

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

RIVERSIDE PROFESSIONAL CENTRE INC.

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended

**APPLICATION RECORD of the RESPONDENT  
(returnable SEPTEMBER 20, 2021)**

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TO: THE ATTACHED SERVICE LIST

SERVICE LIST

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<p>AND TO:</p>	<p>MNP LTD.                  111 Richmond Street West                  Suite 300                  Toronto, ON M5H 2G4</p> <p>Sheldon Title, CPA, CA, CIRP, LIT                  Sheldon.title@mnp.ca</p> <p>Proposed Receiver</p>
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AND TO:	STUART BUDD & SONS LTD. 2454 South Service Road W Oakville, ON L6L 5M9
AND TO:	ATTORNEY GENERAL OF CANADA Department of Justice Canada Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1  Diane Winters Tel: 647.256.7459 Diane.winters@justice.gc.ca  Lawyers for the Minister of National Revenue
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**AFFIDAVIT OF LAWRENCE BONTJE  
(Sworn September 18, 2021)**

I, Lawrence Bontje, of the City of Brampton, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the sole officer and director of the Respondent, Riverside Professional Centre Inc. ("**Riverside**"). As such I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and where so stated, I verily believe it to be true.
2. I am swearing this affidavit in support of Riverside's request for an adjournment of the Applicant's, the Manufacturers Life Insurance Company's ("**Manulife**"), application for a receiver (the "**Receivership Application**"), to the week of October 18, 2021.
3. Of note, Manulife's issued application record was served on the Respondent on September 16, 2021 (the "**Application Record**") and made returnable on September 20, 2021. As such, Riverside was only able to retain insolvency counsel yesterday (September 17, 2021).

4. Further, and as described below, Riverside has secured a commitment to finance from Pillar Capital Corp (“**Pillar**”) which will be sufficient to retire both Riverside’s obligations to Manulife and the Property Tax Arrears (as defined below). I note that for the last 5 months Riverside has been remitting the current property tax payments owing to Manulife in an escrow account, and expect Manulife will be remitting to the taxing authorities thus ensuring the principal portion of the Property Tax Arrears will not increase.

### **The Property**

5. Riverside owns a medical office building (the “**Building**”) located at 1919 Riverside Drive, Ottawa, Ontario (the “**Property**”). The Building is located on The Ottawa Hospital Riverside Campus and is connected directly to The Ottawa Hospital. The Building’s space is leased to medical professionals. A copy of the Parcel Register for the Building is attached to the Affidavit of Robert Amos (the “**Amos Affidavit**”), contained in the Application Record at Exhibit E.

6. The Building is located on property owned by The Ottawa Hospital and is leased by Riverside pursuant to a ground lease dated September 1, 1989 (the “**Ground Lease**”). A copy of the Ground Lease is attached hereto and marked as **Exhibit “A”**.

7. The Ground Lease has a term of 49 years, and is subject to the right to renew for another 49 years upon the end of the term. Section 8.02 of the Ground Lease provides that Riverside would be entitled to up to 250 parking spaces on The Ottawa Hospital’s parking lot, in addition to having the exclusive right to use 40 spaces for the exclusive use of the tenants of the Building.

8. Section 5.02 of the Ground Lease requires that Riverside pay “all property, utility, business taxes, local improvement charges or similar charges, duties, rates and assessments charged or levied against the Demised Premises and the Building or any party thereof, by any lawful authority having jurisdiction over the same.”

9. The Building is managed by PAR-Med Property Services Ltd., which is one of the premier property managers in this space.

## **Mortgage with Manulife**

10. Pursuant to a commitment letter dated December 15, 2011, Manulife advanced a loan in the principle amount of \$7,500,000 to Riverside (the "**Loan**"). A copy of the commitment letter dated December 15, 2011 is attached to the Amos Affidavit at Exhibit B.

11. As security for the Loan, Manulife registered a charge against Riverside's leasehold interest in the Building (the "**Mortgage**"). As noted above, the Building is located on real property municipally known as 1919 Riverside Drive (the "**Property**") and owned by The Ottawa Hospital. The Mortgage is registered against title to the Property. A copy of the Mortgage is attached to the Amos Affidavit at Exhibit D.

12. As further security, Riverside also provided Manulife with:

- (a) a general security agreement dated February 16, 2012 that provides Manulife with a general security interest over all of Riverside's personal property and undertaking (the "**GSA**"); and
- (b) a general assignment of all leases and rent dated February 16, 2012 (the "**Rent Assignment**").

13. A copy of the GSA and the Rent Assignment are attached to the Amos Affidavit at Exhibits F and G, respectively.

14. On February 8, 2012, the Loan was extended and amended. A copy of the amending letter is attached to the Amos Affidavit at Exhibit C.

15. The Loan matures on February 1, 2022 (the "**Maturity Date**").

16. Although I have not been able to verify, Manulife states that the outstanding balance on the Loan is \$5,560,155.90 (exclusive of legal fees) as at September 14, 2021.

## **The Parking Litigation with The Ottawa Hospital**

17. Paragraphs 23 through 28 of the Amos Affidavit reference Riverside's ongoing litigation with The Ottawa Hospital. Unfortunately, further context is required.

18. Prior to 2015 (and in accordance with the Ground Lease) Riverside tenants and their patients and clients were permitted to park in Lot B of The Ottawa Hospital. Commencing in 2015 The Ottawa Hospital began directing its staff to park in Lot B thus leaving insufficient parking for Riverside's tenants and their patients.

19. Following The Ottawa Hospital's unilateral decision to restrict, to the point of eliminating, parking access to Riverside, its tenants, and their patients, the vacancy rate in the Building rose to over 30% as new tenants were unwilling to lease space from a medical building that did not have parking access, and existing tenants chose to leave the Building due to the lack of parking.

20. In September 2017, Riverside commenced an action (the "**Parking Litigation**") against The Ottawa Hospital seeking damages related to (amongst other things), The Ottawa Hospital's breach of the Ground Lease by failing to provide adequate parking. A copy of the Amended Statement of Claim dated September 29, 2017, is attached to the Amos Affidavit as Exhibit J.

21. During the course of the Parking Litigation, in late 2019, The Ottawa Hospital re-evaluated its position regarding the parking spaces and stopped directing its staff to part in Lot B. In fact, the staff parking passes were rendered inoperative for Riverside's segregated 250 parking spaces in Lot B. As a result, Riverside regained access to its pre 2015 parking spaces. While this resolved certain issues with The Ottawa Hospital, the balance of the Parking Litigation was outstanding.

22. Riverside sought summary judgment in the Parking Litigation. On March 8, 2021, Justice R. Smith of the Ottawa Superior Court released his decision on the summary judgment motion (the "**Parking Litigation Decision**"). While the Court ultimately held that The Ottawa Hospital had not breached the Ground Lease and that Riverside was not entitled to damages, Riverside was entitled to access to 250 parking spaces. The court



further held that The Ottawa Hospital's 2019 decision (which reversed The Ottawa Hospital's 2015 decision) to segregate 250 parking spaces for Riverside in Lot B, met its obligations under the Ground Lease.

23. As noted in the Amos Affidavit, Riverside has appealed the Parking Litigation Decision and the costs award resulting therefrom.

24. Despite The Ottawa Hospital's steps to rectify the parking issue in late 2019, Riverside's financial stability was significantly affected by the lack of parking between 2015 and 2019 due to the inability to obtain and keep tenants in the Building. It has taken considerable time to try and repair the damage that arose from four years of owning a medical building that couldn't provide parking to patients.

### **Property Tax Arrears**

25. As noted in the Amos Affidavit, the only default under Manulife's credit facilities are certain property taxes that remain outstanding (and are described below). I note that Riverside has not defaulted on any other monetary payments to either The Ottawa Hospital, or Manulife. I further note, that the primary reason that there are outstanding property tax arrears are the financial difficulties articulated in the Parking Litigation. To that end, I reiterate that the Parking Litigation Decision is under appeal and has not been fully and finally determined.

26. Paragraphs 46 and 47 of the Amos Affidavit reference a "default letter" issued by The Ottawa Hospital which relates to the outstanding tax arrears. A copy of the May 4, 2021 "default letter" is attached to the Amos Affidavit as Exhibit Y.

27. While paragraph 49 of the Amos Affidavit acknowledges that Riverside responded to the letter, it also suggests that Riverside "does not appear to have taken any concrete steps to address the issues raised". In fact, Riverside responded to the May 4, 2021 "default letter" by disputing The Ottawa Hospital's right to exercise its rights upon default, as the defaults are tied, in significant part, to the ongoing Parking Litigation. The letter further advised of the Monthly Tax Payment (defined below) being made to Manulife on

account of 2021 property taxes. A copy of Riverside's May 19, 2021 response to the "default letter" is attached hereto and marked as **Exhibit "B"**.

28. I am not aware of any response to the May 19, 2021 letter, nor has The Ottawa Hospital attempted to take steps to enforce on the Ground Lease as we await a hearing for the appeal of the Parking Litigation Decision.

29. Further (and as noted in paragraph 31 of the Amos Affidavit), at the request of Manulife, Riverside began monthly payments for property taxes to Manulife directly which were held in escrow and, we expect to be remitted to the taxing authority at the appropriate time (the "**Monthly Tax Payment**"). As a result, 2021 property taxes are being paid as they come due and will prevent the Property Tax Arrears from increasing.

#### **Loan Negotiations with Manulife**

30. On October 22, 2020, counsel for Manulife advised Riverside that the Property Tax Arrears were the basis of a default under the Loan. A copy of the letter dated October 22, 2020 is attached to the Application Record at Exhibit O.

31. Between November 2020 and April 2021, Riverside and Manulife were unable to successfully renegotiate the terms of the Loan. On May 6, 2021, Manulife informed Riverside that it would not be renewing the Loan and advised Riverside to seek alternative financing. A copy of the letter dated May 6, 2021 is attached hereto to the Amos Affidavit at Exhibit V.

32. Based on the foregoing, Riverside began exploring refinancing opportunities with a view to paying out Manulife on the Maturity Date.

33. Manulife issued a notice of intention to enforce security on June 11, 2021 (the "**Manulife NOI**"). A copy of the Manulife NOI is attached to the Amos Affidavit at Exhibit Z.

34. I was surprised to receive the Manulife NOI at the time that we did, however, Riverside entered into negotiations on a forbearance agreement. As noted at paragraph

52 of the Amos Affidavit, on July 7, 2021, Manulife's counsel circulated a draft forbearance agreement contemplating a forbearance period ending on December 15, 2021.

35. Riverside hoped it could negotiate a longer term forbearance, perhaps until the Maturity Date, or longer. As such (and as acknowledged at paragraph 53 of the Amos Affidavit) I asked Riverside's corporate finance counsel to inquire about a longer term forbearance.

36. On July 28, 2021, Riverside and Manulife entered into a standstill agreement for the purposes of allowing some time to further negotiate a mutually agreeable forbearance agreement (the "**Standstill Agreement**"). A copy of the Standstill Agreement is attached to the Amos Affidavit as Exhibit BB.

37. The Standstill Agreement expired on August 17, 2021, however, the parties have continued their discussions regarding refinancing and/or extending the Loan.

### **Manulife Serves a Short Notice Receivership Application**

38. Earlier this week, I was advised by my corporate finance counsel that Manulife was threatening to proceed with a receivership application as early as September 20, 2021. I was shocked at the suggestion of proceeding with a short notice receivership application, particularly given the 11 months of previous negotiation and the fact that 2021 realty tax payments were being made on time to Manulife as per their request.

39. In the evening of September 14, 2021, counsel to Manulife circulated a draft receivership application. At this point I became very concerned and began searching for insolvency counsel. On September 16, 2021, I contacted Domenico Magisano of Lerner LLP about the possibility of acting for Riverside. At 11:19 a.m. on September 16, 2021, Riverside was served (via e-mail) with Manulife's application for the appointment of a receiver, returnable on September 20, 2021 (or two business days notice).

40. Riverside formally retained insolvency counsel on September 17, 2021, and while they have done their very best to understand the last 11 months of this process, it is

simply unrealistic for Riverside to be prepared for a September 20, 2021, Receivership Application.

### **Pillar Financial Corp Term Sheet**

41. Contrary to Manulife's suggestion, Riverside has been actively seeking alternate financing in order to pay out the Loan and Property Tax Arrears. In fact, on September 14, 2021, Riverside received a term sheet from Pillar offering \$8 million in financing (the "**Pillar Term Sheet**"). A copy of the Pillar Term Sheet is attached hereto and marked as **Exhibit "C"**.

42. After receiving the Pillar Term Sheet both my corporate finance counsel and I reviewed same. I understand that Pillar is aware that its collateral mortgage would be over Riverside's leasehold interest in the Property. This is also reflected in Pillar's due diligence requests.

43. At 8:00 a.m. on September 15, 2021, Manulife was made aware of the Pillar Term Sheet. A copy of the email to Robert Amos on September 15, 2021, attaching the Pillar Term Sheet is attached hereto and marked as **Exhibit "D"**.

44. Riverside did not receive any questions or comments from Manulife regarding the Pillar Term Sheet. Instead, Manulife chose to proceed with the Receivership Application.

45. The Pillar Term Sheet provides sufficient funds (even after fees) for Riverside to payout the Loan, bring the Property Tax Arrears current, and (if the appeal is dismissed) pay any cost award in The Ottawa Hospital litigation. The Pillar funding will also provide approximately \$1,000,000 in excess funds to assist in continuing operations while the company seeks new tenants for the property now that the parking issues with The Ottawa Hospital have been substantially resolved.

46. We understand that Pillar has already begun its due diligence, including reviewing historical environmental reports for the Property and retaining Colliers to provide an appraisal of the building.

47. We understand that Pillar will likely require some time to complete due diligence following which it will require another week to prepare loan documents for Riverside's review. Riverside is hopeful that loan documents can be negotiated and the transaction can go firm on, or before, October 18, 2021. Accordingly, Riverside should be able to provide Manulife and the Court with clarity on the outcome of the Riverside refinancing efforts by the week of October 18, 2021.

### **Conclusions**

48. Riverside respectfully requests an adjournment of this matter to the week of October 18, 2021 for the following reasons:

- (a) Manulife did not serve the Application Record until midday of September 16, 2021, and made it returnable on September 20, 2021. That is simply not enough time to respond to an application of this nature;
- (b) I understand that this may have been scheduled for 20 minutes before the courts. It will simply be impossible to argue this matter in that amount of time. The Loan has been in place for almost 10 years and this matter will have a number of factual and legal issues that need to be explored;
- (c) the sole default is the failure to keep property taxes current. Riverside (at Manulife's request) has been making monthly payments to Manulife on account of Riverside's 2021 property tax obligations. This ensures that Manulife's collateral position is not further eroded. Riverside will continue those payments through the adjournment period;
- (d) while The Ottawa Hospital issued a default letter to Riverside in May 2021, Riverside has disputed that notice and The Ottawa Hospital has not taken any further steps since then. Further, I understand the court has the ability to stay any further enforcement by The Ottawa Hospital until the return date, if the Court were so inclined; and

- (e) an adjournment until the week of October 18, 2021, would permit Riverside to try and close the financing contemplated by the Pillar Term Sheet.

49. In short, the adjournment request is of little, or no, prejudice to Manulife while, conversely, proceeding with the Receivership Application on less than two business days' notice, will wrest the Riverside business from me without even giving me an opportunity to refinance.

50. I swear this affidavit in support of Riverside's request for an adjournment, and for no other or improper purpose.

**SWORN BEFORE ME:**

in person

by video conference

at the City of Brampton, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on September 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (*or as may be*)



\_\_\_\_\_  
Signature of Commissioner (*or as may be*)



\_\_\_\_\_  
Signature of Deponent

**ASSIGNMENT OF LEASE**

**AGREEMENT** made as of the *13<sup>th</sup>* day of *December*, 2005.

BETWEEN:

This is Exhibit "A" referred to in the Affidavit of Lawrence Bontje sworn, by video conference, before me, this 18th day of September, 2021



A Commissioner for Taking Affidavits (or as may be) Spencer Jones

**CITY OF OTTAWA**  
(hereinafter called the "Assignor")

OF THE FIRST PART,

-and-

**THE OTTAWA HOSPITAL/L'HÔPITAL D'OTTAWA**  
(hereinafter called the "Assignee")

OF THE SECOND PART.

**WHEREAS:**

- A. The Assignor is the Lessor under a lease dated September 1, 1989 among the Assignor, as Lessor, Health Development Services Inc., In Trust, as Lessee, the Board of Trustees of the Riverside Hospital of Ottawa and the Riverside Hospital of Ottawa Foundation whereby the land legally described as Part Lot 16, JG, City of Ottawa designated as Parts 1 and 2 on Plan 5R-12853 and being therein and herein described as the "Demised Premises" was leased to the said Lessee, notice of which lease is registered as Instrument N530327 (PIN 04201-0147) and as Instrument LT1349154 (PIN 04201-0145) (the "Lease"), a true copy of which is attached hereto as Schedule "A";
- B. Health Development Services Inc., changed its name to Spinnaker Development Corporation and an Application to Amend Register indicating the change in corporate name was registered on December 18, 2000 as Instrument LT1349206;
- C. Spinnaker Development Corporation assigned its interest in the Lease to Riverside Professional Centre Inc. by an Assignment of Lease registered December 18, 2000 as Instrument LT1349207;
- D. The Riverside Hospital of Ottawa was amalgamated with the Ottawa Civic Hospital and the Hopital General d'Ottawa – Ottawa General Hospital to form The Ottawa Hospital, the Assignee herein, by Letters of Amalgamation dated April 1, 1998.
- E. The Riverside Hospital of Ottawa Foundation was dissolved on July 20, 1998.
- F. The Assignor is the Ground Landlord in a Ground Lease Acknowledgement Agreement dated November 10, 2000 among the Assignor, as Ground Landlord, Montreal Trust Company of Canada, as Lender and Riverside Professional Centre Inc. as

Ground Tenant, which Ground Lease Acknowledgement Agreement is registered as Instrument LT1350924, a true copy of which is attached hereto as Schedule "B".

G. The Assignor has agreed to assign and convey all of its interest in the Lease and in the Ground Lease Acknowledgement Agreement to the Assignee as of the date hereof;

H. The Lease provides in Section 13.01 that there is no restriction on the Assignor for the assignment of its reversionary interest in the Demised Premises and there is no restriction in the Lease on the Assignor to effect this assignment of the Lease;

I. The Ground Lease Acknowledgement Agreement expressly contemplates the Assignee acquiring the right, title and interest of the Assignor in the Demised Premises and expressly provides that in compliance with section 13 of the Ground Lease Acknowledgement Agreement the Assignee assumes the obligations of the Assignor pursuant to the Ground Lease Acknowledgement Agreement effective from and after the Assignee's acquisition of the Assignor's right, title and interest in the Demised Premises.

**NOW AND THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of these premises, the Demised Premises, the terms and conditions hereinafter set forth, other good and valuable consideration and the sum of Two Dollars (\$2.00) now paid by each party to the other (the receipt whereof is hereby acknowledged), the parties do hereby respectively covenant and agree each with the other as follows:

1. The Assignor does hereby grant and assign unto the Assignee the Assignor's interest in the Lease and in the Demised Premises, together with the unexpired residue of the term of the Lease and every renewal thereof (if any) and all benefits and advantages to be derived therefrom, to have and to hold the same unto the Assignee, its successors and assigns.
2. The Assignor does hereby grant and assign unto the Assignee the Assignor's interest in the Ground Lease Acknowledgement Agreement and all benefits and advantages to be derived therefrom, to have and to hold the same unto the Assignee, its successors and assigns.
3. The Assignor hereby covenants with the Assignee that:
  - (a) the Assignor has done no act that would breach or invalidate the Lease;
  - (b) the Assignor has good right, full power and absolute authority to assign the Lease and the Ground Lease Acknowledgement Agreement in manner aforesaid;



(c) the Assignor shall and will from time to time and at all times hereafter at the request and cost of the Assignee, execute such further assurances in respect hereof as the Assignee shall reasonably require.

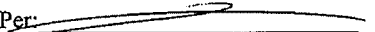
4. The Assignee hereby covenants with the Assignor that the Assignee shall and will during all of the residue of the term granted by the Lease, and every renewal thereof (if any), perform the covenants, conditions and agreements on the part of the Lessor therein contained, and indemnify and save harmless the Assignor therefrom and from all actions, suits, costs, losses, charges, damages and expenses for and in respect thereof.

5. The Assignee hereby covenants with the Assignor that the Assignee shall perform the covenants, conditions and agreements on the part of the Assignor contained in the Ground Lease Acknowledgement Agreement and indemnify and save harmless the Assignor therefrom and from all actions, suits, costs, losses, charges, damages and expenses for and in respect thereof.

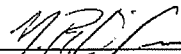
6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and the successors and assigns of them.

**IN WITNESS WHEREOF** the parties hereto have duly executed this Agreement as of the day and year first above written.

**CITY OF OTTAWA**

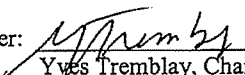
Per:   
Robert Chiarelli, Mayor

~~APPROVED FOR EXECUTION~~  
  
CITY SOLICITOR

Per:   
M. Rick O'Connor, Deputy City Clerk

**THE OTTAWA HOSPITAL/  
L'HÔPITAL D'OTTAWA**

Per:   
Dr. Jack Kitts  
President & Chief Executive Officer

Per:   
Yves Tremblay, Chair  
Board of Governors

**SCHEDULE "A"**

**ASSIGNMENT OF LEASE**

THIS INDENTURE made this *1st* day of *September*, 1989.

BETWEEN:

THE CORPORATION OF THE CITY OF OTTAWA,  
herein called the "Lessor"

OF THE FIRST PART

- and -

HEALTH DEVELOPMENT SERVICES INC., IN TRUST,  
a corporation incorporated pursuant to the  
laws of Canada, herein called the "Lessee"

OF THE SECOND PART

- and -

THE BOARD OF TRUSTEES OF THE RIVERSIDE  
HOSPITAL OF OTTAWA, herein referred to  
as the "Hospital"

OF THE THIRD PART

- and -

THE RIVERSIDE HOSPITAL OF OTTAWA FOUNDATION,  
herein referred to as the "Foundation"

OF THE FOURTH PART.

RECITALS

WHEREAS the Lessor is the registered owner of the lands and premises in the City of Ottawa, Province of Ontario, being Parts 1 and 2 on Reference Plan No. 5R-12853;

AND WHEREAS the Hospital has the custody and control of all of the property and premises described as Parts 1 to 16 inclusive on Reference Plan No. 5R-10708;

AND WHEREAS the Lessee is desirous of constructing the Building on Parts 1 and 2 on Reference Plan No. 5R-12853, hereinafter called "the Demised Premises";

AND WHEREAS the Hospital has agreed to consent to the within lease;

AND WHEREAS the consideration for the said lease is to be paid to the Foundation;

ARTICLE I

DEMISE AND TERM

Section 1.01 - Premises

NOW WITNESSETH that in consideration of the rent, covenants and agreements hereinafter respectively reserved and contained, the Lessor doth hereby demise and lease unto the Lessee the Demised Premises, and the Hospital concurs with the said demise and lease. The Demised Premises consist of the land only.

*Handwritten signatures and initials:*  
SAD  
B...  
1989

Section 1.02 - Term

TO HAVE AND TO HOLD the Demised Premises, for and during the term of Forty-nine (49) years to be computed from and inclusive of the <sup>1st</sup> day of September, 1989 subject to the option to renew as set out in paragraph 16.09 hereof.

**ARTICLE II**  
**DEFINITIONS**

The parties hereto agree that in this Lease the following words or phrases shall, unless there is something in the context inconsistent therewith, have the meaning hereinafter set out:

Section 2.01 - Building

"Building" shall mean a medical-dental office building of approximately 50,000 square feet to be built upon the Demised Premises at the Lessee's sole cost and which shall be owned by the Lessee during the currency of the term and any renewal thereof.

Section 2.02 - Covered Link

"Covered Link" shall mean an enclosed connection for the purpose of pedestrian traffic between the Building and the planned future expansion of the Hospital.

Section 2.03 - Hospital

"Hospital" shall mean the Hospital operated by the Hospital on certain lands adjacent to the Demised Premises.

Section 2.04 - Municipal Taxes

"Municipal Taxes" shall mean the aggregate of all property, utility, business taxes, local improvement charges or similar charges, duties, rates and assessments charged or levied against the Demised Premises and the Building or any part thereof, by any lawful authority having jurisdiction over the same.

Section 2.05 - Parking Lot

"Parking Lot" shall mean a parking lot accommodating approximately three hundred (300) cars within the area east and north of the Building on the Lessor's and Hospital's lands adjacent to the Demised Premises.

Section 2.06 - Rent

"Rent" shall mean all payments due to the Foundation under this Lease, and all payments made by the Lessor or the Hospital in discharge of any default by the Lessee under the provisions of this Lease. "Rent" shall

*[Handwritten signatures and initials]*

inter alia include:

- (a) "Basic Rent" which shall mean the minimum rent specified in Section 3.01 hereof; and
- (b) "Additional Rent" which shall include taxes and all other payments required to be made by the Lessee or the Hospital hereunder.

Section 2.07 - Lessee's Plans and Specifications

"Lessee's Plans and Specifications" shall mean the plans and specifications referred to in Paragraph 4.01 which have been provided to the Lessor and the Hospital by the Lessee.

Section 2.08 - Trade Fixtures

"Trade Fixtures" shall mean only those fixtures installed for the use of Tenants of the Lessee not usual to the premises except for the individual requirements of the tenant.

ARTICLE III

RENT

Section 3.01 - Rent

The Lessee hereby covenants to pay to the Foundation upon the commencement of the term hereof without prior demand or any deduction or setoff whatsoever pre-paid Basic Rent for the entire forty-nine (49) years of the term in the sum of Three Hundred Thousand (\$300,000.00) Dollars.

ARTICLE IV

CONSTRUCTION OF LESSEE'S BUILDING

Section 4.01 - Construction of Building

The Lessee shall construct on the Demised Premises the Building and improvements and additions thereto to its own specifications including elevations, all in a good and workmanlike manner and in accordance with the plans and specifications to be provided by the Lessee to the Lessor and the Hospital which plans and specifications shall be subject to the approval of all governing authorities.

Section 4.02 - Services

The Lessee shall make lateral connections at its sole expense between its building and the existing sewers and services, without interference with the Hospital's sewers and services.

ARTICLE V

LESSEE'S COVENANTS

Section 5.01 - Rent

The Lessee covenants with the Lessor and the Hospital and the Foundation to pay Rent.

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Section 5.02 - Taxes

(a) The Lessee will, as Additional Rent, in each and every year during the said term, pay and discharge all taxes, including Municipal Taxes, local improvement rates, impost charges or levies, rates, duties and assessments whether general or special that may be levied, rated, charged or assessed against the Demised Premises or any part thereof and any taxes payable to the Lessor or the Hospital which are imposed in lieu of or as a substitute for real property taxes and all taxes, rates, duties and assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Lessee on or in the premises and every tax and license fee in respect of the use or occupancy thereof by the Lessee. Provided that the Lessee shall not be responsible for paying the Lessor's, Hospital's or Foundation's income, capital or corporation taxes, or debt service.

(b) The Lessor and the Hospital agree to provide the Lessee with copies of all assessment notices and tax bills forthwith after receipt.

(c) The Lessee shall have the right to contest by appropriate legal proceedings the validity of any tax rate, including local improvement rates, assessment or other charges referred to in Section 5.02 hereof and if the payment of any such tax, rate, local improvement rates, assessment or other changes may legally be held in abeyance without subjecting the Lessor or Hospital or Lessee to any liability of whatsoever nature for failure to so pay, the Lessee may postpone such payment until the final determination of any such proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch.

Section 5.03 - Utilities

The Lessee shall pay, as the same become due, all charges for public and private utilities, including without limitation, water, gas, sewers, electrical power or energy, steam for hot water used on or in respect of the Demised Premises and for connections, fittings, machines, apparatus, meters or other things leased in respect thereof and for all work or services performed by any corporation or commission in connection with such public or private utilities.

Section 5.04 - Public Orders

The Lessee shall, at its own expense observe and promptly comply with all statutes, orders-in-council, by-laws, rules, regulations and requirements of all Federal, Provincial and Municipal Governments and appropriate departments thereof, and the orders, rules and regulations of The Canadian Fire Underwriters' Association and any other body thereafter constituted exercising similar functions which may be applicable to the Demised Premises and/or the use or manner of use of the Demised Premises.

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B...

Section 5.05 - Nuisance

The Lessee will not do or omit or permit to be done upon the Demised Premises anything which shall result in a nuisance to the Lessor, Hospital or owners or occupiers of neighbouring premises provided that the normal use of the premises for the purposes hereunder contemplated shall not be deemed to be a nuisance.

Section 5.06 - Use

The Lessee covenants that it will use the Demised Premises only for lawful purposes permitted by by-law.

Section 5.07 - Assignment

The Lessee shall not assign or sub-let the Demised Premises without the prior written consent of the Lessor and the Hospital which shall not be unreasonably withheld. Provided that no consent of the Lessor will be required for the purpose of financing the Building by way of leasehold mortgage or otherwise and that no consent shall be required to an assignment or subletting by Health Development Services Inc. to a corporation to be formed and owned by medical or dental tenants. No consent shall be required from the Lessor or the Hospital in respect of any Lease to a tenant of space contained in the Building constructed on the Demised Premises.

ARTICLE VI

MAINTENANCE AND REPAIRS

Section 6.01 - Lessee's Repairs

The Lessee, at its own expense, shall at all times maintain and keep the Demised Premises and the Building, improvements and the appurtenances to be erected thereon, in good order and condition and promptly make all needed repairs and replacements of any kind, including structural repairs. This covenant shall apply to the Covered Link upon completion of construction.

Section 6.02 - Outside Areas

The Lessee shall keep the grounds and the outside areas in the vicinity of the Demised Premises clean and orderly and free of debris generated from the operation of the tenant's business.

Section 6.03 - Surrender on Termination

The Lessee will, at the expiration or sooner determination of the said term, peaceably surrender and yield up to the Lessor and the Hospital the Demised Premises with the appurtenances, together with the Building and improvements which at any time during the said term shall be made therein or thereon in good and substantial repair and condition, reasonable wear and tear excepted. The Lessee shall repair any damage occasioned to the premises resulting from the removal of trade fixtures.

*Handwritten signatures and initials:*  
YAO  
E. Burtin  
VAD

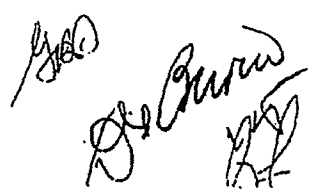
ARTICLE VII  
INSURANCE

Section 7.01 - All Risk Insurance

The Lessee covenants and agrees at all times during the term and any renewals hereof, at its own expense, to insure and keep insured the Building or buildings and improvements from time to time erected on the Demised Premises for their full replacement value, against destruction or damage by fire and those additional perils contained in the Extended Perils and All Risk Endorsement Insurance Policy with responsible insurance companies licensed in the Province of Ontario and will furnish certificates of all such insurance policies and renewals thereof from time to time during the term and any renewal term to the Lessor and the Hospital forthwith upon request. Such policy of insurance shall be issued in the name of the Lessee, the Lessor and the Hospital and the holder of any mortgages referred to in Section 14.01 as their respective interests may appear.

Section 7.02 - Public Liability Insurance

- (a) The Lessee shall provide and maintain during the term of the lease Comprehensive General Liability insurance acceptable to the Lessor and the Hospital and subject to limits of not less than \$5,000,000.00 inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof. The Comprehensive General Liability insurance shall include insurance for:
- (i) premises and operations liability;
  - (ii) cross liability;
  - (iii) personal injury liability arising out of false arrest, detention or imprisonment or malicious prosecution, libel, slander or defamation of character, invasion of privacy.
- (b) (i) All Comprehensive General Liability insurance policies shall be in the joint names of the Lessee, the Lessor and the Hospital.
- (ii) All liability insurance policies shall contain an endorsement to provide all named insured with prior notice of changes and cancellations. Such endorsement shall be in the following form:  
"It is understood and agreed that the coverage provided in this policy will not be changed or amended in any way nor cancelled until thirty (30) days after written notice of such change or cancellation shall have been given to all Named Insureds".
  - (iii) The insurance shall preclude subrogation claims by the Insurer against anyone insured thereunder.
  - (iv) If the Comprehensive General Liability insurance is placed in layers, the first layer of coverage shall be not less than \$2,000,000.00.





ARTICLE VIII  
LESSOR'S AND HOSPITAL'S COVENANTS

Section 8.01 - Quiet Enjoyment

The Lessor and the Hospital covenant with the Lessee that, provided the Lessee pays the Rent hereby reserved and performs the covenants in this Lease contained and on its part to be reserved and performed the Lessee shall and may peaceably enjoy the Demised Premises for the term hereby granted without interruption or disturbance from the Lessor, or the Hospital, or any person or persons lawfully claiming by, from or under it.

Section 8.02 - Parking

The Lessor and the Hospital covenant and agree that the Lessee shall be entitled to utilize up to two hundred and fifty (250) parking spaces on the parking lot for the purpose of meeting the City of Ottawa bylaw requirements for the Building.

Notwithstanding anything hereinbefore contained, the Lessee shall have the exclusive right to the use of forty (40) parking spaces which shall be reserved and designated as being for the exclusive use of tenants of the Building and for which no parking fee shall be paid. The forty (40) spaces shall be a part of the two hundred and fifty (250) spaces referred to in this Section.

ARTICLE IX  
ALTERATIONS, ADDITIONS AND FIXTURES

Section 9.01 - Alterations and Additions

The Lessee shall be entitled to make alterations, additions, and/or improvements upon the Demised Premises without the prior written approval of the Lessor provided that all such alterations, improvements and/or additions are made pursuant to the relevant bylaws and governmental regulations.

Section 9.02 - Trade Fixtures, Machinery and Equipment

The Lessor agrees that all trade fixtures, furniture and other personal property on the Demised Premises may be removed by the Lessee in its discretion, at any time and from time to time during the entire term of this Lease and any renewals.

Section 9.03 - Signs

The Lessee shall have, subject to all relevant municipal and governmental laws, bylaws or rules and regulations, the right to erect signs on the Demised Premises for identification or advertising purposes at its expense.

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ARTICLE X  
DAMAGE AND DESTRUCTION

Section 10.01 - Damage and Destruction

Provided and it is expressly agreed that if and whenever during the term hereby demised and any renewal thereof, the building or buildings and improvements (herein collectively referred to as the "Lessee's Building") erected on the Demised Premises shall be all or partly destroyed or damaged by fire or other perils insured against hereunder, then the term of this Lease shall continue and the Rent and all other payments herein required to be paid shall not abate during any period of rebuilding or repairing, the Lessee hereby covenanting that it shall forthwith rebuild and repair the Lessee's Building in accordance with plans and specifications therefor provided by the Lessee, to the Lessor and the Hospital for its information only, which need not be the same as those supplied by the Lessee at the commencement of the Lease term.

ARTICLE XI  
DEFAULT OF LESSEE - REMEDIES OF LESSOR

Section 11.01 - Bankruptcy or Insolvency of Lessee

If during the term of this Lease the Lessee, its successor or assign shall make an assignment for the benefit of creditors, or assign in bankruptcy or take the advantage in respect of its own affairs of any statute for relief in bankruptcy, moratorium, settlement with creditors or similar relief of bankrupt or insolvent debtors, or if a receiving order is made against the Lessee, or if the Lessee is adjudged bankrupt or insolvent, or if a liquidator or receiver of any property of the Lessee is appointed by reason of any actual or alleged insolvency or any default of the Lessee under any mortgage or obligation, or if the interest of the Lessee in the Demised Premises of the building thereon shall become liable to be taken under any writ of execution or other like process which shall remain undischarged for Thirty (30) days, then the occurrence of any such contingency shall be deemed to be a breach of this Lease, at the option of the Lessor the term shall become forfeited and void, and the Lessor may without notice or any form of legal process whatever, forthwith re-enter the Demised Premises and repossess and enjoy the same as of its former estate, anything contained in the statute or law to the contrary notwithstanding; provided that such forfeiture shall be wholly without prejudice to the right of the Lessor to recover damages for any antecedent breach of the Lessee's covenants, obligations or agreements under this Lease. No such re-entry or taking possession of the Demised Premises by the Lessor shall be construed as an election on the part of the Lessor to terminate this Lease unless, at the time or subsequent to such re-entry or taking of possession, such termination is declared by the Lessor or is decreed by a court of competent jurisdiction.

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Section 11.02 - Re-entry on Certain Defaults by Lessor

If:

- (a) The Lessee shall default in the payment of any sums required to be paid to the Lessor or the Hospital by any provision of this Lease and such default shall continue for Fifteen (15) days after notice thereof given by the Lessor or the Hospital to the Lessee; or
- (b) The Lessee shall default in performing or observing any of its other covenants or obligations under this Lease or any contingency shall occur which by the terms of this Lease constitutes a breach hereof or confers upon the Lessor the right to re-enter or forfeit or terminate this Lease, and the Lessor or the Hospital shall have given to the Lessee notice of such default or the happening of such contingency, and at the expiration of Fifteen (15) days after the giving of such notice the default or contingency shall continue to exist;

the Lessor or the Lessor's agents or employees authorized by it may immediately or at any time thereafter re-enter the Demised Premises and the Building, or buildings thereon, may remove all persons and their property therefrom either by summary eviction proceedings or by any other suitable action or proceedings at law, equity or otherwise without being liable to any prosecution or damages therefor, and be repossessed and enjoy the Demised Premises, the Building or buildings and all fixtures and improvements upon the Demised Premises without such entry and repossession working a forfeiture or waiver of the covenants to be performed by the Lessee up to the date of such re-entry and repossession.

Section 11.03 - Lessor's Right to Cure Defaults

The Lessor or the Hospital without limiting any other remedy which it may have, shall have the right at all times to enter the Demised Premises and the Building thereof for the purpose of curing any default or to work a forfeiture or termination of this Lease, and the Lessee shall permit such entry. The Lessor or the Hospital shall give not less than Seven (7) days' notice to the Lessee of its intention to enter for such purpose but may enter upon a shorter period of notice or without notice where in the Lessor's or Hospital's reasonable judgment there is real or apprehended emergency or danger to persons or property, or where any delay in remedying such default would or might materially prejudice the Lessor or the Hospital. The Lessee shall reimburse the Lessor and the Hospital upon demand for all expenses incurred by the Lessor or the Hospital in remedying any default together with interest thereon at the prime rate charged by the Canadian Imperial Bank of Commerce to its best customers plus 5% from the date incurred until paid. The Lessor or the Hospital shall be under no obligation to remedy any default of the Lessee, and shall not incur any liability to the Lessee for any action or omission in the course of their remedy or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence of the Lessor or the Hospital.

*MBA*  
*1/20/11*  
*10/11/11*

Section 11.04 - Remedies Cumulative

The remedies of the Landlord and the Hospital specified in this Lease are cumulative and are in addition to any remedies at law or equity. New remedies shall be deemed to be exclusive, and the Lessor and the Hospital may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity. In addition to any other remedies provided in this Lease the Lessor or the Hospital shall be entitled to restrain by injunction any violation or attempted or threatened violation by the Lessee of any of the covenants hereof.

Section 11.05 - Effective Waiver by Lessor or Hospital

The failure of the Lessor or the Hospital to insist upon the strict performance of any covenant of this Lease shall not waive such covenant, and the waiver of any breach of any covenant of this Lease shall not waive such covenant in respect of any future or other breach. The receipt and acceptance of Rent or other monies due hereunder with knowledge of any breach of any covenant by the Lessee shall not waive such breach. No waiver by the Lessor or the Hospital shall be effective unless made in writing.

ARTICLE XII

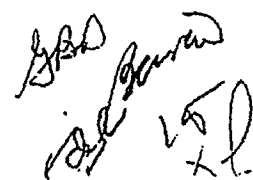
LIABILITY AND INDEMNITY OF LESSOR AND HOSPITAL

Section 12.01 - Exemption of Lessor and Hospital from Liability

The Lessor and the Hospital shall not be liable or responsible for personal or consequential injury of any kind whatsoever that may be suffered or sustained by the Lessee or any tenant, employee, agent or invitee of the Lessee or of any tenant or any other persons who may be upon the Demised Premises, or for any loss, theft, damage or injury to any property upon the Demised Premises however caused.

Section 12.02 - Indemnity of Lessor and Hospital by Lessee

The Lessee shall indemnify the Lessor and the Hospital against all claims by any person from the construction and/or operation of the building upon the Demised Premises or in respect thereof for any default or want of repair therein or any want of maintenance thereof or anything done or omitted on or in the vicinity of the Demised Premises or any other thing whatsoever, whether arising from any breach or default or from any negligence by the Lessee, its tenants, agents, contractors, employees, invitees or licensee, or from any accident, injury or damage or any other cause whatsoever; and such indemnity shall extend to all costs, legal fees, expenses and liabilities which the Lessor and the Hospital may incur with respect to any such claim.



ARTICLE XIII  
ASSIGNMENT AND OTHER DEALINGS BY LESSOR AND HOSPITAL

Section 13.01 - Right of Lessor and Hospital to Assign or Encumber

Nothing contained in this Lease prohibits or restricts the Lessor or Hospital, or implies any such prohibition or restriction, from assigning, syndicating, mortgaging, encumbering or otherwise dealing with their reversionary interest in the Demised Premises Lease, but subject always to this Lease and all the rights of the Lessee hereunder including any leasehold mortgages or financing arrangements respecting the Building.

Section 13.02 - Certificate by Lessee

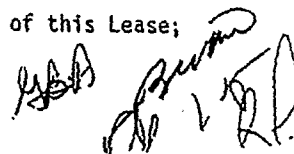
The Lessee shall promptly, whenever from time to time requested by the Lessor or the Hospital, execute an acknowledgement or certificate in favour of any actual or prospective purchaser, mortgagee or encumbrancer of the Lessor's or Hospital's interest, acknowledging or certifying as to the status of this Lease, as to any modifications thereof, as to any breaches of covenant known to the Lessee and as to the state of the Rent account, with the intent that any such acknowledgment or certificate may be relied upon by any person to whom it is addressed.

ARTICLE XIV  
MORTGAGING OF LEASEHOLD ESTATE

Section 14.01 - Mortgaging of Leasehold Estate

In the event that the Lessee shall mortgage its leasehold estate and the mortgagee or holders of the indebtedness secured by the leasehold mortgage or trust deed shall notify the Lessor and the Hospital in the manner hereinafter provided for the giving of notice of the execution of such mortgage or trust deed and the name and place for service of notice upon such mortgagee or holder of indebtedness, then in such event, the Lessor and the Hospital hereby agree for the benefit of such mortgagees or holders of indebtedness from time to time:

- (a) That the Lessor and the Hospital will give to any such mortgagee or holder of indebtedness simultaneously with service on the Lessee a duplicate of any and all notices or demands given by the Lessor or the Hospital to the Lessee from time to time. Such notices shall be given in the manner and subject to the provisions of Section 16.13 of this Lease;
- (b) Such mortgagee or holder of indebtedness shall have the privilege of performing any of the Lessee's covenants hereunder or of curing any default by the Lessee within the time specified hereunder or of exercising any election, option or privilege conferred upon the Lessee by the terms of this Lease;

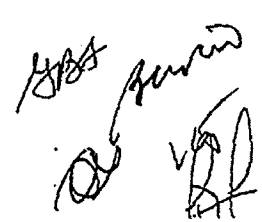


- (c) The Lessor or the Hospital shall not terminate this Lease or the Lessee's right of possession for any default of the Lessee if within a period of Thirty (30) days after the expiration of the period of time within which the Lessee might cure said default, said default is cured or caused to be cured by such mortgagee or holder of indebtedness, or if within a period of Thirty (30) days after the expiration of the period of time within which the Lessee might commence to eliminate the cause of such default such mortgagee or holder of indebtedness commences to eliminate the cause of such default and proceeds therewith diligently and with reasonable dispatch;
- (d) That, no right, privilege or option to cancel or terminate this Lease available to the Lessee shall be deemed to have been exercised effectively unless joined by any such mortgagee or holder of the indebtedness; and
- (e) No liability for the payment of rent or the agreements hereunder shall attach to or be imposed upon any mortgagee, trustee under any trust deed, or holder of any indebtedness secured by any mortgage or trust deed upon the leasehold estate, all such liability being hereby expressly waived by the Lessor and the Hospital unless the mortgagee becomes a mortgagee in possession. In the event that any mortgagee or holder of indebtedness shall enter into possession, or attorn any rents payable by tenants to the Lessee such mortgagee or holder of indebtedness shall be liable for all obligations of the Lessee under this Lease, as though named as Lessee herein.
- (f) That in the event Section 11.01 is applicable, the said mortgagee or holder of indebtedness shall be entitled, in the event the default is not remedied by the Lessee, as provided for herein, to assume all obligations and rights of the Lessee under this Lease.

ARTICLE XV  
COVERED LINK

Section 15.01 - Covered Link

The Lessee shall construct the Covered Link at the time of construction of the Building. In the event that the Covered Link cannot be constructed coincident with the construction of the Building as a result of the postponement of the Hospital's expansion, then the Lessee shall construct the Covered Link in accordance with the terms and conditions of the collateral agreement between the parties.



ARTICLE XVI  
MISCELLANEOUS

Section 16.01 - Covenant for Title

The Lessor and the Hospital covenant that they have good and marketable title to the Demised Premises and to the Parking Lot.

Section 16.02 - Injury to Lands

The Lessee covenants and agrees that it shall not perform any acts or carry on any practice which may injure the Demised Premises or the lands and buildings or facilities and common areas of the Lessor and the Hospital.

Section 16.03 - Easements

The Lessor and the Hospital do hereby grant to the Lessee, for the term of this Lease or any renewal thereof, easements for water, sewer, electricity and telephones at such locations and over such land not the subject of this Lease, reasonably accessible without interfering with existing installations of the Hospital. The Lessee shall upon completion of construction of the Building, re-instate the lands and premises of the Lessor and the Hospital disturbed in any way by the installation of the Lessee's utilities, to the original state existing immediately before commencement of construction.

The Lessor and the Hospital do further hereby grant to the Lessee, for the term of this Lease and any renewal thereof right of ingress and egress for pedestrians and vehicles over such parts of the lands of the Lessor and Hospital designated as Parts 1 to 16 inclusive on Reference Plan No. 5R-10708, as may be established by the Hospital from time to time for the use of pedestrians and vehicles and in common with the Lessor and the Hospital. The said right of ingress and egress shall be for the benefit of the Lessee, its tenants, and their invitees, employees or agents.

Section 16.04 - No Liens

The Lessee covenants that it will not permit or cause anything to be done on the Demised Premises or with respect to the Demised Premises which may result in any liens, construction liens, Certificates of Pending Litigation or judgments being imposed upon either the Demised Premises or the Building.

Section 16.05 - Time of the Essence.

Time shall be of the essence of this Lease.

Section 16.06 - Ownership of Improvements

During the term and any renewals thereof, the Lessee shall own the Building and have the right to take the capital cost allowance deductions under the tax laws for the Building or any buildings and improvements hereafter erected on the Demised Premises and upon surrender

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or other termination of this Lease all such buildings and improvements shall belong absolutely to the Lessor and the Hospital.

Section 16.07 - Net Land Lease

It is expressly agreed that the Lease of the Demised Premises hereunder is a land lease only and shall be net and carefree to the Lessor and the Hospital and all costs, charges and expenditures whatsoever arising from or relating to the Demised Premises in the construction thereon of the Building or buildings, additions and improvements thereto and the occupancy and use thereof by the Lessee shall be the responsibility of the Lessee save and except only the costs and expenses of the Lessor or the Hospital as set forth in this Lease.

Section 16.08 - Severability

If any covenant, obligation or agreement in this Lease or the applicable 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, obligation or agreement to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement in this Lease shall be separately valid and enforceable to the fullest extent permitted.

Section 16.09 - Option to Renew

The Lessee shall have the right when not in default to renew this Lease for one further term of Forty-nine (49) years upon the same terms and conditions, save as to further renewal and save as to rent. The rental for the renewal period shall be payable either as a prepaid lump sum or by monthly or annual payments as the Lessor may elect provided that the amount of such lump sum, monthly or annual payments shall be determined by agreement between the parties and failing agreement by arbitration as set out in paragraph 16.10 hereof. Notice of the intention of the Lessee to exercise this right of renewal shall be given to the Lessor and the Hospital not less than one (1) year before the expiration of the term of this Lease.

Section 16.10 - Arbitration

If a dispute arises that is required under the terms of this Lease to be determined by arbitration, the dispute will be submitted to a board of three arbitrators, one of whom is to be nominated by the Lessor and the Hospital, one by the Lessee and the third by the two arbitrators so chosen, if they can agree, within ten (10) days and otherwise by a judge of the Supreme Court of Ontario. The constitution and proceedings of the board of arbitration will be governed by the Arbitrations Act of Ontario in effect at that time. The decision of the arbitrators will be final and binding on the parties and neither the Lessor and the Hospital nor the Lessee will have any right of appeal except as provided in the applicable Arbitrations Act. If an arbitrator refuses to act or is incapable of

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HAD  
Bentley  
[initials]



acting or dies, a substitute for that arbitrator will be appointed in the manner provided above. All costs and expenses of any arbitration will be borne by the parties equally, unless the board of arbitrators directs otherwise. During the continuation of the period of any arbitration, the Lessor and the Hospital and the Lessee will continue to be responsible for the full performance of the terms of this Lease.

Section 16.11 - First Right of Refusal

- (a) During the currency of the term or any renewal thereof, the Lessee shall have the first right of refusal to meet the terms of any bona fide third party offer which the Lessor or the Hospital are prepared to accept for the Demised Premises. The Lessee shall be given not less than five (5) business days' written notice of any offer which the Lessor or the Hospital are prepared to accept and within the said five (5) day period, the Lessee may elect in writing to meet the terms and conditions of said third party offer and the closing of the transaction shall take place as set out in the third party offer. In the event that the Lessee elects not to meet the terms and conditions of the third party offer and the Lessor or the Hospital does not accept same, this right of first refusal shall continue.
- (b) During the currency of the term or any renewal thereof, the Lessor and the Hospital shall have the right of first refusal to meet the terms of any bona fide third party offer which the Lessee is prepared to accept for the Building. The Lessor and the Hospital shall be given not less than thirty (30) business days written notice of any offer which the Lessee is prepared to accept and within the said thirty (30) day period, the Lessor or the Hospital may elect in writing to meet the terms and conditions of the said third party offer and the closing of this transaction shall take place as set out in the third party offer. In the event that the Lessor or the Hospital elects not to meet the terms and conditions of the third party offer and the Lessee does not accept same, this right of first refusal shall continue.

Section 16.12 - The Planning Act

This Lease is entered into subject to compliance with the Planning Act of Ontario.

Section 16.13 - Notices

Any notice, demand, request, consent or objection required or contemplated to be given or made by any provisions of this Lease shall be given or made in writing and either delivered personally or sent by registered mail, postage prepaid, addressed to the Lessor at:

*[Handwritten signatures and initials]*

The Corporation of the City of Ottawa,  
111 Sussex Drive,  
Ottawa, Ontario  
K1N 5A1.

Attention:

and to the Lessee at:

Health Development Services Inc., In Trust  
212 King Street West,  
Suite 201  
Toronto, Ontario  
M5H 1K5

and to the Hospital at:

The Board of Trustees of the Riverside Hospital of Ottawa  
1967 Riverside Drive  
Ottawa, Ontario  
K1H 7W9

Attention: Executive Director

and to the Foundation at:

The Riverside Hospital of Ottawa Foundation  
1967 Riverside Drive  
Ottawa, Ontario  
K1H 7W9

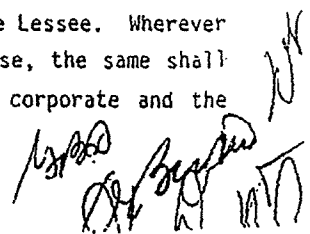
and shall be deemed to have been given, if delivered personally, upon delivery and if mailed, Seventy-two (72) hours after the mailing thereof in a Post Office in Canada.

Section 16.14 - Captions

The captions appearing in the margin of this Lease, the headings of Articles and other like notes have been inserted as a matter of convenience and for reference only, and in no way define, limit or enlarge the scope or meaning of this Lease or any provisions thereof.

Section 16.15 - Interpretation

This Lease shall enure to the benefit of and be binding upon the parties hereto, the successors and assigns of the Lessor and the Hospital, and the successors and permitted assigns of the Lessee. Wherever the singular or masculine or neuter is used in this Lease, the same shall be deemed to include the plural or the body politic or corporate and the



respective successors and permitted assigns of the parties hereto, and each of them where the context or the parties so require.

Section 16.16 - Entire Agreement

No prior stipulation, agreement or undertaking, verbal or otherwise of the parties or their agents shall be valid or enforceable unless embodied in the provisions of this Lease or made in writing and signed by both parties.

Section 16.17 - Registration

The Lessor and the Hospital covenant that they will join in and execute in a proper registerable form any Notice of Lease or other document which may be required by the Lessee for registration purposes in accordance with the provisions of the laws of the Province of Ontario.

Section 16.18 - Tenants of Lessee

The Lessee shall require any tenant occupying any part of the building erected upon the Demised Premises to be bound by the terms of this lease to the extent that any term may be applicable to the circumstances.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate seals to be affixed hereto duly attested by the hands of their proper signing officers in that behalf.

THE CORPORATION OF THE CITY OF OTTAWA

Per: [Signature] JAMES A. DUNN  
Mayor

Per: [Signature] ROGER E. PERRON  
City Clerk

HEALTH DEVELOPMENT SERVICES INC.,  
IN TRUST

Per: [Signature]

Per: [Signature]

THE BOARD OF TRUSTEES OF THE RIVERSIDE  
HOSPITAL OF OTTAWA

Per: [Signature] Vice-Chairman

Per: [Signature] Secretary

THE RIVERSIDE HOSPITAL OF OTTAWA  
FOUNDATION

Per: [Signature] President

Per: [Signature] Secretary

*[Handwritten signatures and initials]*

respective successors and permitted assigns of the parties hereto, and each of them where the context or the parties so require.

Section 16.16 - Entire Agreement

No prior stipulation, agreement or undertaking, verbal or otherwise of the parties or their agents shall be valid or enforceable unless embodied in the provisions of this Lease or made in writing and signed by both parties.

Section 16.17 - Registration

The Lessor and the Hospital covenant that they will join in and execute in a proper registerable form any Notice of Lease or other document which may be required by the Lessee for registration purposes in accordance with the provisions of the laws of the Province of Ontario.

Section 16.18 - Tenants of Lessee

The Lessee shall require any tenant occupying any part of the building erected upon the Demised Premises to be bound by the terms of this lease to the extent that any term may be applicable to the circumstances.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate seals to be affixed hereto duly attested by the hands of their proper signing officers in that behalf.

THE CORPORATION OF THE CITY OF OTTAWA

Per: [Signature] JAMES A. DUNN  
Mayor

Per: [Signature] ROGER F. DEBES  
City Clerk  
HEALTH DEVELOPMENT SERVICES INC.,  
IN TRUST

Per: [Signature]

Per: [Signature]

THE BOARD OF TRUSTEES OF THE RIVERSIDE HOSPITAL OF OTTAWA

Per: [Signature] Vice-Chairman

Per: [Signature] Secretary

THE RIVERSIDE HOSPITAL OF OTTAWA FOUNDATION

Per: [Signature] President

Per: [Signature] Secretary

*[Handwritten signatures and initials]*

1969  

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THE CORPORATION OF THE CITY OF OTTAWA

- and -

HEALTH DEVELOPMENT SERVICES INC.,  
IN TRUST

- and -

THE BOARD OF TRUSTEES OF THE  
RIVERSIDE HOSPITAL OF OTTAWA

- and -

THE RIVERSIDE HOSPITAL OF OTTAWA  
FOUNDATION

---

LEASE

---

HEWITT, HEWITT, NESBITT, REID  
75 Albert Street  
Ottawa, Ontario

*Burton*

**SCHEDULE "B"**

**GROUND LEASE ACKNOWLEDGEMENT**

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">FOR OFFICE USE ONLY</p> <p style="text-align: center; font-size: 24px;">1 3 5 0 9 2 4</p> <p style="text-align: center;">CERTIFICATE OF RECEIPT CERTIFICAT DE RECEPISSE OTTAWA-CARLETON (4)</p> <p style="text-align: right; font-size: 24px;">12 36</p> <p style="text-align: right; font-size: 24px;">'00 DEC 22</p> <p style="font-size: 12px;">New Property Identifiers</p> <p style="font-size: 12px;">Additional: See Schedule <input type="checkbox"/></p> <p style="font-size: 12px;">Executions</p> <p style="font-size: 12px;">Additional: See Schedule <input type="checkbox"/></p>	(1) Registry <input type="checkbox"/>	Land Titles <input checked="" type="checkbox"/>	(2) Page 1 of 13 pages	
	(3) Property Identifier(s)	Block 04201 04201	Property 0147 (LT) -- Firstly 0145 (LT) -- Secondly	Additional: See Schedule <input type="checkbox"/>
	(4) Nature of Document <b>Application to Register Notice of an Unregistered Estate, Right, Interest or Equity (Section 71 of the Land Titles Act)</b>			
	(5) Consideration  Dollars \$			
(6) Description				
<p><u>Firstly:</u> That part of Lot 16, Junction Gore, City of Ottawa (formerly Township of Gloucester) designated as Parts 1 and 2 on Plan 5R-12853.</p> <p><u>Secondly:</u> That part of Lots 15 and 16, Junction Gore, and of the road allowance between the said Lots 15 and 16 (closed by OT-48999 and N-451929), City of Ottawa (formerly Township of Gloucester) designated as Parts 1-16, both inclusive, Plan 5R-10708 and as Part 6 on Plan 5R-3582, excepting Parts 1 and 2 on Plan 5R-12853.</p>				
(7) This Document Contains:				
(a) Redescription New Easement Plan/Sketch <input type="checkbox"/>		(b) Schedule for: Description <input checked="" type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input checked="" type="checkbox"/>		

(8) This Document provides as follows:

To: The Land Registrar for the Land Titles Division of Ottawa-Carleton (No. 4)

I, Robin J. McGillis, am the solicitor for Montreal Trust Company of Canada (the "Applicant"). I confirm that the Applicant is a mortgagee of interests in the land described in Box (6) above, and I confirm that this document affects an interest in that land.

The land is registered in the name of The Corporation of the City of Ottawa, and I hereby apply under Section 71 of the *Land Titles Act* for the entry of a Notice in the register for the said parcel.

This notice will be effective for an indeterminate time.

Continued on Schedule

9) This Document relates to instrument number(s) PIN 04201 0147 (LT) -- Lease N-530327 and Assignment of Lease N-550799; and PIN 04201 0145 (LT) -- Lease LT 1349154 and Assignment of Lease LT 1349207

10) Party(ies) (Set out Status or Interest)

Name(s) McGillis, Robin J., Solicitor for MONTREAL TRUST COMPANY OF CANADA Applicant	Signature(s) Pet: Solicitor's Name: Robin J. McGillis	Date of Signature Y M D 2000 12 20
By its solicitors, Blake, Cassels & Graydon LLP		

11) Address for Service 100 University Avenue, 12<sup>th</sup> Floor, South Tower, Toronto, Ontario M5J 2Y1

12) Party(ies) (Set out Status or Interest)

Name(s) THE CORPORATION OF THE CITY OF OTTAWA Ground Landlord)	Signature(s)	Date of Signature Y M D
RIVERSIDE PROFESSIONAL CENTRE INC. Ground Tenant)		

13) Address for Service If to Ground Landlord: 111 Sussex Drive, Ottawa, Ontario K1N 5A1  
If to Ground Tenant: 1919 Riverside Drive, Ottawa, Ontario K1H 1A2

14) Municipal Address of Property  919 Riverside Drive Ottawa, Ontario K1H 1A2	15) Document Prepared by:  BLAKE, CASSELS & GRAYDON LLP Barristers and Solicitors Box 25, Commerce Court West Toronto, Ontario M5L 1A9 (416) 863-2400 ATTENTION: Robin J. McGillis	Fees and Tax <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">Registration Fee</td> <td style="width:40%;"></td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td><b>Total</b></td> <td> </td> </tr> </table>	Registration Fee								<b>Total</b>	
Registration Fee												
<b>Total</b>												

**GROUND LEASE ACKNOWLEDGMENT AGREEMENT**

THIS AGREEMENT made as of the 10th day of November, 2000.

BETWEEN:

**THE CORPORATION OF THE CITY OF OTTAWA**  
(the "Ground Landlord")

OF THE FIRST PART

- and -

**MONTREAL TRUST COMPANY OF CANADA**  
(the "Lender")

OF THE SECOND PART

- and -

**RIVERSIDE PROFESSIONAL CENTRE INC.**  
(the "Ground Tenant")

OF THE THIRD PART

WHEREAS:

- A. The Ground Landlord is the ground landlord and the Ground Tenant is the ground tenant, as the assignee of Health Development Services Inc., in trust, under a ground lease dated September 1, 1989, pursuant to which the Ground Landlord demised to the Ground Tenant the lands Firstly described in Schedule "A" hereto (the "Demised Lands") together with easements and rights in the nature of easements in the lands Secondly described in Schedule "A" hereto for the purposes of pedestrian, vehicular, services and utilities access to the Demised Lands (the "Easement Lands") notice of such lease being registered against title to the lands described in Schedule "A" hereto (the "Lands") in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No.4) as Instrument N-530327 and notice of such assignment being registered in the said Land Registry Office as Instrument N-550799.
- B. The Lender has agreed to make a loan to the Ground Tenant in the principal sum of \$4,300,000.00 (the "Loan") pursuant to a Commitment Letter dated September 25, 2000 between the Lender, Ground Tenant and Dr. Stanley Labow, as amended and supplemented from time to time (the "Commitment Letter").
- C. Pursuant to the Commitment Letter, the Ground Tenant will execute and deliver a mortgage dated November 21, 2000 (the "Mortgage") in favour of the Lender securing the Loan Indebtedness and containing a mortgage of the leasehold, easement and all other estates in the Lands created by the Ground Lease, all improvements constructed on the demised lands and all right, title and interest of the Ground Tenant therein (collectively, the "Leasehold Estate").
- D. In this agreement, "Loan Indebtedness" shall include the principal sum of the Loan, all interest thereon, and all other amounts comprising the Loan Indebtedness as more particularly set out in the Mortgage; "Loan Documents" shall mean the Commitment Letter, the Mortgage and all other documents, instruments and agreements evidencing, securing and/or relating to the Loan and the Loan Indebtedness as more particularly set out in the Mortgage.
- E. As a condition of making the Loan, the Lender has requested the Ground Landlord and the Ground Tenant to enter into this agreement (the "Agreement").

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of \$2.00 and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties), the parties agree as follows:

11139154.4  
Ground Lease Acknowledgment Agreement  
Blake, Cassels & Graydon LLP  
Loan No. PAR10010  
RJM/54476/38 13 Dec 00; 17 Dec 00



1. **Ground Lease**

Notwithstanding any provision of the Ground Lease or any other agreement to the contrary, this Agreement shall apply and govern the respective rights and obligations of the parties in and to the Ground Lease and the Leasehold Estate in the case of any conflict between this Agreement and the Ground Lease and to the extent that this Agreement supplements the provisions of the Ground Lease, but only so long as the Loan Indebtedness or any part thereof shall remain outstanding.

2. **Consent to Mortgage**

The Ground Landlord hereby consents to the mortgage and charge of the Ground Lease and the Leasehold Estate contained in the Mortgage and the other Loan Documents.

3. **Representations**

The Ground Landlord and the Ground Tenant represent and warrant to the Lender as follows:

- (1) The term of the Ground Lease commenced on September 1, 1989, and expires on August 31, 2038.
- (2) The Borrower has one option of renewing or extending the term of the Ground Lease for a further 49 years as set out in the Ground Lease.
- (3) The basic rent for the entire initial 49 year term of the Ground Lease in the amount of \$300,000.00 has been paid in full. No additional rent or charge (including without limitation, as applicable, taxes, maintenance, operating expenses or otherwise) that has been billed to the Ground Tenant is overdue.
- (4) There are no provisions for, and the Ground Landlord has no rights with respect to, terminating the Ground Lease or increasing the rent payable thereunder, except as expressly set out in the Ground Lease.
- (5) The Ground Lease is in full force and effect and has not been assigned, modified or amended in any way. There are no agreements, whether oral or written, between the Ground Landlord and the Ground Tenant concerning the Ground Lease, the Leasehold Estate, or any improvements thereon, except as expressly set out in the Ground Lease, and the collateral agreement referred to in Section 15.01 of the Ground Lease between the Ground Landlord and Health Development Services Inc. does not amend or supplement the Ground Lease and it has expired and terminated, and the link mentioned in Section 15.01 of the Ground Lease has been constructed to the satisfaction of the Ground Landlord.
- (6) There is no default by either the Ground Landlord or the Ground Tenant under the Ground Lease of which either the Ground Landlord or the Ground Tenant is aware.
- (7) Any buildings or improvements required by the Ground Lease to be constructed or made by the Ground Tenant have been made to the satisfaction of the Ground Landlord. The Ground Landlord is not claiming any additional rent, costs or damages against the Ground Tenant.
- (8) The Ground Landlord has not granted any mortgage, charge, lien or other encumbrance securing, directly or indirectly, payment of money, of its fee simple interest in the Lands or any part thereof.
- (9) The Ground Landlord acknowledges that the Ground Tenant has mortgaged the Ground Lease to the Lender as security for the Loan Indebtedness. The Ground Landlord has received no notice of any other assignment or mortgage of the Ground Lease.
- (10) The easements and other rights granted by the Ground Landlord in Sections 16.03 and 8.02 of the Ground Lease are within the Easement Lands and they are owned in fee simple by the Ground Landlord and continue to provide and will continue to provide, for the term of the Lease and any renewal of the initial term, an easement for pedestrian and vehicular access between open public road(s) and the Demised Lands and an easement for services between such road(s) and the Demised Lands and rights in the nature of an easement for vehicular parking for the benefit of the Demised Lands.

- (11) The Covered Link, referred to in Section 15.01 of the Ground Lease, has been constructed to the satisfaction of the Ground Landlord.

4. Covenants

So long as the Loan Indebtedness remains outstanding:

- (1) subject to Section 5 hereof, the Ground Landlord will not terminate or accept a surrender of the Ground Lease or re-enter the Lands without giving the Lender not less than 30 days prior written notice (a "Termination Notice") of its intention to terminate the Ground Lease and the reason for such termination and will not amend the Ground Lease without giving the Lender not less than 30 days prior written notice;
- (2) any notice of default which is required or permitted to be given by the Ground Landlord to the Ground Tenant from time to time pursuant to the Ground Lease or otherwise by law shall also be given to the Lender in accordance with the notice provisions of Section 14 hereof;
- (3) any notice of default which is required or permitted to be given by the Lender to the Ground Tenant under the Mortgage shall be given by the Lender to the Ground Landlord in accordance with the notice provisions of Section 14 hereof; and
- (4) the Ground Tenant shall not amend or terminate the Ground Lease without the prior written consent of the Lender, and any such act and any agreement providing for same shall be null and void.

5. Right to Cure

The Ground Landlord and the Ground Tenant acknowledge that the Lender shall have the right, but not the obligation, to remedy any default under the Ground Lease by the Ground Tenant from time to time and the Ground Landlord shall accept such performance by the Lender as if it had been made by the Ground Tenant. In respect of any default by the Ground Tenant under the Ground Lease, the Ground Landlord shall give the Lender not less than 30 days to remedy each default after notice of such default has been given to the Lender by the Ground Landlord pursuant to Subsection 4(2) hereof, provided that if the nature of the default is such that it cannot reasonably be remedied within such period, the Lender shall be entitled to such longer period as may be reasonably required to remedy the default so long as the Lender is making diligent efforts to cure the default. During the period given by the Ground Landlord to the Lender hereunder for remedying a default, the Ground Landlord shall not exercise any rights it may have to terminate the Ground Lease or re-enter the Lands. In curing or attempting to cure any such default, the Lender may enter upon the Lands but shall not be a mortgagee in possession.

6. Termination of Ground Lease/New Ground Lease

If the Ground Lease is disclaimed, repudiated, terminated or surrendered for any reason whatsoever while the Loan Indebtedness remains outstanding, then upon request in writing given by the Lender to the Ground Landlord, the Ground Landlord shall immediately grant to the Lender, or its nominee, a new ground lease of the Lands to replace the Ground Lease (the "New Ground Lease") for the balance of the then unexpired term of the Ground Lease commencing on the day after the date of termination or surrender of the Ground Lease, and otherwise on the same terms and conditions as are contained in the Ground Lease.

If the Lender requests a New Ground Lease,

- (1) the Lender shall prepare the New Ground Lease at its expense;
- (2) the Lender may direct the New Ground Lease be drawn in favour of the Lender in the name of its nominee or any assignee of the Lender, or in the name of a purchaser of the Leasehold Estate from the Lender; and
- (3) the New Ground Lease shall retain in all respects the priority of the Ground Lease and the Ground Landlord shall obtain an express agreement from any mortgagee, chargee or other encumbrancers of the Ground Landlord agreeing to be bound by this Agreement.

7. **Exercise of Remedies by Lender**

- (1) If the Lender becomes entitled to exercise any of its rights and remedies under the Mortgage, the other Loan Documents or otherwise at law or in equity, the Lender may exercise all such rights and remedies freely and without restriction, including without limitation, the right to appoint a receiver to take possession of the Leasehold Estate and the right to sell or assign the Ground Lease or sublet all or any part of the Leasehold Estate to any person (subject to compliance with Section 7(2) hereof), or to acquire title to the Leasehold Estate and the Ground Lease by any means whatsoever, including foreclosure. If the Lender, its nominee or assignee, or any purchaser from the Lender acquires title to the Leasehold Estate, the Ground Lease or any New Ground Lease, it may freely assign any of subsequent assignment of such Leasehold Estate, Ground Lease or New Ground Lease, subject to compliance with Section 7(2) hereof and thereupon the Lender, or any such nominee, assignee or purchaser from the Lender shall be immediately released from all liability for performance or observance of the covenants and conditions contained in the Ground Lease or the New Ground Lease, as the case may be, from and after the date of such assignment. Any default by the Ground Tenant under the Ground Lease which is not curable by the Lender shall be deemed to have been waived (and all rights of the Ground Tenant under the Ground Lease re-instated) if the Lender or a receiver takes possession of the Leasehold Estate, if the Lender completes foreclosure proceedings in respect of, or otherwise acquires title to the Leasehold Estate, or upon the acquisition of the interest of the Ground Tenant in the Ground Lease and the Leasehold Estate by a purchaser pursuant to power of sale or other sale proceedings under the Mortgage.
- (2) Each assignment referred to in Section 7(1) shall be subject to:
- (a) written notice of the making of the assignment being given to the Ground Landlord within 30 days after execution and delivery thereof;
  - (b) a duplicate original of such assignment being given to the Ground Landlord within 30 days after execution and delivery thereof; and
  - (c) the assignee having assumed in writing in favour of the Ground Landlord the due and punctual performance and observance of all the agreements, provisions, covenants and conditions of the Ground Lease to be performed or observed from and after the execution and delivery of the assignment.

8. **Liability of Lender**

The Ground Landlord acknowledges that notwithstanding (i) the mortgage and charge of the Ground Lease and the Leasehold Estate contained in the Mortgage and the other Loan Documents, (ii) the exercise by the Lender of any right or remedy under the Mortgage or the other Loan Documents including without limitation, the right to sell or assign the Ground Lease or taking possession of the Lands, or (iii) the performance by the Lender of any of the Ground Tenant's obligations under the Ground Lease, the Lender shall not become a tenant under the Ground Lease or a subtenant of all or any part of the Leasehold Estate or become otherwise liable for any of the Ground Tenant's covenants or obligations under the Ground Lease unless and until the Lender delivers a notice in writing to the Ground Landlord expressly agreeing to assume and be bound by the provisions of the Ground Lease, provided that during any period in which the Lender is in possession of the Lands, (A) it shall be responsible for paying any portion of the rent or other amounts which accrues due and becomes payable to the Ground Landlord under the Ground Lease during such period of its possession (other than payment of any accelerated rent or other amount); and (B) its rights of possession of the Lands is subject to termination of the Ground Lease by the Ground Landlord as permitted in this Agreement. The Lender shall, upon vacating the Lands, be released from any and all obligations assumed by taking possession as aforesaid, and shall be released from any and all obligations under the Ground Lease or the New Ground Lease upon assignment thereof in accordance with the provisions hereof.

9. **Power to Exercise Ground Lease Renewal Options, Etc.**

The Ground Tenant hereby irrevocably constitutes and appoints the Lender, and any officer or agent of the Lender, with full power of substitution, as the true and lawful attorney of the Ground Tenant, with full power and authority in place of the Ground Tenant and in the name of the Ground Tenant or in its own name, at any time and from time to time:

- (1) to exercise any of the rights, powers, authority and discretion which under the terms of the Ground Lease could be exercised by the Ground Tenant with respect to exercise of all rights to renew the term of the Ground Lease from time to time as provided in the Ground Lease and to settle the rent for each renewal period as provided in the Ground Lease; and
- (2) after an Event of Default has occurred with respect to the Loan, to exercise any of the rights, powers, authority and discretion which under the terms of the Ground Lease could be exercised by the Ground Tenant with respect to the Ground Lease and the Lands, including without limitation, to exercise all of the rights to renew the term of the Ground Lease from time to time as provided in the Ground Lease and to settle the rent for each renewal period as provided in the Ground Lease,

and to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable in connection therewith. These powers are coupled with interest and shall not be revoked or terminated by any act or thing and shall remain in full force and effect until the Mortgage has been discharged by the Lender. The Ground Landlord is irrevocably authorized and directed to accept and rely on the Lender's statement that an Event of Default has occurred with respect to the Loan.

The Ground Landlord agrees to recognize such power of attorney and to accept the exercise and performance by the Lender of the Ground Tenant's rights as lessee under the Ground Lease pursuant to such power of attorney. This Section 9 shall not limit any other provisions of this Agreement, and the Lender shall not be deemed to have assumed the Ground Tenant's obligations as tenant under the Ground Lease by virtue of the Lender exercising its rights under such power of attorney unless and until the Lender has proceeded as provided in Section 8 hereof.

10. **Liability of Ground Landlord**

Nothing contained herein or arising by implication of law shall impose any obligation or liability whatsoever on the Ground Landlord in respect of the obligations and liabilities of the Ground Tenant under the Mortgage and the other Loan Documents.

11. **Time of the Essence**

Time shall be of the essence of this Agreement.

12. **No Release of Assignee**

Nothing herein contained shall be deemed to relieve or release the Ground Tenant from its covenants under the Ground Lease.

13. **Assignment**

The Ground Landlord shall not sell, transfer, mortgage or assign its interest in the Lands or the Ground Lease unless the proposed transferee, mortgagee or assignee enters into an agreement with the Lender and the Ground Tenant to assume the obligations of the Ground Landlord hereunder.

14. **Notice**

Any notice, demand, request or communication required or permitted to be given or made by any of the parties to the other shall be given by personal delivery, facsimile transmission or by registered prepaid mail addressed:

in the case of the Lender, to:

Montreal Trust Company of Canada  
100 University Avenue  
12<sup>th</sup> Floor, South Tower  
Toronto, ON M5J 2Y1

Attention:       Manager, Mortgage Backed Securities Department  
Fax No.:         (416) 981-9788

and in the case of the Ground Landlord, to:

The Corporation of the City of Ottawa  
111 Sussex Street  
Ottawa, ON K1N 5A1

Attention: City Clerk

Fax No.: (613) 244-5417

and in the case of the Ground Tenant, to:

Riverside Professional Centre Inc.  
1919 Riverside Drive  
Ottawa, ON K1H 1A2

Attention: Dr. Stanley Labow

Fax No.: (613) 733-7817

The address or facsimile number of any party may be changed from time to time to any other address or number by notice in writing given to the other parties as aforesaid. Any notice, demand, request or communication given as aforesaid shall be deemed to be received (i) in the case of registered prepaid mail, on the fifth (5th) day following the date of mailing, (ii) in the case of personal delivery, on the date of such delivery, and (iii) in the case of facsimile transmission, on the date of transmission. In the event of actual or apprehended interruption of a mail service, all such notices, demands, requests, or other communications shall be given by personal delivery or facsimile transmission.

15. **Merger**

Each of the parties agrees that no union of the interests of the interests of the Ground Landlord and the Ground Tenant shall result in a merger of the Ground Lease and the Leasehold Estate with the fee simple interest in the Lands.

16. **Right of First Refusal**

The Ground Landlord acknowledges and agrees that the Lender or any nominee or assignee of the Lender shall have the benefit of the first right of refusal contained in Section 16.11(a) of the Ground Lease, and that the 30 day period referred to in Section 16.11(b) of the Ground Lease is reduced to 5 business days for any bona fide third party offer the Lender is prepared to accept for the Building on a realization of its security. Each of the Ground Tenant and the Lender agrees that a Transfer by the Ground Landlord to The Ottawa Hospital (formerly The Board of Trustees of the Riverside Hospital of Ottawa) of its interest in the Demised Lands shall not be subject to the right of first refusal set out in Section 16.11(a) of the Ground Lease, and that such right of first refusal shall apply to future sales by The Ottawa Hospital in accordance with its terms.

17. **Counterparts**

This agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8

and in the case of the Ground Landlord, to:

The Corporation of the City of Ottawa  
111 Sussex Street  
Ottawa, ON K1N 5A1

Attention: City Clerk

Fax No.: (613) 244-5417

and in the case of the Ground Tenant, to:

Riverside Professional Centre Inc.  
1919 Riverside Drive  
Ottawa, ON K1H 1A2

Attention: Dr. Stanley Labow

Fax No.: (613) 733-7817

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This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have signed this Agreement under seal.



THE CORPORATION OF THE CITY OF  
OTTAWA

Per: [Signature]  
Name: Allan Higdon  
Title: Acting Mayor

7 *Alla Bergson*  
*Guy Bergson*

Per: \_\_\_\_\_  
Name: Guy Bergson  
Title Deputy City Clerk

I/We have the authority to bind the corporation.

**MONTREAL TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.

**RIVERSIDE PROFESSIONAL CENTRE INC.**

Per: \_\_\_\_\_  
Name: Dr. Stanley Labow  
Title: President

Per: \_\_\_\_\_  
Name: Dr. Maureen Stewart  
Title: Secretary

I/We have the authority to bind the corporation.

It is presently contemplated that The Ottawa Hospital (the "Hospital") will acquire the right, title and interest of the Ground Landlord in the Lands. In compliance with Section 13 hereof, the Hospital hereby assumes the obligations of the Ground Landlord hereunder, such assumption to be effective from and after the Hospital's acquisition of the Ground Landlord's right, title and interest in the Lands. The Hospital's address for service for purposes of Section 14 of this Agreement is:

The Ottawa Hospital  
1053 Carling Avenue  
Ottawa, ON K1Y 4E9

Attention: Vice President, Facilities Management

Fax No.: (613) 761-4509

**THE OTTAWA HOSPITAL**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.

IN WITNESS WHEREOF the parties have signed this Agreement under seal.

**THE CORPORATION OF THE CITY OF OTTAWA**

Per: \_\_\_\_\_  
Name:  
Title

Per: \_\_\_\_\_  
Name:  
Title

I/We have the authority to bind the corporation.

**MONTREAL TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name: Michael Rosenberg  
Title: Account Manager

Per: Lina Latorre  
Name: Lina Latorre  
Title: Account Manager

I/We have the authority to bind the corporation.

**RIVERSIDE PROFESSIONAL CENTRE INC.**

Per: \_\_\_\_\_  
Name: Dr. Stanley Labow  
Title: President

Per: \_\_\_\_\_  
Name: Dr. Maureen Stewart  
Title: Secretary

I/We have the authority to bind the corporation.

It is presently contemplated that The Ottawa Hospital (the "Hospital") will acquire the right, title and interest of the Ground Landlord in the Lands. In compliance with Section 13 hereof, the Hospital hereby assumes the obligations of the Ground Landlord hereunder, such assumption to be effective from and after the Hospital's acquisition of the Ground Landlord's right, title and interest in the Lands. The Hospital's address for service for purposes of Section 14 of this Agreement is:

The Ottawa Hospital  
1053 Carling Avenue  
Ottawa, ON K1Y 4E9

Attention: Vice President, Facilities Management

Fax No.: (613)

**THE OTTAWA HOSPITAL**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.



IN WITNESS WHEREOF the parties have signed this Agreement under seal.

**THE CORPORATION OF THE CITY OF OTTAWA**

Per: \_\_\_\_\_  
Name:  
Title

Per: \_\_\_\_\_  
Name:  
Title

I/We have the authority to bind the corporation.

**MONTREAL TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.

**RIVERSIDE PROFESSIONAL CENTRE INC.**

Per: Stanley Labow (P.A.)  
Name: Dr. Stanley Labow  
Title: President

Per: Maureen Stewart  
Name: Dr. Maureen Stewart  
Title: Secretary

I/We have the authority to bind the corporation.

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The Ottawa Hospital  
1053 Carling Avenue  
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Attention: Vice President, Facilities Management

Fax No.: (613)

**THE OTTAWA HOSPITAL**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.

7

Per: \_\_\_\_\_  
Name:  
Title

I/We have the authority to bind the corporation.

**MONTREAL TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation.

**RIVERSIDE PROFESSIONAL CENTRE INC.**

Per: \_\_\_\_\_  
Name: Dr. Stanley Labow  
Title: President

Per: \_\_\_\_\_  
Name: Dr. Maureen Stewart  
Title: Secretary

I/We have the authority to bind the corporation.

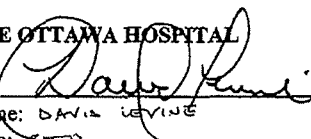
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
The Ottawa Hospital  
1053 Carling Avenue  
Ottawa, ON K1Y 4E9

Attention: Vice President, Facilities Management

Fax No.: (613) 761-4509

**THE OTTAWA HOSPITAL**

Per:   
Name: DAVID LEVINE  
Title: CEO

Per:   
Name: R.P. THOMPSON  
Title: VP FM

I/We have the authority to bind the corporation.

SCHEDULE "A"

Lands

Firstly: PIN 04201-0147 (LT)

That part of Lot 16, Junction Gore, City of Ottawa (formerly Township of Gloucester) designated as Parts 1 and 2 on Plan 5R-12853.

Secondly: PIN 04201-0145 (LT)

That part of Lots 15 and 16, Junction Gore, and of the road allowance between the said Lots 15 and 16 (closed by OT-48999 and N-451929), City of Ottawa (formerly Township of Gloucester) designated as Parts 1-16, both inclusive, Plan 5R-10708 and as Part 6 on Plan 5R-3582, excepting Parts 1 and 2 on Plan 5R-12853.

\* \* \* \* \*



SOLOMON • GROSBERG LLP  
Barristers & Solicitors, Trade Mark Agents

*Glenn R. Solomon*  
Direct Line: (416) 366-7828 Ext. 202  
E-mail: [gsolomon@solgro.com](mailto:gsolomon@solgro.com)

Our File No: 72-888

May 19, 2021

**WITHOUT PREJUDICE**

**DELIVERED BY EMAIL**

**BORDEN LADNER GERVAIS LLP**  
100 Queen Street, Suite 1300  
Ottawa, ON K1P 1J9

This is Exhibit "B" referred to in the Affidavit of Lawrence Bontje sworn, by video conference, before me, this 18th day of September, 2021

A Commissioner for Taking Affidavits (or as may be)  
Spencer Jones

**Attention: David Sherriff-Scott**

Dear Mr. Sherriff-Scott:

**Re: Riverside Professional Centre Inc. ("RPC")**  
**And Re: 1919 Riverside Drive, Ottawa (the "Property")**

This is further to your letter of May 4, 2021.

First with respect to realty taxes the taxes for the current year are now being paid on a monthly basis and RPC is making arrangements with respect to the arrears. I am advised that notwithstanding the arrears the city will not take any action thereon as the current taxes are being paid on a monthly basis and will continue to be so.

With respect to the balance of the items set out in your letter I can advise as follows.

1. All utilities are up to date. I am attaching evidence of same. There is no natural gas service at the Property;
2. RPC has continued to spend on repairs and maintenance as in prior years. The elevators are under a comprehensive service contract with Thyssen Krupp Elevator ("TKE"). RPC retains Solucore Engineering to periodically inspect the work of TKE. The last Solucore inspection was performed in December 2019 and they concluded that the quality of maintenance was "very good". Preventive maintenance for HVAC is provided by Maximum HVAC and is performed on a quarterly basis. Maximum also attends to any necessary repairs, at present there is

no deferred maintenance. Naxos Property Maintenance had been retained for the 2021 summer season to maintain the grounds and spring clean-up has been completed. The annual fire safety inspections are performed by General Fire Protection with the most recent having been completed in October 2020. There are currently no outstanding fire and safety issues. Roof repairs and maintenance are by Devine Roofing and there are no active leaks. The tenant and common areas are cleaned nightly by Alco Janitorial Services. Other repairs and maintenance are dealt with as required. There is a full-time onsite building operator who has been looking after the Property for the past 30 years. In the opinion of the property manager the Property is well maintained and in good condition.

3. A current Certificate of Insurance is attached.

Notwithstanding the issues that RPC has experienced in the past it is making good progress in increasing the performance of the building and it is very well positioned relative to its competition. While I will not, for obvious reasons, get into the litigation to date and what may be the future prospects, suffice to say that RPC has dealt with a very difficult situation and the Property is well positioned to succeed, including the retirement of all arrears of taxes.

While it is not my intention to debate this matter with you, suffice it to say, that RPC disputes your clients right to exercise its rights and remedies under the Lease, or at law or in equity.

I am attaching for your convenience copies of the following:

1. Certificate of Insurance;
2. Water Utility bill;
3. Payment of Water bill;
4. Evidence of Payment;
5. Hydro Ottawa Account Summary;
6. Evidence of Payment;
7. Solucore – Vertical transportation Inspection Report;

If you require anything further I trust that you will not hesitate to contact the writer personally.

As always I would be pleased to discuss this matter with you.

Yours very truly,  
**SOLOMON, GROSBERG LLP**

*Glenn R. Solomon*  
**GLENN R. SOLOMON**  
GRS/ra  
Attachments

**CERTIFICATE OF INSURANCE**

**TO WHOM IT MAY CONCERN**

This Certificate of Insurance will confirm that subject to the terms and conditions of the policies noted below coverage is provided for the following location:

**LOCATION/LOSS PAYABLE:**

Name Insured: Riverside Professional Centre, Inc. as Nominee for and on behalf of, The K Trust.  
1919 Riverside Drive  
Ottawa, Ontario  
K1H 1A2

The Corporation of the City of Ottawa (land owner) / The Board of Trustees of the Riverside Hospital of Ottawa (landlord with respect to land)  
The Manufacturers Life Insurance Company  
Mortgage Administration,  
200 Bloor Street East  
Toronto, Ontario M4W 1E5  
First Mortgagee & Loss Payee  
Additional Insured but only with respect to the operations of the first Named Insured.

**INSURED:** PAR Property Management Ltd. et al

**POLICY TERM:** February 14, 2021 to February 14, 2022

**CANCELLATION:** 30 days notice of cancellation by registered mail to be given to Named Insured, Additional Insured's and all Mortgagees

**INSURER:** ALL COVERAGES – INTACT INSURANCE COMPANY POLICY No. 501308762

<u>LIMIT OF LIABILITY</u>	<u>PROPERTY COVERAGE</u>	<u>INSURED SECTIONS</u>
\$65,000,000.00 Any one loss, casualty or disaster, Conditions	I.	Policy Declarations and
	II.	Property of Every Description of the Insured which he owns, leases, manages or occupies or that for which he is legally liable, or has assumed responsibility to insure or in which they have an insurable interest, situated anywhere in Canada including the location shown above.
	III.	Gross Rentals (Profits Form) subject to Twenty (24) Months Period of Indemnity.

**PERILS INSURED:** All Risks of Direct Physical Loss or Damage and General Average and/or Salvage Charges, subject to exclusions as detailed in the Policy.

**SUBJECT TO**

**DEDUCTIBLES:**

Earthquake	-	3% or \$100,000.00 Minimum
Sewer Back-up	-	\$10,000.00
Flood	-	\$50,000.00
All Other Perils	-	\$5,000.00

**BASIS OF LOSS SETTLEMENT:** Replacement Cost, on the same or another site, including full Broad Form By-Law coverage and additional time required for rebuilding due to laws, by-laws, regulations or ordinance, Sewer Back-Up, Stated Amount Coinsurance Clause

**STANDARD I.B.C. MORTGAGE CLAUSE FORM 3000.**

**LIABILITY COVERAGE**

**COVERAGE:** Commercial General Liability Coverage, incl Cross Liability, Severability of Interests, Occurrence Property Damage  
**AMOUNT:** \$5,000,000.00/ \$1,000 Property Damage Deductible

**MACHINERY BREAKDOWN COVERAGE**

**COVERAGE:** Comprehensive Boiler & Machinery Policy  
**AMOUNT:** \$65,000,000.00 Limit Per Accident/\$1,000 Deductible  
24 Months Gross Rental Income Included

**BASIS OF LOSS SETTLEMENT:** Repair or Replacement, on the same or another site, including By-Law coverage

**STANDARD I.B.C. MORTGAGE CLAUSE FORM 3000**

**CANCELLATION CLAUSE:** 30 days notice to the lenders except for non-payment of premium

This is not a policy of insurance. It is a memorandum of the policy described herein at the date of issue hereof and is furnished as a matter of information only, with the understanding that the rights and liabilities of the parties will be governed by the original policy as it may be lawfully amended by endorsement from time to time.

DATE: 17 May 2021



Authorized Representative  
Arthur J. Gallagher Canada Limited  
120 South Town centre Blvd.  
Markham, ON L6G 1C3



# Water Utility Bill

Customer no. - Account no.  
0185336 - 01020013  
Bill date : Apr 26, 2021  
Bill number : 30597739

Service address : 1919 RIVERSIDE

RECEIVED  
MAY 13 2021

Bill period :  
Mar 22, 2021 to Apr 20, 2021

### Activity since last bill

Last bill	\$1,238.58
Payment	\$-1,238.58
Balance forward	\$0.00

### New charges summary

Fixed charges	\$505.62
Consumption charges	\$546.24
Total new charges	\$1,051.86

Amount due **\$1,051.86**

Due date **May 13, 2021**

Interest will be charged at rate of 0.0417% per day on the outstanding balance after the due date, every 15 days thereafter and before each bill (Effective Annual Rate 16.13%)

Effective April 1, 2021, water, wastewater and stormwater rates have increased to meet 2021 budgetary requirements. Visit [Ottawa.ca/newrates](http://Ottawa.ca/newrates) for more details



Go to [myservice.ottawa.ca](http://myservice.ottawa.ca) to manage your account

- Sign up for paperless billing
- Manage your consumption
- Make a payment
- Update your language preference

Pour recevoir votre facture en français, visitez [Mon ServiceOttawa](http://MonServiceOttawa.ca) ou contactez les Services des recettes

Help stop the spread of COVID-19. Pay your water bill through your bank by phone or online. You can also pay by credit card at [Ottawa.ca/paywater](http://Ottawa.ca/paywater).

17572/116856



01853360102001300001051869

Customer no. - Account no.  
0185336 - 01020013

WB/L



482

RIVERSIDE PROFESSIONAL CENTRE INC  
C/O PAR-MED PROPERTY SERVICES INC  
301 - 370 QUEENS QUAY W  
TORONTO ON M5V 3J3  
CANADA

Service address

1919 RIVERSIDE

Amount due

\$1,051.86

Due date

May 13, 2021

Amount paid

\$ 1,051.86



0001 26 9001

96



Rate period	Service period		Days	Meter reading		Read type	Usage (m <sup>3</sup> )
	From	To		From	To		
1	Mar 22, 2021	Mar 31, 2021	10	65297	65355	Actual	58
1	Apr 01, 2021	Apr 20, 2021	20	65355	65456	Actual	101
<b>Total</b>			<b>30</b>				<b>159</b>

### How we calculated your new charges

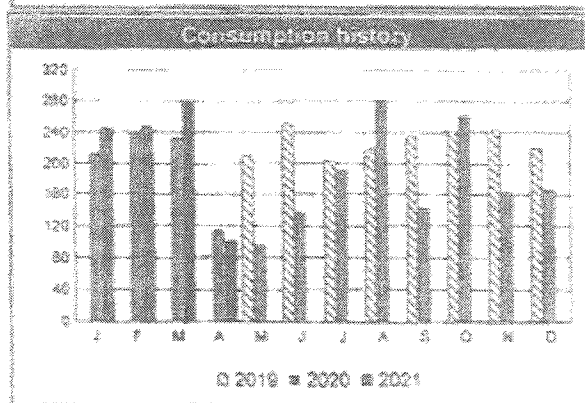
#### Fixed charges

Fire supply [10 days x \$0.37]	\$3.66
Fire supply [20 days x \$0.37]	\$7.48
Water service charge [10 days x \$0.82]	\$8.20
Water service charge [20 days x \$0.84]	\$16.80
Wastewater service charge [10 days x \$0.73]	\$7.30
Wastewater service charge [20 days x \$0.75]	\$15.00
Stormwater - non res - M [10 days x 1 unit x \$13.96]	\$139.63
Stormwater - non res - M [20 days x 1 unit x \$15.38]	\$307.55
<b>Total</b>	<b>\$505.62</b>

#### Consumption charges

	Consumption (m <sup>3</sup> )	Combined rate	
Tier 1 (0-6 m <sup>3</sup> )	6	1.58	\$9.48
Tier 2 (7-25 m <sup>3</sup> )	19	3.14	\$59.66
Tier 3 (26-180 m <sup>3</sup> )	33	3.47	\$114.51
Tier 3 (26-180 m <sup>3</sup> )	101	3.59	\$362.59
<b>Total</b>	<b>159</b>		<b>\$546.24</b>
<b>Total new charges</b>			<b>\$1,051.86</b>

Fixed service charges (Per year)			
Fire supply			\$136.51
Water			\$306.60
Wastewater			\$273.75
Stormwater - non res			\$5,812.73
Consumption rates (Per m <sup>3</sup> )			
	Water	Wastewater	Combined
Tier 1	\$0.85	\$0.78	\$1.63
Tier 2	\$1.70	\$1.56	\$3.25
Tier 3	\$1.87	\$1.72	\$3.59
Tier 4	\$2.09	\$1.92	\$4.01
About your property			
Service type	Connected		
Service area	Urban		
Assessment	\$5,000,000-\$20,000,000		
Unit(s)	1		
Meter size	025mm		



### Payment options

- Financial institutions - online, by telephone, or in person
- Online by debit or credit - visit [myservice.ottawa.ca](http://myservice.ottawa.ca)
- Pre-authorized debit (PAD) plan - visit [myservice.ottawa.ca](http://myservice.ottawa.ca)
- City of Ottawa Client Service Centre
- Cheque by mail - include bill stub and customer-account number on cheque

#### Cheque payments

City of Ottawa, Revenue Services  
PO Box 4848 Station A  
Toronto ON M5W 0E8

To receive an accessible format (electronic, large print, or braille), please contact Revenue Services.



### Explanation of Charges

Fixed charges, help provide funding for infrastructure maintenance costs. The annual fixed charges are based on your meter size except for the stormwater fixed charge, which is based on your property type as defined by MPAC. Annual charges are pro-rated by day and included on each bill. Consumption charges, represent costs of water production and wastewater treatment. You are allotted 4 tiers of consumption rates every 30 days.

Additional charges, are administrative and services fees. For a full listing of fees, please visit [ottawa.ca/waterbill](http://ottawa.ca/waterbill).

Contact Revenue Services  
Tel 613-580-2444 | TTY 613-580-2401  
Fax 613-580-2457

DATE:04/30/2021 CKF:5019 TOTAL:\$1,051.86\*\*\* BANK:RBC-1918 RIVERSIDE(1918)  
PAYEE:CITY OF OTTAWA(regattwa)

Property Address - Code	Invoice - Date	Description	Amount
Riverside Professional Centre - 1	30897738 - 04/30/2021	0185338 01825013	1,051.86
			<u>1,051.86</u>

349620

REMITTANCE ADVICE

DATE:04/30/2021 CKF:5019 TOTAL:\$1,051.86\*\*\* BANK:RBC-1918 RIVERSIDE(1918)  
PAYEE:CITY OF OTTAWA(regattwa)

Property Address - Code	Invoice - Date	Description	Amount
Riverside Professional Centre - 1	30897738 - 04/30/2021	0185338 01825013	1,051.86
			<u>1,051.86</u>

56702-003



Royal Bank of Canada  
200 BAY ST. MAIN FLR  
TORONTO, ON  
M5J 2J5

Transaction Record

Transit: 0002  
Date: 06 May 2021  
Time: 14:35:09

Reference #: 12126521936500002

Items Received  
Cheque 1051.86 CAD

Payments  
OTT RTR 4 SEWER 1051.86 CAD  
01853060102\*\*\*

Thank you for choosing RBC Royal Bank.

**Service For • Service pour**  
 1919 RIVERSIDE DR

**Account Number • Numéro de compte**  
 13918530001331956000

**Meter Number • Numéro de compteur**  
 1331956000

**Meter Reading (current)**  
 Relevé de compteur (actuel) ---

**Meter Reading (previous)**  
 Relevé de compteur (précédent) ---

**kWh Consumption** 96191.13  
 Consommation en kWh

**Previous Balance/Solde précédent** \$22,561.41  
**Payment/Paiement** 2021-04-13 \$22,561.41 CR

**Electricity Charge/Frais d'électricité**  
 From/Du 2021-02-28 To/Au 2021-03-31 (31 Days/Jours)  
 96,191.13 kWh @ \$0.0177717 /kWh \$1,709.48  
 Global Adjustment/Rajustement global 96,191.130000 kWh @ \$0.0842 /kWh \$8,099.29

**From/Du 2021-02-28 To/Au 2021-03-31 (31 Days/Jours)**  
**Delivery/Frais de livraison** \$3,376.14  
**Regulatory Charges/Frais réglementés** \$368.08

**HST No. 863391363 RT0001/No. TVH 863391363 RT0001** \$1,764.40

Billing Multiplier/Multiplicateur de facturation	350.00	
Billing Demand/De demande de facturation	00:00-24:00	07:00-19:00
kW Demand/Demande kW	262.51	262.51
kVa Demand/Demande kVa	262.94	255.94
Power Factor/Facteur de puissance	98.34%	98.34%

**Bill Date** 2021-04-16 **Due Date** 2021-05-10 **Amount Due** \$15,337.48  
 Date de la facture Date d'échéance Montant dû

**For your information • Autres renseignements**

Your billing demand is calculated using the measured kilowatts (kW) or 90% of the kilovolt-amps (kVA) - also referred to as power factor, whichever is greater.  
 Pour établir la demande facturée, on retient la mesure la plus grande entre la consommation en kilowatts (kW) et 90 pour cent de la demande en kilovolts-ampères (kVA).

17572/116840

Additional information on reverse. Please retain this portion. • Information supplémentaire au verso. Prière de conserver cette partie.



P.O. Box / C. P. #100  
 Ottawa, ON  
 K1G 3J4

Tel / Tél. 613-738-6400  
 Fax / Téléc. 613-738-6403  
 hydroottawa.com



2021-04-17 07507  
 RIVERSIDE PROFESSIONAL CENTRE INC  
 C/O PAR-MED PROPERTY SERVICES INC  
 370 QUEEN'S QUAY WEST  
 301  
 TORONTO ON M5V 3J3

**Service For • Service pour**  
 1919 RIVERSIDE DR

**Account Number • Numéro de compte**  
 13918530001331956000

**Due Date** 2021-05-10  
**Amount Due** \$15,337.48  
 Date d'échéance Montant dû

Late payments will be charged 1.50% interest per month.  
 Les paiements en retard portent d'intérêt au taux mensuel de 1.50%.

01391853000001593748202105107

004338~9001 96



hydroottawa.com  
 Questions/Questions 613-738-6400  
 Power Outage/Panne d'électricité 613-738-6155

### Account Summary • Sommaire de compte

**Service For • Service pour**  
**1919 RIVERSIDE DR**

**Account Number • Numéro de compte**  
**13918530001331956000**

**Meter Number • Numéro de compteur**  
**1331956000**

Meter Reading (current) ---  
 Relevé de compteur (actuel)

Meter Reading (previous) ---  
 Relevé de compteur (précédent)

kWh Consumption 96191.13  
 Consommation en kWh

Account History / Relevé de compte			
Reading Date Date de relevé	kWh kWh	# Days # jours	kWh/Day kWh/jour
2021-03-31	96191	31	3102.94
2021-02-28	112522	29	4018.66
2021-01-31	125044	31	4065.93
2020-12-31	114507	31	3733.52
2020-11-30	81408	30	2713.62
2020-10-31	53238	31	2039.96
2020-09-30	61825	30	2054.17
2020-08-31	73125	31	2358.89
2020-07-31	99591	31	2890.06
2020-06-30	176291	30	5876.71
2020-05-31	72199	31	2329.03
2020-04-30	65884	30	2196.14
2020-03-31	81400	31	2645.42

Bill Date 2021-04-16 Due Date 2021-05-10 Amount Due \$15,337.48  
 Date de la lecture Date d'échéance Montant dû

### For your information • Autres renseignements



PO Box / C. P. 8700  
 Ottawa, ON  
 K1G 3S4

Tel / Tél. 613 738 6400  
 Fax / Téléc. 613 738 6400  
 hydroottawa.com

**Service For • Service pour**  
**1919 RIVERSIDE DR**

**Account Number • Numéro de compte**  
**13918530001331956000**

Due Date 2021-05-10  
 Date d'échéance  
 Amount Due \$15,337.48  
 Montant dû

Late payments will be charged 1.50% interest per month.  
 Les paiements en retard portent d'intérêt au taux mensuel de 1.50 %.

RIVERSIDE PROFESSIONAL CENTRE INC  
 C/O PAR-MED PROPERTY SERVICES INC  
 370 QUEBENS QUAY WEST  
 301  
 TORONTO ON M5V 3J3

01391853000001533748202105107

104 338 9001

DATE: 04/30/2021 CK#: 5018 TOTAL: \$15,337.48\*\* BANK: RBC-1919 RIVERSIDE(1919)  
 PAYEE: HYDRO OTTAWA(jothydro)

Property Address - Code	Invoice - Date	Description	Amount
Riverside Professional Centre - 1	1391853-03/21 - 04/30/2021	13918530001331956000	15,337.48
			<u>15,337.48</u>

349621

REMITTANCE ADVICE

DATE: 04/30/2021 CK#: 5018 TOTAL: \$15,337.48\*\* BANK: RBC-1919 RIVERSIDE(1919)  
 PAYEE: HYDRO OTTAWA(jothydro)

Property Address - Code	Invoice - Date	Description	Amount
Riverside Professional Centre - 1	1391853-03/21 - 04/30/2021	13918530001331956000	15,337.48
			<u>15,337.48</u>

06702-003



Royal Bank of Canada  
 200 BAY ST. MAIN FLR  
 TORONTO, ON  
 M5J 2Y5

Transaction Record

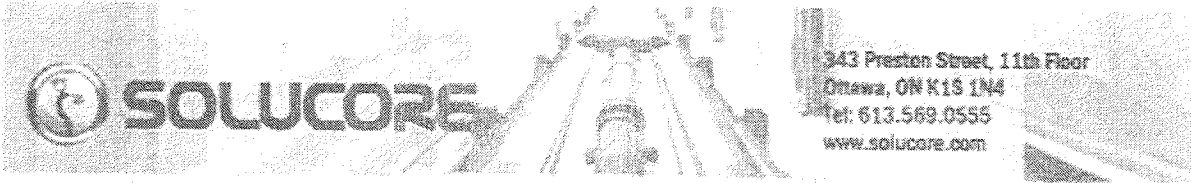
Transit: 00002  
 Date: 06 May 2021  
 Time: 16:31:00

Reference #: 521126378530900002

Items Received  
 Cheque 15,337.48 CAD

Payments  
 HYDRO OTTAWA 15,337.48 USD  
 1391853001331956000

Thank you for choosing RBC Royal Bank.



Offices: Calgary • Edmonton • Halifax • Kitchener • Mississauga • New York • Ottawa • Toronto • Vancouver • Winnipeg

# Contractor Version

---

1919 Riverside Drive  
Ottawa, Ontario

---

**Vertical Transportation Inspection Report**

Performed by: Jean Pierre Morin  
For: Par-Med Property Services Inc.  
Date of Inspection: December 18, 2019  
Job Number: 19D0024M003C  
File Number: 190024003



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## EXECUTIVE SUMMARY

We recently inspected 2 hydraulic Passenger elevators at 1919 Riverside Dr in Ottawa, Ontario.

The purpose of this inspection was to measure the equipment performance and evaluate the quality of operation and maintenance. The inspection did not include a comprehensive review of the safety aspects of the installation as this falls under the jurisdiction of the safety authorities.

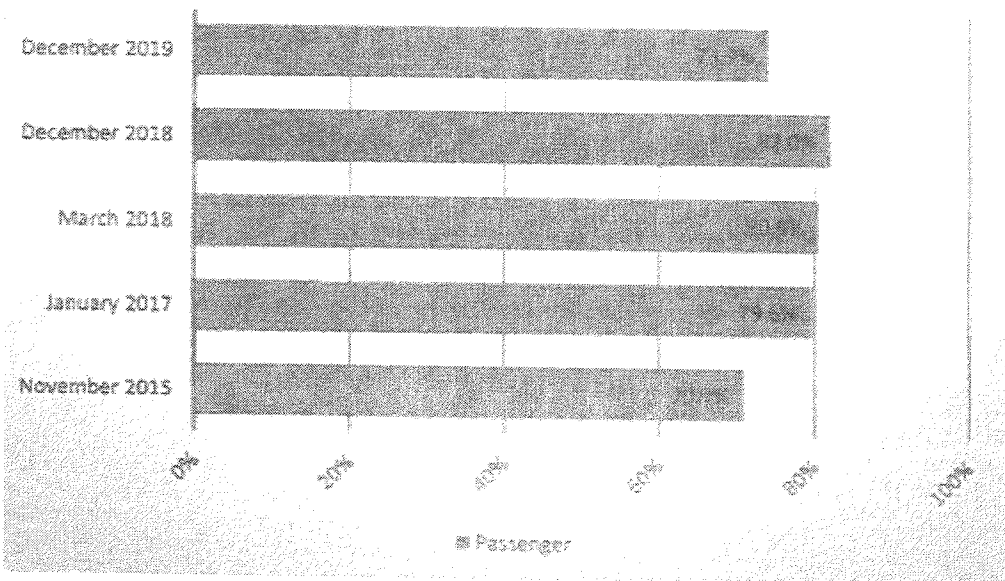


Overall the condition of the elevator equipment and the quality of the maintenance being performed at 1919 Riverside Dr are very good.

The overall Soludex rating for the elevators in this inspection is 73.9% compared to the previous inspection which scored 82.0%. The overall Soludex score is computed for passenger elevators and escalators only. Devices such as freight elevators, dumbwaiters, handicap lifts or platform/material lifts are excluded as well as any device that was shut down during the inspection.

Date	Soludex Rating For Elevators	Safety	Performance	Logbook	Major Work	Housekeeping
December 2019	73.9%	83.3%	57.1%	75.0%	72.7%	87.5%
December 2018	82.0%	100.0%	66.7%	75.0%	77.3%	87.5%
March 2018	80.4%	100.0%	61.9%	75.0%	72.7%	90.6%
January 2017	79.6%	100.0%	57.1%	75.0%	72.7%	93.8%
November 2015	70.9%	91.7%	33.3%	75.0%	77.3%	84.4%

A year to year comparison of the overall Soludex rating for the elevator bank is displayed in the bar chart below.







The contractor should dispatch an adjuster to tweak the performance of the equipment. A service crew should be dispatched as well to address the major work outlined under the aforementioned section in this report. The mechanic should dedicate sufficient time at this site to complete the maintenance and also address the minor items as well as cleanliness of the equipment.

Detailed observations can be found in the Deficiencies section of the report. The Owner should request from the contractor to address these items. Priority should be given to items highlighted in red, then to items identified as safety related, followed by performance and major deficiencies. In order to improve the quality of service, the performance settings should be adjusted to meet the suggested values listed in the Performance Data section.

The contractor should advise the Owner, in writing, when the required work has been completed, in order to schedule a follow-up inspection.

All items in red are considered priority items that in our opinion should be reviewed by the contractor as soon as possible and within 15 days at the latest. The contractor should respond in writing to the items noted in red within 30 days at the latest to ensure that the elevator equipment is operating according to code requirements and the contractor's maintenance control program. Following this, Performance and Major deficiencies should be addressed. In order to improve the quality of service of the elevators, the performance settings should be adjusted to meet the suggested values listed in the Performance Data section. All items in the report should be addressed and completed within 90 days from the date of receipt. Where ropes or other major items identified in the report are not replaced within 90 days, the contractor should provide a scheduled date for the replacement of the deficient equipment. Where there is a disagreement between the contractor and consultant report, the contractor should provide an explanation and supporting evidence for not implementing the repair or adjustment as noted in the report.





September 14, 2021

Riverside Professional Centre Inc.  
1919 Riverside Drive  
Ottawa, ON  
K1H 1A2

Attention: Larry Bontje

This is Exhibit "C" referred to in the Affidavit of Lawrence Bontje sworn, by video conference, before me, this 18th day of September, 2021

A Commissioner for Taking Affidavits (or as may be)  
Spencer Jones

Re: Term Sheet – Credit Facility of CDN \$8,000,000 for Riverside Professional Centre Inc.

This Term Sheet will provide you with the terms and conditions of a Credit Facility that Pillar Capital Corp. (the "Lender") will provide, subject to satisfactory completion of our due diligence, credit committee approval and the execution of the appropriate legal documentation.

- BORROWER:** Riverside Professional Centre Inc. (the "Borrower")
- PURPOSE OF FINANCING:** Bridge financing to refinance existing creditor.
- PROPOSED FINANCING:** Demand loan in the maximum amount of **CDN \$8,000,000** (the "Credit Facility").
- INTEREST:** 1.0% per month on daily balance outstanding under the Term Facility.
- TERM:** 12 month facility with a minimum term of 3 months. Open facility after 3 months.
- PAYMENT:** Payments for the first 12 months to be drawn from an interest reserve established at \$480,000 and funded from the Credit Facility in combination with equal payments monthly from the Borrower. Thereafter, monthly interest only payments with a balloon payment end of term.
- DOCUMENTATION AND SECURITY:** The Borrower shall provide or cause to be provided, the security and agreements listed below, in form and substance satisfactory to the Lender, including, but not limited to:
  - a. Loan Agreement;
  - b. Promissory Note;
  - c. General Security Agreement;
  - d. Collateral Mortgage in the amount of \$8,000,000 against the property located at 1919 Riverside Drive, Ottawa, ON (PIN 042010147), registered in 1<sup>st</sup> position;
  - e. Pre-authorized debit agreement;
  - f. Assignment of rents and leases;
  - g. Assignment of insurance with 1<sup>st</sup> loss payable to the Lender against the assets of the borrower as applicable; and

- h. Such further security and other documentation that the Lender and its solicitor may reasonably require.

**ASSIGNMENTS:** The Lender may assign or transfer or grant participations in its rights or obligations in whole or in part at any time without notice to or consent of the Borrower.

**ONGOING REPORTING:** The Borrower will provide such financial and other information as the Lender may reasonably request, from time to time, including, but not limited to:

- i. Monthly bank statements;
- ii. Monthly internally prepared financial statements;
- iii. Monthly Accounts Receivable and Accounts Payable listings; and
- iv. Evidence of payment of all government priority payables within 15 days of their respective due dates.

**ONGOING COVENANTS:** The Borrower shall pay when due all statutory liens, trust and other Crown claims including employee source deductions, GST, PST, EHT, WEPPA, property taxes and WSIB premiums.

**CONDITIONS:** Availability of any borrowings is conditional upon, but not limited to:

- a. Acceptance by the Borrower of this Term Sheet and receipt of the due diligence fee;
- b. Approval of the transaction by the Lender's Credit Committee;
- c. Satisfactory inspection / appraisal of the assets pledged by the Borrower;
- d. Satisfactory Environmental Site Assessment;
- e. Satisfactory Building Condition Report;
- f. Review of the land lease dated September 1, 1989, satisfactory to Lender;
- g. Delivery and registration of the Security in a form acceptable to the Lender; and
- h. The Borrower having paid statutory liens, trust and other Crown Claims including employee source deductions, GST, PST, EHT, amounts due under Wage Earner Protection Plan Act ("WEPPA") and Workplace Safety and Insurance Board ("WSIB") premiums.

**FACILITY FEE:** 2% of the approved Credit Facility to be deducted from the proposed advance upon closing. In addition to the Facility Fee, a monthly monitoring fee of \$1,000 is due and payable on the last business day of each calendar month.


**REFERRAL FEE:** 1% of the approved Credit Facility to be deducted from the proposed advance upon closing payable to Murray & Company Limited.

**DUE DILIGENCE / APPRAISAL FEE:** Borrower shall pay a non-refundable due diligence / appraisal fee upon acceptance of this Term Sheet in the amount of \$8,000.

**LEGAL FEES:** The Borrower will be responsible for all of the Lender's legal fees incurred in respect of the Credit Facility. A legal quote can be provided upon the Lender's approval of the transaction.

**ACCEPTANCE:** This Term Sheet must be accepted by the Borrower by no later than 5pm MST on Tuesday, September 14<sup>th</sup>, 2021, after which the offer will expire.

Yours truly,



Steve Dizap  
Pillar Capital Corp.

On behalf of **Riverside Professional Centre Inc.** I agree with the terms and conditions as stated above:



Per: LAWRENCE BOULYSE  
DIRECTOR

sept 14  
Date: \_\_\_\_\_, 2021

This is Exhibit "D" referred to in the Affidavit of Lawrence Bontje sworn, by video conference, before me, this 18th day of September, 2021



A Commissioner for Taking Affidavits (or as may be)  
Spencer Jones

----- Original Message -----

On Wednesday, September 15th, 2021 at 8:02 AM, David Forster <dforster@murray.ca> wrote:

FYI

---

**From:** David Forster  
**Sent:** September 15, 2021 8:02 AM  
**To:** RobertAmos@Manulife.co  
**Subject:** Pillar Term Sheet

Robert

Please review the attached Term Sheet. If you should have any questions please call

David Forster

416 727 9551



September 14, 2021

**Riverside Professional Centre Inc.**  
1919 Riverside Drive  
Ottawa, ON  
K1H 1A2

**Attention: Larry Bontje**

**Re: Term Sheet – Credit Facility of CDN \$8,000,000 for Riverside Professional Centre Inc.**

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<b>PURPOSE OF FINANCING:</b>	Bridge financing to refinance existing creditor.
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<b>DOCUMENTATION AND SECURITY:</b>	The Borrower shall provide or cause to be provided, the security and agreements listed below, in form and substance satisfactory to the Lender, including, but not limited to: <ul style="list-style-type: none"><li>a. Loan Agreement;</li><li>b. Promissory Note;</li><li>c. General Security Agreement;</li><li>d. Collateral Mortgage in the amount of \$8,000,000 against the property located at 1919 Riverside Drive, Ottawa, ON (PIN 042010147), registered in 1<sup>st</sup> position;</li><li>e. Pre-authorized debit agreement;</li><li>f. Assignment of rents and leases;</li><li>g. Assignment of insurance with 1<sup>st</sup> loss payable to the Lender against the assets of the borrower as applicable; and</li></ul>

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- e. Satisfactory Building Condition Report;
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Yours truly,



Steve Dizap  
Pillar Capital Corp.

On behalf of **Riverside Professional Centre Inc.** I agree with the terms and conditions as stated above:



Per: LAWRENCE BOUYSE  
DIRECTOR

sept 14  
Date: \_\_\_\_, 2021



THE MANUFACTURERS LIFE  
INSURANCE COMPANY and  
Applicant

RIVERSIDE PROFESSIONAL CENTRE  
INC.  
Respondent

Court File No.: CV-21-00668726-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at **TORONTO**

**AFFIDAVIT OF LAWRENCE BONTJE  
(Sworn September 18, 2021)**

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Lawyers for the Respondent

THE MANUFACTURERS LIFE  
INSURANCE COMPANY  
Applicant

RIVERSIDE PROFESSIONAL CENTRE INC.

an  
d

Respondent

Court File No.: CV-21-00668726-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at **TORONTO**

**APPLICATION RECORD of the  
RESPONDENT  
(returnable SEPTEMBER 20, 2021)**

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