Region of Waterloo
INTERNATIONAL
AIRPORT

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Up to 10 acres of fully serviced land designated for an FBO, at one of Canada's fastest growing Airports!

General Aviation in Southern Ontario is changing. Some airports are becoming congested and restricting GA activity while other airports are closing down completely. Where will these displaced aircraft and companies operate in the future? Transport Canada predicts that in the next 10 years that The Region of Waterloo International Airport must play a very large part in relieving the congestion in the Greater Toronto Area.

The Region of Waterloo International Airport is OPEN for BUSINESS!! This is a perfect opportunity for an FBO company to set up at the closest International Airport to Toronto Pearson capable of handling larger corporate jets. A long term lease is available for the right company who wants to be part of the future of GA in Southern Ontario! With no slot times or congestion, what better place than YKF to open your next Toronto area FBO right at the end of the main runway!

For more information contact: **Chris Wood**, AAE, Airport General Manager
519.648.2256 ext. 8502 or 1.866.648.2256 ext. 8502
cwood@regionofwaterloo.ca

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1146802

Region of Waterloo
INTERNATIONAL
AIRPORT

EOI 2012-02

REQUEST FOR EXPRESSION OF INTEREST TO CONSTRUCT AND OPERATE AN AVIATION FIXED BASE OPERATION FACILITY – Leased Land Development Area (“LL4”)

The Region of Waterloo International Airport

1146802

1.0 Introduction

This document is intended to assist the Airport in assessing the qualifications of parties that have an interest in constructing and operating an aviation fixed base operation ("FBO") offering services to the general aviation marketplace including fueling, commercial aircraft storage and handling but may also include bulk storage of fuel on-site, aircraft sales, maintenance or leasing. It is intended that the Regional Municipality of Waterloo ("the Region") will enter into a lease with a constructor and operator of an FBO meeting the minimum qualifications set out herein at a location within the LL4 leased land development area in the northwest corner of the airport property (see Appendix A.)

Construction of the servicing and airside improvements associated with the LL4 leased land development was completed in the Fall of 2011.

1.01 Region of Waterloo International Airport – Background

Over the past ten years, and as a result of the implementation of a comprehensive master plan, the airport has experienced year over year growth in terms of new facilities, infrastructure and passenger air services. The airport is owned and operated by the Regional Municipality of Waterloo, a municipal corporation. The airport will continue to stimulate both direct and indirect economic growth in the region given its proximity to ground transportation corridors, the greater Toronto area and a direct catchment area (inclusive of the cities of Kitchener, Waterloo, Cambridge and Guelph) that includes more that 650,000 citizens.

The airport is also likely to play in increasingly vital role in meeting the needs of the general and business aviation sector in the future given the closure the Buttonville airport and the long term needs of Pearson International Airport which may preclude the expansion of business and non-passenger related aviation services and facilities. Potential scenarios for a role to play for the Region of Waterloo International airport in the future growth of aviation facilities and undertakings in the Greater Toronto area are discussed in greater detail in a report released by Transport Canada titled "The Pickering Lands Needs Assessment Study".
http://www.tc.gc.ca/eng/ontario/pickeringstudy.htm

2.0 Minimum Qualifications and Requirements

The following minimum requirements have been established as a basis for determining the eligibility of prospective companies. In the case of a newly formed Company, the key personnel of the Company must meet the minimum requirements listed below.

2.01 The goal of airport management is to increase the number of based aircraft, as well as increasing itinerant traffic. The Company must demonstrate it has a plan for marketing and enhancing the business opportunities available at the airport through operation of its FBO; and

2.02 The Company must have demonstrated experience in the successful operation of an aviation undertaking; and

2.03 The Company must demonstrate that it will be able to procure insurance coverage substantially in the format, and with minimal limits, set out in Section 6.03 within this document; and

2.04 The Company must demonstrate that it has the financial resources to construct, operate and manage an FBO at the airport and to finance the payment of $4,000,000 being the minimum estimated base costs for a new FBO Facility (depending on the scope and size of the FBO facility).

2.1 Security Deposit - A Company submitting an expression of interest must provide an irrevocable letter of credit or certified cheque in the amount of CDN $200,000, being five percent (5%) of the minimum estimated base costs for construction of a new FBO Facility, drawn in favour of the Regional Municipality of Waterloo upon a bank acceptable to the Region of Waterloo ("the Security Deposit").

The Security Deposit shall be in a form acceptable to the Region of Waterloo. The Company best meeting the requirements of the Regional Municipality of Waterloo will be selected to enter into a mutually agreeable Lease Agreement with respect to the Lot 4 within the LL4 leased land development area as depicted on the sketch attached to this document and marked as Appendix "A" within ninety (90) days of the date of delivery of its expression of interest. The designation of lots on the attached Appendix is for illustrative purposes only and the size of the area requested may vary depending upon the requirements set out in the Company's expression of interest. A sample lease agreement is attached to this Request for Expressions of Interest and marked as Appendix "B".

In the event the selected proponent fails to enter into a form of lease with the airport authority within the ninety (90) day period, taking into consideration such reasonable amendments and accommodations as may be required in respect of the form and content of the lease agreement, the Region of Waterloo reserves the right, in its discretion, to deduct up to ten percent (10%) of the Security Deposit to account for its expenses and lost opportunity costs and the balance of the Security Deposit shall be returned to the Company.

Upon execution of the lease agreement, the Security Deposit will be held by the Region of Waterloo as continuing security pending completion of the construction of an FBO facility in the leased land area in accordance with plans and specifications to be provided by the Company.

3.0 Technical Evaluation

3.01 It is the intention of the Region of Waterloo to evaluate the qualifications of interested parties and to enter into a lease with the Company whose proposal is determined to serve the best interest of the Region of Waterloo International Airport.

3.02 The Region of Waterloo reserves the right to request additional information and clarification of any information submitted, including any omission from the original proposal.

3.03 In issuing this Request for Expression of Interest, the Regional Municipality of Waterloo is not bound to enter into negotiations with, or select any expression of interest. The Regional Municipality of Waterloo reserves the right to reject any and all Expressions of Interest for any reason whatsoever and shall not be liable for any costs, expenses or losses incurred by any company submitting an expression of interest pursuant to this request.

The following evaluation criteria have been established to determine which Company
will best contribute to the overall project goals and strategic objectives of the airport.

Company's Overall Experience

The focus will be on the depth and breadth of the Company's overall successful, demonstrated experience in the management and operation of aviation and business undertakings. (***NOTE:*** In the case of a newly formed company the experience of the key personnel will be evaluated.)

Business Plan. Provide a detailed business plan giving a description of the scope of the intended operation and the means and methods to be employed to accomplish the contemplated operating standards in order to provide high-quality service to general aviation and general public at the Airport.

Provide a description of any third parties, subcontractors, subconsultants, or outside contractors that will perform any of the FBO services. Describe the service(s) and extent of the work that will be performed by each. Include employment information for each subcontractor, subconsultant and/or outside contractors' key personnel and provide the number of employees that will be on

site to provide each service. Specifically address how the Company will meet or exceed the airports current level of maintenance activities, level of service and associated positions. The Company is expected to provide particulars of intended contracts with third party suppliers of fuel and detailed information as to whether the Company intends to request bulk storage of fuel at the new FBO facility. **Any contracts or arrangements with third party companies supplying fuel or providing on-site fuel storage must be pre-approved by the Airport General Manager.**

Customer Service and Marketing Plan

At a minimum, provide the following information:

A. Provide a complete and detailed description of the Company's approach to providing a customer service plan that includes the ability to meet the needs and requests of customers as well as a means for resolving customer complaints. Include existing customer service programs developed and utilized by the Company, if any.

B. Provide a complete description of the marketing program the Company plans to use in attracting general aviation activity to the FBO. Include the Company's estimated annual advertising budget. Describe how the Company plans to keep and increase the clientele, to include any new services or novel concepts. Include the target market for the business activity, the plan to develop the target market, with projections of traffic in terms of based aircraft, generation of aircraft and operations and revenue projections.

C. Provide details on the operation of the facility including a plan to deal with deicing operations, snow removal, and security of the site.

Supplemental Information The Company may submit any supplemental information it deems important to the evaluation of their qualifications, including any unique or specialized services not specifically addressed or considered in this document.

FBO Facility – The focus will be on the detail and completeness of the plans for constructing an FBO facility at the airport. Companies are requested to provide their plans for the construction of a suitable facility with estimates of the overall size, land requirements, fuel storage needs, types of aircraft that would be stored within the facility, the size of the facility, amount of apron space required and other pertinent details as to the construction of the facility. Companies should provide details on how much revenue the Region of Waterloo could expect from their leasehold, based on square footage of buildings, aprons and green space. Development standards for new construction at the Region of Waterloo International Airport may be obtained from the airport's website at:
http://waterlooairport.ca/en/abouttheairport/resources/YKFAirportDevelopmentStandards.pdf

Note: The airport is subject to airport zoning regulations published by Transport Canada which contain restrictions to ensure the height of facilities at/near the airport are compatible with the safe operation of aircraft. Interested parties may obtain additional information on any restrictions directly from Airport General Manager.

Financing – The focus will be on the Company's intended approach to the financing of the facility including the identity of third party financing companies, the terms of financing, requirements, if any, for registration of leasehold security on the airport property and a breakdown of the proposed contribution of investor equity towards the estimated cost of construction of the FBO facility proposed by the Company. A Company is requested to provide particulars concerning any agreement between the members/officers of the Company that demonstrates the amount of funds committed by each member/officer to construct the new FBO facility. To the extent available, Companies are encouraged to provide letters

from investors or financial institutions confirming the ability to commit the funds and construct the FBO facility, with or without financing the project.

3.03 The prioritization of a Selected Company will be made by the Region of Waterloo on the basis of information submitted by the Company.

Results of the Region of Waterloo's evaluation will be provided to the Company, upon request.

3.04 **Contract Execution**. The Region of Waterloo will provide a Offer to Lease to the priority Selected Company for execution. Provided the Offer to Lease is mutually agreeable, the Company agrees to deliver two duly executed agreements to the Region of Waterloo within thirty (30) days from the date of submittal of its request for pre-qualification. The Company is requested to set out the required term of lease in its Request for Pre-qualification. Any lease in excess of twenty (20) years is subject to the express approval of the duly elected Council of the Regional Municipality of Waterloo. As noted in the previous section titled "Security Deposit" the company will be required to execute a Lease Agreement with the Regional Municipality of Waterloo within ninety (90) days subject to such reasonable extension as both parties may agree to. The Lease Agreement will be substantially in the form of the sample lease agreement attached hereto and marked as Appendix "B".

4.0 Timing for Submittal

A Company having expressed interest in constructing an FBO facility at the Region of Waterloo International Airport is required to submit three (3) copies of their respective request for pre-qualification and consideration in a sealed envelope no later than **Friday May 18th, 2012 at 2:00:59 p.m. EST** at the Region's Procurement & Supply Services Division, 150 Frederick St., 4th Floor, Kitchener ON.

5.0 Scope of Services

A Company meeting the minimum requirements of this request for expressions of interest will comply with and be subject to all applicable federal, provincial, and local laws, by-laws and other similar regulatory measures, including the airport's rules and regulations pertaining to all such activities.

1. **Uses and Privileges**. The Selected Company will enjoy the following **nonexclusive** rights at the Airport:
   a. The use, in common with other duly authorized users, of the common areas (as the same now exist or may hereafter be extended) of the Airport, consisting of roadways, runways, taxiways, all aids to air navigation for the Airport, and all public areas of the Airport.
   b. The right to operate a fuel farm.
   c. The right to use the leased land and premises for the conduct of an FBO.
   d. The loading and unloading of aircraft engaged in any lawful aviation activities.
   e. The maintenance, storing, and servicing of aircraft shall include overhauling, repairing, rebuilding, inspection and licensing of the same, and the purchasing and sales of parts, equipment, and accessories thereof.
   f. The right to maintain a business of buying and selling new and/or used aircraft, parts, and accessories therefore, and aviation equipment and merchandise that fall under the description of either retail, wholesale or as a dealer.
   g. The sale and into-plane delivery of aircraft fuels, lubricants and propellants at the Premises and at the Airport at such locations as may from time to time be designated by the airport. The sale of said fuels, lubricants and propellants at those locations designated by the airport shall include the right to use vehicles necessary for the servicing of aircraft.
   h. The right to provide food and beverage vending machines in the public and employee break areas. In addition, the Selected Company may establish a food and beverage concession normally found in a first-class FBO solely for the convenience, necessity, and use of its customers, subject to the airport's approval; provided, however, that if the Company elects to provide such food

and beverage services through means other than the Company's own personnel and arranges for such services through a concessionaire, the agreement with any such concessionaire shall first be approved in writing by the Airport General Manager.

6.0 Fees and Administrative Requirements

6.01 Land Rent and Building Rent. Rents for the land, apron and building areas proposed to be constructed by the Company have been determined by the Region of Waterloo and are detailed in the Fees and Charges by-law of the Region of Waterloo for "special commercial" class of undertakings at the airport. The Region of Waterloo Fees and Charges By-law (By-law 12-001) is available online at:

http://www.regionofwaterloo.ca/en/regionalgovernment/bylaws.asp

6.02 Fees. The Selected Company will pay the airport, after commencement of operations of its FBO, a fuel surcharge as detailed in the Region of Waterloo Fees and Charges by-law. The Company shall be responsible for all municipal fees and charges relating to development and construction of the FBO facility including airport development fees, costs of obtaining a building permit, development charges, applicable taxes and the costs of hooking up any required utilities and municipal services. Region of Waterloo specific development costs for the LL4 leased land development area are detailed in By-law 12-001. The current Regional development fee is $7.43 per square foot of ground floor building area proposed for the site. The proponent will be required to obtain a building permit from the Township of Woolwich prior to initiation of construction at the airport.

6.03 Insurance. The Selected Company must provide evidence that it will be able to procure insurance coverages and limits as outlined in the sample lease attached.

7.0 Terms and Conditions

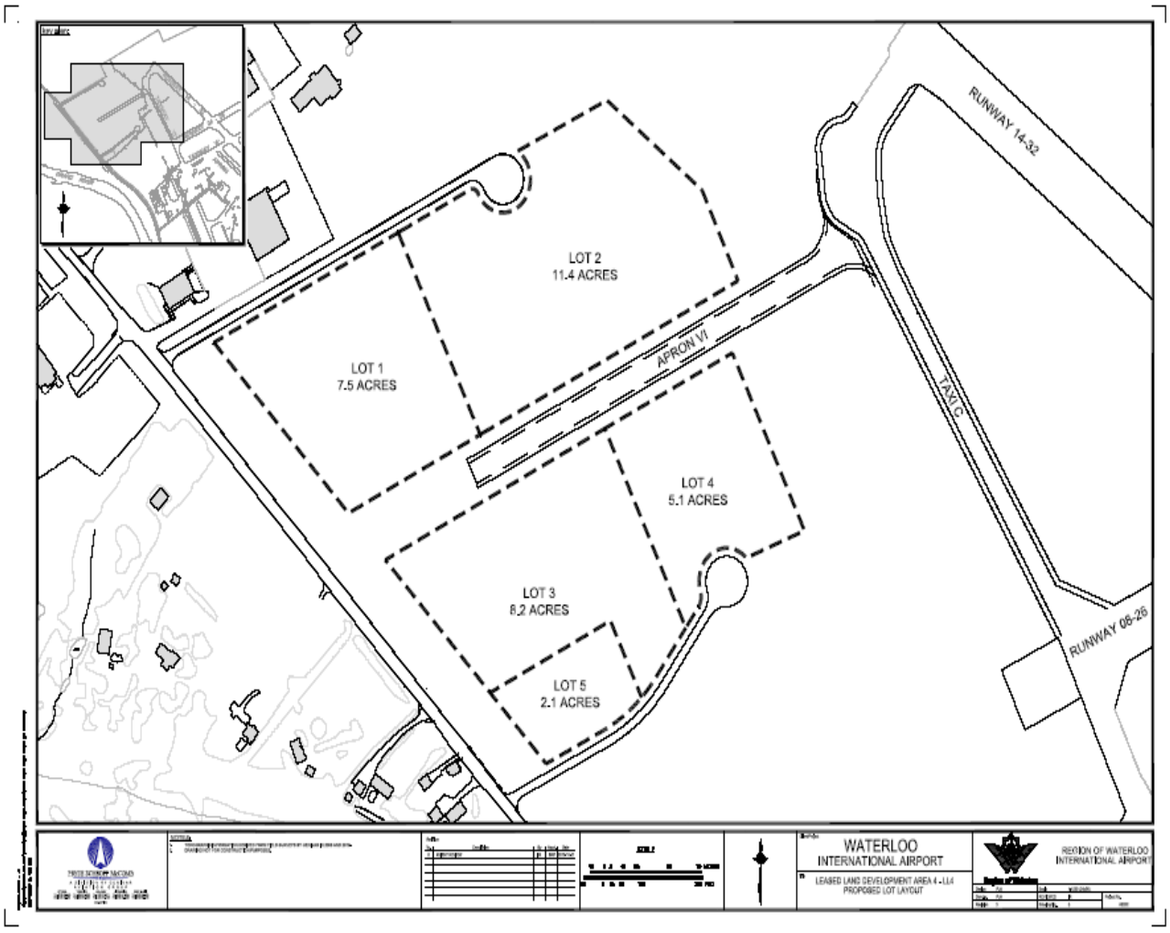
7.01 This Request for Expression of Interest shall in no manner be construed as a commitment on the part of the Regional Municipality of Waterloo to award a contract or enter into a lease with respect to an FBO facility on the Airport lands. The Airport reserves the right to reject any or all submissions; to waive minor irregularities in the Request for Expression of Interest process or in the responses thereto; to postpone or cancel this process; to negotiate, select or procure parts of services; or to negotiate an Agreement with another Company if an Agreement cannot be negotiated with the Company selected as a result of this Request for Expression of Interest.

7.02 Cost of Preparation All costs associated with preparing and delivering an expression of interest shall be borne entirely by the Company. The airport will not compensate the Company for any expenses incurred by the Company as a result of this process.

7.03 There will be no "formal" opening for this Request for Expression of Interest. Information submitted to the Region of Waterloo shall be subject to the *Municipal Freedom of Information and Protection of Privacy Act*. The Airport will maintain the confidentiality of information submitted by a Company in accordance with this request for expression of interest subject to the requirements of this legislation.

7.04 Supplemental Information. The Airport reserves the right to request any supplementary information it deems necessary to evaluate the Company's experience or qualifications and/or clarify or substantiate any area contained in the Company's response. All Companies will be treated equally.

Appendix “A”


LOT 1
7.5 ACRES
LOT 2
11.4 ACRES
LOT 3
8.2 ACRES
LOT 4
5.1 ACRES
LOT 5
2.1 ACRES
APRON VI
TAXI C
RUNWAY 14-32
RUNWAY 08-26
WATERLOO
INTERNATIONAL AIRPORT
LEASED LAND DEVELOPMENT AREA 4 - LL4
PROPOSED LOT LAYOUT
REGION OF WATERLOO
INTERNATIONAL AIRPORT

Appendix “B” – SAMPLE LEASE

THIS LEASE made in duplicate this day of , 2012.

BETWEEN:

THE REGIONAL MUNICIPALITY OF WATERLOO
a body incorporated under the Statutes of the
Province of Ontario

Hereinafter called the "LANDLORD"
of the FIRST PART,

- and -

a corporation incorporated pursuant to
the laws of Ontario

Hereinafter called the "TENANT"
of the SECOND PART,

WHEREAS pursuant to an Offer to Lease dated between the Landlord and ("the Tenant"), the Tenant offered to lease certain lands described herein owned by the Landlord at the Region of Waterloo International Airport, (“the "Premises"), for the purposes set out herein;

AND WHEREAS the Landlord and the Tenant wish to enter into a lease with respect to the Premises to provide for, among other things, the construction and operation of a fixed base hangar complex facility at the Region of Waterloo International Airport in accordance with an Expression of Interest submitted to the Landlord on which is attached to this Lease and marked as Schedule “B”;

NOW THEREFORE in consideration of the covenants, provisoes and conditions hereinafter reserved and contained and the sum of two dollars ($2.00) paid by the Tenant to the Landlord and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged by both parties, the Landlord, by this Lease, demises and leases the Premises to the Tenant and the Landlord and Tenant agree as follows:

ARTICLE 1.0 - DEFINITIONS

1.01 Definitions

When used in this Lease, unless the context otherwise requires, the following words and expressions have the meaning hereinafter set forth:

"Adverse Environmental Condition" means any condition which does not comply with the Environmental Protection Act (Ontario) and the Regulations thereunder or any relevant municipal by-laws;

"Airport" means the Region of Waterloo International Airport in the Province of Ontario;

"Airport Maintenance Fee" means the fee charged by the Landlord in addition to the rent for the allocation of the Landlord's maintenance costs;

"Airport General Manager" means the person holding that position, or acting in the capacity of the Airport General Manager, at the Airport;

"Airport Mobile Equipment Fee" means an annual fee charged by the Landlord, to the Tenant, in accordance with the Fees and Charges By-law of the Regional Municipality of Waterloo;

"Airside" means the area of the airport used for activities directly related to aircraft operations and to which access is controlled;

"Aviation Fuel" shall mean those types of fuel used in the propulsion of aircraft and available at said Airport;

"Aviation Fuel Services" means the sale and delivery of Aviation Fuel and Other Petroleum Products at the Airport;

"Building Area" means the area of the building to be constructed within the area described as “Lot 4” as shown on Schedule "A" to this Lease and comprising in excess of 20,000 square feet. For the purposes of calculating rent, the Building Area shall include the area within a five (5) foot perimeter of the outside of the Hangar Complex;

"Claims" means any actions, causes of action, proceedings, demands, disputes, judgments and similar liabilities;

"Environmental Claims" means any orders, directives, claims, suits, proceedings, actions, causes of action, demands, judgments, executions, liabilities and responsibilities, statutory or otherwise, relating to environmental matters;

"Environmental Laws" means all applicable federal, provincial and municipal environmental laws, statutes, by-laws, regulations, codes, directives, guidelines or other enactments including, without limitation, the federal Environmental Code of Practice for Above Ground Storage Tank Systems containing Petroleum Products and the Operation and Maintenance Guidelines for Above Ground Storage Tanks at Transport Canada, and Airport Rules and Regulations insofar as they relate to environmental matters;

"Facilities" means the buildings, petroleum storage facilities, pumps, valves, heating equipment, piping, fixtures, and other associated equipment and all other fixed assets of the Tenant located above, on or below the Land at the Airport and any addition to, improvement to, alteration of or replacement of any of such items;

"Groundside" means an area of the airport to which the public is permitted access;

"Hangar Complex" means certain improvements to the Premises described in Schedule "A" to this Lease;

"Hazardous Substances" means any substance which is contaminant or hazardous to persons, animals, fish, plants, soil, water, property or the environment and for greater certainty includes:

(a) radioactive materials;

(b) explosives;

(c) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that is detrimental to its use by a person or by any animal, fish or plant;

(d) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:

    (i) endangers the health, safety or welfare of persons or the health of animal life,

    (ii) interferes with normal enjoyment of life or property or

    (iii) causes damage to plant life or to property;

(e) toxic substances; and

(f) substances declared to be hazardous, toxic or a contaminant under any law or regulation now or hereafter enacted or promulgated by any federal, provincial, municipal or local government authority having jurisdiction over the Tenant, the Land or the Facilities;

"Injury" means any personal or bodily injury including death resulting therefrom and whether the death occurs before or after the end of the Term, and any personal physical or mental discomfort, defamation of character, invasion of privacy, and discrimination, or any of them;

"Land Area" or "Land" means the lands described as Lot 4 on Schedule "A" and comprising 4.7 acres and includes the Building Area. The Land Area may be subject to change following the approval of the site plan depicting the Hangar Complex by the Landlord;

"Landlord" means the Party of the First Part and its successors and assigns and includes any employees, agents and contractors and any other person for whom the Landlord may be responsible in law and any person who has a right of contribution as against the Landlord;

"Lease" means this Lease or Lease and including all Schedules attached hereto to form part hereof;

"Mobile equipment" means any fuel trucks used on Airside by the Tenant in furtherance of the Purpose and Use defined in Section 2.0 of this Lease;

"Occupant" means any assignee, transferee, subtenant, licensee or other third party who holds any interest in Land pursuant to any Lease or understanding;

"Person" means any individual, sole proprietorship, partnership, company, trust, government or government agency, authority or entity, however designated or constituted;

"Petroleum Products" means collectively Aviation Gasoline, Aviation Turbine Fuel, and associated products such as Diesel Fuel, Motor Gasoline and Fuel System Icing Inhibitors;

"Premises" means the Land Area, the Building Area and the Facilities or any part thereof, all within Lot 4 as shown on Schedule "A" and attached to this Lease;

"RMOW" means the Regional Municipality of Waterloo;

"Tenant" or other words relative thereto means the Party of the Second Part and its successors and assigns, and includes its employees, agents and contractors;

"Term" means the initial term of this Lease and any renewal terms;

"Transport Canada" means Her Majesty the Queen in Right of Canada represented by the Minister of Transport;

"Vehicle" means an automobile, truck or other self-propelled equipment or device in, on or by which a person or thing or Aviation Fuel or other Petroleum Products is or may be transported or carried or conveyed on land;

"Work" means all the effort, material and services being done, furnished or performed in order to carry out any objective; and

All references in this Lease to laws, policies, Schedules, Manuals, Directives, specifications and similar enactments and statements shall be read, where applicable as being "relevant as replaced or amended from time to time", and "on" may be read as "on, in, over, under, through or across".

ARTICLE 2.0 - DEMISE, PURPOSE AND USE

2.01 The Landlord hereby demises and leases unto the Tenant and the Tenant hereby leases from the Landlord the Premises for the Term and subject to the conditions as provided herein.

The Land Area shall be used for the construction and operation of aircraft and aviation facilities including all activities associated with loading and unloading aircraft, providing support to cargo and passenger operations including short term aviation-related storage, lounges, meeting rooms, food catering service, repairs, maintenance, training areas and activities, fuelling and de-icing services, and any and all activities normally associated with and customarily used, whether now or in the future, with respect to a competitive hangar and fixed base operator operations save and except sign rentals and restaurants. Any gift or other retail or wholesale operations and car rentals shall only be permitted insofar as same are provided to customers of the Tenant and not offered to the general

public. The Tenant shall not use the Premises for any use or uses unless expressly permitted herein or the prior written approval of the Airport General Manager is obtained by the Tenant for such use or uses, subject to Section 4.06(a) of this Lease and any conditions which the Airport Manager may impose in respect of such use or uses. Any usage of the Premises shall not be inconsistent with the operation and use of the Airport and shall not in any way interfere with the safe or efficient operation and use of the Airport.

ARTICLE 3.0 - TERM

3.01 LENGTH OF TERM & OPTION TO RENEW

(a) The Tenant shall have and hold the Premises for a term of _____ years, commencing on the 1st day of _____, 2012 and terminating on the 31st day of _____, 20___ unless sooner terminated in accordance with this Lease (the "Initial Term").

(b) If at the expiration of the Initial Term it shall then appear that all Rent and other sums or charges due and payable by virtue of this Lease have been fully paid and that the Tenant has on its part observed and performed all the covenants, provisos, conditions and reservations contained in this Lease, or alternatively remedied any failure or default during the Initial Term to the satisfaction of the Landlord by the time of renewal, the Landlord shall grant to the Tenant an automatic renewal of this Lease for a second term of _____ years, commencing on the 1st day of _____ ("the Renewal Term"). The Landlord agrees that any grant of renewal under this Lease shall not be unreasonably withheld or unduly delayed.

(c) Despite the foregoing, the Tenant may terminate this Lease at the end of the initial term or at the end of any renewal term, subject to the Tenant providing the Landlord with notice in writing of such termination at least six (6) months prior to the expiry of the Initial Term or the Renewal Term.

3.02 OVERHOLDING TENANCY

It is hereby agreed by and between the parties hereto that if the Tenant shall overhold after the expiration of the Term and the Landlord shall accept Rent, the new tenancy thereby created shall be a tenancy at will and not a tenancy from year to year, and the Tenant shall pay as Rent during the time of such occupancy in an amount payable immediately prior to the expiry of the Term, and shall be subject to the covenants and conditions herein contained, including but not limited to Section 4.04, so far as they are applicable to a tenancy at will.

3.03 CANCELLATION

(a) If by reason of fire, flood, lightning, tempest, earthquake, impact of aircraft, explosion, or Acts of God, or the Queen's enemies the Premises shall, at any time during the Term be destroyed or so damaged as to render them reasonably unfit for occupancy then the Tenant, acting reasonably, will have a period of ninety (90) days after such damage or destruction within which to decide whether or not to repair or rebuild at the Tenant's sole expense. If the Tenant decides not to rebuild or repair, it may terminate this Lease by notice, in writing, given to the Landlord within the said ninety (90) day period; provided, however, that in the event of such notice being given, the rent reserved to the Landlord under this Lease shall be due and payable up to the date of removal of the Facilities and clearance and levelling of the Land to the satisfaction of the Landlord. During the ninety (90) day period, the Tenant shall ensure that the Land Area is secured and is not left in a state that could injure any property or persons.

(b) Despite anything in this Lease, this Lease may be terminated by the Tenant at its option and sole and absolute discretion at any time within the thirty (30) calendar days immediately following the commencement of the Intital Term with notice in writing to the Landlord in the event that the Tenant is unable, acting reasonably, to obtain adequate financing to construct the improvements to the Facilities as described in Schedule "B" to this Lease (the "Hangar Complex") and, thereafter, this Lease will be terminated with no obligation from one party to the other save and except as specified herein including but not limited to the Tenant's obligations under section 3.04.

(c) Despite anything in this Lease, save and except only subsection (d) below, this Lease may be terminated by the Landlord at its option:

(i) by at least thirty (30) days' prior notice in writing to the Tenant in the event that construction of the Hangar Complex has not seriously commenced by _____, evidenced by the issuance of a building permit by the Township of Woolwich and the expenditure by the Tenant of at least 10% of the budgeted cost of constructing the Hangar Complex; or

(ii) by at least thirty (30) days' prior notice in writing to the Tenant in the event that the Tenant has not substantially completed construction of the Hangar Complex on the Premises by _____. For the purpose of this Lease, “substantially completed” shall have the same meaning as the definition for substantial performance of a construction contract as set out in section 2 of the *Construction Lien Act* of Ontario, as amended; and

in either case, this Lease will be terminated at the end of the applicable thirty days' notice if the Tenant has not complied with said requirement(s) by such date with no obligation from one party to the other save and except as specified herein including but not limited to the Tenant's obligations under section 3.04, and the Original Lease will apply and continue in full force and effect with respect to the Premises, including but not limited to the obligation of the Tenant to pay Rent and other amounts during the period that this Lease was in effect.

(d) The Tenant shall be entitled to an extension of time beyond the dates specified in subsection 3.03(c) equal to the exact period of any delay in the receipt of materials directly required for the construction of the Hangar Complex due to circumstances beyond the reasonable control of the Tenant, provided that the Tenant first provides evidence in writing satisfactory to the Airport Manager confirming that:

(i) the delayed materials have been ordered on a timely basis,

(ii) the supplier from whom the delayed materials were ordered is unable to deliver the materials due to bona fide circumstances, and

(iii) confirmation from at least one other supplier that it is unable to deliver the same specified materials at a similar price F.O.B. the Airport within a shorter period of time.

(e) If at any time the Airport, for any reason, permanently closes and/or all runways and/or taxiways are permanently closed or otherwise impeded so as to prevent commercial air traffic of the Tenant's business from direct runway or taxiway access to the Land Area, either the Landlord or the Tenant shall be entitled to immediately terminate this Lease, without compensation, on notice in writing to the other. The words "permanently closes" or "permanently closed" shall mean the closing of all airport and/or runways and/or taxiways to the Premises for a period of ninety (90) full (twenty-four hour) days consecutively or one hundred and twenty (120) full (twenty-four hour) days aggregately in any twelve (12) month period.

3.04 SURRENDER OF PREMISES

(a) At the expiration or sooner determination of the Term of this Lease, the Tenant shall peaceably surrender the Premises to the Landlord, in a good state of repair and the Tenant shall leave the Premises in a reasonably clean condition. The Tenant shall, within one hundred and twenty (120) days after the expiration or early termination of the Term, remove from the Premises, in accordance with a schedule to be mutually agreed upon, acting reasonably, all of its chattels, goods, supplies, articles, equipment, installations, machinery, materials, effects and things from the Hangar Complex, and shall also, to the satisfaction of the Landlord, repair all and every damage and injury occasioned to the Premises of the Landlord by reason of such removal or in the performance thereof, but the Tenant shall not, by reason of any action taken or things performed or required under

this section, be entitled to any compensation whatsoever. The Tenant shall forthwith carry out the requirements of section 6 of this Lease.

(b) Unless consented to by the Landlord, no chattels, goods, supplies, articles, equipment, material effects or things shall be removed from the Premises until all Rent due or to become due and all other charges and amounts due to the Landlord under this Lease are fully paid. The Landlord, at its option, may remove at the risk of and at the cost and expense of the Tenant and as the Tenant's agent, the chattels, goods, supplies, articles, equipment, materials effects or things from the Premises and the Tenant shall reimburse the Landlord forthwith upon receipt of appropriate accounts therefor, for any reasonable charges incurred by the Landlord as a result of such removal. Where not removed by the Tenant or the Landlord on behalf of the Tenant, the Landlord may without notice to the Tenant, consider the chattels, goods, supplies, articles, equipment, material effects or things to be abandoned, and take title thereto in the name of the Landlord.

(c) At the expiration or sooner determination of the Term of this Lease and provided all fees, charges, taxes and rents have been paid in full to the Landlord , the Tenant shall have the right to remove the Hangar Complex and all fixtures and appurtenances thereto from the Premises. Failing the Tenant’s having removed the Hangar Complex and all fixtures and appurtenances in accordance with this paragraph within one hundred and eighty days from the expiration or sooner determination of this Lease, the Hangar Complex and the all fixtures and appurtenances thereto shall vest in and become the sole property of the Landlord, free and clear of any other interest or encumbrance whatsoever at no expense or cost to the Landlord. Removal of the Tenant's moveable trade fixtures shall be subject to the Landlord's rights of distress and any other remedy available to it at law.

(d) Despite the preceding paragraph 6(c) and where the Landlord has reasonably determined that it does not wish, in its sole discretion having regard to the Landlord’s due diligence, to assume the ownership of the Hangar Complex and all fixtures and appurtenances thereto, the Landlord shall have the option of requiring the Tenant, upon written notice delivered to the Tenant on or before the expiration or termination of the Term, to remove the Hangar Complex and such facilities, structures, systems or improvements constructed or installed by the Tenant on the Premises and the Tenant shall be bound to so remove and restore the Premises to the condition indicated in Section 6.0, or otherwise to the satisfaction of the Landlord, at the Tenant's sole cost. Prior to the delivery of written notice in accordance with this sub-paragraph, the Landlord shall have regard to the condition of the Hangar Complex at the time of termination or expiry of this Lease, the requirement for capital repairs and overall condition of the Hangar Complex, operating costs and maintenance for the Hangar Complex, any environmental liabilities associated with the leased Lands or any material failure by the Tenant to comply with the provisions of this Lease (“the Landlord’s Due Diligence”). Provided the Tenant has left the Hangar Complex in a good state of repair, in a reasonably clean condition and has otherwise been fully compliant with the terms and conditions of the Lease, the Tenant shall be released from any further obligations in relation to the condition of the Hangar Complex and the restoration of the Premises.

ARTICLE 4.0 - RENT, AIRPORT MAINTENANCE AND CONCESSION FEES

4.01 RENT

(a) "Rent" means the amounts payable by the Tenant to the Landlord pursuant to this Lease and includes Base Rent, Airport Maintenance Fees and Airport Mobile Equipment Fees.

(b) During the Term of the Lease, the Tenant shall pay to the Landlord Base Rent in advance in twelve equal monthly instalments due and payable on the first day of each month of this Lease in an amount as follows:

(i) $0.38 per square foot of the Building Area per annum plus $0.10 per square foot of the Land Area per annum commencing on the date of substantial completion of the Hangar Complex as defined in paragraph 3.03(c)(ii) subject to an annual adjustment in accordance with paragraph 4.04 herein throughout the Initial Term and the Renewal Term.

(ii) Despite the foregoing subsection (b) (i) above, until such time as the construction of the Hangar Complex is substantially complete or otherwise available for use by the Tenant, the Base Rent shall be calculated solely on the basis of the $0.10 per square foot of Land Area.

(c) During the Term of the Lease, the Tenant shall pay to the Landlord the following amounts:

(i) Airport Maintenance Fees in accordance with section 4.05;

(ii) Airport Aviation Fuel Services Fees in accordance with section 4.05A;

(iii) Airport Mobile Equipment Fees which shall be determined prior to January 1st of each year of this Lease for all mobile equipment of the Tenant operating at the Airport. These charges will be invoiced and due and payable by the Tenant on an annual basis; and

(iv) Despite the foregoing subsection (c) (i) and (iii) above, no Airport Maintenance Fees or Airport Mobile Equipment Fees shall be payable until such time as the Tenant commences to provide Aviation Fuel Services based at the Hangar Complex.

The accounts of the Tenant shall be open to audit and inspection and for taking extracts therefrom at all times, during business hours, provided 48 hours notice is given to the Tenant by the accredited officers of the Landlord. The Tenant shall prepare and keep adequate accounts which shall show all its transactions. The cost of any audit performed pursuant to this section shall be borne by the Landlord, provided, however, that should the results of such audit reveal an undereporting of more than five percent (5%) between the distribution and/or sales determined by such audit, then the full cost of such audit shall be borne by the Tenant.

(d) In the event that the Tenant may sublease an area within the Land to a third party for the purposes of the delivery of Aviation Fuel Services, which sublease must be pre-approved by the Landlord acting reasonably, then the Tenant shall enter into a written agreement with the approved subtenant which agreement shall contain a clause requiring the subtenant to collect and remit to the Landlord any Airport Mobile Equipment Fees, Airport Aviation Fuel Services Fees and any other applicable fees or charges on behalf of the Tenant and in lieu of the Tenant’s obligation to do so.

4.02 PAYMENT OF RENT

(a) The Tenant shall pay all Rent and any other amounts due hereunder, together with the applicable Harmonized Sales Tax (H.S.T.) and any other applicable tax, at the time and in the manner in this Lease set forth, without any abatement deduction or set-off whatever. No partial payment by the Tenant which is accepted by the Landlord shall be considered as other than a partial payment on account of Rent owing and shall not prejudice the Landlord's right to recover any Rent owing.

(b) Payment of all rents and other amounts due hereunder shall be made by the Tenant, without prior demand by the Landlord, to the Regional Municipality of Waterloo, and delivered to:

Airport General Manager
1-4881 Fountain Street North
Breslau, Ontario
N0B 1M0

or such other person or place as designated by the Landlord in writing.

4.03 INTEREST ON RENT IN DEFAULT

Without waiving any other right of action of the Landlord in the event of default of payment of Rent or any other amounts due hereunder, if the Tenant is delinquent after the date above

appointed in making the payments required hereunder, the Tenant shall pay interest thereon at the rate of one half percent per month or six per cent annually, or such other rate of interest as may be enacted by the RMOW, from time to time.

4.04 ADJUSTMENT AND FIXING OF BASE RENT

(a) During the Initial Term and the Renewal Term, the Base Rent shall be adjusted annually by the Landlord taking into consideration increases in the Consumer Price Index for all items published by Statistics Canada.

4.05 AIRPORT MAINTENANCE FEE

(a) The Tenant shall annually pay to the Landlord an Airport Maintenance Fee based upon the annual maintenance costs of maintaining all airport facilities and buildings including airport common areas eg. roadways, apron, taxiways, etc. and all areas accessible to the general public("Common Area and Facilities").

(b) The Airport Maintenance Fee shall be calculated annually as:

$$\frac{\text{(Total maintenance cost)}}{\text{(Total leased land of Airport)}} \times 20\% \times \text{Tenant's leased land area}$$

(c) The Landlord will advise the Tenant of the amount of the Airport Maintenance Fee for each year within the first 120 days of such year and the Tenant shall pay such Fee annually either in two equal installments in June and December of each year or in twelve equal monthly installments, with such timing of payment to be at the Tenant's option. The Airport Maintenance Fee for 2011 is $0.08 per square foot of Land Area.

(d) Maintenance costs include:

(i) insuring the Landlord's lands, buildings, improvements, equipment and other property and the Common Areas and Facilities from time to time owned or operated by the Landlord or for which the Landlord is legally liable, in the manner and form, with the companies, and with the coverage and the amounts which the Landlord from time to time determines advisable;

(ii) cleaning, snow and ice removal, landscape maintenance, lighting and electricity for the Airport Common Facilities;

(iii) the costs of the rental of any equipment, the cost of building supplies used by the Landlord in the maintenance and operation of the lands, buildings, and the Common Area and Facilities;

(iv) the Landlord's cost of Airport and administration office expenses including telephone, stationery and supplies;

(v) the cost of lighting, heating, ventilating and air conditioning of the Landlord's Airport facilities and buildings;

(vi) all repairs to and maintenance and operation of the Landlord's lands, buildings and the Common Areas and Facilities, and the systems, facilities and equipment serving the Landlord's lands, buildings and the Common Areas and Facilities;

(vii) cost of operating and maintaining Airport parking areas and roadways whether incurred by Landlord or any other operator;

(viii) all business taxes and other taxes, if any, from time to time payable by the Landlord with respect to the Common Areas and Facilities and all Taxes which may be applicable or allocated by the Landlord to the Common Areas and Facilities; and

(ix) the cost of consulting engineering fees as related to the maintenance of the Landlord's lands, buildings, Common Areas and Facilities.

4.05A AVIATION FUEL SERVICES FEE

The Tenant shall pay to the Landlord Aviation Fuel Services Fees in connection with the Tenant's sale of Aviation Fuel in accordance with the Landlord's Fees and Charges by-law, as amended. The Aviation Fuel Services Fees shall be payable as follows:

(a) By the fifteenth (15th) day of each succeeding month during this Lease a monthly fee currently calculated as follows:

4.00 cents per litre (Jet Fuel) and 5.00 cents per litre (AvGas) of Aviation Fuel distributed in any manner by the Tenant on the Airport (in effect in 2012);

(b) The Tenant covenants to pay to the Landlord such monthly fee on Aviation Fuel and other Aviation Fuel Services as may be calculated on the basis of any revised rates made known to the Tenant by the Landlord from time to time in accordance with 4.05A(c) herein;

(c) The Landlord shall notify the Tenant of any revision to the concession fee for Aviation Fuel or other Aviation Fuel Services prior to thirty (30) days of the date that the said revision is to take effect. A copy of the letter shall be attached to and form part of this Lease; and

(d) The Tenant shall not pay a higher concession fee than any other vendor of Aviation Fuel or other Petroleum products at the Airport.

4.06 ADDITIONAL FACILITIES

(a) The foregoing Rent is for permitted uses only as described in this Lease and, in the event that any other use or uses, including but not limited to, restaurant facilities or facilities licensed by the Alcohol and Gaming Commission of Ontario, or any other facilities, are permitted by the Landlord on the Premises the Base Rent for that portion of the Premises used for such facilities and additional rent, shall be as negotiated between the Landlord and the Tenant at the time. Where the Landlord has agreed to permit another use or uses however the parties cannot agree upon the Base Rent for that portion of the Premises or the Hangar Complex used for such additional purposes, the matter shall be referred to a single arbitrator to be selected by the parties or, alternatively may be appointed by a local judge of the Superior Court of Justice, who shall determine the rent having consideration to rents and charges associated with similar uses for similar commercial lands within the Regional Municipality of Waterloo or similar lands within similarly situated airports within the Province of Ontario.

ARTICLE 5.0 - LEASED LAND, SERVICES AND IMPROVEMENTS

5.01 STATUS OF LANDS

The parties agree as follows:

(a) Subject to the Tenant's right to conduct environmental due diligence as defined in paragraph 5.01(b)(i), the Tenant accepts the environmental condition of the Premises and acknowledges and agrees that the Premises are free of any Adverse Environmental Condition or Hazardous Substances as of the commencement of the Term of this Lease. In the event of the construction of any structure on and/or any other improvements made to the Premises by the Tenant at any time during the tenancy of this Lease and any renewal(s) hereof to make the Premises suitable for operations of the Tenant hereunder same, shall be at the risk, cost and expense of the Tenant and to the reasonable satisfaction of the Landlord.

Save and except as provided for in subsection 5.01(b) hereof, the Tenant accepts the Premises demised hereunder in an "as is" condition and the construction of any structure on and any other improvements made to the Premises by the Tenant at any time during the currency of this Agreement and any renewals thereof as well as improvements made by the Tenant during its prior tenancy, to make the Premises suitable for the operations of the Tenant hereunder, shall be at the risk, cost and expense of the Tenant and to the reasonable satisfaction of the Landlord.

(b) The Tenant acknowledges and agrees that:

(i) it shall have thirty (30) days from the commencement of the Initial Term to conduct such environmental due diligence as the Tenant deems necessary and shall have the opportunity to fully inspect and become familiar with the physical attributes and conditions of the Premises during that time. The Tenant shall have the right to terminate this Lease, in its sole discretion for any reason resulting from the performance of its environmental due diligence, within thirty (30) days of the commencement of the Initial Term by delivering written notice of termination to to the Landlord within the thirty (30) day period;

(ii) the Landlord and any Person for whom the Landlord might be responsible in law has not made any representation or given any warranty of any kind respecting the Premises or the services and utilities serving the Premises; and

(iii) the taking of possession of all or any part of the Premises by the Tenant shall be conclusive evidence against the Tenant that all undertakings, if any, of the Landlord with respect to the Premises or services or utilities serving the Premises have been fully satisfied and performed by the Landlord. The parties agree that the Tenant's entry upon the Land, or third party entry onto the Land on the Tenant's behalf, for the purpose of conducting environmental due diligence prior to the commencement of the Lease shall not be considered to be possession of the Land for the purposes of this paragraph.

5.02 ACCESS

(a) The Landlord shall have full and free access to the Premises for inspection purposes upon twenty four (24) hours notice during normal business hours and in the presence of the Tenant; it being expressly understood and agreed, however, that in cases of emergency, the Landlord shall at all times and for all purposes have full and free access to the Premises.

(b) The members, employees, customers , permitted subtenants and guests of the Tenant shall have full and unrestricted use of the public car parking area at the Airport subject to payment of any fees and charges generally required to be paid by the general public.

(c) The Tenant shall have quiet possession of the Premises and the right of ingress and egress over the Airport roadways, aprons, taxiways and runways for its member(s), employees, customers, permitted subtenants and guests subject to rules and regulations as may be established by the Landlord, acting reasonably, and/or by such other regulatory authorities having jurisdiction respecting their use.

(d) The Landlord agrees that all facilities and services available to the public on the Airport shall be available to the Tenant on the same basis as available to other operators on the Airport.

5.03 MAINTENANCE AND REPAIR OF FACILITY

(a) The Landlord shall at its cost;

(i) in accordance with the Airport's annual winter maintenance plan, be responsible for maintaining the public access road in reasonable condition and shall be required to make reasonable efforts to keep the areas clear of snow, taking into consideration the higher priority of the Airport and manoeuvring areas and the limitations of equipment and manpower; and

(ii) make reasonable efforts to maintain the runways and airport roadways, aprons and taxiways and to remove snow therefrom.

(b) The Tenant shall at its cost repair fixtures that have been installed, built, replaced, upgraded by the Tenant on the Premises. In addition, the Tenant shall:

(i) repair, operate, maintain and keep the Premises in good repair, order and condition and to make all repairs and replacements to the Premises as shall be reasonably necessary;

(ii) repair fixtures that have been installed, built, replaced or upgraded by the Tenant after the commencement date of the Term of the Lease which shall be the Tenant's responsibility; and

(iii) maintain the landscaping and paved areas and shall keep the Land Area neat and tidy at all times, all to the reasonable satisfaction of the Airport General Manager. The Tenant, at its cost, is responsible to clear snow and ice from paved surfaces on the Premises.

5.04 SERVICES

(a) The Tenant, at its cost, shall be responsible for installing, maintaining, repairing and replacing as necessary the connections to the border of the leased Premises for sewer septic and water systems for the Premises. Services that will be provided by the Landlord include municipal water, a communal sewage system, electricity and telephone. The particulars of the services provided by the Landlord, and applicable fees, are set out in an "Airport Development Manual" a copy of which has been provided to the Tenant and is available at the airport website and the Region of Waterloo Fees and Charges By-law.

(b) Construction of improvements to Premises requiring sewage disposal and water systems shall be at the cost and expense of the Tenant. The plans and specifications for such services must first be approved in writing by the Airport General Manager before work is commenced.

(c) The Tenant shall be responsible, at the cost and expense of the Tenant, for making arrangements for all services not supplied by the Landlord such as natural gas, telephone or cable, including the installation of underground pipes and cables as well as overhead wires within the area of the leased Premises, provided, however that the plans and specifications for installation thereof must first be approved in writing by the Airport General Manager before work is commenced which approval shall not be unreasonably withheld or delayed.

(d) The Tenant shall, at the cost and expense of the Tenant, provide complete and make proper arrangements for the adequate sanitary handling and disposal away from the Airport of all trash, garbage, and other refuse resulting from the Tenant's operations under this Lease, all to the satisfaction of the Airport General Manager, acting reasonably. Piling of crates, cartons, barrels or other similar items shall not be permitted in a public area on the Airport.

5.05 REASONABLE USE

The Tenant shall not, during this Lease , do, suffer, or permit to be done any act or thing which may impair, damage or injure the Premises beyond the damage occasioned by reasonable use, and the Tenant shall at the Tenant's own cost, at all times during the continuance of this Lease, keep the said Premises in a good state of repair and shall renew all portions of the said Premises which may at any time be damaged, other than by ordinary wear and tear or by willful or negligent acts or omissions of the Landlord or those for whom the Landlord is at law responsible. The Tenant shall indemnify, defend and save harmless the Landlord from all damages, costs and expenses suffered by the Landlord by reason of such impairment, damage or injury to the extent that the Tenant is liable for the same in law, such payment to be made forthwith upon receipt of appropriate accounts therefor.

5.06 LEASE NOT TO APPLY TO AIRPORT REGULATIONS

The Tenant acknowledges that the provisions of this Lease extend only to the Premises and the use thereof as herein set out and that, except as specifically provided in this Lease, all other matters pertaining to the Airport and to any aircraft using the facilities thereon are subject to the rules and regulations published by the Airport General Manager from time to time and the requirements of Transport Canada.

5.07 NUISANCE

The Tenant shall not do, suffer or permit to be done any act or thing on the Premises which constitutes a nuisance to any Person on any lands or premises on the Airport or to the public generally.

5.08 POLICE AND FIRE PROTECTION

The Landlord shall not be responsible for providing fire protection to or policing of the Premises. The Tenant shall ensure that the Premises are operated in full conformance with all applicable laws including applicable fire safety and protection legislation, regulations and by laws in effect from time to time.

5.09 FIRE PREVENTION

The Tenant shall at its cost take all precautions to prevent fire from occurring in or about the Premises, and shall observe and comply with all laws and regulations respecting fire prevention at the said Airport and with all reasonable instructions given from time to time by the Airport General Manager and Local Fire Department with respect to fires and extinguishing fires.

5.10 ADVERTISING

The Tenant shall not construct, erect, place or install on the Premises any poster, advertisement sign or display, electrical or otherwise, without first obtaining the consent, in writing, of the Airport General Manager which may not be unreasonably withheld by the Airport General Manager. The Landlord consents to all advertising presently located on or at the Premises and agrees to consider approval of any signage pertaining to the New Facility at the same time that the drawings for the Hangar Complex are so considered.

5.11 INTERCEPTORS

In the event interceptors of grease, oil and/or sand are required by:

(a) any statute, regulation, by-law or ordinance to be installed on or in the Tenant's plumbing or other mechanical fixtures or works located on the Premises; or

(b) by the Airport General Manager acting reasonably to preserve the Landlord's property or prevent damage to the Landlord's property;

the Tenant, at Tenant's expense shall install such interceptors of such type and capacity as approved by the Airport General Manager acting reasonably. Any such interceptors so installed shall be readily accessible for cleaning and inspection. All such interceptors shall be maintained by the Tenant at the Tenant's cost, in continuous, effective operation.

5.12 LICENCES, PERMITS, ETC

The Tenant shall procure and maintain, at its cost, such licenses, permits or approvals from federal, provincial, municipal or other government authorities as may be necessary to enable the Tenant to carry out any Work, improvements, or any other matters related to the Premises including but not limited to construction of the Hangar Complex and to furnish the services and conduct the operations provided for in this Lease.

5.13 REPAIR OF DAMAGE

If at any time hereafter, any damage or injury other than ordinary wear and tear or through the negligent acts or omissions of the Landlord or those for whom the Landlord is at law responsible, should be occasioned to the Premises or to any works of the Landlord on the Airport or to any other Tenant's premises or to the Landlord's property by reason of the operations of the Tenant hereunder or any action taken or things done or maintained by virtue thereof, then, but subject to other provisions of this Lease, the Tenant shall, within a reasonable time upon notice hereof from the Airport General Manager given in writing, repair, rebuild and restore the Premises or any works of the Landlord, or such other property as may have been damaged, in a good, sufficient and workmanlike manner. In the event of failure on the part of the Tenant to so repair, the Airport General Manager may, at his/her option, repair such damage or injury in which case the Tenant shall forthwith reimburse the Landlord for all costs and expenses connected therewith.

5.14 TENANT'S ADDITIONAL COVENANTS

The Tenant covenants with the Landlord as follows:

(a) To consent to the Landlord granting to any utility company or companies an underground easement for the purposes of installing utility services and connections at the Premises provided such easement does not encroach upon the current location of the Building or otherwise interfere with the Tenant's reasonable use of the Premises. Any consent given pursuant to the provisions of this covenant to be without compensation to the Tenant or reduction in rental.

(b) To comply with all regulations and by-laws now in force or enacted in the future by the local and regional municipalities in which the Airport is situate, the Province of Ontario, the Government of Canada and any municipal authority having jurisdiction, providing that the same are legally enforceable;

(c) The Tenant shall abide by and comply with all Directives issued by the Airport General Manager regarding traffic control, Airport security, sanitation, aviation fuelling and associated activities, and all other regulations and directives relative to the management and operation of the Airport;

(d) To carry out its business activities solely within the boundaries of the Premises with the exception of such activities requiring access for all purposes of the Tenant's business subject to the rights and operation of the Landlord or the other tenants, as may exist at any time to the Groundside and Airside of the Airport pursuant to the rights granted by this Lease;

(e) The Tenant shall, throughout the Term, continuously, actively and diligently provide substantially all of the services and activities normally associated with hangar and fixed-base operators and relating to the purpose and use set out in Article 2.0;

(f) That upon receipt of evidence reasonably considered by the Landlord to be proper and valid (which evidence the Tenant shall be given an opportunity to examine, refute and explain) of unsafe conditions or danger to the public, the Landlord shall have the right to give notice to the Tenant to cure the matter complained of. If the Tenant does not commence the rectification of the matter complained of in a written notice from the Landlord respecting same within a period of thirty (30) days from receipt of same and fails to diligently pursue the rectification of the matter to its conclusion within a reasonable period of time after the giving of such notice by the Landlord to the Tenant, it shall be lawful for the Landlord to enter upon the Premises, and this Lease shall at the option of the Landlord and with or without entry terminate, and all rights of the Tenant with respect to the Premises and taxiways shall be absolutely forfeited and shall cease and the Tenant shall be liable to pay the Landlord the Landlord's losses and damages. All Rent due and accruing due shall forthwith be accelerated and be paid in full to the Landlord, unless a mortgagee of the leasehold interest covenants to pay the same in accordance with the terms of this Lease.

(g) The Tenant shall at its cost:

(i) post its normal hours of operation in a prominent location on the Premises and provide hours of operation to the Airport General Manager for publication in relevant aviation manuals;

(ii) construct, operate and maintain the Premises and keep them clean, neat, orderly and in good and safe working order and repair, in accordance with generally accepted industry

standards, as a minimum meeting the standards contained in Transport Canada's Aviation Manual TP 2231, dealing with the storage, handling and dispensing of aviation fuel, all to the reasonable satisfaction of the Airport General Manager;

(iii) furnish and maintain all equipment and vehicles required to provide all services relating to the purpose and use set out in Article 2.0; and

(iv) store all its equipment and vehicles, at all times, when not in use, on the Premises unless it obtains from the Landlord a lease or licence for other areas of the Airport. The Tenant shall ensure that any outdoor storage on the Premises is limited to aviation-related equipment, on a short-term basis only, and that fencing and/or screening of such outdoor storage area is maintained at all times, at the Tenant's expense, to the satisfaction of the Airport General Manager.

5.15 CONSTRUCTION AND MAINTENANCE OF FACILITIES OR STRUCTURES

(a) The Tenant shall not construct or erect any facility or other structures on the Premises without first obtaining the written approval of the Airport General Manager of preliminary and detailed construction plans showing the design and nature of construction of such facility or structure and its proposed location and all such facilities or structures shall be constructed and thereafter maintained by the Tenant, at its expense, to the satisfaction of the Airport General Manager, acting reasonably including, but not limited to, in compliance with the Airport's Development, Property and Electrical Energy Supply Standards, as amended from time to time.

(b) The Tenant shall not make any alterations to the Premises or services connected therewith or add any facilities or services prior to receiving written approval from the Airport General Manager. If required by the Tenant, the Tenant may install at its own expense, an electric power supply, telephone or telecommunications system. The location of such services, whether underground or overhead, shall be determined by the Landlord acting reasonably, and the Tenant shall obtain the Landlord's approval in writing prior to installation, such approval not to be unreasonably withheld.

(c) The Tenant must obtain all necessary permits for such construction and adequately supervise the construction and comply with all laws, by-laws, regulations and requirements, including the requirements of the Canadian Underwriters Association and The Department of Transport or any other governmental authority having power with respect to construction on airports. The installation of Aviation Fuel storage tanks on the Premises must be expressly approved by the Landlord in writing. Any tanks to be installed on the premises must be above-ground, include such containment systems as may be required by the Landlord and minimally comply with the standards promulgated by the Technical Safety and Standards Authority of the Province of Ontario.

(d) The Tenant shall permit the Landlord or its representatives to inspect the construction.

(e) The Tenant agrees to be considered the Constructor of any construction project undertaken by the Tenant at the Premises for the purposes of the Occupational Health and Safety Act. Any loss resulting from any violation under that Act, together with defence costs, fines and penalties, are the sole responsibility of the Tenant.

5.16 TENANT'S PROPERTY

All structures, erections, materials, supplies articles, effects and things at any time constructed, erected, laid, brought, placed or made upon the Premises and at the said Airport for the purpose of constructing, installing, maintaining and operating the Premises shall be entirely at the risk of the Tenant in respect of loss, damage, injury, destruction or accident from whatsoever causes arising, unless such damage or injury is due to the negligence of any agent, officer, servant, contractor or sub-contractor of the Landlord while acting within the scope of his¥her duties or employment.

5.17 PAYMENT OF TAXES AND UTILITIES

(a) The Tenant shall pay to the Landlord (either directly or the local municipality) all municipal taxes including all charges for local improvements, assessments and other rates and levies imposed on or pertaining to the Premises as such fall due.

(b) The Tenant shall pay to the Landlord all charges for electricity, water and wastewater when due.

(c) The Tenant shall pay all charges for utilities when due including heating fuel and telephone and for all work and services performed with respect to such utilities (if and when such utilities are required by the Tenant). The Landlord does not warrant the availability of hydro or power and the Tenant must satisfy itself at all times as to such availability. The Landlord shall not be responsible to provide additional hydro or power to meet the Tenant's current or future operations.

(d) The Landlord agrees that any charges for taxes, including the Premises, or utilities consumed on the Premises which are not separately metered or allocated for the Premises shall be paid for by the Tenant pro rata based upon the relative size of the Premises to the total size of all lands for which the taxes are charged or for which the utilities are consumed or on such other basis which is fair and equitable to all concerned.

ARTICLE 6.0 - ENVIRONMENT

6.01 COMPLIANCE WITH ENVIRONMENTAL LAWS

(1) The Tenant shall not cause to be discharged or permit anyone within its control or for whom at law the Tenant is responsible to discharge or howsoever pass into the sewage systems, storm drains or surface drainage facilities or surface water run-off or the subsurface soil and water table on any part of the Premises or elsewhere on any adjacent lands any Hazardous Substance all as determined by the Landlord, whose decision, acting reasonably, shall be final; it being expressly understood and agreed that in the event of a discharge or escape of such Hazardous Substance the cost incurred to remedy or mitigate the consequences of an escape of discharge, to the satisfaction of applicable Environmental Laws and the Landlord, shall be at the cost of the Tenant.

(2) The Tenant shall not cause or permit:

(i) any activity it conducts on the Airport,

(ii) any Hazardous Substances other than those products ordinarily and customarily used in connection with the Tenant=s business to be sorted or brought on to the Airport,

(iii) any business or undertaking on the Airport,

(iv) any use of the Premises,

which may constitute or create an Adverse Environmental Condition with respect to the Premises, the Airport or the environment.

(3) The Tenant shall, at its own cost and expense, comply with all Environmental Laws from time to time in force with respect to the use, storage, disposal and transportation of any Hazardous Substances and the protection of the environment generally and shall immediately give written notice to the Landlord of any occurrence thereunder or breach thereof and, if any such event shall happen, the Tenant shall, at its own expense:

(a) after immediately giving the Landlord notice to that effect, thereafter give the Landlord from time to time written notice of the extent and nature of the Tenant's compliance with the following provisions of this subsection;

(b) promptly undertake appropriate action which will result in conformity and compliance with all Environmental Laws including any environmental measure in relation to the Hazardous Substances that satisfies the requirements of all regulatory bodies having jurisdiction over the operation of the Facility.

(c) if requested by the Landlord, obtain a certificate from an independent consultant designated or approved by the Landlord verifying the complete and proper compliance with the requirements of any law or, if such is not the case, reporting as to the extent and nature of any failure to comply with the foregoing provisions of this subsection;

(d) promptly cease any activity which causes or permits Hazardous Substances to be released, spilled, leaked or to flow onto or into the Premises, the Airport or specifically requested to do otherwise by the Landlord

(e) if requested by the Landlord, obtain a certificate from an independent consultant designated or approved by the Landlord verifying that any activity contemplated by Paragraph (d) above has ceased.

(4) In addition, the Tenant shall, within fourteen (14) days of having learned of the enactment or promulgation of any federal, provincial, municipal, Environmental Laws, by-laws, regulations or codes which may result in any material adverse change in the condition of the Tenant, financial or otherwise, provide the Landlord with notice thereof.

(5) If any governmental authority having jurisdiction requires the clean-up of Hazardous Substances held, released, spilled, leaked, abandoned, flowing onto or into or placed upon the Premises, the Airport, adjacent lands, or any adjacent land, air or water or the environment as a result of or caused by the operation of the Tenant's Facility or the provision by the Tenant of Aviation Fuel Services at the Airport other than any Adverse Environmental Condition which existed prior to the Tenant’s occupancy of the Premises and which shall be the sole responsibility of the Landlord to remedy, the Tenant shall, at its own cost and expense, prepare all necessary studies, plans and proposals and submit the same to the Landlord for approval; provide all bonds and other security required by the Landlord and any governmental authorities having jurisdiction and carry out the action required; and keep the Landlord fully informed and provide to the Landlord full information with respect to proposed plans and comply with the Landlord's reasonable requirements with respect to such plans.

(6) The Landlord may, at any time after notifying the Tenant, enter on the Premises to determine the existence of any Hazardous Substance on the Premises or released into the environment from the Premises, and for such purpose the Landlord may, without limitation, carry out an environmental audit in the Premises. If such audit determines that the Tenant has caused an Adverse Environmental Condition, the Tenant shall, in addition to any other obligation, forthwith on demand, pay to the Landlord the reasonable cost of such audit otherwise the Landlord shall bear the cost of such audit.

(7) The Tenant hereby authorizes the Landlord to make enquiries from time to time of any government or governmental agency with respect to the Tenant's compliance with any Environmental Laws, by-laws, regulations and codes pertaining to the Premises including any law pertaining to an Adverse Environmental Condition and the protection of the environment; and the Tenant covenants that it will from time to time, forthwith on demand, provide to the Landlord such written authorization as it may reasonably require in order to facilitate the obtaining of such information.

(8) The Tenant shall, to the extent it has caused any Adverse Environmental Condition forthwith and at its cost, carry out any Work required by the Landlord or required by applicable laws, by-laws, regulations or codes to remedy any Adverse Environmental Condition caused or contributed to by:

(i) the existence of any Hazardous Substance on the Premises,

(ii) the release of any Hazardous Substance from the Premises into the sewer systems, storm drains or surface drainage facilities at the Airport, or

(iii) any act or omission of any Person for whom the Tenant is responsible in law.

(9) In the event the Tenant fails to promptly commence and diligently complete any Work it is required to perform pursuant to this Article, the Landlord may enter onto the Premises and perform any such Work at the cost of the Tenant, but having commenced such Work, the Landlord shall have no obligation to complete it. No such entry shall be deemed to be a re-entry or a breach of the covenant for quiet enjoyment in this Agreement or implied by-law.

(10) If the Tenant brings, permits, creates or uses in the Premises any Hazardous Substance or if the conduct of any business or undertaking on the Premises or their use causes there to be any Hazardous Substance upon the Premises, then, notwithstanding any provision of this Agreement or rule of law to the contrary, such Hazardous Substance shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord, notwithstanding the degree of affixation of the Hazardous Substance or goods containing the Hazardous Substance to the Premises and notwithstanding any degree of control by the Landlord or the expiry, surrender or early termination of this Agreement.

(11) The obligations of the Tenant hereunder relating to Hazardous Substances and to indemnify and save harmless the Landlord shall, notwithstanding any other provision of this Agreement, continue in full force and effect until the Landlord has accepted the Premises in a condition conforming to Section 6.01(3)(c), the Tenant remaining responsible for those hazardous Substances only that were identified in any audit made under this Article 6, and shall survive the expiration or early termination of this Agreement.

(12) To the extent that the performance by the Tenant of the obligations contemplated in this Article 6.0 requires access to or entry upon the Premises after the expiration or early termination of this Agreement, the Tenant shall have such entry and access at such times and upon such terms and conditions as the Landlord may from time to time specify.

(13) Notwithstanding anything to the contrary in this Agreement, the Tenant shall be responsible to the Landlord only for any Adverse Environmental Condition which has been caused by, and only to the extent caused by, the Tenant or a party or parties for whom the Tenant at law is responsible.

ARTICLE 7.0 - INSURANCE

7.01 GENERAL LIABILITY INSURANCE

(a) The Tenant shall, at its own expense, including the cost of deductibles, arrange and maintain throughout the Term a Comprehensive General Liability Insurance Policy, including the Landlord as an additional insured, against claims for personal injury, death, property damage or loss, from any cause, including acts or omissions of the Tenant, its employees, contractors, agents, servants, invitees, and all other persons arising out of all operations, occurrences, occupation, or use of the Premises under this Lease, indemnifying and protecting the Landlord in an amount of not less than Five Million Dollars ($5,000,000.00) per occurrence exclusive of interest and costs, or such higher limits as the Landlord, acting reasonably, may from time to time require. Such coverage shall include but not be limited to the following: blanket contractual liability; products completed operations liability, premises liability, owners and contractors' protective liability or equivalent coverage; non-owned automotive liability; cross-liability and severability of interest.

(b) In the event the Tenant or subtenant has care, custody, control or operates non-owned aircraft on airport Premises, the Tenant or subtenant shall also maintain Hangar Keepers liability insurance with a limit of not less than Two Million ($2,000,000.00) Dollars.

7.02 AUTOMOBILE INSURANCE

The Tenant shall, at its own expense, including the cost of deductibles, arrange and maintain throughout the term, a Standard Owners Form Automobile Insurance Policy for all vehicles owned by the Tenant and all vehicles used in connection with the Tenant's operations that are licensed under the Province of Ontario, including third party liability coverage with a limit of not less than Two Million Dollars ($2,000,000.00) per occurrence exclusive of interest and costs, or such higher limits as the Landlord, acting reasonably, may from time to time require.

7.03 TENANT'S FIRE LEGAL LIABILITY INSURANCE AND/OR PROPERTY INSURANCE

The Tenant shall, at its own expense, including the cost of deductibles, arrange and maintain throughout the Term, all risk Tenant's Fire Legal Liability insurance or all risk property insurance, whichever the case may be, on a full replacement cost basis, with respect to any buildings, structures or facilities located on the Premises.

7.04 ACCEPTABILITY, TERMINATION AND CANCELLATION

All insurance policies shall be acceptable to the Landlord, acting reasonably based on applicable insurance industry standards and all such insurers shall be licensed to do business in Ontario. Certificates of insurance or, if required by the Landlord, certified copies of each insurance policy, shall be delivered to the Landlord by the Tenant, prior to commencement of this Lease, and for all policy renewals thereafter during the Term. The insurance policies shall contain a clause that the insurers will not terminate, cancel, materially change as would affect this Lease or refuse to renew coverages, without providing the Landlord at least thirty (30) days prior written notice.

If the Tenant fails to arrange and maintain any such policy of insurance referred to herein, the Landlord may do so (but is not obliged to) and pay the premium, and in that event the Tenant will forthwith reimburse to the Landlord the amount so paid as Rent in arrears.

7.05 PRIMARY COVERAGE

All insurance coverages referred to in this Lease shall be primary and not call into contribution any other insurance coverages available to the Landlord.

7.06 COMPLIANCE

The Tenant agrees not to do or omit to do anything that might breach the terms or conditions of any insurance policies referred to in this Lease. The Tenant shall supply the Landlord with an annual Certificate of Insurance evidencing the binding of the insurance coverage required by this Lease Agreement.

ARTICLE 8.0 - LIABILITY AND INDEMNITY

8.01 CLAIM or DEMAND

The Tenant shall not have any claim or demand against the Landlord for detriment, damage, accident or injury of any nature howsoever caused to the Premises or to any person or property, including any structures, erections, aircraft equipment, materials, supplies vehicles, fixtures and things erected, brought, placed, made or being on or about the Premises unless such damage or injury is due to the negligence of any employee or agent of the Landlord.

Without limiting the generality of the foregoing the Tenant shall not have or make any claim or demand, or bring any action or petition against the Landlord for any damage which the Tenant may sustain by reason of any temporary suspension, interruption or discontinuance of services, in whole or in part, from whatever cause arising.

8.02 INDEMNITY

(a) The Tenant shall at all times indemnify, defend and save harmless the Landlord and the RMOW, its employees or agents or officers from and against any and all Claims, losses, costs, damages or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by, or attributable to the execution of this Lease, or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any employee, agent or contractor of the Landlord.

(b) The Tenant shall at all times indemnify, defend and hold harmless the Landlord from and against construction liens or any other encumbrance (a"lien") which may be registered against the Premises as a result of any work done or materials supplied thereto, or both, at the request of the Tenant, its officers, employees or agents. If any lien is registered against the Premises, the Tenant shall forthwith obtain and register a discharge of the lien within ten days thereafter and if the Tenant fails to do so, the Landlord may pay into court the amount required to obtain a discharge, in the name of the Tenant, and the amount paid, together with all disbursements and costs of the proceedings on a solicitor-client basis, shall be repayable by the Tenant to the Landlord and collected as Rent in arrears.

(c) The insurance coverage required under this Lease shall not be construed to, and shall in no manner, limit or restrict the Tenant's liability or obligations under this Lease nor any of the Landlord's remedies under this Lease or at law.

ARTICLE 9.0 - USE OF AIRPORT

Subject to Section 5.06 the Tenant acknowledges and agrees that its use of any facilities of the Airport and of the Airside and Groundside areas of the Airport are not governed by any provisions of this Lease (other than the rights of ingress and egress) and do not form any part of the subject matter thereof and that any activity of the Tenant outside the Premises shall be governed by rules and regulations passed by RMOW and Transport Canada from time to time.

ARTICLE 10.0 - DEFAULT AND RE-ENTRY

It is expressly agreed that:

(a) if the Tenant shall be in default in the payment of Rent or any other amounts collectable hereunder whether lawfully demanded or not, and such default shall continue for a period of fifteen (15) days after Rent has become due and payable;

(b) if the Tenant shall be in default of any of its covenants hereunder (other than its covenant to pay rent or any other amounts collectable hereunder) and such default shall continue for a period of thirty (30) days (or such longer period as may be reasonably necessary to cure such default considering the nature thereof) after written notice by the Landlord to the Tenant specifying with reasonable particularity the nature of such default and requiring it to be remedied;

(c) if the default set out in the notice given to the Tenant pursuant to (b) reasonably requires more time to cure than the thirty (30) day period referred to in (b) and the Tenant has not seriously commenced remedying or curing the default within the thirty (30) day period, or in the opinion of the Landlord fails to diligently complete the remedying or curing within a reasonable time; or

(d) if the Tenant shall make an assignment for the benefit of its creditors, or have a receiving order made against it under the Bankruptcy and Insolvency Act or the Companies' Creditors Arrangement Act or any comparable statute of any applicable jurisdiction;

then the current month's rent together with the rent for the three (3) months next ensuing shall immediately be due and payable, and at the option of the Landlord the Term hereby granted shall become forfeited and void, and the Landlord may without notice or any form of legal process whatsoever forthwith re-enter upon the Premises and repossess and enjoy them as of their former estate, any statute or law to the contrary notwithstanding.

ARTICLE 11.0 - FORFEITURE

Forfeiture of this Lease by the Tenant shall be wholly without prejudice to the right of the Landlord to recover arrears of Rent or damages for any antecedent breach of covenant on the part of the Tenant, and notwithstanding any such forfeiture, the Landlord may subsequently recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been terminated prior to the end of its Term, and this section and the rights hereunder shall survive the termination of this Lease whether by act of the parties or by operation of law.

ARTICLE 12.0 - ASSIGNMENT

12.01

(a) The Tenant shall not make any assignment of this Lease, nor pledge as security, transfer or sublease all or part of the Premises without obtaining the prior written consent of the Landlord to such assignment, transfer or sub-lease which shall not be arbitrarily or unreasonably withheld or unduly delayed and may be subject to any conditions of the Landlord, acting reasonably. Despite the foregoing, the Landlord hereby consents to a sublease of the Premises to a provider of aviation fuel and fuelling services _____, [if applicable] provided that the purpose and use of the Premises or part of the Premises conform to the provisions of Article 2.0 of this Lease, and provided that any further sub-subleases by such subtenant requires the prior written consent of the Landlord. Despite an assignment, transfer or sublease, the Tenant or the Tenant's mortgagee in possession, as the case may be, remains fully liable under this Lease.

(b) For the purpose of seeking the Landlord's consent to any further sublease or sub-sublease, the Tenant shall provide as a minimum to the Landlord in writing the following:

(i) the "generic" form of lease to be used for all subleases or sub-subleases,

(ii) identity of the sublessee or sub-sublessee,

(iii) confirmation that the uses of the sublessee or sub-sublessee are in conformance with the permitted uses of the "generic" form of lease and this Lease, and

(iv) the term of the sublease or sub-lease, including any renewals.

The Tenant shall not be required to provide the Landlord with details regarding the financial aspects of the sub-lease or sub-sublease.

12.02

If the Tenant is a corporation or if the Landlord has consented to an assignment, transfer of sub-lease to a corporation as contemplated in s.12.01, any Change of Control (as hereinafter defined) of such corporation shall be deemed an assignment of this Lease requiring the prior written consent of the Landlord, notwithstanding any provision of this Lease or any statutory provision to the contrary.

12.03

For the purpose of this section, "Change of Control" means a transfer (other than by way of security only) of the securities of the Tenant to which are attached fifty (50) per cent or more of the votes that may be cast to elect directors of the body corporate.

12.04

It is expressly understood and agreed that the Landlord shall be entitled to assign its rights under this Lease, in whole or in part, and upon such assignment being executed by the Landlord, and notice thereof being given to the Tenant, this Lease shall be subordinated and subject to the assignment and, except in the event of default by the Tenant as herein provided, shall not be cancelled, terminated or modified for any reason whatsoever without the consent in writing of the assignee, the Tenant agreeing that it will, whenever reasonably required by the Landlord or the assignee, consent to any instrument of assignment.

12.05

No assignment by the Landlord shall have the effect of an encumbrance or disturbance of the Tenant in its enjoyment of the Premises or of an increase in the rent or other amounts due hereunder as long as the Tenant shall comply with all the terms and conditions of this Lease.

12.06

In the event of an assignment by the Landlord of this Lease or any interest herein, the Tenant shall attorn in writing to the successor in interest, and to the extent the assignee assumes the covenants and obligations of the Landlord, the Landlord shall be relieved of all liability with respect to such covenants and obligations.

ARTICLE 13.0 - LANDLORD MAY PERFORM TENANT'S OBLIGATIONS

The Landlord shall have the right to enter the Premises for the purposes of curing any default of the Tenant, and no such entry shall be deemed to work a forfeiture of this Lease unless the Landlord so elects. The Landlord shall give five (5) days written notice to the Tenant, or without notice in the case of an emergency, and the Tenant shall reimburse the Landlord upon demand for all expenses incurred by it in remedying any Tenant's default. The Landlord shall be under no obligation to remedy any default of the Tenant and shall not incur any liability to the Tenant for any act or omission in the course of its remedying or attempting to remedy any such default, except if such act or omission is the result of the negligence of the Landlord.

ARTICLE 14.0 - SECURITY FOR PERFORMANCE

Forthwith upon the execution of this Lease, the Tenant shall provide the Landlord with performance security in the amount of one hundred and twenty-five thousand ($125,000.00) dollars which the Landlord may draw upon at any time to use such funds for costs incurred by the Landlord in the event that the Tenant does not carry out any of its obligations under this Lease in whole or in part from time to time. In the event the Landlord makes such drawing or drawings on the said performance security, the Tenant shall forthwith provide the Landlord with the necessary funds to restore the amount of security to the amount prior to such drawing or drawings. Upon the substantial completion of the Hangar Complex to the satisfaction of the Airport General Manager and expiry of any applicable lien periods under the *Construction Lien Act*, the performance security shall be returned to the Tenant.

ARTICLE 15.0 – LEASEHOLD SECURTIY

The Landlord shall permit the registration of a mortgage of the leasehold interest of the Tenant under the lease and consent to such other reasonable and necessary security interest in the personal property of the Tenant the purpose of financing the capital cost of construction the Hangar Complex provided all payments under the Lease are in good standing at the time such registration or consent is requested by the Tenant.

ARTICLE 16.0 - HEADINGS

Any note appearing as a heading in this Lease has been inserted for convenience and reference only, and of itself cannot define, limit or expand the scope or meaning of this Lease or any of its provisions.

ARTICLE 17.0 - EFFECT OF LEASE

This Lease and everything therein contained shall enure to the benefit of and be binding upon the successors and assigns, as the case may be, of each of the parties hereto, subject to granting of consent by the Landlord as provided herein to any assignment, transfer or sub-lease of this Lease, and where there is a male, female or corporate party, the provisions hereof shall be read with all grammatical changes to gender and number required by the context, and all covenants and obligations shall be deemed joint and several.

ARTICLE 18.0 - PROVISIONS SEPARATELY VALID

If any covenant, obligation, agreement, term or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such covenant, to persons or circumstances other than those in respect of which it is held invalid or unenforceable, shall not be affected thereby, and each covenant shall be separately valid and enforceable to the fullest extent permitted by law.

ARTICLE 19.0 - WAIVER NEGATED

The failure by the Landlord to require the fulfilment of the Tenant's obligations, or to exercise any rights herein contained shall not constitute a waiver, renunciation or surrender of those obligations or rights.

ARTICLE 20.0 - NO IMPLIED OBLIGATIONS

No implied terms or obligations, oral or written, of any kind by or on behalf of the Landlord or the Tenant shall arise from anything in this Lease, and the express covenants and agreements herein contained and made by the Landlord and the Tenant are the only covenants and agreements upon which any rights against the Landlord or the Tenant may be founded.

ARTICLE 21.0 - ENTIRE LEASE

This Lease shall be deemed to constitute the entire agreement between the Landlord and the Tenant with respect to the subject matter hereof and shall supersede all previous negotiations, representations, and documents in relation hereto, whether in writing or otherwise, made by either party to this Lease. No modification to this Lease shall be binding unless agreed to in writing by both parties.

ARTICLE 22.0 - OBLIGATIONS SURVIVE TERMINATION

The obligations of the Tenant to indemnify, and defend and hold the Landlord and the RMOW harmless with respect to liability by reason of any matter relating to this Lease arising prior to the assignment, sublease, expiration or early termination of this Lease shall, notwithstanding any other provision of this Lease or any law now or hereafter in force and effect, continue in full force and effect until discharged.

Without limiting the generality of the foregoing, until discharged, the obligations of the Tenant and the rights of the Landlord contemplated in Article 6.0 shall survive the expiration or early termination of this Lease.

Despite any other provision to the contrary and provided that the Tenant has delivered to the Landlord the environmental assessment report provided for in section 6.01 (3)(c), the obligations of the Tenant under Article 6 will survive for a period not exceeding one (1) year from date of termination or expiry of this lease.

ARTICLE 23.0 - SURVEY MONUMENTS

The Tenant shall ensure that all legal or control survey monuments are protected and not disturbed, damaged or destroyed during any construction or maintenance which may take place on the Premises. Should any monuments be disturbed, damaged or destroyed, by the Tenant or those for whom it is, in law, responsible for, the Tenant shall at its expense replace such monuments by a duly qualified Land Surveyor to the satisfaction of the Landlord.

ARTICLE 24.0 - SURVEYS

Should the Landlord or Tenant require any legal survey or survey work in connection with this Lease, then the Tenant will at its cost, have a legal property survey of the Land (tied into existing airport survey monuments) undertaken by a Registered Land Surveyor and complete a plan of survey suitable for registration. The Tenant may register or cause the plan of survey to be registered, at its costs (both for the survey itself and for any associated expenses to facilitate registration), in the Land Titles/Registry Office having jurisdiction. Such survey shall not be registered until a provisional plan of survey has been submitted to and approved by the Landlord.

ARTICLE 25.0 TIME IS OF THE ESSENCE

Time is of the essence of this Lease, except as otherwise expressly provided.

ARTICLE 26.0 - REASONABILITY

Both parties shall at all times act reasonably and equitably in the performance of their obligations and in the exercise of their rights under this Lease.

ARTICLE 27.0 - NOTICES

ll notices pertaining to this Lease shall be in writing and shall either be personally delivered, given by facsimile transmission (with confirmed answer back) or sent by courier, priority post or registered mail, return receipt requested, to the representative of the Landlord or the Tenant, as appropriate, at their respective addresses appearing as follows:

To the Landlord: The Region of Waterloo International Airport
1-4881 Fountain Street North
Breslau, ON N0B 1M0
Phone #(519) 648-2256 Fax # (519) 648-3540
Attention: Airport General Manager

To the Tenant:

Notices given hereunder shall be deemed given on the date upon which they were personally delivered or, if sent by facsimile transmission, twenty-four (24) hours after transmission with confirmed answer-back or, if mailed, five (5) days after mailing.

Such addresses may be changed from time to time by either party giving notice as above provided.

ARTICLE 28.0 - FORCE MAJEURE

In the event either the Landlord or Tenant is delayed or hindered in or prevented from the performance of any act required hereunder by reason of general strikes, riots, insurrection, war, fire, flood, earthquake or other natural disaster, then performance of such act shall be excused for the exact period of the delay and the period detailed for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Article shall not operate to excuse the Tenant from prompt payment of rent or any other amounts to be paid to the Landlord under this Lease.

IN WITNESS WHEREOF the parties hereto have executed this Lease and affixed their respective Corporate Seals under the hands of their respective duly authorized officers in that behalf.