

HAWTHORNE COMMUNITY CLINIC

THIS LEASE made as of the 1st day of February, 2025

B E T W E E N:

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

(hereinafter called the "Landlord")

- and -

McKECHNIE PHARMACY LTD.

(hereinafter called the "Tenant")

WHEREAS the Landlord has constructed the Hawthorne Community Clinic (the "KCMC") for the purposes of attracting qualified medical practitioners to its community and to provide such practitioners with a modern facility from which to operate their medical practices;

AND WHEREAS the Tenant is a corporation in good standing that is in the pharmacy business of selling retail products to the public that wishes to rent space in the KCMC;

NOW THEREFORE for Two Dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord and the Tenant agree as follows:

TERMS OF LEASE

Premises

- 1.1. In consideration of the rents, covenants and agreements of the Tenant to be paid, observed and performed, the Landlord hereby leases to the Tenant the lower level of the KCMC known as 1201 Queen Street, Kincardine and being approximately one thousand, eight hundred and forty (1,840) square feet (the "Premises"), together with a right in common with other tenants to utilize the walkways, stairs, corridors, lobbies, washrooms and other common areas forming part of the KCMC (the "Common Areas") for purposes associated with and ancillary to the Tenant's occupancy of the Premises, all as outlined on Schedule "A" attached hereto and forming part of this Agreement.

Nature of Right

- 1.2. The Tenant is hereby granted the exclusive use and enjoyment of the Premises for the term herein. In addition, the Tenant is hereby granted the use and enjoyment of the Common Areas for the term herein in conjunction with such other persons as the Landlord may now or hereinafter determine in its sole discretion may enjoy the right to use the Common Areas, all subject to reasonable limits as established by the Landlord.

Term

- 1.3. Subject to Section 1.8 herein, the Tenant is entitled hereby to have and to hold the Premises for and during the term of ten (10) years to be computed from and inclusive of the 1st day of February, 2025, and to be completed and ended on the 31st day of January, 2035.

Overholding Tenant

- 1.4. If the Tenant continues to occupy the Premises after the termination of this Agreement, with the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant. In the event the Landlord is prepared to enter into a new lease agreement and the Tenant is not prepared to enter into a new lease agreement at the end of the term, the rent payable by the Tenant during any overholding period shall be increased by ten (10%) percent above the rent due and owing by the Tenant in the last year of the term. For clarity, if the Tenant is prepared to enter into a lease agreement but the Landlord has not expressed a willingness to do so, the monthly rent during the overholding period shall be the rent payable by the Tenant in the last year of the term.

Extension of Term

- 1.5. The Landlord and the Tenant shall, in their sole and absolute discretion, determine whether or not to enter into negotiations for an extension of the term of this Lease Agreement. For clarity, nothing in this Agreement shall require the Landlord or the Tenant to extend this Lease's term.

Rights of Termination

- 1.6. The Landlord and Tenant shall have the right to terminate this Agreement, subject to a mutual agreement by both parties.

Rent

- 1.7. For the first year of the lease term, the Tenant shall pay unto the Landlord annual rent in the sum of fifty-nine thousand, six hundred and twenty dollars and fifty-six cents (\$59,620.56) plus HST, being thirty-two dollars and forty cents per square foot per annum (\$32.40/ft²/year) plus HST, payable in advance in equal monthly instalments of four thousand, nine hundred and sixty-eight dollars and thirty-eight cents (\$4,968.38) plus HST. The above noted rent shall increase annually each calendar year, to be calculated using the October CPI. In all cases, the monthly rental payments shall be made on or in advance of the first day of the respective month for which they are owing. As noted, the rent shall be subject to HST

Priority of Head Lease

- 1.8. The Tenant acknowledges that the Landlord leases the KCMC lands through a long-term lease from the South Bruce Grey Health Centre. The Tenant further acknowledges that the Head Lease, as defined below, was approved by Municipality of Kincardine By-law No.

2003-18 and runs for a one hundred (100) year term, commencing in February, 2003. In the event that the Head Lease is terminated for any reason, the Tenant's rights under this Agreement shall also be terminated and in such an event the Tenant shall indemnify and hold the Landlord harmless in accordance with Section 2.8 of this Agreement. The terms and conditions of the Head Lease shall have priority over the terms of this Lease.

Compliance with the Head Lease

- 1.9. The Tenant hereby agrees to comply with all terms, covenants and provisions of the Head Lease dated January 1st, 2003, as amended by the Lease Amending Agreement dated June 22nd, 2009 (the "Head Lease"). To the extent that this Lease and the Head Lease address the same subject matter, the Landlord and the Tenant acknowledge that the Landlord and Tenant are obliged to comply with both the terms of this Lease and the Head Lease.

COVENANTS OF THE TENANT

The Tenant hereby agrees to fully and faithfully comply with all of the covenants of the Tenant as set out below:

Pay Rent

- 2.1. To pay rent in a timely manner in accordance with the provisions of this Agreement.

Use of Premises and Special Uses with Landlord Permission

- 2.2. The Premises shall be used only for the purposes of a pharmacy and shall not be utilized for any other purpose or purposes without the express consent of the Landlord in writing. The Tenant shall be responsible for the furnishing and maintenance of the Premises.

Expenses of Tenant's Activities

- 2.3. To pay all taxes, rates, charges and licences whatsoever now or hereafter charged or levied in respect of any personal property, fixtures, business or other activity of the Tenant carried out upon or in connection with the Premises.

Landlord's Access

- 2.4. To permit the Landlord and its agents at all reasonable times to enter the Premises for the purpose of showing the Premises or to inspect the condition thereof, providing that the Tenant is present.

Return of Premises on Termination

- 2.5. The Tenant shall, at the determination of the term unless otherwise arranged with the Landlord, peacefully surrender the Premises unto the Landlord in good and substantial repair and condition, reasonable wear and tear excepted.

Comply with all Laws

- 2.6. The Tenant shall comply with the requirements of all applicable laws, by-laws, regulations and orders at any time in force during the term hereof and affecting the condition, equipment, maintenance, use or occupation of the Premises.

Insurance and Indemnity

- 2.7. The Tenant shall throughout the term of this Agreement provide and keep in force general liability insurance and an all risks insurance policy in an amount, not less than two million (\$2,000,000.00) dollars in a form and content that is satisfactory to the Landlord and shall provide the Landlord with proof thereof. Further, the Tenant shall name the Landlord as an additional insured in respect of damages occasioned to the Premises or loss or expenses incurred by the Landlord, arising by virtue of the Tenant's use of the Premises or arising by virtue of the Tenant's obligations pursuant to this Lease.
- 2.8. The Tenant hereby agrees to indemnify and hold harmless the Landlord against any and all liability, claims, actions, damages or expenses (including legal expenses) and without limiting the generality of the foregoing, all claims for personal injury, death and/or property damage caused by any act or omission of the Tenant, those for whom it is responsible at law or its contractors, subcontractors or invitees arising from the use by the Tenant of the Premises or from the exercise by the Tenant of any rights granted pursuant to this Lease.

Waste

- 2.9. The Tenant shall not do or permit any waste, damage, or injury to the Premises or the fixtures and equipment thereof and shall take every reasonable precaution to protect the Premises from danger of fire, vandalism, water damage or the elements.

Assignment

- 2.10. The Tenant shall not transfer, assign, sub-lease, encumber or in any way deal with or part with the whole or any part of the said Premises to anyone during any part of the term without written consent first being obtained from the Landlord, which consent may be unreasonably withheld. The Landlord and Tenant acknowledge that the Premises shall be used as a pharmacy by the Tenant or any assignee and, unless otherwise agreed by the parties, it shall be a pre-condition of any Landlord consent to a transfer, assignment or sublease of the Premises that the assignee or subtenant use the Premises as a pharmacy.

Right of Re-Entry

- 2.11. The Tenant hereby agrees that the Landlord may re-enter the Premises upon non-payment of rent or non-performance of covenants, subject to the provisions of this Lease

Liens

- 2.12. The Tenant hereby indemnifies the Landlord against all liability, claim, damages or expenses (including legal expenses) arising from any claim made for liens respecting work

done by or on behalf of the Tenant relating to the Premises and the Tenant shall cause all registration of claims for liens and/or certificates of action under the *Construction Lien Act* to be discharged or vacated as the case may be within fifteen (15) days after receipt of notice thereof from the Landlord.

Insolvency or Abandonment

- 2.13. If the Tenant makes assignment for the benefit of creditors or takes the benefit of any Act for bankrupt or insolvent debtors, or if a receiving order is made against the Tenant, or an order is made for the winding up of the Tenant, or if the Premises shall become and remain vacant for a period of twenty (20) days, or be used by any other persons than such as are entitled to use them under the terms of this Agreement, then the Landlord may re-enter and take possession of the Premises and, upon immediate notice, terminate this Lease.

Remedies of the Landlord

- 2.14. If the Tenant fails to perform or observe any covenants herein, which failure continues for fifteen (15) days after the Tenant's receipt of written notice thereof, the Landlord shall have the following remedies, which are cumulative and not in the alternative and which are without prejudice to any other rights or remedies it may have:
- (a) The Landlord may enter the Premises and perform the Tenant's obligation on behalf of the Tenant, without liability for any loss or damage to the Tenant's goods, chattels or business caused in so doing. Any reasonable expenses incurred by the Landlord thereby shall be paid by the Tenant forthwith and shall be recoverable in the same manner as rent; and
 - (b) The Landlord may by written notice terminate this Lease, in which case rent and any other payments for which the Tenant is liable shall be apportioned and paid in full to the date of termination, together with the expenses of the Landlord attributable to the termination, and the Tenant shall immediately deliver up possession of the Premises.

COVENANTS OF THE LANDLORD

The Landlord hereby agrees to fully and faithfully comply with all of the covenants of the Landlord which are set out below:

Quiet Enjoyment

- 3.1. Provided the Tenant performs all its covenants in this Agreement, the Tenant shall have quiet enjoyment of the Premises.

Insurance

- 3.2. The Landlord shall insure the Premises against such perils and in such amount is necessary, in the opinion of the Landlord, to protect the Landlord's interests in the Premises.

Damage or Destruction

- 3.3. If the Premises are damaged by fire or other casualty, the rent shall abate until the Premises is repaired to the Landlord's satisfaction; provided, however, that the Landlord may determine in its sole discretion not to repair the Premises and may terminate this Agreement on written notice given within forty-five (45) days after the occurrence of such damage.

Electrical Facilities

- 3.4. The Landlord shall be responsible for the cost of supplying the Premises with electric power.

Supply of Water/Sewer Services

- 3.5. The Landlord shall be responsible for the cost of water and sewer charges supplied to the Premises.

Supply of Heating

- 3.6. The Landlord shall at its sole expense supply adequate heat and air conditioning to the Premises.

Elevator

- 3.7. The Landlord shall install and maintain an elevator in the KCMC.

REPAIR AND MAINTENANCE OBLIGATIONS

Repair, Maintenance and Replacement of Capital Items

- 4.1. The Tenant shall at all times and at its own cost and expense maintain and repair the interior of the Premises to standards acceptable to the Landlord, including:
- all minor repairs less than one thousand (\$1,000.00) dollars in nature,
 - cleaning the floors, walls and windows,
 - repairs to plumbing fixtures,
 - replacement of light bulbs,
 - repainting the walls should this be required by the Tenant, upon obtaining the Landlord's approval therefor, and
 - placing refuse and litter in containers for disposal in accordance with the Landlord's standards.

4.2. The Landlord shall at all times and at its own cost and expense maintain, repair and replace the following capital aspects of the Premises to standards acceptable to the Landlord, including:

- all major repairs greater than one thousand (\$1,000.00) dollars in nature,
- repairing and replacing the roof,
- repairing and maintaining the exterior facade of the building,
- replacing its plumbing, heating, water and ventilation systems and major repairs thereto, and
- replacement of broken windows.

Groundskeeping

4.3. The Landlord shall maintain and repair the grounds forming part of the KCMC to standards acceptable to the Landlord, including:

- pruning and removal of trees and shrubs, except that no live tree or shrub shall be removed by the Tenant without the prior approval of the Landlord,
- cutting the grass,
- watering the landscaping, and
- picking up leaves, waste and other debris and disposing of them in accordance with the Landlord's procedures for such debris.

Snow Removal

4.4. The Landlord shall provide snow removal including roadways and sidewalks forming part of the Hawthorne Community Clinic (KCMC) to standards acceptable by the Landlord.

Tenant's Obligation to Advise Landlord

4.5. The Tenant shall report all damage and all conditions which might create a hazard to users of the Premises as soon as possible to the Landlord.

Waiver of Responsibility for Loss

4.6. The Landlord shall not be responsible for loss or damages arising from its obligations in this Lease respecting repair, maintenance or replacement in relation to the Premises.

Notice of Repairs and Maintenance Required of the Tenant

4.7. Where inspection reveals that repairs or maintenance are required to be performed by the Tenant, the Landlord shall give notice in writing and the Tenant will, within fifteen (15) days thereof, commence making and diligently complete such repairs or maintenance, failing which the Landlord may enter and perform the repairs or maintenance at the Tenant's expense. In this regard, the Landlord shall take such measures as are reasonable in its opinion to minimize disruption to the Tenant's activities, but shall not be responsible for loss or harm occasioned thereby.

Access for Repairs, Maintenance and Replacement Required of the Landlord

- 4.8. Where maintenance or replacement is required to be performed by the Landlord, the Landlord may enter at all reasonable times to perform the repairs or maintenance. The Landlord shall take such measures in this regard as are reasonable in its opinion to minimize disruption to the Tenant's activities, but shall not be responsible for loss or harm occasioned thereby.

ACCESS

Access

- 5.1. In addition to the rights granted in this Agreement, the Tenant and its invitees shall have a right in the nature of a licence, together with other persons from time to time entitled thereto, to use the Common Areas and to use such driveways and laneways as may be required to access the KCMC and the Premises in conjunction with the permitted uses of the Premises by the Tenant.

SIGNS AND IMPROVEMENTS

Signs, Flags and Fixtures

- 6.1. The Tenant shall not erect on, fix or fasten to the Premises any sign, antenna or fixture of any kind whatsoever without advance written permission from the Landlord. The Landlord acknowledges that the Tenant shall be permitted to erect a sign notifying the public of the Tenant's presence at the KCMC, in accordance with any applicable laws or municipal by-laws and with the prior written approval of the Landlord.

Alterations by the Tenant

- 6.2. The Tenant shall not make any installation, alteration, addition or improvement to the Premises without first obtaining the Landlord's approval in writing, which approval shall be in the Landlord's sole discretion. Any such works shall be subject to all provisions of this Agreement. Without limiting this Section 6.2 and the other provisions of this Agreement, any installations, alterations, additions or improvements proposed by the Tenant to the Premises shall not be completed unless the Tenant provides plans to the Landlord relating to the said installation, alteration, addition or improvement. The Tenant's completion of the said work must be approved by the Landlord and completed in accordance with the said plans approved by the Landlord.

Dealing with Improvements on Termination

- 6.3. Upon termination of this Agreement, the Tenant shall surrender the Premises together with all installations, alterations, additions, fixtures or anything in the nature of a leasehold improvement made thereon. Notwithstanding the forgoing, upon termination, the Landlord may require the Tenant to remove its installations, alterations, additions, fixtures, or anything in the nature of a leasehold improvement and to make good any damage caused to the Premises by such installation or removal.

No Landlord Obligation to Repair

- 6.4. The Landlord shall be under no obligation to repair or maintain any installations, alterations, additions, fixtures of the Tenant or anything in the nature of a leasehold improvement.

Landlord Right to Reconstruct

- 6.5. Should the Landlord determine in its sole discretion to renovate or reconstruct the KCMC, the Common Areas or the Premises, the Tenant agrees to provide the Landlord and its agents with access to the Premises for the purpose of such work and for all purposes necessary or incidental thereto. The Landlord shall take such steps as it deems necessary to minimize disruption to the activities of the Tenant during the renovation or reconstruction. The Landlord shall not be responsible for claims for loss or damages arising from such renovation or reconstruction.

GENERAL PROVISIONS

Notices

- 7.1. The Landlord's representative for administration of this Agreement and all decisions related thereto is set forth herein. All notice given or required to be given under this Agreement shall be in writing, signed by the party giving notice and personally delivered or emailed to the Landlord at: Municipal Administration Centre, 1475 Concession 5, R.R. #5, Kincardine, Ontario, Attention: Director of Community Services, recreation@kincardine.ca and to the Tenant at 1201 Queen Street, Kincardine, Ontario; mckechnerrelief@yahoo.ca

Any notice or document so given shall be deemed to have been received on the date of personal delivery or on the next business day if transmitted by email. Any party may from time to time by notice given as provided above change its address for the purposes of this clause.

No Waiver of Default

7.2. No condoning or delay by the Landlord in respect of any default, breach or non-observance by the Tenant of any covenant in this Agreement operates as a waiver of the Landlord's rights under this Agreement.

Entire Agreement

7.3. There are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting this Agreement.

Registration

7.4. The Tenant shall not register this Agreement or any notice thereof except with the Landlord's permission and in a form which is acceptable to the solicitors for the Landlord.

Severability

7.5. If any clause or parts thereof in this Agreement are determined to be unenforceable, they shall be considered separate and severable from the Agreement and the remaining provisions of the Agreement shall remain in full force and effect.

Successors

7.6. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their heirs, successors and permitted assigns (as limited by the provisions of this Agreement).

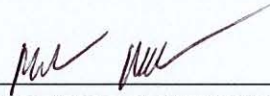
IN WITNESS WHEREOF the parties hereto have executed this indenture by their personal hands or by the hands of their proper signing officers duly authorized in that regard.

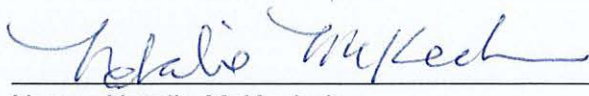
**THE CORPORATION OF THE
MUNICIPALITY OF KINCARDINE**

Per: _____
Kenneth Craig, Mayor

Per: _____
Jillene Bellchamber-Glazier, CAO

McKECHNIE PHARMACY LTD.

Per: 
Name: Michael McKechnie
Title: Owner

Per: 
Name: Natalie McKechnie
Title: Owner

I/We have authority to bind the corporation.

