning set out in Section 6.3(2);

"Residential Units" means the living units within the Demised Premises described in Section 3.7 below;

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

"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. Notwithstanding the foregoing, the Demised Premises will be the subject of an exemption from taxation for municipal and school purposes (municipal property taxes) for the term of the Lease in accordance with the terms of the Contribution Agreement;

“**Tenant**” means XXXXXXXXXX, its successors and permitted assigns;

“**Term**” means the period from the Commencement Date to the fiftieth (50th) anniversary of such date, less a day;

“**Toronto Fire**” shall have the meaning given in Subsection 5.2.1(a);

“**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 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);

“**Transferee**” means the Person or Persons to whom a Transfer is or is to be made;

“**TSSA**” shall have the meaning given in Subsection 5.2.2(a); and

“**Work**” shall mean any renovation or capital repair of the Building with all ancillary services thereon or connected therewith and the provision of all labour, materials, tools, machinery or equipment related thereto.

ARTICLE 2 DEMISE

Section 2.1 Demise of Demised Premises

(1) In consideration of and subject to the Rent reserved and the covenants and conditions herein contained and in the Contribution 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.

(2) 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.

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

(1) 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 \$XXX (XXXXX DOLLARS) per annum, in equal monthly installments of \$XXX (XXXXX DOLLARS), commencing DATE, for the duration of the Term.

(2) In the event that an event of default, as set out in ARTICLE 11 of this Lease, occurs which event of default 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 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 Additional Rent

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

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

(2) 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

(3) 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;

(4) all costs incurred by the Landlord with respect to the Demised Premises or any obligations of the Tenant under this Lease, including costs and expenses related to any of the Landlord's obligations under this Lease, which costs shall be provided to the Tenant by notice in writing within ninety (90) days after the expiration of each Lease Year together with reasonable details as to the breakdown and calculation of such costs, which costs shall be due within 30 days of the date of the notice in writing; and

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

Section 3.4 HST Payable

HST shall be payable on all Rent and or 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 3.5 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 3.6 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 and/or the Contribution Agreement. 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 and/or the Contribution

Agreement, as well as all costs and expenses incurred with respect to any shared facilities or reciprocal agreement affecting the demised premises.

Section 3.7 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 3.8 Waiver of Set-Off by Tenant

Except as otherwise provided for in this Lease and/or the Contribution Agreement, 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 3.9 Landlord may Pay Taxes, etc.

If the Tenant fails to pay when due any Rent and 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 Section 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
TRANSFERS**

Section 4.1 Dealings by Landlord

The Landlord shall have the right to transfer, encumber or grant any right or interest in the Lease or the Demised Premises, without notice to or consent of the Tenant, provided that the Tenant,

except as otherwise provided in this Lease, 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 in good standing under this Lease. Upon the request of the Landlord, the Tenant shall execute any acknowledgements, agreements, or certificates confirming the terms of this Lease and that the Lease is in good standing.

Section 4.2 Transfer by Tenant

Except as permitted by Section 5.1, the Tenant shall not, without the prior written consent of the Landlord, which consent may be unduly delayed and unreasonably withheld, Transfer this Lease or grant the use of the Demised Premises to any person, in whole or in part, and any such purported Transfer is void and of no effect. Any request for consent shall be accompanied by payment of the Landlord's processing fee for review of such requests, and by such information and documentation as reasonably required by the Landlord.

Section 4.3 Conditions of Transfer

(1) 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 the Contribution Agreement and except in the case of a sublease, that the Transferee will be so bound as if it had originally executed this Lease as tenant.

(2) 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.

(3) 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 Tenant or its solicitors and all associated reasonable legal costs shall be paid by the Tenant, subject to the Landlord's approval of the applicable form.

ARTICLE 5 USE

Section 5.1 Use and Management of Demised Premises

(1) The Tenant shall use, manage and operate the Demised Premises solely, continuously and actively for the sole purpose of providing Affordable Housing, together with all ancillary uses related thereto, or benefitting or contributing to the principal use, in each case, in accordance with the requirements of the Contribution Agreement and this Lease. 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 and this Lease or as otherwise consented to by the Landlord, in its sole discretion.

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

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

(4) Notwithstanding the foregoing, the Tenant shall not be in default of its obligations under this Section 5.1 to the extent that it has ceased to operate in connection with any circumstance or delay contemplated by Section 15.12 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.

Section 5.2 Observance of Law

The Tenant shall, at its sole cost and expense (except as otherwise specified in this Lease and subject always to the terms of the Contribution Agreement), promptly:

(1) 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;

(2) 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;

(3) observe and comply with any reciprocal or shared facility agreements entered into with the owner or developer of the adjoining condominium and or commercial space, including the rules set out therein;

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

(5) to 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;

(6) 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 5.2.1 Compliance with Fire Prevention Laws and Regulations

- (a) The Landlord shall, ensure that the Demised Premises is equipped with up-to-date fire protection systems in compliance with the *Building Code* (O.Reg 332/12) (the "**Ontario Building Code**") and the *Fire Code* (O.Reg. 213/07) (the "**Ontario Fire Code**"), as same may be amended from time to time, and all other laws, by-laws, rules and regulations governing same. This shall include the monthly, semi-annual, annual and five year inspections for the fire alarm, sprinkler system, standpipe, kitchen suppression, fire extinguishers, emergency lighting, engineer smoke exhaust (if applicable), generator (if applicable) and all in unit fire protection devices. The Landlord will install and maintain offsite Underwriters Laboratories of Canada compliant monitoring. All costs incurred by the Landlord pursuant to this Subsection 5.2.1(a) shall be charged to the Tenant as Additional Rent.
- (b) 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 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 Services**").
- (c) The Tenant shall work with the Landlord to comply with all Notices of Violation and/or Orders received from Toronto Fire Services, and address any and all deficiencies noted by Toronto Fire Services.
- (d) The Tenant shall repay the Landlord, forthwith and upon demand therefor, for any fines, penalties or demands for monies whatsoever which are charged to, levied against, requested or demanded of the Landlord, as a result of the conduct of the Tenant or the residential tenants. The Tenant shall be responsible for the damage caused to fire protection equipment within units by residential tenants.
- (e) The Tenant shall, at the Tenant's own cost, develop and implement a fire safety plan, approved by the Landlord, as required by the Ontario Fire Code, reviewed on an annual basis pursuant to the Ontario Fire Code.
- (f) The Tenant shall immediately notify the Landlord of any fires (or incidents that are required to be reported to Toronto Fire Services 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.
- (g) Tenant shall permit the Landlord to inspect Tenant's records relating to fire safety and compliance with the Ontario Building Code and Ontario Fire Code at any time upon forty-eight (48) hours advance notice. The Tenant shall facilitate access by the Landlord or its contractors to the Demised Premises for the purpose of this Section 5.2.1(g), at any time

upon forty-eight (48) hours advance notice (save in an emergency when no Notice shall be required). The Tenant shall be responsible for providing notice to the residential tenants, in accordance with the *Residential Tenancies Act, 2006*

Section 5.2.2 Compliance with Technical Standards and Safety Act, 2000, S.O. 2000, c.16

- (a) Without limiting the generality of Section 5.2 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 5.2.2(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 5.2.2 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 5.2.2 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 5.2.2 as though it were the legal owner of the Demised Premises.

Section 5.3 Tenant’s Covenants

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

- (1) 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;
- (2) 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
- (3) to comply with all terms and conditions set out in the Contribution Agreement.

Section 5.4 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. Without limiting the generality of the foregoing, the release from the Demised Premises of ten (10) or more balloons within a twenty-four hour period shall be considered a nuisance and Tenant shall not engage in such activity at any time.

Section 5.5 Required Provisions for Residential Lease

The Tenant shall ensure that all residential leases permit the Landlord to carry out its obligations under this Lease and, without limiting the foregoing, shall include the following clause:

"The Tenant shall purchase tenant insurance with liability limits of not less than \$1,000,000.00 per occurrence, and otherwise on commercially reasonable terms for such insurance."

ARTICLE 6 REPAIR, MAINTENANCE AND IMPROVEMENT

Section 6.1 Landlord Not Responsible

The Landlord shall not be obliged to furnish any services, maintenance, repairs or facilities to the Demised Premises, it being agreed by the Tenant that the Landlord shall not at any time during the term of this Lease be required or called upon to make any repairs in or to the Demised Premises of any nature or kind whatsoever. 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 except as set out in this Lease (including as a result of any Excluded Liability).

Section 6.2 Tenant's Obligation to Repair

(1) 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, and to the same accessibility and energy efficiency levels met by the Demised Premises on the Commencement Date, all 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 cases as would a prudent owner, on and to:

- (a) the structure of the Building including the roof and roof membrane, windows, interior concrete slab floors and exterior walls;
- (b) any capital repairs to the Demised Premises;
- (c) the Building Systems;
- (d) all components of the exterior of the Demised Premises; and,
- (e) 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.

Notwithstanding the foregoing, any repairs or replacements during the period beginning from the Commencement Date until [DATE that is two years from the substantial performance of work under construction contract], that arise from deficiencies related to the construction of the Demised Premises and which are covered under a warranty provided by the design-builder of the Demised Premises to the Landlord, shall not be the responsibility of the Tenant, to the extent that such repairs or replacements are covered by such warranty.

- (2) 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.
- (3) 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 6.3 Building Condition Assessment and Reserve Fund

- (1) The Tenant shall conduct or cause to be conducted a BCA of the Demised Premises no later than five (5) years after the Commencement Date, and thereafter, the Tenant shall conduct or cause to be conducted a BCA of the Demised Premises no later than five (5) years after the date of the previous BCA. Each BCA shall be conducted in accordance with the Landlord's standards, provided to the Landlord in a prompt and timely manner upon receipt by the Tenant, and subject to the approval of the Deputy City Manager acting reasonably.
- (2) The Tenant shall deposit in a trust account at a Canadian chartered Bank (the "**Reserve Fund Account**") an amount equal to five per cent (5%) of the aggregate annual effective gross income (including all subsidies) from the Demised Premises, including any rent supplement income and affordability payments from the Province of Ontario, the City of Toronto or any other municipality (the "**Reserve Fund**") to be deposited monthly in estimated amounts, adjusted within 60 days of the end of each Lease Year to reflect actual effective gross income from the Leased Premises for the preceding fiscal year (the "**Reserve Fund Deposit**"). The Landlord reserves the right, acting reasonably, to review the amount of the Reserve Fund Deposit with each BCA conducted and to require the Tenant to increase the amount of the Reserve Fund Deposit where the Landlord has determined in its sole discretion that the amount of the Reserve Fund Deposit is not

sufficient to establish at the end of each Lease Year the annual amount required in the most recent BCA.

- (3) The Tenant may, with the prior written approval of the Landlord, withdraw amounts from the Reserve Fund Account to fund Work (excluding routine, scheduled or preventative maintenance) in order to maintain the same in the condition required to be maintained hereunder or under the BCA. Such approval shall not be unreasonably withheld, provided the Tenant shall comply with Section 6.5, Section 6.6 and Section 6.8 hereof in connection with all such Work.
- (4) Prior to the Commencement Date, the Tenant shall provide the Landlord with evidence the Reserve Fund Account has been established in the name of the Landlord in trust for the Tenant.
- (5) In the event the Tenant fails to do any Required Work in accordance with Section 6.9 hereof, the Landlord shall be entitled to deduct the amounts from the Reserve Fund to conduct such Required Work including an administration fee of fifteen (15%) per cent.
- (6) The Tenant hereby grants to the Landlord a security interest in and lien upon, and pledges to the Landlord, all amounts in the Reserve Fund Account and all amounts at any time in or attributable to such account or successor accounts, as security for all existing and hereafter arising obligations, liabilities and indebtedness of the Tenant to the Landlord. The Landlord shall take whatever action it considers appropriate and necessary, relying upon an opinion of counsel, to protect and enforce its rights respecting the Reserve Fund Account, including completion and registration of any documents or financing statements at the expense of the Tenant in order to perfect any security interests in the Reserve Fund Account.

Section 6.4 Reserve Fund at the End of Term

All amounts in the Reserve Fund shall revert to the Landlord absolutely at the end of the Lease Term and, provided the Tenant has made all repairs to the Demised Premises in accordance with the BCA, the Landlord shall reimburse the Tenant for the cost of any repair or replacement in accordance with Section 6.7 hereof.

Section 6.5 Landlord's Approval of the Tenant's Work

- (1) The Tenant shall not initiate construction of any Work without the Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Landlord's review for consent will be limited to ensuring compliance with the terms of this Lease.
- (2) If and when approved by the Landlord, the Work shall be completed at the Tenant's sole cost and expense in accordance with Schedule B.
- (3) If the Tenant performs any Work, repairs or replacements without compliance with all of the provisions of this Section, the Landlord shall have the right to require the Tenant to remove such Work, repairs or replacements forthwith, at the Tenant's sole cost and expense, and to restore the Demised Premises to its prior condition, satisfactory to the Landlord, acting reasonably.

- (4) If at any time prior to completion of any Work, the Work ceases and has not been resumed within three (3) months of the date Work was discontinued or if the Tenant abandons the Demised Premises, then the Landlord shall have the right, upon at least ninety (90) days prior written notice given to the Tenant, to terminate this Lease, provided that in the event the Tenant recommences and thereafter is diligently proceeding with the undertaking of the work during such ninety (90) day period, the Landlord's entitlement to terminate the Lease pursuant to this provision in such instance shall be null and void.

Section 6.6 Construction Liens

(1) 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.

(2) 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.

(3) 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 Act* with respect to the construction of any work on the Demised Premises by, or on behalf of Tenant.

Section 6.7 Work in Last Three Years of Lease

Provided the Tenant has made all repairs to the Demised Premises, in a manner a prudent owner would make, during the term of this Lease, should the Tenant, be required to effect any Work 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 6.8 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. The Tenant shall be responsible for providing notice to the residential tenants, in accordance with the Residential Tenancies Act, 2006. The Tenant shall permit the City to inspect the Tenant's records relating to any maintenance, repairs, alterations, improvements, renovations and replacements to confirm compliance with this Lease, at any time upon reasonable notice.

Section 6.9 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 6.10 Environmental Matters

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) Subject to the provisions of Subsections Section 6.10 (8) and (9) 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").

(7) 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.

(8) 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.

(9) Notwithstanding the provisions of SubSection 6.10 (6), (7) and (8) in the event that:

- (a) 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
- (b) 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 or otherwise under the Contribution Agreement 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 SubsectionSection 6.10 (9), the Landlord shall bear the responsibility and liability therefor, including as it would have had at law as if Subsections Section 6.10 (6), (7) and (8) had not been included herein.

ARTICLE 7 SURRENDER

Section 7.1 Surrender

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

- (1) The Tenant agrees to peaceably surrender and yield up to the Landlord the Demised Premises in the state of repair required of the Tenant pursuant to this Lease, which 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.
- (2) The Tenant also agrees to 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.
- (3) The Tenant shall not execute any agreement with respect to the Demised Premises (including a lease or an agreement for the provision of services) which expires after the end of the Term, without the consent of the Landlord, which may be unreasonably withheld, conditioned or withheld.
- (4) 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 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.
- (5) 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 in each case placed thereon by the Tenant, other than chattels and personal property required for the use and operation of the Residential Units in compliance with the residential tenancy agreements signed with Licensees.

(6) 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 7.2 Assignment of Rights

(1) 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 located thereon which the Tenant elects not to remove in accordance with its rights under Section 7.1 above, 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.

(2) The Tenant agrees to assign all contracts and ongoing obligations, capable of being assigned to the Landlord and the Landlord agrees to assume the Tenant's rights and obligations under such contracts, provided such rights and obligations are capable of being assigned.

(3) 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 7.2(2).

Section 7.3 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 8 INDEMNITY

Section 8.1 Non-Liability of Landlord

The Landlord is not 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:

- (1) the use and occupation of the Residential Units by the Licensees;
- (2) ensuring that the Licensee's use of and conduct within the Demised Premises complies with this Lease and all applicable laws;

- (3) enforcing the provisions of any License Agreement relating to the Residential Units.
- (4) the acts of (including the negligent and wilful acts of): (i) any Person in the Demised Premises; (ii) occupants of properties adjacent to the Demised Premises; and/or (iii) the public;
- (5) 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 8.2 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:

- (1) 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;
- (2) all legal fees and disbursements incurred in connection with any appeal, pertaining in any manner to this Lease and the Demised Premises;
- (3) 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 negligence of the Landlord or those for whom the Landlord is in law responsible;
- (4) 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 negligence of the Landlord or those for whom the Landlord is in law responsible;
- (5) 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;
- (6) 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

(7) 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.

This section shall survive the termination or expiry of this Lease, any provisions in this Lease to the contrary notwithstanding.

ARTICLE 9 INSURANCE

Section 9.1 "All Risks" Property Insurance

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 maintain in the names of the Tenant, the Landlord, and (if applicable) the Mortgagee as their respective interests may appear in an amount not less than the amount equal to that which would be required to replace or repair any loss or damage (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 9.2 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 against in the names of the Tenant, the Landlord, and (if applicable) the Mortgagee as their respective interests may appear 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 9.3 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 9.4 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 9.5 Copies of Policies and Approval of Policies

The Tenant shall deliver certificates of all insurance to the Landlord forthwith.

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 9.6 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 9.7 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 9.8 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 9.9 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 9.10 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 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 9.11 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.

**ARTICLE 10
DAMAGE OR DESTRUCTION**

Section 10.1 Continuation of Rent

Subject to subsection 10.2(2) below, the partial or complete damage to or destruction of the Building shall not terminate this Lease or entitle the Tenant to any abatement of Rent.

Section 10.2 Repair and Replacement by Tenant

(1) If the Building from time to time standing on the Demised 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, 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.

(2) Provided further that, notwithstanding Section 10.2(1), if the Building is damaged or destroyed in excess of 50% of the Replacement Cost of the Building above ground, the either the Landlord or the Tenant, may within ninety (90) days of such damage or destruction, at its option, give written notice to the other Party that it wishes to terminate the Lease, in which case neither the Landlord nor the Tenant shall be obliged to repair, the Tenant shall surrender the Demised 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 in accordance with the insurance policies required under Article 9, with the City as an additional insured or loss payee. If either Party 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.

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

(4) The certificate of a quantity surveyor shall bind the Parties as to:

- (a) the percentage of the Demised Premises rendered untenable;
- (b) the date upon which the reconstruction or repair is completed and the date when the Demised Premises are rendered tenable; and
- (c) the state of completion of any repair or replacement by the Tenant.

ARTICLE 11 REMEDIES OF LANDLORD

Section 11.1 Default and Right to Re-Enter

If and whenever:

- (a) the Tenant fails to pay any Rent or other sums due hereunder within forty-five (45) 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 delinquent and then outstanding; or
- (b) the Tenant fails to observe or perform any other material terms, covenants, obligations or conditions of this Lease and the Contribution Agreement and any shared facilities or reciprocal agreement affecting the Demised Premises to be observed or performed by the Tenant, (other than those terms, covenants or conditions set out below in Subsections (d), (c), (f) (g) and (i) for which no notice is required) provided the Landlord first gives the Tenant sixty (60) days prior written notice of any such failure to perform and the Tenant fails to cure such failure within such period of sixty (60) days or such longer time as would have reasonably sufficed for the remedying of such breach or non-performance if the Tenant had commenced to remedy the same within sixty (60) days and thereafter proceeded to remedy the same within 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

(c) 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

(d) 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

(e) 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

(f) 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, other than as a result of circumstances set out in Section 15.12, any permitted renovations, construction, alteration or due to damage or destruction; or

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

(h) 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, but subject to Section 11.6, 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 11.1A Notwithstanding the foregoing and any other provision of this Lease or any right or entitlement of the Landlord at law or in equity, the Landlord acknowledges and agrees that:

(a) in the event that the Landlord is in material breach of any of its obligations in the Contribution Agreement it may not assert a default by the Tenant of its obligations under

this Lease which default may be reasonably attributable to or connected with the Landlord's failure to materially comply with its obligations under the Contribution Agreement; and

(b) in no event shall the Landlord be entitled to terminate this Lease for any default under this Lease and/or the Contribution Agreement or otherwise, save and except in the event of a breach under Section 11.1(a), (c), (d), (e) or (f) that persists beyond any applicable cure period, provided that with respect to the assertion of an event of default under subparagraph 11.1(b), such default must form part of a series of habitual, and persistent defaults by the Tenant of its non-monetary obligations under this Lease such that the Tenant is habitually and persistently over time failing to undertake the operation of an affordable housing project from the Demised Premises in the manner required under this Lease and the Contribution Agreement.

Section 11.1B In the event that the Landlord elects to terminate the Contribution Agreement in accordance with its rights therein, the Landlord must concurrently terminate this Lease and similarly, in the event that the Landlord elects to exercise its right to terminate this Lease in accordance with its rights herein, the Landlord must concurrently exercise its right to terminate the Contribution Agreement.

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.

In any events referred to in Section 11.1(e), in addition to any and all other rights, including the rights referred to in this Section and in Section 11.1(e), the full amount of the current month's instalment of Additional Rent and any other payments required to be made monthly hereunder, together with the next three months instalments for Additional Rent, all of which shall be deemed to be accruing due on a day-to-day basis, shall immediately become due and payable as accelerated Rent, and the Landlord may immediately distrain for the same, together with any arrears then unpaid.

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.

Section 11.7 Obligation to Mitigate

Whether or not the Landlord shall repossess the Demised Premises on default of the Tenant, the Landlord shall use reasonable efforts to mitigate its damages.

**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 reasonable 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.

**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 and Contribution Agreement are 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) the Party whose Approval is required will, within sixty (60) clear days after receipt of a request for Approval which request shall contain reasonable detail if the circumstances require, 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;

(b) Notwithstanding any consent or approval given by 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.

Section 14.2 Notices

(1) 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 or facsimile to the following address:

(a) to the Landlord at:

City of Toronto
Metro Hall, 55 John Street, 2nd Floor, Suite 204
Toronto, ON M5V 3C6
Attention: Deputy City Manager – Corporate Services

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

(b) to the Tenant at:

Attention:

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.

(2) 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 Gender and Number

Words importing the singular shall include the plural and vice versa. Words importing gender shall include all genders.

Section 15.2 Index and Captions

The index and the captions contained in this Lease are for reference only and in no way affect this Lease.

Section 15.3 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 15.4 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 15.5 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 15.6 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 15.7 Entire Agreement

This Lease, the Contribution Agreement, 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 15.8 Amendments

No supplement, modification, amendment, waiver or termination of this Lease shall be binding unless executed in writing by the Landlord and the Tenant.

Section 15.9 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 15.10 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 15.11 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 15.12 Excusable Delay

Except as expressly otherwise provided in this Lease:

(1) if because of an event of Force Majeure (as such term is defined in the Contribution Agreement), 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

(2) 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 15.13 Time of Essence

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

Section 15.14 Relationship of Parties

This Lease shall not 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 ventures and that the Tenant is not the agent or representative of the Landlord and has no authority to bind the Landlord.

Section 15.15 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 15.16 No Voluntary Surrender

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

Section 15.17 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, any secured or unsecured consideration provided to the Tenant by the Landlord in respect of construction of the Demised Premises (the "Sum"), 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 shall be deducted from such compensation and paid to the Landlord. In determining the amount of the Sum to be included in the amount 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 15.18 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 15.19 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 15.20 Administration of Agreement

The Tenant acknowledges that all references herein to the "Deputy City Manager - Corporate Services" shall mean the Landlord's Deputy City Manager - Corporate Services, his/her successor or designate from time to time. The Deputy City Manager - Corporate Services will administer the terms of this Lease on behalf of the Landlord. The Deputy City Manager - Corporate Services shall administer and manage the Lease including the provision of any consents, approvals, waivers, notices and notices of termination provided that the Deputy City Manager - Corporate Services may, at any time, refer consideration of such matter (including their content) to City Council for its determination and direction.

Section 15.21 Signage

- (1) The signage policy for the Demised Premises identifying the, form, type, colour, design, content and location of exterior signs identifying the Demised Premises and any material amendments thereto, together with any exterior canopies and lights, shall be subject to the prior approval of the Landlord.
- (2) Tenant shall not erect any signs other than those relating directly to the Demised Premises.
- (3) Tenant shall be responsible for the cost of all signage, canopies and lighting.

Section 15.22 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 15.23 Assignment by the Landlord

If the Landlord transfers the Demised Premises and if the transferee executes an assumption of this Lease and the Contribution Agreement, 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 15.24 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 15.25 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**"):

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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 15.26 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original and which, taken together, shall constitute one and the same instrument. Each counterpart of this Agreement, and any other document to be delivered by one or more parties under this Agreement, may be executed by electronic signature through a City-Approved Electronic Signature Platform (as defined below), or by handwritten signature delivered to the other party or parties by electronic transmission in PDF format. Any such electronic signature or handwritten signature delivered by electronic transmission shall be valid, binding and enforceable upon the party or parties so executing and/or delivering same electronically to the same extent and shall have the same legal effect as an original signature. If and when one or more parties hereto executes this Agreement by or through a City-Approved Electronic Signature Platform, then such party or parties shall, upon the request of another party hereto, be obliged to forthwith provide the requesting party with

a certificate of completion or similar certificate produced or issued by such City-Approved Electronic Signature Platform, which confirms, verifies and/or validates the electronic signature of the party or parties so executing same electronically. For the purposes of this section, "City-Approved Electronic Signature Platform" means DocuSign Inc.'s electronic signing platform or any other similar secure electronic application or platform acceptable to the City in its sole and absolute discretion and "electronic signature" and "electronic" shall have the meanings respectively ascribed to such terms in the *Electronic Commerce Act, 2000*, S.O. 2000, c. 17, as amended.

Section 15.27 Schedules

The following schedules form part of this Lease:

- Schedule A** - Legal Description
- Schedule B** - Landlord's Requirements for Tenant's Work

IN WITNESS WHEREOF the Parties have duly executed this Lease as of the date of this Lease.

CITY OF TORONTO

Authorized by xxxx Item xx, as adopted by
City of Toronto Council on xxxx.

per: _____
Name: Patrick Matozzo
Title: Executive Director,
Corporate Real Estate Management

TENANT

APPROVED AS TO FORM

.....
For Wendy Walberg
City Solicitor

File #

per: _____
Name:
Title:

per: _____
Name:
Title:

We have authority to bind the corporation.

SCHEDULE "A"

Legal Description & Permitted Encumbrances

Legal Description:

PIN 10434-0705 (LT)

PT LT 442 PL 1696 TWP OF YORK; PT LT 468 PL 1696 TWP OF YORK AS IN EY14276; LT 441 PL 1696 TWP OF YORK; LT 440 PL 1696 TWP OF YORK; LT 469 PL 1696 TWP OF YORK; LT 470 PL 1696 TWP OF YORK; LT 1 PL 4221 EAST YORK; LT 2 PL 4221 EAST YORK; LT 3 PL 4221 EAST YORK; TORONTO (E YORK) , CITY OF TORONTO

Schedule "B"

Landlord's Requirements for Tenant's Work

1. Requirements Prior to the Commencement of the Tenant's Work

(a) Submission of Plans, Drawings and Specifications to the City - Within twenty-one (21) days after the City requests them in writing, the Tenant will submit to the City for its approval, one (1) set of sepias and three (3) white prints of each of its plans and drawings (including the plans and drawings for its signs) together with the specifications for the finishing of the Premises, which plans, drawings and specifications must **(i)** be prepared by qualified architects, designers and engineers, **(ii)** conform to good engineering practice, and **(iii)** include floor plans, a reflected ceiling plan, wall elevations, store front elevation, sections, details, and sign design drawings and details duly prepared by a qualified designer or architect. The Tenant will submit for the City's approval, complete mechanical and electrical drawings, prepared by persons suitably qualified in the field acceptable to the City. Mechanical and electrical drawings must include all under-floor requirements, all special equipment connections and installations, water and sewage, heating, ventilating and air-conditioning distribution systems, sprinkler mains and runs, electrical diagrams and panel schedules. The Tenant shall be responsible for any fees incurred by the City or its consultants as a result of the City's review of the Tenant's plans, drawings and specifications.

(b) City's Approval of Tenant's Drawings and Specifications - The City will notify the Tenant either of its approval or of its disapproval of the Tenant's plans, drawings and specifications and may indicate any specific changes required by it. The Tenant will then promptly prepare and submit to the City, within fourteen (14) days following notice of the disapproval, complete drawings and specifications amended as required by the City. If the Tenant fails to submit complete drawings and specifications within the times stated in this Schedule the City may, by notice in writing, terminate the Lease, without legal proceedings and without prejudice to any of the City's other rights and remedies and all amounts paid by the Tenant to the City will be forfeited on the termination.

(c) Tenant's Insurance - Before entering on the Premises for any purpose, the Tenant will provide the City with a certificate of insurance, duly executed by the Tenant's insurers, evidencing that the insurance required to be placed by the Tenant pursuant to the Lease is in force.

(d) Tenant's Contractors - The Tenant will employ a general contractor acceptable to the City, acting reasonably, who will be responsible for all construction within the Premises, including the contracting and co-ordination of all trades. For clarity, the Parties agree that it is reasonable for the City to consider compliance with applicable City policies and construction labour obligations in determining whether a general contractor is acceptable. All work on or in respect of the Premises will be performed by such persons as are professionally and technically qualified, careful, skilled and experienced in the duties required of them to perform the work properly, competently and in professional manner to the appropriate highest standards.

(e) Workplace Safety and Insurance Act Clearances - The Tenant will provide to the City prior to commencing any work in respect of the Premises, a current clearance certificate issued pursuant to the Workplace Safety and Insurance Act, 1997 (Ontario) in respect of the contractor and every sub-contractor which the Tenant proposes to employ or to permit to do work in respect of the Premises and the Tenant will not permit any contractor or sub-contractors to do work in respect of the Premises except for those for which the clearance certificate has been provided.

(f) Tenant's Permits - The Tenant will provide evidence satisfactory to the City prior to commencing any work in respect of the Premises that the Tenant has obtained at its expense, all necessary consents, permits, licenses and inspections from all governmental and regulatory authorities having jurisdiction and will post permits when required by law. Should the Tenant fail to obtain any required consent, permit, license, inspection or certificate, the City may, but will not be obligated to, obtain it on behalf of the Tenant at the Tenant's expense.

(g) Letter of Credit - Prior to commencing construction of any Tenant's Work with a value of \$500,000.00 or greater, if requested by the City, the Tenant shall provide to the City a letter of credit in a form satisfactory to the Chief Financial Officer of the City and the City Solicitor in the amount sufficient to secure all such work, as estimated by the Chief Financial Officer on the basis that the City will complete all such work, plus a 10% supervision fee, which letter of credit shall be cancelled the first day of the month next following the expiration of the construction lien period immediately following Completion of the Tenant's Work. The letter of credit may be drawn upon in the event of a default by the Tenant in its obligations in respect of the Tenant's Work.

2. Requirements With Respect to Performance of the Tenant's Work

(a) Compliance with Laws, Insurers' and City's Requirements - All Tenant's Work will comply with all applicable laws, Building codes, permits and approvals for the work and will comply also with the requirements of the City. If the Tenant is in default of this obligation and does not correct the default within the time period required by the authority or insurer, the City may (but will not be obligated to) cure the default and all charges and costs incurred by the City will be paid to the City by the Tenant together with an administrative fee equal to fifteen percent (15%) of those charges and costs, as Additional Rent forthwith on demand.

(b) Compliance with the Tenant's Drawings and Specifications - The Tenant will, immediately after satisfying all the requirements of Section 1 herein but not before, proceed to complete the Tenant's Work in a good and workmanlike manner using new materials, the whole of which is to be to the City's satisfaction and in conformity with the plans, drawings and specifications approved by the City. Mediocre or inferior materials or workmanship will be replaced by the Tenant at its expense by materials or workmanship of first class quality, to the City's satisfaction. One set of the plans, drawings and specifications with the City's consent endorsed on them will remain on the Premises at all times when the Tenant's Work is being performed.

(c) Compliance with the City's Requirements - The Tenant will itself and will also cause its contractors to: **(i)** abide by all safety regulations, **(ii)** provide adequate fire protection including, without limitation, fire extinguishers, **(iii)** deliver and store materials and tools as may be directed by the City, **(iv)** stop immediately, if requested by the City, any work which, in the opinion of the City, by reason of public hazard, noise or otherwise, is likely to affect the normal operation of the Premises or any part of it, and **(v)** abide by all the rules and regulations and requirements established by the City from time to time relative to the construction of the Premises, including, without limitation, the City's Fair Wage Policy and Labour Trades Contractual Obligations in the Construction Industry, as applicable, which are subject to amendments and change from time to time. The Tenant shall provide such evidence of compliance as the City may reasonably request from time to time. The Tenant shall contact the City's Fair Wage Office prior to commencement of any construction, obtain copies of current policies and applicable information for the purpose of pre-qualifying proposed contractors, as determined by and in accordance with the then-current usual practices for the City's Fair Wage Office and obligations to the City. The Tenant hereby covenants that it shall adhere to and comply with all collective agreements in the construction industry (under the Labour Relations Act) to which the City is bound (or becomes bound prior to the commencement of any construction). The Tenant further acknowledges that any violations of any collective agreement may result in grievances being filed against the City and/or applications being made to the Labour Relations Board. The Tenant agrees to indemnify the City for any costs, damages, losses, awards, settlements and/or legal expenses associated with any violations of any collective agreements to which the City is bound in the construction industry as a result of a breach by the Tenant of its obligations in this Section, including without limitation, negotiated settlements resulting in payment by the City or any awards against the City resulting from a grievance filed against the City with respect to a breach of any of the collective agreements to which the City is bound in the construction industry. The Tenant shall pay any such award, settlement, loss and other costs and damages, incurred by the City, within fifteen (15) Business Days of receipt of demand therefore from the City. The Tenant shall be permitted to attend the mediation and/or hearing of any grievance subject to an order to the contrary by an arbitrator or the Ontario Labour Relations Board hearing the grievance referral, jurisdictional dispute, sector dispute or any other form of proceeding before the Ontario Labour Relations Board. For grievances or other disputes under the Labour Relations Act that are

settled by the City prior to or at any point during any grievance or grievance arbitration or referral hearing or other proceeding, the City shall engage and consult with the Tenant as to the financial terms of settlement, but final determination as to whether a matter is to be settled and the terms of settlement shall remain with the City. All amounts payable by the Tenant under this Section shall be Additional Rent.

(d) Testing of the Tenant's Systems - The Tenant will test all plumbing, gas or fire protection and electrical systems within five (5) days of the installation and give two days' prior written notice to the City that the test will take place. The City will have the right to be present in the Premises when the test is performed. The Tenant will be responsible for any damage caused as a result of the performance of the test. Following completion of any testing, the Tenant will provide the City with a copy of the test results and a final certificate or certificates of approval.

(e) Disposal of Waste/Restoration of Lands - The Tenant shall from time to time, and upon Completion of any work, dispose of all waste, refuse and excess soil off site, restore the Lands to its original condition including relocating trees where feasible, and restore grades in accordance of final approved plans, all to the satisfaction of the DCM.

3. Requirements After the Performance of the Tenant's Work

(a) Tenant's Declaration - The Tenant will provide the City, within 60 days after the opening of the Premises for business, with a statutory declaration (the "Declaration"):

(i) stating that the Tenant's Work has been performed in accordance with all of the provisions of this Schedule and that all deficiencies (if any) which the City has brought to the Tenant's attention have been corrected;

(ii) stating that there are no construction, builders, workers', workers compensation or other liens and encumbrances affecting the Premises with respect to work, services or materials relating to the Tenant's Work and that all accounts for work, services and materials have been paid in full with respect to all of the Tenant's Work;

(iii) listing each contractor and sub-contractor who did work or provided materials in connection with the Tenant's Work;

(iv) confirming the date upon which the last such work was performed and materials were supplied; and

(v) confirming as correct, an itemized list showing the actual cost of all improvements including, without limitation, sprinklers, washrooms, or any other special facilities.

(b) Final Workplace Safety and Insurance Act Clearances - The Tenant will also furnish to the City, within 60 days after the opening of the Premises for business, a clearance certificate issued under the Workplace Safety and Insurance Act, 1997 (Ontario) in respect of each contractor and sub-contractor listed on the Declaration.

(c) Occupancy Permit - The Tenant will obtain and provide to the City a copy of every occupancy and other permit that may be required from any governmental or other regulatory authority having jurisdiction, to permit the Tenant to open for business.