

AGRICULTURAL LAND LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made effective this 1st day of March, 2023

BETWEEN

The Municipality of Lambton shores

Hereafter call the "Municipality"
OF THE FIRST PART

and

Shane McLeod – Sunrise Harvesting

Hereafter call the 'Lessee"
OF THE SECOND PART

WHEREAS the Municipality is the owner of Concession South Boundary, Part of Lots 36 and 37 – 90 acres, more or less- parcel known as Forest Industrial Land.

AND WHEREAS Shane McLeod – Sunrise Harvesting intends to undertake farming activities on a portion of this land (the "Premises") more fully described in Schedule "A" attached hereto.

NOW THEREFORE in consideration of the rents, covenants and agreements contained in this Lease, and in the spirit of mutual understanding and security, the parties to this Lease agree as follows:

1. PREMISES

1.1 The Municipality hereby agrees to lease to the Lessee the Premises.

2. TERM OF THE LEASE

2.1 This Lease will be in force for the term beginning on the 1st day of March, 2023 (the "Commencement Date") and ending on the 31st day of October, 2026 (the "Termination Date") unless otherwise terminated in accordance with the provisions of this Lease.

3. RENT

3.1 The Lessee shall pay to the Municipality ONE (1) installment of \$ 36,000.00 per year, payable in advance of the 1st day of March in each and every year of the term, commencing on the 1st day of March, 2023.

Lease payments shall be made to the Municipality at

7883 Amtelecom Parkway
Forest, Ontario
N0N 1J0

4. MUNICIPALITY'S REPRESENTATIONS AND WARRANTIES

4.1 The Municipality makes no representations or warranties regarding the Premises, nor does the Municipality represent or make any warranties that any of the land which is the subject of this Lease is cultivated and/or suitable for farming. The Lessee acknowledges that it relies upon its own estimate and judgement.

5. COVENANTS

5.1 The Lessee agrees to the covenants as set out in Schedule "B" as attached hereto.

6. ALTERATIONS BY LESSEE

6.1 The lessee shall not, without the express written approval of the Municipality, make any changes, additions or improvements to the Premises. If written approval is provided by the Municipality for such changes, additions or improvements, the lessee shall undertake these changes, additions or improvements at his/her own expense and such works shall be carried out in a good and workmanlike manner and only by persons selected by the Lessee and reasonably approved in writing by the Municipality. The Lessee shall pay promptly when due all costs for work done or caused to be done by the Lessee to the Premises which could result in any lien or encumbrance on the Municipality's interest in the property and shall keep the title to the property and every part thereof free and clear of any lien or encumbrance.

7. DISPUTE RESOLUTION

7.1 If a dispute arises between the parties, including in respect of the content or interpretation of this Lease, and which has not been resolved within sixty (60) days such dispute may be submitted to a third party mediator, the choice of mediator to be agreed upon by the parties, and failing agreement to choose a mediator within an additional sixty (60) days, the mediator to be appointed by a judge of the Superior Court, for resolution via non-binding mediation conducted pursuant to the Nation Mediation rules of the ADR.

8. POSSESSION

8.1 The Lessee shall be entitled to possession of the Premises on the Commencement Date of this Lease and shall yield possession to the Municipality on the Termination date of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, the Lessee shall remove its goods and effects and peaceably yield up the premises to the Municipality in as good condition as when delivered to the Lessee, ordinary wear and tear excepted.

9. TERMINATION

9.1 Termination by the Municipality or the Lessee

9.1.1 Either the Municipality or the Lessee may terminate this lease by giving notice in writing to the other party at least three (3) months in advance of the termination.

9.2 Termination by the Municipality - Upon occurrence of any of the following events:

9.2.1 The Lessee fails to pay any Rent or other sums due hereunder when due, and such Rent or other sums are not paid within fifteen (15) days' after notice is given by the Municipality of such non-payment; or,

9.2.2 The Lessee fails to observe, perform and keep each and every of the covenants, agreements and conditions herein contained to be performed and kept by the Lessee and persists in the failure after fifteen (15) days' notice by the Municipality requiring the Lessee to remedy, correct, desist or comply (or such longer period as may be reasonably required to cure the breach given the nature of same);

9.2.3 Then the Municipality may, at its option, and in addition to and without prejudice to all rights and remedies of the Municipality available to it either:

9.2.3.1 By any other provisions of this lease or by statute or the general law, either terminate this lease by giving the Lessee (10) days prior written notice of the termination, and be entitled to the full amount of the current year's Rent which shall immediately become due and payable; or

9.2.3.2 Without notice or any form of legal process, forthwith re-enter upon and take possession of the Premises or any part thereof in the name of the whole and re-let the Premises or any part thereof on behalf of the Lessee or otherwise as the Municipality see fit, provided that, if the Lessee has planted crops on the Premises, the Lessee shall be entitled to, within a reasonable period of time after termination of this Lease, re-enter upon the Premises to harvest such crops, and the Lessee shall pay to the Municipality forthwith upon demand all expenses of the Municipality in re-entering, terminating, re-letting, collecting sums due or payable by the Lessee or realizing upon assets seized including Lessee inducements, leasing commissions, legal fees on a solicitor and client basis and all disbursements and the expense of keeping the Premises in good order, and preparing the same for re-letting.

9.3 Compensation by the Municipality

9.3.1 In the event of early termination by the Municipality pursuant to Section 9.1 of this Lease, the Municipality agrees to compensate the Lessee for certain of the Lessee's investments into the Premises as follows:

9.3.1.1 Manure and dry fertilizer. To reimburse the Lessee for the cost of fertilizers and their application if written notice of termination was given after application. The Lessee will be reimbursed the full cost in the event that the lease is terminated before a cropping season's use of the investment in fertility, and one third (1/3) of the cost in the case of terminating before a second cropping season's use.

9.3.1.2 Cover crops. To reimburse the Lessee for the full cost of cover crop seed and application if written notice of termination was given after cover crop seeding, and termination is to occur before a cropping season's use of the benefits.

9.4 No Compensation by the Municipality

9.4.1 In the event of early termination by the Lessee pursuant to Section 9.1 of this Lease, or by the Municipality pursuant to Section 9.2, the Municipality shall not compensate the Lessee in any way for the Lessee's investments into the Premises. Further, the Lessee waives the right to seek any form of compensation from the Municipality for any such investments.

10. INDEMNITY

10.1 The Lessee shall save harmless the Municipality, its servants and agents against all loss, damage and expense attributable to or connected with the exercise of this lease by or on behalf of the Lessee, no matter how caused, including any negligence on the part of the Municipality, its servants or agents.

10.2 The Lessee shall release and discharge the Municipality, its servants and agents from all claims which the Lessee has or may have arising out of any loss, damage or expense sustained by it arising directly or indirectly out of or in the course of the exercise of this lease by or on behalf of the Lessee no matter how caused, including any negligence on the part of the Municipality of Lambton Shores, its servants or agents.

10.3 The Lessee shall indemnify the Municipality of Lambton Shores, its servants and agents against all claims, actions or other proceedings, costs and liability arising out of loss, damage or injury to any person attributable to or connected with the exercise of this lease by or on behalf of the Lessee no matter how caused, including any negligence on the part of the Municipality of Lambton Shores or its servants.

- 10.4 The Lessee agrees to immediately notify the Municipality in the event of any suits or claims being brought forward related to the Premises or due to the activities of the Lessee as they relate to the Premises, or any other potentially insurable incident(s) occurring on the Premises.
- 10.5 This indemnification by the Lessee shall survive the termination of this lease.

11. GENERAL

11.1 Relationship of the Parties

11.1.1 Nothing in this lease shall create a partnership, joint venture, employment, or any other relationship between the Municipality and the Lessee, than that of landlord and tenant. Neither party shall be liable, except as otherwise expressly provided herein, for the other party's obligations or liabilities. The Lessee agrees to indemnify and hold harmless the Municipality, its servants, agents, or its property, including the Premises, from all obligations and liabilities incurred by the Lessee in conducting farming or other operations on the Premises, whether under this lease or otherwise.

11.2 Incoming Lessee

11.2.1 During the Term of this lease or any extension or over-holding period, an incoming Lessee, purchaser, or the Municipality shall have the right after providing reasonable notice in writing to enter upon the Premises during daylight hours to examine, inspect and show the Premises for the purposes of leasing, sale or financing.

11.3 Municipality's Right of Inspection

11.3.1 The Municipality or its agents or employees may, upon the provision of a reasonable notice period, enter the Premises to inspect same.

11.3.2 In the event that the Municipality requires access over the Lessee's own property to access the Premises, the Lessee shall not unreasonably deny this access.

11.3.3 If repairs or amendments are required, the Lessee shall make the necessary repairs or amendments within one (1) month of receiving written notice from the Municipality.

11.4 Assignment and Subletting

11.4.1 The Lessee shall not assign or sublet his/her interest in this lease, or any part of his/her interest in this Lease, nor grant any license or part with possession of the Premises or transfer any other right or interest under this Lease without the Municipality's prior written consent, the Municipality acting reasonably.

11.5 Sale of Premises

11.5.1 If the Municipality sells or otherwise disposes of all or part of the Premises, it will do so subject to the provisions of this Lease, unless the Municipality and the Lessee agree otherwise in writing.

11.6 Liens

11.6.1 The Lessee shall, immediately upon demand by the Municipality, remove or cause to be removed, and thereafter institute and diligently prosecute any action pertinent thereto, any builders' or other lien or claim of lien noted or filed against or otherwise constituting an encumbrance of any title of the Municipality. Without limiting the forgoing obligations of the Lessee, the Municipality may cause the same to be removed, in which case the Lessee shall pay the Municipality forthwith the cost thereof, including the Municipality complete legal costs on a solicitor and his own client full indemnity basis.

11.7 No Transfer on Bankruptcy

11.7.1 Neither this Lease nor any interest of the Lessee herein nor any estate hereby created will pass or ensure to the benefit of any trustee in bankruptcy or any receiver or any assignee for the benefit of creditors of the Lessee or otherwise by operation of law.

11.8 Ontario Law Applies

11.8.1 This Lease shall be governed by and construed in accordance with the laws of the Province of Ontario and the parties hereto hereby submit to the jurisdiction of the Courts in the Province of Ontario.

11.9 Registration

11.9.1 The Lessee agrees not to register this lease, without the prior written consent of the Municipality, which consent may not be unreasonably withheld.

11.10 Notice

11.10.1 Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") shall be in writing and shall be made or given by personal delivery, by courier, by email, or sent by registered mail, charges prepaid, addressed as follows:

The Municipality:
Municipality of Lambton Shores
7883 Amtelecom Parkway
Forest, Ontario
N0N 1J0

The Lessee:

Shane McLeod – Sunrise Harvesting
398 Concession 5
Fisherville, Ontario N0A 1G0

11.10.2 A Communication will be considered to have been given or made on the day that it is delivered in person or by courier, or sent by email, or, if mailed, seventy-two (72) hours after the date of mailing. If the postal service is interrupted or substantially delayed, any Communication will only be delivered in person or by courier or sent by email.

11.11 Amendments to Lease

11.11.1 No alteration or amendment of this Lease shall take effect unless the same is in writing duly executed by each of the parties in the same manner as this Lease.

11.12 Grammar

11.12.1 Wherever the singular and/or plural and masculine and/or feminine are used in this Lease they shall be construed as if the appropriate tense and gender had been used, where the context or the party or parties so require, and the rest of the sentence shall be construed as if the grammatical and terminological changes thereby rendered necessary had been made.

11.13 Entirety of Agreement

11.13.1 This Lease embodies the entire agreement of the parties hereto and no understandings or agreements, collateral, verbal or otherwise exist between the parties except as expressly set out herein or as may hereafter be agreed to, in writing, by the parties.

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

SIGNED, SEALED AND DELIVERED on this _____ day of _____, 20____ in the presence of per:

Witness for Lessee – Printed Name

Witness for Lessee – Signature

Lessee Printed Name

Lessee Signature

Witness for Municipality – Printed Name

Witness for the Municipality – Signature

Municipality Representative – Printed Name

Municipal Representative – Signature

Title: _____
"I have authority to bind the corporation"

SCHEDULE "A"

Map and Legal Description of Property

Land Component #4: Concession South Boundary,
Part of Lots 36 and 37
90 Acres, More or Less – Parcel known as Forest Industrial
Land - Municipality of Lambton Shores



THE MUNICIPALITY OF
LAMBTON SHORES

FOREST INDUSTRIAL LAND

SCHEDULE "B" **COVENANTS**

The Lessee covenants and agrees with the Municipality:

1. Operation and Maintenance of the Premises

a) Use of the Premises

- i. To use the Premises only for the purpose of farming legal crops on the Land and any and all uses ancillary thereto save and except that the Lessee shall not be entitled to keep any livestock on the Premises or to operate a farm market on or adjacent to the Premises without the written consent of the Municipality, which consent may not be unreasonably withheld;
- ii. Not to allow any public use of the Premises without the written consent of the Municipality, which consent may not be unreasonably withheld;
- iii. Not to construct, re-construct, erect or place or permit another person to construct, reconstruct, erect or place a building or structure of any kind without the written consent of the Municipality, which consent may not be unreasonably withheld;
- iv. Not to alter the grade of the land or allow another person to alter the grade of the land without the written consent of the Municipality, which consent may not be unreasonably withheld;
- v. Not to install any tile drainage, ditching, or other drainage system or allow another person to install any tile drainage, ditching, or other drainage system without the written consent of the Authority, which consent may not be unreasonably withheld; and
- vi. Not to remove any tree growing outside of the currently cleared and farmable area of the Premises or to seek expansion of the farmable area of the land without the written consent of the Municipality, which consent may not be unreasonably withheld.

b) Farming Decisions

- i. To make all decisions with respect to growing crops on the Premises, unless stated otherwise in this Lease, but all decisions made by the Tenant will be in accordance with good farming practices and in accordance with the provisions of this Lease.

c) Farming Costs

- i. To be responsible for the payment of all of the costs and expenses associated with the Lessee's obligations hereunder directly to the appropriate party as they come due and shall, at the Municipality's request, provide the Municipality with copies of receipts or other proof acceptable to the Municipality that such costs have been paid.

d) Resource Protection

- i. To comply with present and future laws, regulations and orders relating to the occupation or use of the Premises which shall include, but not be limited to, all activities related to groundwater contamination, the application of pesticides and

commercial fertilizers, the cultivation of crops and the compliance thereof, and the storage and/or disposal of any hazardous waste;

- ii. To be responsible for generally maintaining nutrient and pH levels on the Premises to the satisfaction and the standards of the Municipality, acting reasonably;
- iii. To do what is reasonably necessary to control soil erosion and to abstain from any practice which will cause damage to the Premises;
- iv. To not remove sand, gravel, topsoil, rocks or minerals from the Premises, except with the written permission of the Municipality, which consent may be unreasonably withheld;
- v. To not permit or allow the accumulation of any waste material, debris, refuse or garbage on the Premises;
- vi. To not allow any site contamination such as, but not limited to, chemicals, oil spills, hydrocarbons, or any other waste materials on the Premises or adjacent water bodies;
- vii. To not grow the same type of crop for two (2) years in succession save and except hay;
- viii. To not apply manure to frozen ground or to land where, prior to incorporation, it may flow overland into a watercourse; and,
- ix. To maintain a minimum fifteen (15) metre buffer strip of grass or native vegetation alongside any watercourse feature or the top of bank of such a watercourse feature, regardless of whether the watercourse is permanent or seasonal.

e) Pesticides and Herbicides

- i. To perform all acts required to be done under any Act or by Regulation or By-Laws with respect to weed control, and the Lessee will not sow, or permit to be sown any grain infected by smut or containing any foul seeds or noxious weed, and will not suffer or permit any such foul seeds or noxious weeds to go to seed; and,
- ii. To store, use, and dispose of agricultural chemicals, including pesticides, herbicides, and fertilizer, in accordance with label directions and federal, provincial and municipal legislation and recommendations.



Initials