

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

CHRISCWE HOLDINGS INC.

Plaintiff

- and -

OASIS GLOBAL INC. and JOHN MARK RIVERS,
Also Known as MARK RIVERS

Defendants

SUPPLEMENTARY REPORT TO THE FIRST REPORT OF THE RECEIVER

AUGUST 2, 2023

Further to the Receiver's First Report, dated July 18, 2023, which has been filed with the Court, the Receiver now reports as follows:

1. On July 24, 2023, the Receiver requested that it be provided with specific documents pertaining to financial information and financing applications on behalf of 283 and Mill Valley. In addition, the Receiver sent a follow-up request regarding information that was yet to be provided to the Receiver regarding Oasis, including but not limited to, specific details of government remittance accounts. A copy of this email is attached hereto as **Appendix "A"**.
2. Mr. Rivers responded by sending bank statements for 283, reflecting the Company's banking activity from January 2022, to date. Based on the Receiver's review of these bank statements, there is not sufficient information reflected therein for the Receiver to opine on the operations of 283. As well, Mr. Rivers responded that there is no additional information to be provided regarding 283 as the books are now in the process of being set up. A copy of this email is attached hereto as **Appendix "B"**.

3. On July 25, 2023, the Receiver requested that it be provided with any and all of the information that will be used for the purpose of bringing 283's books up to date. As well, the Receiver requested to be provided with general information regarding 283. A copy of this email is attached hereto as **Appendix "C"**.
4. On July 26, 2023, Mr. Rivers responded that the Receiver has already been provided with everything regarding 283. A copy of this email is attached hereto as **Appendix "D"**.
5. On July 27, 2023, Mr. Feiner, on behalf of the Defendants', wrote to the Receiver and took the position that the information that the Receiver is requesting to be provided with respect to 283 is beyond the scope of the Receivership Order. A copy of this email is attached hereto as **Appendix "E"**.
6. Given the conflicting responses from Mr. Rivers and Mr. Feiner, it is unclear to the Receiver how to proceed regarding its mandate specifically with respect to 2(a) of the Receivership Order and 7(d)(i) of Justice Kimmel's Endorsement of July 20, 2023.
7. On July 31, 2023, the Receiver sent a follow-up email to Mr. Rivers requesting that it be provided with the information as requested on July 25, 2023. Mr. Rivers responded to refer to Mr. Feiner's email of July 27. A copy of this email is attached hereto as **Appendix "F"**.
8. As well, on July 31, 2023, the Receiver requested that it be provided with specific information regarding the current warranty status between Segay Powersports and each of Oasis and 283.
9. The Receiver notes that it discussed with Mr. Rivers regarding his personal statement of affairs. Mr. Rivers claims that there are two bank accounts in his name. That is, an account at RBC with approximately \$500, and an account at TD with less than \$500. He owns no investments or assets, with the exception of his personal residence located at s 101 Rolph Road, R.R. 2, Baltimore, Ontario. As well, he mentioned that there is an automobile that is in his name, that is included as part of Oasis' balance sheet.
10. Regarding Mr. Rivers' personal income and expenses, the income amount provided was consistent with the amount that was reported in the Receiver's First Report (\$30,000 per month from Oasis). There is nothing unusual to report regarding Mr. Rivers' personal monthly expenses. As well, Mr. Rivers provided his personal income tax returns to the Receiver for the years 2020 to 2022.

11. Further to the Receiver's First Report, specifically Paragraph 37, Mr. Rivers provided the Receiver with the lease agreement between himself and Mill Valley, dated December 15, 2014, which is attached hereto as **Appendix "G"**.
12. As of the date of this report, Oasis has yet to provide the Receiver with details regarding government payroll tax remittance accounts and HST. Specifically, the Receiver has requested documents such as Notices of Assessments or Statement of Accounts from CRA, which can be easily forwarded to the Receiver by the Company. The Receiver is concerned with respect to Oasis' delay in delivering to it the requested information.
13. The Receiver has also requested online viewing access *via* CRA Represent a Client. The Company has neglected to provide this information to the Receiver.
14. Also as discussed in the Receiver's First Report, Oasis has yet to provide cash flow projections and viewing online access to the Company's bank accounts, which the Receiver has requested for the purpose of monitoring the Company's operations.

All of which is respectfully submitted this 2nd day of August 2023.

CROWE SOBERMAN INC.

**IN ITS CAPACITY AS COURT APPOINTED INTERIM NON-POSSESSORY RECEIVER OF
OASIS GLOBAL INC. and JOHN MARK RIVERS**

A handwritten signature in black ink, appearing to be the initials 'JR' or similar, written in a cursive style.

APPENDIX

‘A’

Daniel Posner

From: Daniel Posner
Sent: July 24, 2023 11:17 AM
To: 'Mark Rivers'
Cc: Hans Rizarri; Wanda Lee
Subject: 2833713 Ontario Inc. ("283") and Mill Valley and Mark Rivers personal
Attachments: Mark Rivers 2020 T1 Client Copy.pdf; Income & Expenses.pdf

Good morning Mark,

Given Justice Kimmel's comments at the July 20 court hearing, all are in agreement that the Receiver is entitled to the following:

283

1. All financing or proposed financing from TD or any other financial institution in favor of 283
2. All issued financial statements for 283
3. All internal financial statements for 283
4. General Ledgers for the fiscal years of 2021 and 2022, and for the period January 1, 2023 to date
5. Current Trial balance
6. Current aging of accounts receivable
7. Current aging of accounts payable
8. Details of CRA balances including:
 - a. Recent Notices of Assessments for RP, RT, RC, and RM accounts
 - b. Current balance owing for each account
 - c. Details of payments made towards any of the accounts after December 31, 2022
 - d. Viewing online access to represent a client

Mill Valley

1. All issued financial statements for Mill Valley from the fiscal year 2021 and onwards
2. All internal financial statements for Mill Valley from the fiscal year 2021 and onwards
3. General Ledgers for the fiscal years of 2021 and 2022, and for the period January 1, 2023 to date
4. Current Trial balance
5. Current aging of accounts receivable
6. Current aging of accounts payable
7. Details of CRA balances including:
 - a. Recent Notices of Assessments for RP, RT, RC, and RM accounts
 - b. Current balance owing for each account
 - c. Details of payments made towards any of the accounts after December 31, 2022
 - d. Viewing online access to represent a client

Oasis

We still require the following:

1. Viewing access of the Company's bank account(s)
2. Aging of Accounts Payable
3. Details of CRA balances including:

- a. Recent Notices of Assessments for RP, RT, RC, and RM accounts
 - b. Current balance owing for each account
 - c. Details of payments made towards any of the accounts after December 31, 2022
 - d. Viewing online access to represent a client
4. Updated general ledger for the period January 1, 2023 to date (we note that we received GL's through to approximately June 20, 2023).
 5. A meeting with external accountants at MNP
 6. Cash flow projections as discussed

Mark Rivers Personal

1. The attached document provided (2020 T1) is password protected.
2. Please complete and return the attached Income & Expenses Form. Let me know if you need assistance completing this and I will walk you through it.
3. RBC Bank Balance and most recent statement of account (approximately \$500K, as discussed)
4. TD bank statements for last 12 months (we acknowledge your email that mentioned that this can take some time)

Please assist with the above as soon as possible.

As discussed in the past, it is acceptable to the Receiver if you were to provide these documents/information on a piecemeal basis.

Thank you,

Daniel Posner, CPA, CBV, CIRP
Manager, Corporate Recovery and Turnaround

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Licensed Insolvency Trustee

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APPENDIX

‘B’

Daniel Posner

From: Mark Rivers <mrivers@hoosier-offroad.com>
Sent: July 24, 2023 12:58 PM
To: Daniel Posner
Cc: Jeffrey Feiner
Subject: FW: 2833713 Ontario Inc. Statements
Attachments: June Statement.pdf; May Statement.pdf; Statement - 2023-07-24T112605.830.pdf; Statement - 2023-07-24T112616.284.pdf; Statement - 2023-07-24T112626.782.pdf; Statement - 2023-07-24T112634.870.pdf; Statement - 2023-07-24T112642.902.pdf; Statement - 2023-07-24T112650.746.pdf; Statement - 2023-07-24T112658.964.pdf; Statement - 2023-07-24T112706.731.pdf; Statement - 2023-07-24T112759.032.pdf; Statement - 2023-07-24T112814.524.pdf; Statement - 2023-07-24T112833.757.pdf; Statement - 2023-07-24T112840.463.pdf; Statement - 2023-07-24T112849.903.pdf; Statement - 2023-07-24T112857.812.pdf; Statement - 2023-07-24T112905.800.pdf; Statement - 2023-07-24T112913.787.pdf; Statement - 2023-07-24T112921.496.pdf; Statement - 2023-07-24T112931.794.pdf; Statement - 2023-07-24T113007.310.pdf; Statement - 2023-07-24T113017.199.pdf; Statement - 2023-07-24T113024.957.pdf; Statement - 2023-07-24T113032.509.pdf; Statement - 2023-07-24T113042.648.pdf; Statement - 2023-07-24T113051.035.pdf; Statement - 2023-07-24T113058.643.pdf; Statement - 2023-07-24T113112.521.pdf; Statement - 2023-07-24T113122.960.pdf; Statement - 2023-07-24T113131.960.pdf; Statement - 2023-07-24T113215.340.pdf; Statement - 2023-07-24T113228.661.pdf; Statement - 2023-07-24T113242.769.pdf; Statement - 2023-07-24T113254.103.pdf; Statement - 2023-07-24T113302.777.pdf; Statement - 2023-07-24T113314.663.pdf; Statement - 2023-07-24T113322.327.pdf; Statement - 2023-07-24T113329.681.pdf

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Daniel here are the 283 bank statements since its inception

As I have shared with you we have only ever taken one payment from Oasis last year for 150k which all ended up going back into Oasis to pay for the dealer conference

There was 100k paid by draft to Deerhurst

17k was paid to our AV supplier

5 k was a payment on the Canadian Tire credit card for expenses and supplies also related to the conference and Oasis operations

As was the balance of the 145k as you can see the 5k left remaining was consumer with banking fees

There is no additional information on 283 as the books are just now in the process of being set up as everything has gone through or stayed in Oasis the focus is and has always been to ensure Oasis is healthy and able to support its growth

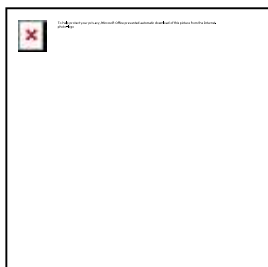
The only reference to funding relating to 283 is in the TD term sheet where it is required as a guarantee there is no other efforts specific to 283

We are very thin staffed and are in the process of engaging a firm to set the books up for 283.

So the bank statements are everything we have relating to 283

Hope this is helpful

We are working on the CRA access – honestly with Wanda away am not sure how to do that



J Mark D Rivers

Chief Executive Officer, Oasis Global Inc.
Segway Powersports Canada · Roost Factory · Hoosier Offroad

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a: 101 Rolph Road, Baltimore, ON, K0K 1C0
w: www.segwaypowersports.ca
W2: www.hoosier-offroad.com
e: mrivers@hoosier-offroad.com

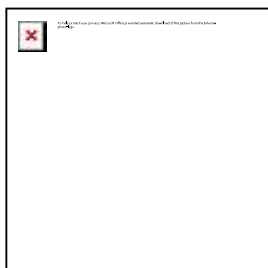


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From: Linda Rivers <LRivers@hoosier-offroad.com>
Sent: Monday, July 24, 2023 11:36 AM
To: Mark Rivers <mrivers@hoosier-offroad.com>
Subject: 2833713 Ontario Inc. Statements

Hi Lovey,
Please see attached.
Notes:

The TD account was opened April 27, 2023 hence the 2 statements (May and June).
Thank you,
Linda



Linda Rivers

Vice President
Segway Powersports Canada · Roost Factory · Hoosier Offroad

p: [1.866.743.9131](tel:1.866.743.9131) x 502
a: 101 Rolph Road, Baltimore, ON, K0K 1C0
w: www.segwaypowersports.ca e: lrivers@hoosier-offroad.com

APPENDIX

‘C’

Daniel Posner

From: Daniel Posner
Sent: July 25, 2023 1:16 PM
To: Mark Rivers
Cc: Hans Rizarri; Wanda Lee; Jeffrey E. Feiner
Subject: 2833713 Ontario Inc. ("283")

Hi Mark,

Thank you for your email regarding the current status of the books and records of 283.

Please provide/assist with the following:

1. any and all of the information that you would be providing to the bookkeeper for the purpose of bringing the books and records up to date. The Receiver can attend at your premises or wherever this information is being held, today or tomorrow;
2. What other business does 283 conduct?
3. What is the general purpose of 283?
4. How does 283 benefit Oasis and its stakeholders?
5. Please provide a list/details of 283's assets and liabilities;
6. Please provide a list of all the employees or workers of 283;
7. Please provide 283's CRA number; and correspondence/notices from CRA;
8. What was the initial date of contact with the Segway Manufacturer with respect to both Oasis and 283;
9. Please provide all the correspondence with the Segway Manufacturer with respect to both Oasis and 283;
10. Please provide all correspondence to and from each of the Canadian Dealers with respect to both Oasis and 283.

Thank you,

Daniel Posner, CPA, CBV, CIRP
Manager, Corporate Recovery and Turnaround

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Licensed Insolvency Trustee

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APPENDIX

‘D’

Daniel Posner

From: Mark Rivers <mrivers@hoosier-offroad.com>
Sent: July 26, 2023 1:40 PM
To: Daniel Posner
Cc: Jeffrey Feiner
Subject: FW: Scans
Attachments: Accountstatement.pdf; Accountactivity.pdf

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Hi Daniel here are my personal bank accounts

Both RBC and TD

I am working on everything else that you have asked for re Oasis and my personal affairs

You have everything regarding 283

When Wanda returns getting the books properly set up and ensuring the correct accounting for time and costs etc will be restarted.

We have a 2nd accounting firm on standby ready to support this as with MNP I want external accounting and bookkeeping done by a 3rd party firm to ensure that we have that accountability.

Jeff will be responding re Mill Valley and he will be also sending along the lease between myself and Mill Valley Properties this was initially written in 2014 – we were able to recover the data on the old laptop expect to see that shortly

I have a call with Ty tomorrow to discuss how to give you CRA viewing access without Wanda here I am truly a bit out of my depth here so I need some help to get you this

As I advised a week or so ago prior to the case conference I had spoken with Ty and advised when he was back in town - Ty is now back and is available for a call. Please advise and I will proceed with setting that up

Please advise if I am missing anything

Jeff will be responding re the Mill Valley information requests

Thanks

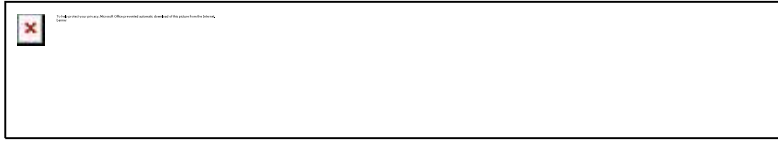
Mark



J Mark D Rivers

Chief Executive Officer, Oasis Global Inc.
Segway Powersports Canada · Roost Factory · Hoosier Offroad

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W2: www.hoosier-offroad.com
e: mrivers@hoosier-offroad.com



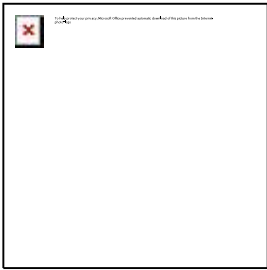
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From: Diana Arhin <DArhin@hoosier-offroad.com>
Sent: Wednesday, July 26, 2023 12:55 PM
To: Mark Rivers <mrivers@hoosier-offroad.com>
Subject: Scans

Hey Mark,

Please see attached.

Thanks,



Diana Arhin

Rider Support, Oasis Global Inc.
Segway Canada · Roost Factory · Hoosier Offroad

p: [289.677.4657](tel:289.677.4657)
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APPENDIX

'E'

Daniel Posner

From: Jeffrey E. Feiner <jfeiner@cormanfeiner.com>
Sent: July 27, 2023 8:10 AM
To: Gary Caplan; Daniel Posner
Cc: Mark Rivers; Ryan Chan; Nico Willemsen
Subject: Re: Scans

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Good morning.

I have reviewed the questions provided to Mr. Rivers. These appear to be beyond the scope of the interim receivership order. Moreover, they appear more akin to questions that are relevant to the ongoing litigation involving 283.

My clients will comply with their obligations under the Order, including providing documents involving 283 which are technically not covered by the order. This is because those documents will be disclosed anyway through the discovery process.

I must respectfully draw the line at written questions going to the heart of the litigation with 283. These exceed the mandate of the interim receiver. In any event, the pleadings generated by 283 provides a good summary of these issues.

Such questions should proceed through the discovery process. I note that I had already proposed a schedule for the next steps involving the litigation involving 283, but received no response.

Finally, I thank you in advance for your patience as Mr. Rivers and his staff respond to the various document requests. These requests take time, particularly with a small staff that is tasked with running the business.

Best regards,

Jeffrey E. Feiner

Partner

Direct: 416 725 2882

CORMAN  **FEINER**

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From: Daniel Posner <Daniel.Posner@CroweSoberman.com>
Sent: Wednesday, July 26, 2023 1:49 PM
To: Mark Rivers <mrivers@hoosier-offroad.com>
Cc: Jeffrey E. Feiner <jfeiner@cormanfeiner.com>
Subject: RE: Scans

Hi Mark,

Please respond directly to the questions that were sent to you yesterday.

It was a list of 10 items that were sent at approximately 116pm.

Thanks,

Daniel Posner, CPA, CBV, CIRP
Manager, Corporate Recovery and Turnaround

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From: Mark Rivers <mrivers@hoosier-offroad.com>
Sent: Wednesday, July 26, 2023 1:40 PM
To: Daniel Posner <Daniel.Posner@CroweSoberman.com>
Cc: Jeffrey Feiner <jfeiner@cormanfeiner.com>
Subject: FW: Scans

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Hi Daniel here are my personal bank accounts

APPENDIX

‘F’

Daniel Posner

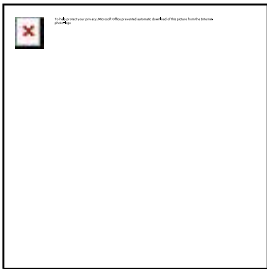
From: Mark Rivers <mrivers@hoosier-offroad.com>
Sent: July 31, 2023 5:34 PM
To: Daniel Posner
Cc: Hans Rizarri; Wanda Lee; Jeffrey E. Feiner
Subject: RE: 2833713 Ontario Inc. ("283")
Attachments: Statement Of Account_Jul312023_052958.pdf

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Today's statement of account

I thought that Jeff had responded to this

I have sent you all the bank statements that confirm that there is no other business going on and that there has been no dissipation of funds literally any funds everything has been allocated to ensuring that Oasis is healthy and able to fulfill its obligations.



J Mark D Rivers

Chief Executive Officer, Oasis Global Inc.
Segway Powersports Canada · Roost Factory · Hoosier Offroad

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W2: www.hoosier-offroad.com
e: mrivers@hoosier-offroad.com



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From: Daniel Posner <Daniel.Posner@CroweSoberman.com>
Sent: Monday, July 31, 2023 4:58 PM
To: Mark Rivers <mrivers@hoosier-offroad.com>
Cc: Hans Rizarri <Hans.Rizarri@CroweSoberman.com>; Wanda Lee <WLee@hoosier-offroad.com>; Jeffrey E. Feiner <jfeiner@cormanfeiner.com>
Subject: RE: 2833713 Ontario Inc. ("283")

Hi Mark,

Just a reminder to follow up with my email from July 25, **below**.

Thank you,

Daniel Posner, CPA, CBV, CIRP
Manager, Corporate Recovery and Turnaround

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From: Daniel Posner

Sent: Tuesday, July 25, 2023 4:04 PM

To: Mark Rivers <mrivers@hoosier-offroad.com>

Cc: Hans Rizarri <Hans.Rizarri@CroweSoberman.com>; Wanda Lee <WLee@hoosier-offroad.com>; Jeffrey E. Feiner <jfeiner@cormanfeiner.com>

Subject: RE: 2833713 Ontario Inc. ("283")

Hi Mark,

Further to our call from this afternoon, you mentioned that you would consult with Mr. Feiner with respect to providing the documents/information as requested below.

Thank you,

Daniel Posner, CPA, CBV, CIRP
Manager, Corporate Recovery and Turnaround

Crowe Soberman Inc.
Licensed Insolvency Trustee

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APPENDIX

‘G’

THIS LEASE made as of the 15th day of December, 2014.

B E T W E E N:

MARK RIVERS, an individual residing in the Village of Baltimore, In the Province of Ontario

(the "Landlord")

- and -

MILL VALLEY PRIVATE RESERVE LP, a limited partnership formed in accordance with the *Limited Partnership Act* (Ontario)

(the "Tenant")

ARTICLE I

INTERPRETATION

Section 1.01 Definitions

In this Lease:

"Additional Rent" means any and all sums of money or charges required to be paid by the Tenant under this Lease (except Basic Rent) whether or not the same are designated "Additional Rent" or whether or not the same are payable to the Landlord or otherwise. All Additional Rent shall be treated as rent, shall be payable and recoverable as rent and shall be payable in lawful money of Canada without deduction, abatement, set-off or compensation whatsoever.

"Basic Rent" means the rent payable by the Tenant pursuant to Section 3.02 Basic Rent.

"Business" has the meaning ascribed to it in Section 8.01 Use.

"Business Day" means a day other than a Saturday, Sunday or any day on which the principal commercial banks located at Toronto, Ontario are not open for business during normal banking hours.

"Business Taxes" has the meaning ascribed thereto in Section 4.03 Business Taxes.

"Commencement Date" means the date on which the Term commences as set out in Section 2.02 Term.

"Costs of Operation" means, without duplication, all costs and expenses incurred by or on behalf of the Landlord and amounts paid by or on behalf of the Landlord with respect to and for the owning, insuring, promoting, equipping, supervising, servicing, policing, protecting, managing, administering, operating, maintaining, repairing, rebuilding, refurbishing and replacing of Leased Premises and without limiting the generality of the foregoing shall include the cost of goods and services supplied and used or incurred directly in the operation and maintenance of the Leased Premises, the cost of insurance as set out in Section 10.06 Landlord's Insurance, all costs in respect of any heating, ventilating and air conditioning or other equipment and fuel, energy and other costs of providing heat, ventilation and air conditioning, the cost of providing hot and cold water, the cost of electricity, depreciation or amortization (in accordance with Canadian generally accepted accounting principles) of all capital costs, expenses, repairs or replacements including maintenance equipment which by

nature requires periodic replacement such as heating, ventilating and air conditioning equipment (whether such costs were incurred during or before the commencement of the Term), lighting, garbage removal, pest control, landscaping, window cleaning, paving and re-paving of cemented areas, such as driveways, maintenance of gravel walkways and driveways, roof repairs, security, snow and ice removal, the cost of non-capital repairs and improvements (except costs, expenses, repairs or replacements to the extent necessitated by inherent or structural defects or weaknesses, improper materials or workmanship or faulty constructor or design, all of which shall be included in Costs of Operations) and the Landlord's management fee of fifteen percent (15%) of the Costs of Operation; provided, however, that notwithstanding the foregoing, Costs of Operation shall exclude the following:

- (a) any undepreciated or unamortized costs, expenses, repairs or replacements which are considered to be capital expenses in accordance with generally accepted accounting principles;
- (b) any income taxes or any other taxes personal to the Landlord;
- (c) costs for which the Landlord is reimbursed by insurance proceeds or by other tenants of the Leased Premises; and
- (d) any payments of principal and interest to be made on any Mortgage.

"Health Emergency" mean a situation in which the Landlord determines, based on advice from a medical professional, or a directive, bulletin, notice or other form of communication from a public health official, police, or other Governmental Authority, that anyone in the Leased Premises is or may be exposed in or at the Leased Premises to imminent danger from any diseases, viruses or other biological or physical agents that may in any way be detrimental to human health, including acts or threats of violence from animals or individuals on the Leased Premises.

"Lands" means those lands situate at 101 Rolph Rd., in the Village of Baltimore, in Northumberland County, in the Province of Ontario, more particularly described in SCHEDULE "A" attached hereto, and the buildings situated thereon including all improvements, equipment, facilities, installations, systems and services which serve or are for the benefit of the Lands together with any additions, deletions, alterations and improvements made thereto from time to time. The Landlord may, from time to time, at its sole discretion, amend the Land, including, without limitation, its description or area.

"Leased Premises" means those premises located at 101 Rolph Rd., in the Village of Baltimore, in Northumberland County, in the Province of Ontario, as outlined in red on SCHEDULE "B" attached hereto which contain an estimated Rentable Area of 331.531 acres, and such areas outlined in blue on SCHEDULE "B" attached hereto shall be excluded from the Leased Premises.

"Leasehold Improvements" means all fixtures (other than Trade Fixtures), improvements, installations, alterations and additions from time to time made, erected or installed in the Leased Premises, whether by the Landlord or by the Tenant and whether before or after the Commencement Date, including all interior walls, partitions and doors, all floors and all affixed floor and wall coverings, ceilings and all lighting fixtures and all climate control, electrical, water, gas, sewage, telephone and other equipment, facilities and systems installed or located within the Leased Premises.

"Licence" has the meaning ascribed to it in Section 17.04 Grant of Licence.

"Management Company" means Mill Valley Properties Inc., a company designated by the Landlord for the purpose of managing, operating, and maintaining the Leased Premises, on behalf of the Tenant, in accordance with the terms of this Lease, and

operating the Business, which is more particularly described herein this Lease.

"Mortgage" means any and all mortgages, charges, debentures, security agreements, trust deeds, hypothecs or like instruments, including by way of assignment or sublease, resulting from financing, refinancing or collateral financing (including renewals, modifications, consolidations, replacements and extensions thereof) from time to time affecting the Landlord's interest in the Leased Premises (whether or not affecting other premises as well).

"Mortgagee" means any mortgage holder of or secured party under any Mortgage and includes any trustee under a deed of trust.

"Person" means any person, firm, partnership or corporation, or any group or combination of persons, firms, partnerships or corporations.

"Prepaid Rent" has the meaning ascribed to it in Section 3.06 Prepaid Rent.

"Prime Rate" for any day means the prime lending rate of Toronto Dominion Bank at Toronto, Ontario, established from time to time as the reference rate of interest in order to determine the interest rate it will charge for demand loans in Canadian funds to its Canadian customers.

"Rent" means the aggregate of Basic Rent and Additional Rent.

"Rentable Area" means the acreage of the Leased Premises.

"Sales Taxes" has the meaning ascribed to it in Section 1.03 Sales Taxes.

"Taxes" means all real property taxes, rates, duties and assessments (including local improvement taxes) impost charges or levies, whether general or special, that are levied, rated, charged or assessed against the Lands or any part thereof from time to time by any lawful taxing authority, whether federal, provincial, municipal, school or otherwise, and any taxes or other amounts which are imposed in lieu of, in substitution for, or in addition to any such real property taxes whether of the foregoing character or not and whether in existence at the Commencement Date or not, and any such real property taxes levied or assessed against the Landlord on account of its interest in the Lands or any part thereof, or its ownership thereof, as the case may be. "Taxes" shall also include any and all interest penalties or like charges payable as a result of failure of the Tenant to pay all Taxes promptly when due.

"Tenant's Work" has the meaning ascribed to it in SCHEDULE "C" attached hereto.

"Term" means the term of this Lease as it is set out in Section 2.02 Term and any extension or renewal thereof.

"Total Rentable Area of the Lands" means the aggregate of the Rentable Area of all premises on the Lands intended by the Landlord to be leased to the Tenant (whether actually leased or not). As of the date of this Lease, the Total Rentable Area of the Lands is 331.531 acres.

"Trade Fixtures" means all chattels, furniture, machinery and equipment necessary for the conduct of the Business, but does not include any Leasehold Improvements.

"Transfer" has the meaning ascribed to it in Section 9.01 Consent Required.

"Transferee" has the meaning ascribed to it in Section 9.01 Consent Required.

Section 1.02 Net Lease

This Lease shall, except as otherwise provided for herein, be a completely carefree net lease

for the Landlord, and the Tenant shall pay for its own account and to the complete exoneration of the Landlord all costs, expenses, charges or outlays of any kind arising from, relating to or affecting the Leased Premises, except all amounts specifically payable by the Landlord or recoverable from third parties pursuant to the terms hereof.

Section 1.03 Sales Taxes

Despite any other section, paragraph or clause of this Lease, the Tenant will pay to the Landlord an amount equal to all goods and services taxes, sales taxes, value added taxes, business transfer taxes or any other taxes imposed on the Landlord with respect to Rent payable by the Tenant to the Landlord, whether characterized as a goods and services tax, harmonized sales tax, sales tax, value added tax, business transfer tax, or otherwise (herein called "Sales Taxes"), it being the intention of the parties that the Landlord will be fully reimbursed by the Tenant with respect to any and all Sales Taxes at the full tax rate applicable from time to time in respect of the Rent or the Leased Premises without reference to any tax credits available to the Landlord. The amount of the Sales Taxes so payable by the Tenant will be calculated by the Landlord in accordance with the applicable legislation and will be paid to the Landlord at the same time as the amounts to which such Sales Taxes apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. Despite any other section, paragraph or clause in this Lease, the amount payable by the Tenant under this Section will be deemed not to be Rent, but the Landlord will have all of the same remedies for and rights of recovery of such amount as it has for recovery of Rent.

Section 1.04 Binding Effect

- (a) In the event of a sale, transfer or lease by the Landlord of the Leased Premises or an assignment by the Landlord of this Lease or any interest of the Landlord hereunder, the Landlord shall thereupon and without further agreement be released from all liability upon such covenants and obligations.
- (b) Subject to paragraph (a) and to the provisions of this Lease respecting assignment by the Tenant, this Lease shall be binding upon and shall enure to the benefit of the parties and their respective successors and assigns.

Section 1.05 Construction

- (a) Each obligation or agreement of the Landlord or the Tenant expressed in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes.
- (b) The captions or headings introducing articles or sections of this Lease are for convenience of reference only and in no way define, limit, construe or describe the scope or intent of such articles or sections nor in any way affect the interpretation of this Lease.
- (c) The words, "herein", "hereof", "hereby", "hereunder", "hereto", "hereinafter" and similar expressions refer to this Lease and not to any particular article, section, paragraph or other portion thereof, unless there is something in the subject matter or context inconsistent therewith.
- (d) Any reference to "Tenant" includes, where the context allows, the servants, employees, agents, invitees and licensees of the Tenant, anyone permitted to be in the on the Lands by the Tenant and all other over whom the Tenant may reasonably be expected to exercise control.
- (e) All rights and privileges of the Landlord in this Lease may be exercised by the Landlord and its duly authorized representatives.
- (f) If any term, provision, covenant or condition of this Lease or its application to any Person or circumstance is held to be or rendered invalid, unenforceable or illegal,

then such term, provision, covenant or condition shall be considered separate and severable from the remainder of this Lease, shall not affect, impair or invalidate the remainder of this Lease and to the fullest extent permitted by law shall continue to be applicable to and enforceable against any Person or circumstance other than those as to which it has been held or rendered invalid, unenforceable or illegal.

- (g) Wherever the singular number or a gender is used in this Lease the same shall be construed as including the plural and the masculine, feminine and neuter respectively where the fact or context so requires.
- (h) This Lease shall be construed in accordance with and governed by the laws of the Province of Ontario.
- (i) Time is of the essence of this Lease.
- (j) If there is at any time more than one Tenant or more than one Person constituting the Tenant, their covenants shall be considered to be joint and several and shall apply to each and every one of them. If the Tenant is or becomes a partnership, each Person who is a member, or shall become a member, of such partnership or its successors shall be continue to be jointly and severally liable for the performance of all covenants of the Tenant pursuant to this Lease whether or not such Person ceases to be a member of such partnership or its successors.

Section 1.06 Entire Agreement

This Lease and the schedules and riders, if any, attached hereto and forming a part hereof, constitute the entire agreement between the Landlord and the Tenant and, except as herein otherwise expressly provided, may be amended only by an agreement in writing signed by them. Neither the Landlord nor the Tenant shall be bound by any representations, warranties, promises, agreements or inducements not embodied or referred to in this Lease and, in particular but without limitation, no warranties of the Landlord are to be implied unless expressed specifically in this Lease. If there is any discrepancy between the provisions of this Lease and the terms and provisions of the Offer to Lease signed by the Landlord and the Tenant for the Leased Premises, then the terms and provisions of this Lease shall prevail.

ARTICLE II GRANT AND TERM

Section 2.01 Grant

In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, kept, observed and performed, the Landlord leases to the Tenant and the Tenant leases from the Landlord the Leased Premises.

If necessary, the Landlord shall measure the Rentable Area of the Leased Premises and the Total Rentable Area of the Lands as soon as reasonably possible after the degree of completion of construction of the Leased Premises and the Lands required for such determination and the definitions of the Leased Premises and the Total Rentable Area of the Lands shall be amended accordingly. All Rent shall be adjusted accordingly which adjustment will be retroactive to the Commencement Date if the actual measurement does not occur until after the Commencement Date. A certificate of an architect named by the Landlord as to the area of all of any part or parts of the Lands, including the Leased Premises, the degree of completion of any work or repairs or the cost thereof, and the readiness of the Leased Premises for the Tenant to carry out the Tenant's Work shall, unless otherwise provided in this Lease, be final and binding upon the parties hereto as to the facts so certified.

Section 2.02 Term

The term of this Lease (the "Term") shall be for a period of five (5) years. The date of commencement of the Term shall be January 1, 2014 (the "Commencement Date") and the lease

shall terminate on December 31, 2018.

Section 2.03 Option to Renew

- (a) Provided that the Tenant duly and regularly pays all Rent at the times prescribed herein and performs all covenants, provisos and agreements on the part of the Tenant to be paid and performed herein, and provided that the Tenant is not then in default under the terms of this Agreement, the Tenant shall have the option to renew this Lease for one additional term of three (3) years subject to the following additional terms and conditions:
- i. The Tenant shall exercise its right of renewal by delivering to the Landlord, in writing, notice of the Tenant's intention of renewal not more than one nine (9) months, and not less than six (6) months, prior to the date of completion of the Term, failing which the Tenant's rights of renewal shall be deemed to be null and void.
 - ii. Basic Rent to be paid by the Tenant during the additional term shall be negotiated and mutually agreed upon by the Landlord and the Tenant and shall be based upon the then current fair market minimum rent for similar premises for a similar use within the immediate vicinity of the Centre; failing agreement by the parties within three (3) months prior to the commencement of the additional term, the Basic Rent rate shall be determined by a single arbitrator in accordance with the *Arbitration Act, 1991, SO 1991, c 17* (as amended or replaced from time to time). If submitted to arbitration in accordance with the foregoing provisions, the arbitrator's decision shall be final and binding on the parties with no further appeal and the costs of the arbitration shall be shared equally by the parties unless the arbitrator determines that it is equitable to do otherwise in light of the circumstances. If the arbitration decision is not rendered prior to the commencement date of the additional term, the Tenant shall pay the Basic Rent at the rate applicable during the last year of the initial Term and within ten (10) days after the Basic Rent for the additional term is determined, the Tenant shall pay to the Landlord any amount retroactively owing from the commencement of the additional term.
 - iii. The Tenant's Option to Renew hereunder is personal to the Tenant and automatically expires on any Transfer or parting with possession of all or any part of the Leased Premises whether or not the same is with the consent of the Landlord.

Section 2.04 Overholding

If, without objection by the Landlord but without any further written agreement, the Tenant continues to occupy the Leased Premises and to pay Rent or other monies payable by the Tenant hereunder after the expiration of the Term, the Tenant shall be a monthly tenant and otherwise a tenant at sufferance only at a monthly Basic Rent equal to twice the monthly instalments of Basic Rent payable on the last monthly payment date during the Term and on the terms and conditions herein set out in so far as the same are applicable, except as to length of tenancy.

Section 2.05 Planning Act

This Lease is entered into subject to the express condition that the provisions of the *Planning Act* (Ontario) as amended and in force from time to time, with respect to subdivision control, shall be complied with. If the Term (including renewals provided in this Lease) extends for a period of 21 years or more and a consent is required under the *Planning Act* to comply with the subdivision control provisions and if this consent has not been obtained within ninety (90) days from the date of commencement of the Term of this Lease, the parties agree to treat this demise as a lease for not more than 21 years less one (1) day on the same terms and conditions, save and except as to the Term (including renewals) of the demise. The Tenant shall have the right at any time during the 21 year period to apply at its own expense for a consent to extend the Term (including renewals) to the

original length provided for in this Lease.

ARTICLE III RENT

Section 3.01 Covenant to Pay

During the Term the Tenant hereby covenants with the Landlord to pay Rent as herein provided.

Section 3.02 Basic Rent

The Tenant shall pay to the Landlord as Basic Rent in Canadian funds without any prior demand therefor and without any deduction, abatement, set-off or compensation whatever. Basic Rent payable per annum by the Tenant shall be equal to six percent (6%) of the market value of the Lands. Market value of the Lands shall be determined by an independent real estate evaluator, per annum, and such evaluation shall be completed no later than ninety (90) days prior to each one (1) year anniversary date of this Lease. For the first year of the Term, the Lands have a market value of **TWO MILLION DOLLARS (\$2,000,000.00)**. During the first twelve (12) months of the Term, Basic Rent shall be **ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00)**, plus Sales Taxes per annum, in equal monthly instalments of **TEN THOUSAND DOLLARS (\$10,000.00)** plus Sales Taxes, each payable in advance on the first day of each calendar month during the Term, based upon a rate of \$361.96 per acre per annum.

Section 3.03 Additional Rent

The Tenant shall pay Additional Rent to the Persons, at the times and in the manner hereinafter set forth. Where the calculation of any Additional Rent is not made until after the termination of this Lease, the obligation of the Tenant to pay such Additional Rent shall survive the termination of this Lease.

Section 3.04 Place of Payment

The Tenant shall make all payments of Basic Rent and any payments of Additional Rent required to be paid to the Landlord by this Lease by way of cheque payable to the Landlord (or to such other person as the Landlord may hereafter designate by notice in writing to the Tenant) and all such payments shall be delivered or sent to the address of the landlord specified herein (or to such other person or address as the Landlord may hereafter designate).

Section 3.05 Overdue Rent

If the Tenant fails to pay any Rent when the same is payable or any other amounts required to be paid to the Landlord by this Lease, such unpaid amounts shall bear interest from the due date thereof compounded monthly to the date of payment at a rate per annum five (5%) per cent in excess of the Prime Rate from time to time in effect, and the Landlord shall have all remedies for the collection of such interest, if unpaid after demand, as in the case of Rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedies of the Landlord under this Lease. In addition, the Tenant shall pay to the Landlord a fee of two hundred and fifty dollars (\$250.00) for each late payment occurrence.

Section 3.06 Prepaid Rent

Upon execution of this Lease, the Tenant shall deliver to the Landlord a deposit of \$20,000.00 (the "Deposit"), to be held in trust as security for the faithful performance by the Tenant of all the terms, covenants and conditions of the Lease and to be applied to Rent and Sales Taxes for the last month of the Term for which Rent is payable, and the balance, if any, to the first and second and subsequent months of the Term for which Rent is payable.

If the Tenant is in default under this Lease and the Landlord has given written notice to the Tenant to remedy such default within five (5) days and in the event that the Tenant fails to remedy

such default within the said five (5) days, then the Landlord shall have the right to retain the Deposit as its absolute property in addition to any other right or remedy the Landlord may have.

The Deposit may be applied by the Landlord against any money owed to the Landlord by the Tenant. Upon receipt of notice from the Landlord, the Tenant shall replace any part of the Deposit applied by the Landlord so that the Deposit remains equal to the amount of Rent for the last month of the Term.

Section 3.07 Post-dated Cheques

Upon execution of this Lease, the Tenant shall deliver to the Landlord post-dated cheques for Rent plus Sales Taxes, including estimated Additional Rent for each month of the first year of the Term for which Rent is payable. Throughout the Term, on or before each anniversary of the Commencement Date, the Tenant shall deliver to the Landlord twelve post-dated cheques for Rent plus Sales Taxes, including estimated Additional Rent, for the upcoming twelve-month period.

ARTICLE IV TAXES

Section 4.01 Realty Taxes

- (a) During the Term, the Tenant shall pay the Tenant's Proportionate Share of the Taxes for each year. The Tenant shall only be required to pay a proportionate part of the Tenant's Proportionate Share of the Taxes for any year which relates to a fiscal period of the taxing authority a part of which is included in a period prior to the Commencement Date or after the expiration of the Term.
- (b) The Landlord may, at its option, estimate the amount of the Tenant's Proportionate Share of Taxes for any year and the Tenant shall pay to the Landlord at the time that any monthly payment of Basic Rent is payable, one-twelfth of the Landlord's reasonable estimate of the Tenant's Proportionate Share of the Taxes. On the first day of the month next following the mailing of the tax bill or in which the Taxes for any given year can be determined, the Tenant shall pay to the Landlord the Tenant's Proportionate Share of the Taxes for the entire year after first receiving credit for the monthly payments of the estimated amount of the Tenants Proportionate Share of the Taxes for that year already paid to the Landlord. The Landlord shall, upon requesting payment of the balance of the Tenant's Proportionate Share of Taxes for the year, provide the Tenant with particulars of the calculation of the Tenant's Proportionate Share for that year. The Tenant shall not be entitled to interest on any payments on account of Taxes held by the Landlord prior to the payment thereof to the taxing authority.

Section 4.02 Separate Assessment

Notwithstanding anything herein contained to the contrary, in the event that there is available to the Landlord from the relevant taxing authority a separate assessment and/or bill with respect to the Leased Premises for any of the Taxes referred to in Section 4.01 Realty Taxes, then the Landlord, at its option, may use such separate assessment and/or bill as the basis for establishing the Tenant's liability for any such Taxes. The Tenant will promptly deliver to the Landlord any such separate assessment and/or bill which may be received by the Tenant.

Section 4.03 Business Taxes

- (a) In addition to the Taxes payable by the Tenant pursuant to Section 4.01 Realty Taxes, the Tenant shall pay as Additional Rent to the lawful taxing authorities and shall discharge when the same become payable all taxes, rates, duties, assessments and licence fees whatsoever, whether general or special, whether federal, provincial, municipal or otherwise, that are levied, rated, charged or assessed against or in respect of the use and occupancy of the Leased Premises or any business carried on at or from the Leased Premises, or the improvements, equipment and facilities on or in

the Leased Premises ("Business Taxes"), and the Tenant will indemnify and keep indemnified the Landlord from and against payment of and all loss, costs, charges and expenses occasioned by or arising from any and all such taxes, rates, duties, assessments and licence fees.

- (b) The Tenant shall pay to the Landlord its Proportionate Share of any Business Taxes which may be levied or assessed against the Common Areas and the provisions of Section 4.01 Realty Taxes and Section 4.02 Separate Assessment shall apply mutatis mutandis to any such Business Taxes.
- (c) Upon written request by the Landlord, the Tenant shall deliver promptly to the Landlord satisfactory evidence of the payment of all Business Taxes which were due and payable up to one (1) month prior to such request.

ARTICLE V UTILITIES AND COSTS OF OPERATION

Section 5.01 Utilities

The Tenant shall be solely responsible for and shall pay as same become due all charges for water, sewers, gas, electricity and any other public or private utilities or services supplied to or used or consumed at the Leased Premises and for equipment, fittings, machines, apparatus, meters or other things leased or purchased in respect thereof, including installation costs, and for all work performed by any corporation or commission in connection with any such utilities or services. In no event shall the Landlord have any obligation or liability in connection with cessation or unavailability or interruption or suspension or other failure in the supply of any such utility or service to the Leased Premises.

Section 5.02 Payment of Costs of Operation

- (a) The Tenant shall pay to the Landlord the Tenant's Proportionate Share of Costs of Operation upon written demand therefor. Notwithstanding the Landlord's ability to require a payment of Costs of Operation upon demand, the Landlord may, before the commencement of each year or each fiscal period adopted by the Landlord, reasonably estimate the Costs of Operation for such period and so notify the Tenant, and the Tenant shall pay one-twelfth of its estimated Proportionate Share of the Costs of Operation with each monthly instalment of Basic Rent payable throughout that period (which monthly payments may be adjusted if the Landlord, acting reasonably subsequently re-estimates Costs of Operation for such period or the remaining portion thereof.) The Tenant shall not be entitled to interest on any payments on account of Costs of Operation held by the Landlord prior to the disbursement thereof.
- (b) The Landlord shall provide to the Tenant, within a reasonable period of time after the expiration of such period, a statement setting out the actual amount of the Costs of Operation for such period and the Tenant's Proportionate Share of the Costs of Operation and such statement shall show in reasonable detail the information relevant and necessary for the exact calculation and determination of these amounts and shall be binding upon the parties. Any balance unpaid or any excess paid shall be adjusted between the Landlord and the Tenant within a reasonable period thereafter.

ARTICLE VI MAINTENANCE, REPAIR AND ALTERATIONS OF THE LEASED PREMISES

Section 6.01 Tenant's Repair

The Tenant, at its sole cost and expense, shall repair, replace and maintain the Leased Premises together with all systems of any nature supplying services to the Leased Premises which are located in the Leased Premises, excepting only reasonable wear and tear, repairs necessitated by inherent or structural defects or weaknesses, improper materials or workmanship or faulty

construction or design and damage against which the Landlord is insured against or is required to be insured against pursuant to the terms hereof. Without limiting the generality of the foregoing, the Tenant shall keep the Leased Premises in such condition as a careful and prudent owner would do, including the replacement of electrical light bulbs, tubes, starters and ballasts.

Section 6.02 Non-Performance by Tenant

If any repairs, replacements or maintenance which are required to be performed by the Tenant under the terms of this Lease are not performed when required, then the Landlord in its sole discretion shall be entitled, but not obligated, to perform such repairs, replacements or maintenance entirely at the cost of the Tenant, and the cost of the same shall be paid forthwith by the Tenant to the Landlord upon demand as Additional Rent.

Section 6.03 Health and Safety

The Tenant shall accept responsibility for any conditions involving plant life, moisture, mildew, air quality, moulds, fungus, or other harmful organisms, bacterial infections, or viruses that may occur or that may be present within the Leased Premises and in particular, without limiting what is stated above, the Tenant shall:

- (a) promptly and fully report to the Landlord concerning any of the conditions described above in this clause ("Adverse Conditions") of which it becomes aware or of which it should reasonably be aware based on a reasonable inspection;
- (b) promptly, in accordance with any governmental requirements that may apply, and in accordance with the requirements of the Landlord, take all those steps required to eliminate the Adverse Conditions, to remedy their consequences and to ensure that they do not recur within the Leased Premises;
- (c) maintain those records, test results and other information that the Landlord might reasonably require in connection with Adverse Conditions or the actions of the Tenant as provided above;
- (d) cooperate with the Landlord in connection with testing and inspections for Adverse Conditions within the Leased Premises as well as testing and inspections pertaining to Adverse Conditions in other parts of the Lands;
- (e) install at its cost filters, fans and other equipment required to avoid, eliminate and remove Adverse Conditions;
- (f) release the Landlord and those for whom the Landlord is responsible at law in respect of all claims for loss, personal injury, damage and other consequences, direct or indirect, resulting from Adverse Conditions regardless of how they are caused (whether or not due to negligence by the Landlord or those for whom the Landlord is responsible at law); and
- (g) indemnify the Landlord and those for whom the Landlord is responsible at law in respect of all losses, costs, claims, damages and expense relating to Adverse Conditions within the Leased Premises or that may be created or permitted by the Tenant within the Lands.

Section 6.04 Inspection

The Landlord may upon not less than twenty-four (24) hours prior notice to the Tenant enter the Leased Premises and every part thereof at any reasonable time to inspect the condition thereof. Where an inspection reveals that the whole or any part of the Leased Premises is not being operated, kept or maintained as herein provided or that repairs or replacements are necessary, the Landlord shall give written notice to the Tenant and upon receipt of such notice the Tenant shall forthwith proceed to carry out all necessary work, repairs or replacements in a good and workmanlike manner and to the satisfaction of the Landlord so as to complete the same within the time or times stipulated in such notice. The failure by the Landlord to give such notice shall not relieve the Tenant from any of its obligations to operate, maintain, repair or replace in accordance with the provisions hereof. If the Tenant refuses or neglects to carry out promptly and to the reasonable satisfaction of the

Landlord any such work, repairs or replacements, the Landlord may, but shall not be obligated to, carry out such work, repairs or replacements without liability to the Tenant for any loss or damage which may occur to the Tenant's property or business by reason thereof, and in any such case the Tenant shall pay to the Landlord forthwith on demand as Additional Rent all sums which the Landlord may have expended in carrying out such work, repairs or replacements plus a further 15% of all such sums representing the Landlord's overhead. The carrying out of any work, repairs or replacements by the Landlord pursuant to this Section shall not be a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease. In the case of any emergency, the Landlord may enter upon the Leased Premises at any time without giving prior notice to the Tenant without breaching any covenant for quiet enjoyment contained in this Lease.

Section 6.05 Compliance with Fire and Other Regulations

The Tenant shall, at its sole cost and expense, comply, and cause those whom the tenant permits to occupy the Leased Premises or the Lands, with and conform to the requirements of all applicable statutes, laws, by-laws, regulations, licences, ordinances and orders from time to time in force during the Term and relating to or affecting the condition, equipment, maintenance, use or occupation of the Leased Premises, including any and all written rules, regulations, codes, standards, and procedures promulgated by the Landlord from time to time, and with any order, request or demand of any municipal fire department or other similar body or fire insurance company by which the Landlord and the Tenant or either of them may be insured at any time during the Term. Such work shall be performed by the Tenant forthwith upon demand, and failure of the Tenant to complete such work within a reasonable period of time after such demand shall entitle the Landlord to perform such work at the cost of the Tenant as specified in Section 6.04 Inspection.

Section 6.06 Alterations

The Tenant shall not make or permit to be made any Leasehold Improvements without obtaining the prior written approval of the Landlord, which approval shall not be unreasonably withheld, provided that the Tenant is not in default hereunder and has complied with the following conditions:

- (a) at the time of requesting the Landlord's approval, the Tenant shall submit to the Landlord detailed plans and specifications for such proposed Leasehold Improvements;
- (b) any proposed Leasehold Improvements shall meet the requirements of all governmental or other authorities, of fire insurance underwriters or insurers and of any Mortgagee;
- (c) any proposed Leasehold Improvements shall be such as will not, when completed, diminish the value or utility of the Lands or the Leased Premises;
- (d) no Leasehold Improvements shall be commenced until the Tenant shall have obtained all building and other permits required by any lawful authority;
- (e) all Leasehold Improvements approved by the Landlord shall be constructed expeditiously by the Tenant in a good and workmanlike manner, as the case may be, and in compliance with the detailed plans and specifications which have been approved by the Landlord; and
- (f) prior to the commencement of construction of any Leasehold Improvements, the Tenant shall effect and produce to the Landlord evidence of public liability, property damage and fire insurance policies relative to such construction written in the joint names of the Landlord and Tenant as insureds in amounts and form and with insurers acceptable to the Landlord acting reasonably.

Section 6.07 Leasehold Improvements

Any Leasehold Improvements shall immediately upon placement become the property of the

Landlord and form part of the Leased Premises without compensation therefor to the Tenant, but the Landlord shall be under no obligation to maintain, repair or replace the Leasehold Improvements. No Leasehold Improvements shall be removed from the Leased Premises either during or at the expiration or other termination of the Term provided that the Tenant shall, at such expiration or other termination, at its own cost, remove such of the Leasehold Improvements as the Landlord shall require to be removed within a reasonable time after such expiration or termination and shall promptly repair any damage to the Leased Premises caused by their installation and/or removal. The Tenant's obligation to observe and perform this covenant shall survive the expiration or other termination of this Lease.

Section 6.08 Construction Liens

If any construction liens or orders for the payment of money shall be registered against the Leased Premises or the Lands by reason of any work, services or materials furnished for, to or on behalf of the Tenant, the Tenant shall within fifteen (15) days after notice to the Tenant of the registration thereof cause the same to be discharged by bonding, deposit, payment, court order or in any other manner required or permitted by law. The Tenant, at its own expense, shall defend all suits to enforce any such lien or order whether against the Tenant or the Landlord. The Tenant will indemnify the Landlord from and against payment of all loss, costs, charges or expenses occasioned by any such lien or order.

Section 6.09 Acknowledgement of Tenant

The Tenant acknowledges that the Leased Premises form part of the Lands and that the whole of the Lands may be served by common utility systems. In the event that repairs to any of such systems are necessary the Tenant shall bear its Proportionate Share of the total cost of such repairs. If any such common systems shall have been damaged or shall have become inoperative by reason of the negligence of the Tenant, then the entire cost of repairing the same shall be borne by the Tenant.

Section 6.12 Tenant's Work

The Tenant shall, at its sole expense, proceed diligently and complete the Tenant's Work necessary to bring the Leased Premises to a condition to operate the Business and open for business with as little delay as possible.

ARTICLE VII TRADE FIXTURES AND SURRENDER

Section 7.01 Trade Fixtures

- (a) Subject to the provisions of Section 7.02 Surrender of Leased Premises, the Tenant shall have the right at all times to install its Trade Fixtures.
- (b) All Trade Fixtures shall be owned by the Tenant, shall be unencumbered and shall not be removed from the Leased Premises either during or at the expiration or other termination of the Term except that:
 - (i) the Tenant may in the usual and normal course of its Business, at its own cost, such of its Trade Fixtures which have become excess for the Tenant's purposes or which are being concurrently replaced with new and similar Trade Fixtures; and
 - (ii) the Tenant shall at the expiration or earlier termination of the Term remove, at its own cost, all of its Trade Fixtures;

provided that the Tenant shall not at the time of any such removal be in default under any covenant or agreement contained in this Lease and, if in default, the Landlord shall have a lien on such Trade Fixtures shall not be removed by the Tenant until such default is cured, unless otherwise directed by the Landlord. The Tenant shall

promptly repair any damage to the Leased Premises caused by the installation and/or removal of such Trade Fixtures. The Tenant's obligation to observe and perform this covenant shall survive the expiration or other termination of this Lease.

- (c) If the Tenant fails to remove any of its Trade Fixtures within a reasonable time after the expiration or other termination of the Term such Trade Fixtures shall, at the option of the Landlord, become the property of the Landlord and may be removed from the Leased Premises and sold or disposed of by the Landlord in such manner as it deems advisable.

Section 7.02 Surrender of Leased Premises

Subject to the provisions of Section 6.07 Leasehold Improvements and Section 7.01 Trade Fixtures, at the expiration or other termination of the Term the Tenant shall peaceably surrender and yield up to the Landlord the Leased Premises in vacant, broom-swept condition, together with all Leasehold Improvements in as good order, condition and repair as the Tenant is required to maintain the Leased Premises under the terms of this Lease. The Landlord, at its option, may rectify any damage to the Leased Premises existing at the time of such surrender at the sole cost of the Tenant and the Tenant shall pay to the Landlord forthwith upon demand such cost as Additional Rent.

ARTICLE VIII CONDUCT OF BUSINESS BY TENANT

Section 8.01 Use

The Tenant shall use the Leased Premises only for the purpose of operating (1) a first class hunting and shooting corporate/business retreat at which individuals can obtain hunting/gun licenses and partake in shunting and skeet/target shooting and (2) a site that hosts weddings, family reunions and corporate/team building retreats (the "Business") and will not use or permit the Leased Premises to be used for any other purpose, subject always to the overriding provisions of all relevant and applicable statutes, regulations, rules, ordinances, by-laws, licensing authorities, and enactments of any governmental authority governing such use. The Tenant shall at its own risk and expense obtain any and all governmental licences, permits and approvals necessary for such use, and cause any and all occupants of the Leased Premises to obtain any and all governmental licences, permits and approvals necessary for such use, and the Landlord makes no representations or warranties regarding the zoning of the Leased Premises.

The Tenant shall be responsible for maintaining the Leased Premises in a pristine condition, consist with the condition of other lands which are used for a similar business as the Business.

Section 8.02 Waste and Nuisance

- (a) Unless otherwise expressly permitted by applicable law and the Landlord's written rules, regulations, codes, standards, and procedures promulgated by the Landlord from time to time, the Tenant shall not commit, cause, allow, or suffer to be committed any waste to the Leased Premises and shall not do or omit to do or suffer to be done or omitted anything upon or in respect of the Leased Premises which shall be or result in a nuisance to the Landlord or to other tenants or occupants of the Lands. Without limiting the generality of the foregoing, the Tenant shall not:
 - (i) overload any floors in the Leased Premises;
 - (ii) install any equipment which will exceed or overload the capacity of any utility or the electrical or mechanical systems or facilities in or serving the Leased Premises; or
 - (iii) bring upon the Leased Premises any machinery, equipment, article or thing that by reason of its weight, size or use might, in the reasonable opinion of the Landlord, damage the Leased Premises.

- (b) In the event that the Tenant shall infringe any of the provisions of this Section 8.02 Waste and Nuisance and fail within forty-eight hours of notice by the Landlord to rectify, correct or remove the infringement, the Landlord may, but shall not be obligated to, enter upon the Leased Premises or elsewhere as may be necessary to rectify, correct or remove the infringement as the agent and at the cost of the Tenant, and the Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease. The Tenant shall indemnify and save harmless the Landlord from all claims, demands, loss or damage to any Person or property arising out of any such infringement or any such entry of the Landlord.

Section 8.03 Parking

Parking at the Lands shall be unreserved and the Tenant's employees and agents shall park in the areas designated by the Landlord as employee parking and not in areas designated for customer parking.

Section 8.04 Hours of Operation

The Tenant shall be open for business during such hours determined by the Landlord in its sole and absolute discretion; however, in no case will the Tenant be required to be open during hours that are not permitted by any applicable law.

ARTICLE IX ASSIGNMENT AND SUBLETTING

Section 9.01 Consent Required

The Tenant shall not:

- (i) assign this Lease in whole or in part;
- (ii) sublet the whole or any part of the Leased Premises; or
- (iii) suffer or permit the use or occupation of the whole or any part of the Leased Premises by any licensee, concessionaire or franchisee or by any Person other than the Tenant or the Management Company;

(each of the foregoing being herein referred to as a "Transfer" and each Person to whom any such Transfer is made or proposed to be made being herein referred to as a "Transferee"), without the prior written consent of the Landlord in each instance, which consent may not be unreasonably withheld but shall be subject to the Landlord's rights under Section 9.02 Procedure for Transfer; provided that the Landlord's consent to any Transfer shall not constitute a waiver of the necessity for such consent to any subsequent Transfer; provided further that, notwithstanding any such Transfer, the Tenant shall not be relieved from its obligations for the payment of Rent and for the observance and performance of the terms, conditions, covenants and agreements herein contained on the part of the Tenant to be paid, kept, observed and performed; provided further that the Tenant shall cause any such Transferee to covenant in writing with the Landlord to be bound by all of the terms, conditions, covenants and agreements herein contained on the part of the Tenant to be paid, kept, observed and performed as if such Transferee had originally executed this Lease as Tenant; and provided further that all documents evidencing such Transfer, the consent of the Landlord and the Transferee's covenant with the Landlord shall be subject to the prior written approval of the Landlord and any Mortgagee and all of the Landlord's reasonable legal costs with respect thereto shall be paid as Additional Rent by the Tenant to the Landlord forthwith upon demand.

Section 9.02 Procedure for Transfer

If the Tenant wishes to effect a Transfer, the Tenant shall by notice to the Landlord request the Landlord to consent to such Transfer, which notice shall set forth full particulars of the proposed Transfer and shall be accompanied by a copy of the agreement or other document setting out the

terms of the proposed Transfer. Following the receipt of such notice, the Landlord may request further reasonable information in connection with the proposed Transfer including, without limitation, information concerning the responsibility, reputation, financial standing and business of the proposed Transferee. The Tenant shall promptly furnish the Landlord with such requested information. The Landlord shall, within thirty (30) days after having received such notice and all requested information, notify the Tenant either that:

- (a) it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article; or
- (b) it elects to terminate this Lease as to the whole or part, as the case may be, of the Leased Premises affected by the proposed Transfer, in preference to giving such consent (subject to the Tenant's rights as set out below).

If the Landlord elects to terminate this Lease as provided in paragraph (b), it shall stipulate in its notice the termination date of this Lease, which date shall be no less than thirty (30) days nor more than ninety (90) days following the giving of such notice of termination. If the Landlord elects to terminate this Lease, the Tenant shall notify the Landlord within ten (10) days after receipt by the Tenant of notice from the Landlord of such election of the Tenant's intention either to refrain from such Transfer or to accept termination of this Lease as to the whole of the Leased Premises or the portion thereof in respect of which the Landlord has exercised its rights. If the Tenant fails to deliver such notice within such ten (10) days or notifies the Landlord that it accepts the Landlord's termination, this Lease will as to the whole or affected portion of the Leased Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its notice of termination. If the Tenant notifies the Landlord within such ten (10) days that it intends to refrain from such Transfer, then the Landlord's election to terminate this Lease shall become void. If this Lease shall be cancelled as to a portion of the Leased Premises only, Basic Rent shall abate in the proportion that the Rentable Area of such portion bears to the Rentable Area of the Leased Premises and the definition of the Leased Premises shall be amended accordingly.

Section 9.03 Corporate Ownership

If the Tenant is a corporation, other than a corporation whose shares are listed on any recognized security exchange, any amalgamation or reorganization of the Tenant, any transfer, sale, assignment, subscription, issuance, redemption, cancellation or disposition of shares of the Tenant (except a transmission of shares on death) and any lien, charge, pledge or encumbrance of shares of the Tenant not to a Person dealing at arm's length with the Tenant, or any series of combination of the foregoing, which has the result of changing the identity of the Persons exercising effective voting control of the Tenant as of the date of this Lease shall be considered to be a Transfer and subject to all of the provisions of this Article.

Section 9.04 Consideration for Assignment or Subletting

If the Tenant receives from any assignee of this Lease either directly or indirectly any consideration for the assignment of this Lease, either in form of cash, goods, services or other consideration, the Tenant shall forthwith pay an amount equivalent to such consideration to the Landlord as Additional Rent. In the event of any subletting by the Tenant by virtue of which the Tenant receives a rental in the form of cash, goods, services or other consideration from the subtenant which is greater than the Rent payable to the Landlord for the premises sublet, the Tenant shall pay any such excess to the Landlord in addition to all other Rent for the period of time during which the said subtenant remains in possession of the premises sublet to it.

Section 9.05 Management Agreement

The terms of any agreement entered into between the Tenant and the Management Company in relation to the Leased Premises, and any subsequent renewal or modification to the same, must be approved, in advance, by the Landlord.

Notwithstanding Tenant's hiring of the Management Company, the Tenant shall not be

relieved from its obligations for the payment of Rent and for the observance and performance of the terms, conditions, covenants and agreements herein contained on the part of the Tenant to be paid, kept, observed and performed; provided further that the Tenant shall cause the Management Company to covenant, in writing, with the Landlord to be bound by all of the terms, conditions, covenants and agreements herein contained on the part of the Tenant to be paid, kept, observed and performed as if the Management Company had originally executed this Lease as Tenant; and provided further that all documents evidencing such hiring of the Management Company by the Tenant, the consent of the Landlord, and the Management Company's covenant with the Landlord shall be subject to the prior written approval of the Landlord and any Mortgagee and all of the Landlord's reasonable legal costs with respect thereto shall be paid as Additional Rent by the Tenant to the Landlord forthwith upon demand.

ARTICLE X INSURANCE AND INDEMNITY

Section 10.01 Tenant's Insurance

- (a) The Tenant shall, during the Term and during such other time as the Tenant occupies the Leased Premises or any part thereof, at its sole cost and expense, take out and keep in full force and effect the following insurance:
 - (i) "all risks" insurance upon property of every description and kind owned by the Tenant, or for which the Tenant is legally liable, and which is located in, at or on the Leased Premises including, without limitation, Leasehold Improvements, Trade Fixtures, fittings and stock-in-trade in an amount not less than the full replacement cost thereof;
 - (ii) comprehensive general liability insurance including but not limited to personal injury liability, contractual liability, contingent employer's liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises and the Tenant's use thereof, including the activities, operations and work conducted or performed by the Tenant, by any other Person on behalf of the Tenant, by those for whom the Tenant is in law responsible and by any other Person on the Leased Premises; such policy or policies shall be written with inclusive limits of not less than FIVE MILLION DOLLARS (\$5,000,000.00) for any one occurrence and such higher limits as the Landlord may reasonably require from time to time;
 - (iii) business interruption insurance; and
 - (iv) any other form of insurance which the Landlord may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent landlord or tenant under similar circumstances would insure.
- (b) Each of the foregoing policies of insurance shall name the Landlord and the Management Company, any Mortgagee as additional named insureds as their interest may appear and shall contain: the standard mortgage clause as may be required by the Mortgagee; a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord or those for whom the Landlord is in law responsible; a severability of interests clause and a cross liability clause; a waiver in favour of the Landlord and any Mortgagee of any breach of warranty clause to the effect that such insurance policy shall not be invalidated as respects their interest by reason of any breach or violation of any warranties, representations, declarations or conditions contained in such policy or any application therefor; and a clause stating that such insurance policy will be considered as primary insurance and shall not call into contribution any other insurance that may be available to the Landlord. Each of the

foregoing policies of insurance shall be taken out with insurers acceptable to the Landlord and any Mortgagee acting reasonably, shall be in form satisfactory from time to time to the Landlord and its Mortgagee acting reasonably, and shall contain an undertaking by the insurer to notify the Landlord and any Mortgagee in writing not less than thirty (30) days prior to any material change, cancellation or termination thereof. The Tenant shall deliver to the Landlord and any Mortgagee certificates of such insurance or, if requested by the Landlord or such Mortgagee, a certified copy of each such policy of insurance.

Section 10.02 Failure to Insure

If the Tenant fails to take out or to keep in force any insurance referred to in Section 10.01 Tenant's Insurance, or should any such insurance not be approved by either the Landlord or any Mortgagee and should the Tenant not rectify the default within forty-eight hours after written notice thereof, the Landlord may, but shall not be obligated to, effect such insurance, and the Tenant shall pay to the Landlord as Additional Rent forthwith on demand all premiums, costs, charges and expenses incurred by the Landlord in effecting such insurance.

Section 10.03 Cancellation of Insurance

If any insurance policy upon or in respect of the Leased Premises or the Lands shall be cancelled or shall be threatened by the insurer to be cancelled or the coverage thereunder reduced in any way by reason of the use or occupation of the Leased Premises by the Tenant, the Management Company, any Transferee, or anyone else permitted by the Tenant to be upon the Leased Premises, and if the Tenant fails to remedy the condition giving rise to such cancellation, threatened cancellation or reduction of coverage within forty-eight hours after notice thereof, the Landlord may, at its option, either (a) re-enter the Leased Premises forthwith by leaving upon the Leased Premises a notice in writing of its intention to do so and thereupon all of the Landlord's right and remedies on re-entry contained in this Lease shall apply, or (b) enter upon the Leased Premises and remedy the condition giving rise to such cancellation, threatened cancellation or reduction, including removal of any offending article, and the Tenant shall forthwith pay as Additional Rent the cost thereof to the Landlord and the Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of any such entry, and the Tenant agrees that any such entry by the Landlord is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease.

Section 10.04 Loss or Damage

The Landlord shall not be liable to Tenant for any death or injury arising from or out of any occurrence in, upon, at or relating to (1) the Lands, if directly or indirectly caused by the actions or inactions of the Tenant; (2) the Leased Premises; or (3) damage to property of the Tenant or of others located on the Leased Premises. Without limiting the generality of the foregoing, the Landlord shall not be liable for any death, injury, loss, damage of or to persons or property resulting from fire, explosion, steam, electricity, gas, water, sleet, snow, ice or leaks from any part of the Leased Premises or from the pipes, sprinklers, appliances, plumbing works, roof, windows or sub-surface of any floor or ceiling of the Lands or from the street or from any other place or by any other cause whatsoever, including gunshot wounds or other bodily or psychological injury arising from, in connection with, or as a result of the Business or encounters with any organisms, including wild animals, plant life, or bacteria, and viruses.

Section 10.05 Indemnification of Landlord

Notwithstanding any other terms, covenants and conditions contained in this Lease, the Tenant shall indemnify the Landlord and save it harmless from and against any and all loss (including loss of Rent), claims, actions, damages, liability and expenses in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, or any occurrence in, upon or at the Leased Premises, or the occupancy or use by the Tenant of the Leased Premises or the Lands, as the case may be, or occasioned wholly or in part by any act or omission of the Tenant or by anyone permitted to be on the Leased Premises or the Lands by the Tenant. If the Landlord shall, without fault on its part, be made a party to any litigation

commenced by or against the Tenant, then the Tenant shall protect, indemnify and hold the Landlord harmless and shall pay all costs, expenses and reasonable legal fees incurred or paid by the Landlord in connection with such litigation. The Tenant shall also pay all costs, expenses and legal fees that may be incurred or paid by the Landlord in enforcing the terms, covenants and conditions in this Lease unless a court shall decide otherwise.

Section 10.06 Landlord's Insurance

The Landlord shall effect and maintain throughout the Term the following insurance:

- (a) "fire and extended perils" insurance on the Lands(excluding any property which the Tenant and other tenants are obliged to insure pursuant to Section 10.01 Tenant's Insurance or similar provisions in their respective leases) in such reasonable amounts and with such reasonable deductions as would be carried by a prudent owner of similar premises;
- (b) comprehensive general liability insurance against claims for death, personal injury and property damage with respect to the Landlord's operations in the Lands in such reasonable amounts and with such reasonable deductions as would be carried by a prudent owner of reasonably similar premises;
- (c) rental income insurance; and
- (d) such other form or forms of insurance as the Landlord or its Mortgagee may require.

ARTICLE XI DAMAGE AND DESTRUCTION AND RELOCATION

Section 11.01 Destruction of Leased Premises

- (a) If the Leased Premises are at any time damaged or destroyed as a result of any casualty required to be insured against by the Landlord pursuant to Section 10.06 Landlord's Insurance or otherwise insured against by the Landlord, the Landlord shall, with reasonable diligence, repair the Leased Premises save and except repairs to Leasehold Improvements with respect to which the Tenant is obliged to insure pursuant to Section 10.01 Tenant's Insurance, which repairs shall be the responsibility of the Tenant, and (i) if the damage or destruction is such as to render the Leased Premises wholly unfit for occupancy, Basic Rent shall abate from the date of the occurrence thereof until the completion of repairs to the Leased Premises by the Landlord, or (ii) if the damage or destruction is such that the Leased Premises can be partially used by the Tenant, Basic Rent shall abate in the proportion that the part of the Leased Premises which cannot be used or occupied bears to the whole of the Leased Premises from the date of the occurrence thereof until the completion of repairs to the Leased Premises by the Landlord.
- (b) If the Leased Premises are damaged or destroyed to such an extent that, in the opinion of the Landlord's architect or engineer, the Leased Premises are not capable with due diligence of being repaired, restored or rebuilt within one hundred and eighty (180) days from the date of such damage or destruction, the Landlord, instead of repairing the Leased Premises, may at its option terminate this Lease by giving to the Tenant within thirty (30) days after the date of such damage or destruction a notice of termination, and the Tenant shall thereupon immediately surrender the Leased Premises and the Lease to the Landlord and Rent shall be apportioned and paid to the date of such damage or destruction.

Section 11.02 Notice by Tenant

The Tenant shall give immediate notice to the Landlord of any fire, accident, or defect in or on, as the case may be, the Leased Premises, the Lands or anything connected therewith; but unless otherwise expressly provided herein, there shall be no obligation on the part of the Landlord to repair or make good any such matters.

Section 11.03 Demolition

Notwithstanding anything contained in this Lease to the contrary, in the event the Landlord intends to demolish or to renovate substantially the Leased Premises, then the Landlord, upon giving the Tenant one hundred and eighty (180) days' written notice, shall have the right to terminate this Lease and this Lease shall thereupon expire on the expiration of one hundred and eighty (180) days from the date of the giving of such notice without compensation of any kind to the Tenant.

Section 11.04 Relocation

The parties agree that during the Term of this Lease, the Leased Premises may be relocated within the Lands by the Landlord, and it is expressly agreed that this Lease shall continue in full force and effect, and the Tenant shall lease the relocated Leased Premises upon the same terms and conditions contained herein. The Landlord shall give the Tenant at least three (3) months' written notice of such relocation. In the event that the Tenant is not satisfied with the proposed new location, the Tenant shall notify the Landlord within two (2) weeks of receipt of the Notice and will deliver up vacant possession of the Lease Premises within the Notice period in accordance with the provisions of this Lease and will execute all documents and other assurances as are reasonably required to give effect to the provisions of this section. Upon the date of termination, any necessary adjustments in Rent shall be made between the Landlord and the Tenant.

Section 11.05 Health Emergency

If the Landlord, acting in good faith, determines that a Health Emergency exists:

- (a) the Landlord may amend, supplement or otherwise enforce any existing health emergency rules or regulations in existence; may pass additional rules or regulations and may impose restrictions to mitigate or minimize the effects of the Health Emergency by controlling access to parts of the Lands, imposing sanitization requirements and implementing health precautions consistent with advice from medical professionals, public health officials, police, or other public officials.
- (b) the Landlord will not be in default of any terms of this Lease by reason of anything it does pursuant to this section Section 11.05 Health Emergency, or by reason of any decision it makes in good faith in response to any Health Emergency, and will not be liable in contract, tort or in any other basis of liability, statutory or otherwise, by reason of any actions, omissions or failure to act in connection with or as the result of a Health Emergency.
- (c) If the Landlord, due to a Health Emergency, determines that it needs to suspend, reduce or restrict building services, in whole or in part, including but not limited to janitorial services, it will not be considered to be in default under this Lease.

ARTICLE XII DEFAULT OF TENANT

Section 12.01 Right to Re-Enter

In the event that:

- (a) the Tenant fails to pay Rent or other sums due hereunder or any part thereof within five (5) days of the day appointed for the payment thereof whether lawfully demanded or not;

- (b) the Tenant assigns or encumbers the whole or any part of this Lease or sublets or suffers or permits the use or occupation by anyone of the whole or any part of the Leased Premises except in the manner permitted by this Lease;
- (c) there is a misrepresentation with respect to any information provided by the Tenant to the Landlord pursuant to this Lease;
- (d) the Tenant fails to keep, observe or perform any other of the terms, conditions, covenants and agreements herein contained on the part of the Tenant to be kept, observed or performed for thirty (30) days after notice in writing of such failure has been given to the Tenant and such failure has not been remedied (provided that if such failure is not capable of being remedied within such thirty (30) day period, but the Tenant has commenced and is diligently pursuing the remedy of such failure, then the Tenant shall have such longer time to remedy such failure as is reasonable);
- (e) 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;
- (f) a receiving order is made against the Tenant;
- (g) a receiver or a receiver and manager is appointed for all or a portion of the property of the Tenant;
- (h) any steps are taken or any action or proceedings are instituted by the Tenant or by any other Person including, without limitation, any court or governmental body of competent jurisdiction, for the dissolution, winding up or liquidation of the Tenant or its assets;
- (i) the Tenant makes a sale in bulk (other than a bulk sale made to a Transferee pursuant to a permitted Transfer hereunder and pursuant to the *Bulk Sales Act* of Ontario);
- (j) the term hereby granted or any of the Tenant's assets shall be taken or exigible in execution or in attachment or if a writ of execution shall issue against the Tenant and not be satisfied within thirty (30) days; or
- (k) re-entry is permitted under any other terms of this Lease;

then and in any of such cases, at the option of the Landlord, the full amount of the current month's Rent and the next ensuing three (3) months' Rent shall immediately become due and payable, and the Landlord may immediately distrain for the same, together with any arrears then unpaid, and the Landlord shall have, in addition to any other rights or remedies of the Landlord pursuant to this Lease or at law or in equity, the immediate right to re-enter into and take possession of the Leased Premises in the name of the whole and have again, repossess and enjoy the Leased Premises in its former estate, and to expel all Persons from the Leased Premises and to remove and store all property in a public warehouse or elsewhere at the cost and for the account of the Tenant, all without service of notice of resort to legal process and without the Landlord become liable for any loss or damage which may be occasioned thereby.

Section 12.02 Right to Relet

If the Landlord shall be entitled to re-enter, the Landlord may from time to time without terminating this Lease enter the Leased Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor, and make such alterations and repairs as are necessary in order to relet the Leased Premises or any part thereof for such term or terms (which may extend beyond the then current 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 firstly, to the payment of any indebtedness other than Rent due; secondly, to the payment of any costs and expenses of such

reletting, including brokerage fees and solicitors' fees and the cost of alterations and repairs; thirdly, to the payment of Rent due; 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, and the Landlord shall not be accountable for any monies except those actually received, notwithstanding any act, neglect, omission or default of the Landlord, unless such non-receipt results from the negligence of the Landlord or those for whom it is in law responsible. No such entry of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of termination is given to the Tenant. Notwithstanding any such reletting without termination, the Landlord may at any time thereafter terminate this Lease for such previous breach by written notice of termination given to the Tenant.

Section 12.03 Waiver of Exemption and Redemption

The Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and, notwithstanding any such statute, none of the goods and chattels of the Tenant on the Leased Premises at any time during the Term shall be exempt from levy by distress for Rent and/or accelerated Rent in arrears. Upon any claim being made for such exemption by the Tenant or on distress being made by the Landlord, this Lease may be pleaded as an estoppel against the Tenant in any action brought to dispute the right to levy distress upon any such goods or chattels that are named to be exempt in any such statute.

Section 12.04 Landlord May Cure Default

If the Tenant is in default of any obligation or covenant under this Lease, the Landlord shall have the right, but not the obligation, at all times to remedy or attempt to remedy any such default and in so doing may make any payments due by the Tenant to third parties and may enter upon the Leased Premises to do any work or other things therein. In each such event all expenses of the Landlord in remedying or attempting to remedy such default shall be payable as Additional Rent by the Tenant to the Landlord forthwith upon demand, and the Landlord shall not be liable for any loss or damage to the Tenant's property or business caused by acts of the Landlord in remedying or attempting to remedy any such default or deemed to be a breach of any covenant for quiet enjoyment contained in this Lease.

Section 12.05 No Waiver of Breach

No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times of any covenants, provisos or conditions herein contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or defeat or affect such continuing or subsequent default, breach or non-observance, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only an express waiver in writing.

Section 12.06 Remedies Cumulative

No reference to, or exercise of, any specific right or remedy by the Landlord shall prejudice or preclude the Landlord from any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

Section 12.07 Accord and Satisfaction

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

Section 12.08 Landlord's Expenses

Upon the occurrence of any of the events referred to in Section 12.01 Right to Re-Enter, the Tenant shall pay to and indemnify the Landlord against all costs, expenses (including reasonable legal fees on a client-and-his-solicitor basis) and charges lawfully and reasonably incurred in enforcing payments of Rent or other sums due hereunder, or in obtaining possession of the Leased Premises after default of the Tenant or upon expiration or earlier termination of the Term, or in enforcing any covenant, proviso or agreement of the Tenant herein contained.

**ARTICLE XIII
MORTGAGE BY LANDLORD OR TENANT**

Section 13.01 Subordination

This Lease is and all of the rights of the Tenant hereunder are subject and subordinate to the rights of any Mortgagee and at any time at the request of the Landlord or a Mortgagee the Tenant shall without cost to the Landlord or the Mortgagee promptly (and in any event within ten (10) days) execute and deliver any instrument or further assurance reasonably required to:

- (a) postpone and subordinate this Lease to the Mortgagee to the intent and effect that this Lease and all rights of the Tenant shall be subject to the rights of the Mortgagee as though the Mortgage existed prior to the executor delivery of this Lease; and
- (b) attorn to the Mortgagee and become bound to the Mortgagee as tenant of the Leased Premises for the then expired residue of the Term upon the conditions herein contained.

Notwithstanding the foregoing, the Tenant shall not be required to postpone, subordinate or attorn to any Mortgagee unless such Mortgagee enters into an agreement with the Tenant which provides that, so long as the Tenant is not in default hereunder, its tenancy shall not be disturbed.

Section 13.02 Estoppel Certificate

Whenever requested by the Landlord, the Tenant shall, without cost to Landlord, promptly (and in any event within five (5) days) execute and deliver a certificate in form satisfactory to the Landlord in favour of any actual or prospective Mortgagee or purchaser of the Landlord's interest in the Lands certifying the status and validity of this Lease, the payment of Rent and such other information as may reasonably be required, all with the intent that any such certificate may be relied upon by the Person to whom it is addressed. In the event that the Tenant does not execute or deliver such certificate to the Landlord within five (5) days, the Tenant irrevocably appoints the Landlord as its authorized agent or signing officer to execute such certificate on the Tenant's behalf.

Section 13.03 Tenant Not to Create Encumbrances

The Tenant shall not create or permit or allow any mortgage, charge or other encumbrance of its leasehold interest under this Lease and its interest in the Leased Premises unless the prior written consent of the Landlord has been obtained which consent, in the absolute discretion of the Landlord, may be unreasonably withheld or granted on such terms and conditions as the Landlord may see fit.

**ARTICLE XIV
ACCESS**

Section 14.01 Right of Entry

The Landlord and its agents shall have the right at all reasonable times during the Term to enter upon the Leased Premises to show them to prospective purchasers and Mortgagees and, in addition, the Landlord and its agent shall have the right at all reasonable times during the six (6) months prior to the expiration of the Term to enter upon the Leased Premises to show them to prospective tenants.

The Tenant further acknowledges and agrees that the Landlord, including his guests, shall have access to any and all driveways, lawns, walkways, and other points of egress and ingress to (1) the Lands and (2) those portions of the Lands which are not included in the Leased Premises.

Section 14.02 Sale and Rental Notices

The Landlord shall have the right at all times during the Term to place upon the Leased Premises a notice of reasonable dimensions and reasonably placed so as not to interfere with the Business, stating that the Lands are for sale and, in addition, the Landlord shall have the right at all times during the six (6) months prior to expiration of the Term to place upon the Leased Premises a similar notice that the Leased Premises are for rent, and the Tenant shall not remove any such notice or permit the same to be removed.

ARTICLE XV RULES AND REGULATIONS

Section 15.01 Promulgation of Rules and Regulations

The Landlord shall have the right to adopt and promulgate reasonable rules, regulations codes, standards, and procedures not inconsistent with the terms of this Lease applicable to the Leased Premises or the Lands including, without limiting the generality of the foregoing, rules regulations, codes, standards, and procedures for the operation and maintenance of equipment, the use of the Leased Premises, health and safety, the delivery and shipping of merchandise between the general shipping and receiving areas and the Leased Premises, garbage disposal, , lighting of premises and display signs, parking, and other matters relating to the establishment of a proper image of the Lands and the health and safety of those Persons present on the Lands.

ARTICLE XVI MISCELLANEOUS

Section 16.01 Signs

The Tenant shall have the right, at its sole cost and expense and subject to compliance with municipal by-laws and subject to the prior written consent of the Landlord (which consent shall not be unreasonably withheld), to install a sign or signs upon the exterior of the Leased Premises. Upon the expiration of the Term or any earlier termination thereof, at the request of the Landlord, the Tenant shall remove any sign it has installed, erected or displayed in or about the Leased Premises. Such removal will be at the sole cost of the Tenant. Failure of the Tenant to remove any such sign at the request of the Landlord shall entitle the Landlord to remove such sign at the sole cost of the Tenant, and the Tenant shall pay such cost together with an additional administrative charge of fifteen percent (15%) forthwith to the Landlord upon demand as Additional Rent.

Section 16.02 Force Majeure

If the Landlord is bona-fide delayed or hindered in or prevented from the performance of any provisions of this Lease by causes beyond its reasonable control, including, but not limited to acts of God, landslide, flood, tempest, washout, fire, lightning, disaster, earthquake, storm, action of military, naval or civil authority, the Queen's or public enemy, war, revolution, political disturbance, terrorism, civil disturbance, expropriation, acts or restraints of a governmental body or authority, failure to obtain a requisite permit or authorization, unusual delay by common carriers, sabotage, rebellion, vandalism, riot, blockade, insurrection, strike, lockout, explosion, power failure, non-availability of labour, materials service, equipment , goods or utility, epidemic or quarantine, then the performance of the provision of this Lease so delayed, hindered or prevented shall be excused for the period during which such performance shall be extended accordingly, provided that nothing herein contained shall operate in any way to excuse the Tenant from the prompt payment of Rent or any other payments required by this Lease.

Section 16.03 Registration

The Tenant shall not register this Lease without the prior written consent of the Landlord which may be arbitrarily withheld or unreasonably delayed. In lieu of giving consent, the Landlord shall execute, at the request and expense of the Tenant, a short form of lease in a form satisfactory to the Landlord for the purpose of registration, which shall suffice to give notice of this Lease and the Tenant's interest in the Leased Premises without disclosure of any of the terms of this Lease which the Landlord does not wish to have disclosed. The Tenant may register a notice of the Lease, if applicable, provided that the Landlord approves the form of the notice, which approval shall not be unreasonably withheld.

Section 16.04 No Objection

The Tenant hereby agrees not to object or file any complaints with respect to any renovation, development or expansion of the Lands. The Tenant shall not oppose any application for: (i) any severance or minor variance application by the Landlord, or any successors in title to the Landlord, with respect to any part or parts of the Lands; or (ii) any rezoning or committee of adjustment applications (severance or minor variance), whether with respect to the Lands or other lands owned by the Landlord or by corporations or other entities associated with or controlled by the Landlord, nor shall the Tenant challenge any use on the Lands. This covenant may be pleaded by the Landlord as an estoppel to any opposition by the Tenant or in aid of an injunction restraining such opposition.

Section 16.05 Notices

- (a) Any notice required or contemplated by any provision of this Lease shall be given in writing and shall be delivered in person or, if there is not actual or apprehended disruption in the Canadian Postal Service, sent by registered mail postage prepaid, if to the Tenant, at the Leased Premises, and if to the Landlord, at:

101 Rolph Rd.
Village of Baltimore, Ontario
K0K 1C0
Attn: Mark Rivers

Fax: N/A
Email: mrivers@innovativecompositesinc.com

and copied to (which shall not constitute notice herein):

Himelfarb Proszanski, Barristers & Solicitors
480 University Avenue, Suite 1401
Toronto, ON M5G 1V2
Attn: Peter Proszanski

Fax: 416-599-3131

- (b) Every such notice shall be deemed to have been given and received when personally delivered or sent by facsimile, email or other similar means of electronic communication or, if mailed as aforesaid, upon the third Business Day after the date on which it was so mailed. Either party may at any time give notice to the other of any change of address of the party giving such notice and after the date of such notice, the address therein specified shall be the address of such party for the giving of notices hereunder. Should there be any unforeseeable and uncontrollable interruption in registered mail delivery, any notice shall be hand delivered or sent by email or facsimile transmission. If notice is delivered electronically, the sender shall request from the recipient and the recipient shall provide an acknowledgement of receipt.

**ARTICLE XVII
LANDLORD'S COVENANTS**

Section 17.01 Quiet Enjoyment

The Landlord covenants with the Tenant for quiet enjoyment.

Section 17.02 Lands

The Landlord shall maintain and repair the Lands, but excluding the Leased Premises, except for reasonable wear and tear.

Section 17.03 Inherent or Structural Defects

The Landlord shall repair inherent or structural defects or weaknesses in the Lands including defects of weaknesses caused by improper materials or workmanship or faulty construction or design.

Section 17.04 Grant of Licence

The Landlord shall grant to the Tenant a revocable, non-exclusive, non-transferrable licence to use certain rooms and areas located on the Lands during the Term for the sole purpose allowing customers of the Business to use such rooms for rest and sleep (the "Licence"). The terms of the licence shall be negotiated between the Landlord and Tenant, acting reasonably. Upon termination of this Lease for any reason, the Licence shall automatically be revoked and terminated.

**ARTICLE XVIII
EXPROPRIATION**

Section 18.01 Expropriation

If the whole or any part of the Lands shall be taken or expropriated during the Term, neither the Landlord nor the Tenant shall have a claim against the other for the shortening of the Term or potential term of this Lease, the abatement of Rent or the reduction or alteration of the Lands or the Leased Premises, and the landlord and Tenant may each exercise fully all rights, remedies and claims for compensation which each may have under the applicable expropriation legislation, and this Lease shall not terminate nor Rent abate except to the extent required by the applicable expropriation legislation.

**ARTICLE XIX
ENVIRONMENTAL MATTERS**

Section 19.01 Environmental Matters

The Tenant shall not cause or permit any hazardous substances including, without limitation, inflammables, explosives, polychlorinated biphenyls (PCB's), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any such authority (any of which is hereinafter referred to as a "hazardous substance") without first obtaining Landlord's written consent which may be refused even arbitrarily or unreasonably delayed. The Tenant shall indemnify and hold harmless the Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities and losses (including, without limitation, a decrease in value of the Leased Premises, damages caused by loss or restriction of rentable or useable space or any damages caused by adverse impact on marketing of such space, and any and all sums paid for settlement of claims, attorneys' fees, consultant's and expert's fees) arising during or after the term of this Lease. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any clean-up, removal or restoration mandated by any governmental, quasi-governmental or municipal authority. Without limitation of the foregoing, if the Tenant causes or permits the presence of any hazardous substance on

the Leased Premises and that results in contamination, the Tenant shall promptly, at its sole expense, take any and all necessary actions to return the Leased Premises to the condition existing prior to the presence of any such hazardous substance on the Leased Premises. The Tenant shall first obtain the Landlord's advance approval for any such remedial action.

IN WITNESS WHEREOF the parties hereto have executed this Lease.

SIGNED, SEALED AND DELIVERED

in the presence of:

Witness

Name:

Mark Rivers

MILL VALLEY PRIVATE
RESERVE G.P. INC., AS
GENERAL PARTNER ON
BEHALF OF MILL VALLEY
PRIVATE RESERVE L.P.

Per: _____

Name: Mark Rivers

Title: President

I have authority to bind the
corporation

SCHEDULE "A"

Description of the Lands:

PT LT 33 CON 6 HALDIMAND PT 1, 39R1905; S/T MCG 478; ALNWICK/HALDIMAND; PIN 51126-0087 (LT)

PT LT 31-32 CON 6 HALDIMAND PT 2, 39R1905; S/T MCG 478; ALNWICK/HALDIMAND; PIN 51126-0089 (LT)

PT LT 30 CON 6 HALDIMAND PT 3, 39R1905; S/T MCG 478; ALNWICK/HALDIMAND; PIN 51126-0097 (LT)

PT LT 30 CON 6 HALDIMAND AS IN NC378966; ALNWICK/HALDIMAND; PIN 51126-0099 (LT)

PT LT 31 CON 6 HALDIMAND PT 5, 39R1905; ALNWICK/HALDIMAND; PIN 51126-0104 (R)

PT LT 31 CON 6 HALDIMAND PT 6, 39R1905; S/T MCG 478; ALNWICK/HALDIMAND; PIN 51126-0105 (LT)

SCHEDULE "B"

DESCRIPTION OF LEASED PREMISES

(Insert photocopy of building plan)



PROPERTY II
NORTHUMBERLA

LEGEN

- FREEHOLD PROPERTY
- LEASEHOLD PROPERTY
- LIMITED INTEREST PROPE
- CONDOMINIUM PROPERTY
- RETIRED PIN (MAP UPDATE)
- PROPERTY NUMBER
- BLOCK NUMBER
- GEOGRAPHIC FABRIC
- EASEMENT

THIS IS NOT A PL

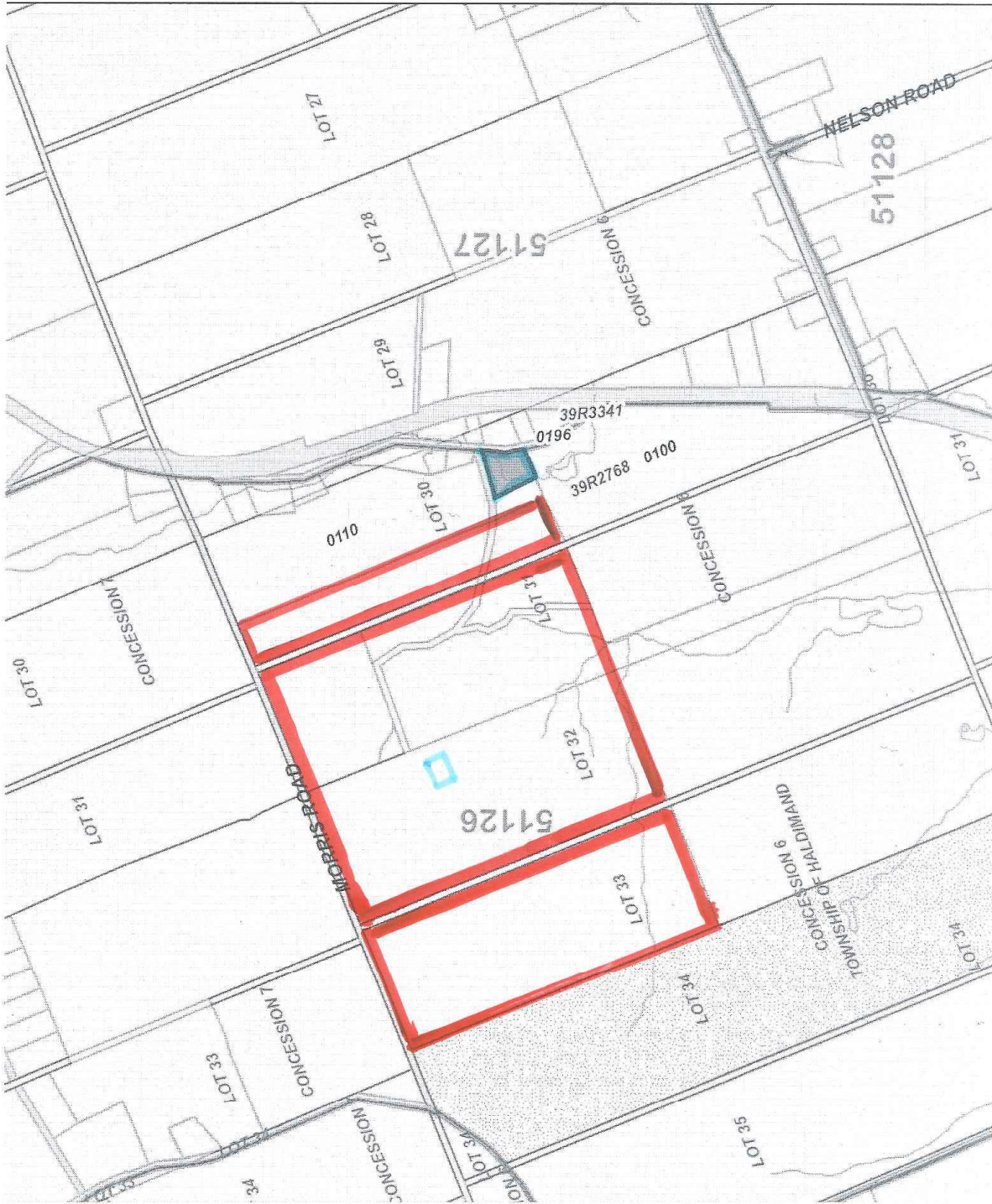
NOTE

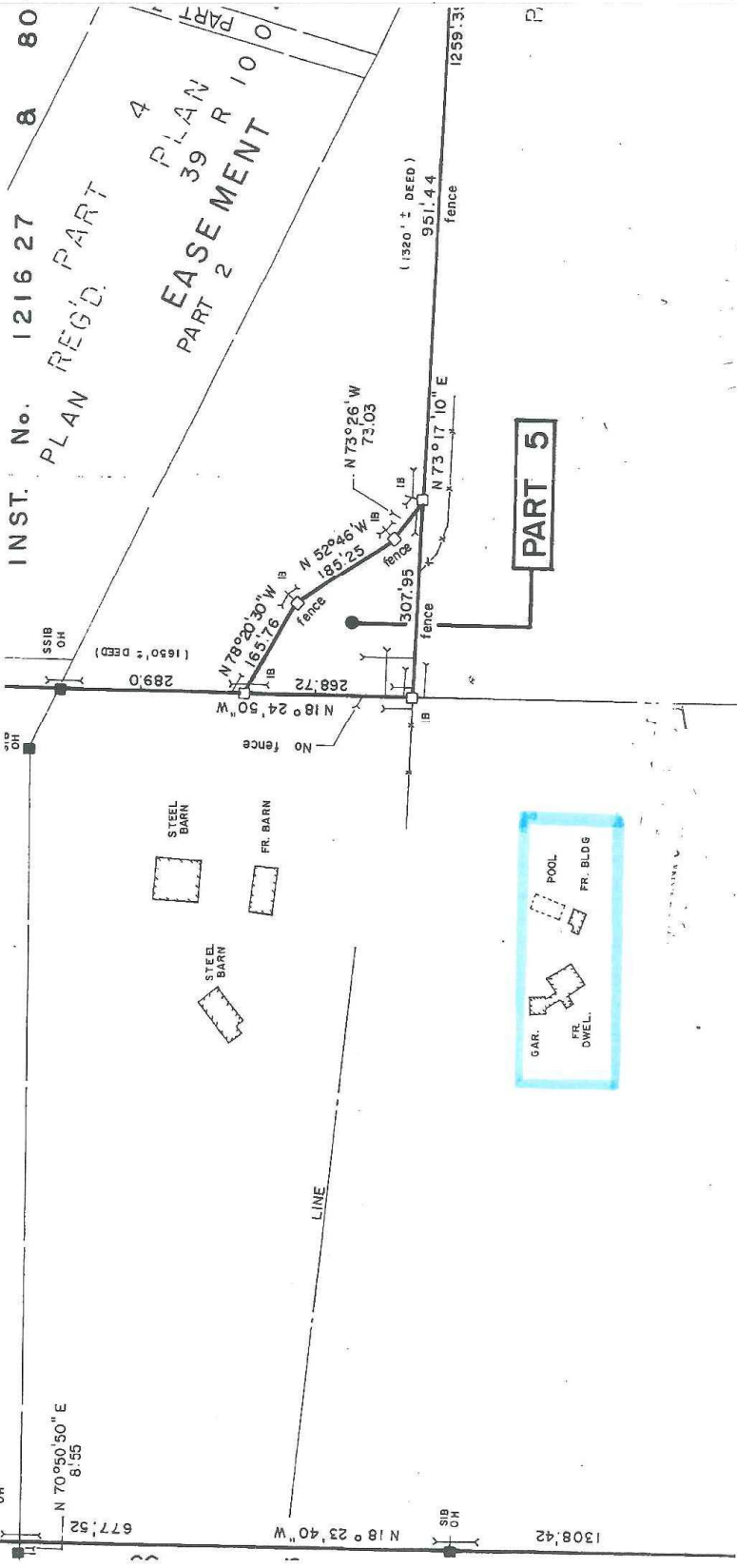
REVIEW THE TITLE RECORD
PROPERTY INFORMATION AS
NOT REFLECT RECENT REG

THIS MAP WAS COMPILED FF
DOCUMENTS RECORDED IN
REGISTRATION SYSTEM AND
FOR PROPERTY INDEXING P

FOR DIMENSIONS OF PROPE
RECORDED PLANS AND DOC

ONLY MAJOR EASEMENTS AT
REFERENCE PLANS UNDERL
REFERENCE PLANS ARE NO





INST. No. 1216 27 8 80
PLAN REG'D. PART 4
EASEMENT
PART 2
EASEMENT
PART 3

PART 5

LINE

N 70°50'50" E
81.55
677.52

N 18°23'40" W
1308.42

289.0
(1650' ± DEED)

N 18°24'50" W
No fence

268.72

N 73°20'30" W
fence

165.76

N 52°46' W
189.25

N 73°26' W
73.03

307.95

N 73°17'10" E
fence

951.44
(1320' ± DEED)

1259.31

GAR.
FR. DWEL.
POOL
FR. BLDG

STEEL BARN

FR. BARN

STEEL BARN

SCHEDULE "C"

LANDLORD'S WORK

INTENTIONALLY DELETED

TENANT'S WORK

All work necessary to bring the Leased Premises to a condition to operate the Business, provided that the Tenant complies with section 6.05 and all other terms of this Lease.