COR/2016/00232

January 25, 2016

Dear [Redacted]

RE: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (Our File: TW/064/2015)

On December 24, 2015, the Department of Transportation and Works received your request for access to the following records/information:

[Redacted] is requesting a copy of the lease agreement for Hangar #22 at Gander International Airport, including all financial details.

I am pleased to inform you that a decision has been made by the Deputy Minister for the Department of Transportation and Works to provide access to some of the requested information. In particular, access is granted to the following records:

1. Responsive Records for Hangar #22 (Central Holdings Inc.)
2. Responsive Records for Hangar #22 (General Aviation Terminal Inc.)
3. Responsive Records for Hangar #22 (Transport Canada)

Access to information contained within the records has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

40. (1) – The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible.

P.O. Box 8700, St. John's, NL, Canada, A1B 4J6
In accordance with your request for a copy of the records, the appropriate copies have been enclosed.

Please be advised that you may appeal this decision and ask the Information and Privacy Commissioner to review the decision to provide partial access to the requested information, as set out in section 42 of the Act (a copy of this section of the Act has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act (a copy of this section of the Act has been enclosed for your reference).

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement's website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at (709) 729-5351 or by e-mail at FrankWalsh@gov.nl.ca.

Sincerely,

Frank Walsh
ATIPP Coordinator
Department of Transportation and Works
Enclosures
Disclosure harmful to personal privacy

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

(2) A disclosure of personal information is not an unreasonable invasion of a third party's personal privacy where

(a) the applicant is the individual to whom the information relates;

(b) the third party to whom the information relates has, in writing, consented to or requested the disclosure;

(c) there are compelling circumstances affecting a person's health or safety and notice of disclosure is given in the form appropriate in the circumstances to the third party to whom the information relates;

(d) an Act or regulation of the province or of Canada authorizes the disclosure;

(e) the disclosure is for a research or statistical purpose and is in accordance with section 70;

(f) the information is about a third party's position, functions or remuneration as an officer, employee or member of a public body or as a member of a minister's staff;

(g) the disclosure reveals financial and other details of a contract to supply goods or services to a public body;

(h) the disclosure reveals the opinions or views of a third party given in the course of performing services for a public body, except where they are given in respect of another individual;

(i) public access to the information is provided under the Financial Administration Act;

(j) the information is about expenses incurred by a third party while travelling at the expense of a public body;

(k) the disclosure reveals details of a licence, permit or a similar discretionary benefit granted to a third party by a public body, not including personal information supplied in support of the application for the benefit;

(l) the disclosure reveals details of a discretionary benefit of a financial nature granted to a third party by a public body, not including
(i) personal information that is supplied in support of the application for
the benefit, or

(ii) personal information that relates to eligibility for income and
employment support under the Income and Employment Support Act or to
the determination of income or employment support levels; or

(m) the disclosure is not contrary to the public interest as described in subsection
(3) and reveals only the following personal information about a third party:

(i) attendance at or participation in a public event or activity related to a
public body, including a graduation ceremony, sporting event, cultural
program or club, or field trip, or

(ii) receipt of an honour or award granted by or through a public body.

(3) The disclosure of personal information under paragraph (2)(m) is an unreasonable
invasion of personal privacy where the third party whom the information is about has
requested that the information not be disclosed.

(4) A disclosure of personal information is presumed to be an unreasonable invasion of a
third party's personal privacy where

(a) the personal information relates to a medical, psychiatric or psychological
history, diagnosis, condition, treatment or evaluation;

(b) the personal information is an identifiable part of a law enforcement record,
except to the extent that the disclosure is necessary to dispose of the law
enforcement matter or to continue an investigation;

(c) the personal information relates to employment or educational history;

(d) the personal information was collected on a tax return or gathered for the
purpose of collecting a tax;

(e) the personal information consists of an individual's bank account information
or credit card information;

(f) the personal information consists of personal recommendations or evaluations,
character references or personnel evaluations;

(g) the personal information consists of the third party's name where

(i) it appears with other personal information about the third party, or
(ii) the disclosure of the name itself would reveal personal information about the third party; or

(h) the personal information indicates the third party’s racial or ethnic origin or religious or political beliefs or associations.

(5) In determining under subsections (1) and (4) whether a disclosure of personal information constitutes an unreasonable invasion of a third party’s personal privacy, the head of a public body shall consider all the relevant circumstances, including whether

(a) the disclosure is desirable for the purpose of subjecting the activities of the province or a public body to public scrutiny;

(b) the disclosure is likely to promote public health and safety or the protection of the environment;

(c) the personal information is relevant to a fair determination of the applicant’s rights;

(d) the disclosure will assist in researching or validating the claims, disputes or grievances of aboriginal people;

(e) the third party will be exposed unfairly to financial or other harm;

(f) the personal information has been supplied in confidence;

(g) the personal information is likely to be inaccurate or unreliable;

(h) the disclosure may unfairly damage the reputation of a person referred to in the record requested by the applicant;

(i) the personal information was originally provided to the applicant; and

(j) the information is about a deceased person and, if so, whether the length of time the person has been deceased indicates the disclosure is not an unreasonable invasion of the deceased person’s personal privacy.
Access or correction complaint

42.(1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52(1) or 53(1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21;

(b) a decision respecting an extension of time under section 23;

(c) a variation of a procedure under section 24; or

(d) an estimate of costs or a decision not to waive a cost under section 26.

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.
Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner’s refusal under subsection 45(2).
DEPARTMENT OF TRANSPORTATION AND WORKS

TW/064/2015

Hanger #22 at Gander International Airport, Gander, NL

Table of Contents:

Part One – Responsive Records for Hanger #22 (Central Holdings Inc.)

Part Two – Responsive Records for Hanger #22 (General Aviation Terminal Inc.)

Part Three – Responsive Records for Lease with Transport Canada
DEPARTMENT OF TRANSPORTATION AND WORKS
LEASED ACCOMMODATIONS BUDGET FORM

DEPARTMENT: Transportation & Works
DIVISION: Air Services Division - Water Bombers

LANDLORD
Landlord Central Holdings
Central Holdings Inc.

Landlord Address P.O. Box 10
Gander, NL A1V 1W5

Landlord Contact

BUILDING
Building Number 3647
Building Name Hangar 22
Building Address Gander Airport

LEASE DETAILS
File No.

Area Leased (Sq. Ft.) 44,161.0
Area Leased (Sq. M.) 4,103
Cost Per Sq. Ft. $19.52
Cost Per Sq. M. $229.34

Effective Date September 04, 2011
Expiry Date September 04, 2016

Lease Requirement

LEASE BUDGET

Basic Annual Budget
Annual Operating Budget
Total Annual Budget
Total Monthly Budget

$940,884.55
$0.00
$940,884.55
$78,407.05

Remarks
Please increase monthly budget to reflect increase effective Sept 4th, 2011

Total Includes:
Hanger/Office/shop $862,022.72/annum
AMC $32,335.29/annum
Land Rent $2,366.54/annum
Maintenance Agreement $43,560.00/annum
(Proportionate share of insurance and Municipal taxes to be invoices at a later date est. cost $33,280.05 for total budget of $974,164.60)

Please ensure applicable HST is applied.

Prepared By

Date

Approved By

Date
DEPARTMENT OF TRANSPORTATION AND WORKS
LEASED ACCOMMODATIONS BUDGET FORM

DEPARTMENT: Transportation & Works
DIVISION: Air Services Division - Water Bombers

LANDLORD

Landlord Central Holdings
Central Holdings Inc.

Landlord Address P.O. Box 10
Gander, NL A1V 1W5

Landlord Contact

BUILDING

Building Number 3647
Building Name Hangar 22
Building Address Gander Airport

LEASE DETAILS

File No. 
Lease Code PN01223647

Area Leased (Sq. Ft.) 44,161.0
Area Leased (Sq. M.) 4,103

Cost Per Sq. Ft. $13.77
Cost Per Sq. M. $165.60

Effective Date September 04, 2001
Expiry Date September 04, 2011
Lease Requirement

LEASE BUDGET

Basic Annual Budget $679,398.80
Annual Operating Budget $0.00
Total Annual Budget $679,398.80
Total Monthly Budget $56,616.57

Remarks
Please increase total monthly budget to reflect above effective Oct. 1, 2011. We were paying $50,527.49/mth as $6089.08/mth was being deducted for GATI payment to ITRD. Debt now paid therefore landlord should receive full monthly Budget.

Please ensure applicable HST is applied.

Prepared By

Date

Approved By

Date
COR/2011/08179

Mr. Kevin King
Central Holdings Inc.
P.O. Box 10
Gander, NL A1V 1W5

Dear Mr. King:

Re: Lease Renewal – PN01223647
Department of Transportation & Works
Air Services Division
Hangar 22, Gander

Please be advised that authority has been received for the renewal of lease for 44,164 square feet of hangar, workshop and office space located at Hangar 22, Gander International Airport, Gander, NL at a rental rate of $19.52 per square foot. The total annual cost, including all airport maintenance charges, maintenance agreements, municipal taxes and insurance is $974, 164.60, exclusive of HST.

The lease renewal will be for a five year term, effective from September 4, 2011 to September 4, 2016, with all other terms and conditions remaining the same as in the original lease agreement.

At this time, I would like for you to provide me with an updated copy of the proof of insurance coverage certificate stating the limits of liability and proof that the insurance is in force during the term of the lease.

In addition, as per our recent discussion, we look forward to commencing discussion on Government’s potential purchase of Hangar 22.

Please confirm your acceptance of this leasing arrangement by signing and returning the enclosed copy of this letter at your earliest convenience.

Your co-operation in this matter is greatly appreciated, however, if you have any questions regarding this matter please contact Ms. Mariette Byrne, Director of Planning & Accommodations at 729-4422 or byrnem@gov.nl.ca

Government of Newfoundland and Labrador
Department of Transportation and Works
Office of the Deputy Minister

October 7, 2011
Yours truly,

JAMIE CHIPPELT
Deputy Minister

c. Mr. Gerard Antle, ADM
   Mr. Weldon Moores, ADM
   Ms. Mariette Byrne
   Mr. Gerald Templeman

Acceptance of the leasing arrangements outlined in this letter is hereby confirmed.

October 7, 2011
Date

Signature

Subsection 40(1)
July 9, 2013

COR/2013/03984

Mr. Kevin King
Central Holdings Inc.
P.O. Box 10
Gander, NL
A1V 1W5

Dear Mr. King:

Re: Lease (AGAN11002) Renewal of 22,160 square feet of Hangar Space
Department of Transportation and Works, Air Services Division
Gander, NL

The Department of Transportation & Works, Air Services Division is pleased to renew the lease for 22,160 square feet of Hangar Space, under Section 4 of the original lease agreement, located in Hangar 22, Gander, NL. The lease renewal is for a further one (1) year term from September 4, 2013 up to and including September 3, 2014, under the same terms and conditions as the original lease and at a reduced base rental rate of $22.00 per square foot, ($487,520.00 per annum) plus $57,482.15 per annum for proportionate share of airport maintenance charges, land rent, maintenance agreement, municipal taxes and insurance for a total rental rate of $545,002.15 per annum, exclusive of HST.

At this time, I would like for you to provide me with an updated copy of the proof of insurance coverage certificate stating the limits of liability and proof that the insurance is in force during the term of the lease.

Please confirm your acceptance of this leasing arrangement by signing and returning the enclosed copy of this letter at your earliest convenience.

Your co-operation in this matter is greatly appreciated, however, if you have any questions regarding this matter please contact Mr. Perry Murphy, Senior Accommodations Officer, Planning & Accommodations Division at pmurphy@gov.nl.ca or at 729-0151.
Yours sincerely,

BRENT MEADE
Deputy Minister

c: Mr. Cory Grandy, ADM
    Mr. Gary Goose, ADM
    Mr. Perry Murphy
    Mr. Palmer Tibbo

Acceptance of this leasing arrangement as outlined in this letter is hereby confirmed.

Date  July 10, 2013
Signature

Subsection 40(1)
May 30, 2012

COR/2012/07425

Mr. Kevin King
Central Holdings Inc.
P.O. Box 10
Gander, NL
A1V 1W5

Dear Mr. King:

Re: Lease Renewal of 22,160 square feet of Hangar Space

Department of Transportation and Works, Air Services Division
Gander, NL

The Department of Transportation & Works, Air Services Division is pleased to renew the lease for 22,160 square feet of Hangar Space, under Section 4 of the original lease agreement, located in Hangar 22, Gander, NL. The lease renewal is for a further one (1) year term from September 3, 2012 up to and including September 4, 2013, under the same terms and conditions as the original lease and at a reduced base rental rate of $22.00 per square foot, ($487,520.00 per annum) plus $57,482.15 per annum for proportionate share of airport maintenance charges, land rent, maintenance agreement, municipal taxes and insurance for a total rental rate of $545,002.15 per annum, exclusive of HST.

At this time, I would like for you to provide me with an updated copy of the proof of insurance coverage certificate stating the limits of liability and proof that the insurance is in force during the term of the lease.

Please confirm your acceptance of this leasing arrangement by signing and returning the enclosed copy of this letter at your earliest convenience.

Your co-operation in this matter is greatly appreciated, however, if you have any questions regarding this matter please contact Ms. Mariette Byrne, Director (A), Planning & Accommodations Division at byrne.m@gov.nl.ca or at 729-4422.
- 2 -

Yours truly,

JAMIE CHIPPETT
Deputy Minister

c: Mr. Weldon Moores, ADM
   Ms. Mariette Byrne
   Mr. Glen Cooper

Acceptance of this leasing arrangement as outlined in this letter is hereby confirmed.

June 1, 2012
Date

Signature

Subsection 40(1)
LEASE AGREEMENT

THIS AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador this 2nd day of November, 2011.

BETWEEN CENTRAL HOLDINGS INC., a body corporate, organized and existing under the laws of the Province of Newfoundland and Labrador (hereinafter called the "Lessor") OF THE OTHER PART;

AND THE HONOURABLE THE MINISTER OF TRANSPORTATION AND WORKS for and on behalf of Her Majesty in right of Newfoundland and Labrador (hereinafter called the "Lessee") OF THE ONE PART;

The Lessor is possessed of certain lands and premises hereinafter more particularly described and has agreed to lease the space in Hangar No. 22, Gander International Airport, Gander, NL on the said lands to the Lessee on the terms and conditions hereinafter appearing.

NOW THEREFORE THIS INDENTURE WITNESSETH that for and in consideration of the rents, covenants and agreements hereinafter reserved and contained, the parties hereto agree with the other as follows:

1. The Lessor does hereby demise and lease unto the Lessee Twenty-Two Thousand One Hundred and Sixty (22,160) square feet of Hangar space located in Hangar 22, Gander International Airport, Gander, NL occupied by the Department of Transportation & Works, Air Services Division (hereinafter referred to as the "Demised Premises")

2. To HOLD the Demised Premises for a one (1) year term commencing on and from the 4th day of September, 2011. TOGETHER WITH the right to make reasonable use of the land surrounding the said building for parking purposes and the apron for aviation purposes in common with the Landlord and any other person having such right

3. The Lessee hereby agrees to pay to the Lessor for the term hereby created the sum of $49,110.18 plus HST per month, broken down as follows: $44,320.00 plus HST per month for base rental rate for Hangar Space; and $4,790.18 plus HST per month for proportionate share of airport maintenance charges, land rent, maintenance agreement, municipal taxes and insurance as outlined in Schedule "A"

4. Lease Renewal - At the sole discretion of the Lessee, the Lessee is hereby given the option to renew this Lease for two (2) further one (1) year terms at a reduced base rental rate of $22.00 per square foot for Hangar Space with all other terms and conditions remaining the same, by giving written notice to the Lessor of his intention to renew at least three (3) months prior to the expiration of this Lease.
5. **The Lessee hereby covenants with the Lessor as follows:**

(i) to pay the rent on the days and in the manner aforesaid;

(ii) not to assign, sublet or part with the possession of the Demised Premises or any part thereof without the written consent of the Lessor;

(iii) to well and truly observe and fulfill the lawful provisions and requirements of all Statutes, Regulations, By-Laws, Rules and Orders relating to the Demised Premises and for greater certainty, but not so as to restrict the generality of the foregoing, the Lessee covenants to faithfully observe all requirements with respect to electrical wiring, apparatus and fire protection devices now installed or required to be installed in and for the Demised Premises from time to time;

(iv) to pay any taxes, rates, duties, charges and assessments which are charged or which may become chargeable upon the operations of the facilities and in respect thereof (including telephone, internet and other communications system charges related to the Lessee's use of the Demised Premises) if such taxes, rates, charges and assessments are in addition to those which would normally be paid by the Lessor for the overall operation of the building;

(v) to operate the heating system so as to maintain sufficient heat in the Demised Premises at all reasonable times, to preclude freezing of the sprinkler system.

6. **The Lessor hereby covenants with the Lessee as follows:**

(i) To pay electrical power reasonably consumed on the premises;

(ii) To provide washroom facilities in existence in the immediate area;

(iii) To provide a General Parking Area on a first-come basis for staff and visitors; and

(iv) to maintain the exterior of the building in a good and structurally sound state of repair during the term of this Lease.

7. (i) The Lessor covenants with the Lessee that the Lessee paying the rents and performing the covenants designated herein on the Lessee's part to be paid and performed, the Lessee shall and may peaceably and quietly enjoy the Demised Premises during the term or any renewal thereof without molestation, hindrance, or disturbance by the Lessor or any person or persons lawfully claiming through or under him;

(ii) All leasehold improvements made by the Lessee in respect of the Demised Premises or incorporated into the structure shall become the sole property of the Lessor on expiry, cessation or termination of the tenancy and the Lessee shall have no claim against the Lessor

8. (i) The Lessee shall maintain and keep in force a Commercial General Liability Insurance Policy in a minimum amount of two million dollars ($2,000,000.00), which shall indemnify the Lessor against any and all manner of claims, damages, losses, costs or charges whatsoever occasioned to, suffered by or imposed upon the Lessor directly or indirectly in respect of any matter or in connection with or arising out of the occupancy or use of the facilities by the
Lessee, its licensees, invitees, servants, or agents or out of any operations in connection with the occupancy or use of the same by the Lessee, its licensees, invitees, servants, or agents or in respect of any accident, damage or injury to a third party from or on account of the same provided that such claims, damages, losses, costs, or charges are a result of the acts, omissions or negligence of the Lessee, its licensees, invitees, servants, or agents;

(ii) The Lessee shall include in the Policy (mentioned in sub-section i) a Tenant Legal Liability Rider in a minimum amount of one hundred thousand dollars ($100,000.00), which will compensate the Lessor for all damage to the facilities caused by or resulting from negligence of the Lessee, its licensees, invitees, servants or agents. A copy of this policy shall be made available to the Lessor upon request;

(iii) The Lessee agrees to maintain sufficient insurance (tenant insurance policy) in connection with any liability which may arise from its use and/or occupation of the facilities and shall be solely responsible for insuring any contents or leasehold improvements owned by or placed upon the facilities by the Lessee, its servants, agents, licensees or invitees;

(iv) The Lessor is to be named as an additional insured under all policies of insurance and which policies shall contain cross liability provisions.

9. The Lessee shall not sell, assign, transfer, sub-licence, or otherwise dispose of this Agreement or any part thereof, or any right or privilege hereby given without the prior consent in writing of the Lessor, and any such purported sale, assignment, transfer, sub-licence or other disposition without such consent is and shall be void ab initio.

10. The Lessor shall not be responsible to the Lessee or any other person claiming by or through them for the loss of any articles left in the custody of the Lessee or for the loss of any goods or merchandise left on the premises. This provision shall survive termination.

11. If the Lessee, in the opinion of the Lessor is in breach of any of the covenants and agreements herein contained or any obligation hereunder, this Agreement shall be deemed to be terminated, upon the expiration of thirty (30) days of notice which notice shall be given by the Lessor or the Lessor’s appointed representative to the Lessee unless within the time frames specified in such notice the breach is rectified or cured. The Agreement shall be at an end whether or not the Lessor has re-entered the premises, and the Lessee shall have no claim for damages against the Lessor for such termination.

12. (i) Upon expiry, termination or cancellation of this Agreement as herein provided and unless the Lessor otherwise directs, the Lessee within one (1) month of such expiry, termination, or cancellation shall remove from Hangar No. 22 all of the Lessee’s chattels, equipment and supplies, and the Lessee shall leave Hangar No. 22 in a clean condition and in a condition satisfactory to the Lessor, reasonable wear and tear excepted;

(ii) If the Lessee fails to comply with the provisions of sub-section (i), the Lessor may have such chattels, equipment and supplies removed and stored and the premises cleaned and repaired, all at the expense of the Lessee, and the Lessee shall be liable to pay to the Lessor the cost thereof upon receipt of an invoice from the Lessor;
(iii) Any notice required by or affecting this Agreement may be served upon the Lessor by registered mail at the following address:

Central Holdings Inc.
P.O. Box 10
Gander, NL
A1V 1W5

or by personally serving such notice upon the Lessor or by leaving such notice at the said address and any such notice sent by registered mail shall be deemed to have been received by the Lessor when in the ordinary course of the post, it would be delivered to the address to which it was sent;

and the Lessor can give notice to the Lessee, delivered or mailed to the:

Deputy Minister
Department of Transportation and Works
6th Floor, West Block, Confederation Building,
P. O. Box 8700,
St. John's, NL
A1B 4J6

(iv) Termination of this Agreement shall in no way prejudice the Lessor’s right to recover unpaid monies by the Lessee or pursue any right of action with respect to a breach, as a civil debt, of any covenant or agreement herein contained;

(v) The Lessee shall at all times indemnify and save harmless the Lessor from and against all actions, suits, proceedings, costs, charges, expenses, claims, demands, damages, matters and things whatsoever and by whomsoever made, brought, sustained or prosecuted which are in any manner based upon, occasioned by, attributed to or arising out of anything done or suffered or omitted to be done by the Lessee, the Lessee's officers, servants, agents, contractors, invitees or licensees or any, some, or all of them or otherwise howsoever.

13. Wherever the singular or the masculine is used throughout this Agreement, it shall be construed as including the plural or the feminine or neuter. Wherever the context of the parties hereto so require, the expression “the Lessor” or “the Lessee” shall include the heirs, executors, administrators, successors and assigns of such Lessor or Lessee (as the case might be).

14. This Agreement is to be construed and governed by the laws of the Province of Newfoundland and Labrador.

15. This Agreement constitutes the entire Agreement between the Lessor and the Lessee, and neither party is bound by any representation, warranty, promise, agreement or inducement not embodied herein.
IN WITNESS WHEREOF the Agreement was executed on the day and year first before written.

SIGNED by the Deputy Minister of Transportation and Works and the SEAL of the Department of Transportation and Works was affixed in the presence of:

Jamie Chipper
Deputy Minister
Department of Transportation and Works

Nov. 27/11
Date

Nov. 28, 2011
Date

THE COMMON SEAL of Central Holdings Inc. was hereunto affixed in the presence of:

Witness: Carol Jean Pike
A Commissioner for Oaths in and for the Province of Newfoundland and Labrador. My Commission expires on December 31 2014

Nov. 8, 2011
Date

Nov. 8, 2011
Date
### Schedule "A"

<table>
<thead>
<tr>
<th>Charges</th>
<th>Rate per sq ft/sq m</th>
<th>Rate per annum</th>
<th>Total</th>
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<tbody>
<tr>
<td>Hangar Area (22,100 sq ft)</td>
<td>$24.00</td>
<td>$531,640.00</td>
<td>$531,640.00</td>
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<tr>
<td>AMC (Land Area 32,245 sq m)</td>
<td>$2.18</td>
<td>$70,294.10 x 23.5%</td>
<td>$16,589.41</td>
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<td>Land Rent</td>
<td></td>
<td>$6,449 x 23.5%</td>
<td>$1,521.96</td>
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<tr>
<td>Maintenance Agreement</td>
<td><strong>$18,427.50 x 1.21% (CPI adjustment)</strong></td>
<td></td>
<td>$22,296.67</td>
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<tr>
<td>Proportionate Municipal Taxes (Jan 11 - Dec 11)</td>
<td>$67,380.98 x 23.5%</td>
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<td>$13,541.91</td>
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<tr>
<td>Proportionate Share of Insurance</td>
<td>$14,966.96 x 23.5%</td>
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<td>$3,532.20</td>
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<td>TOTAL T&amp;B Rental</td>
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<td>$599,322.15</td>
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</tbody>
</table>

**$26,000/44,161 sq ft (.515) x 22,100 sq ft**
October 7, 2011

COR/2011/08181

Mr. Kevin King
Central Holdings Inc.
P.O. Box 10
Gander, NL A1V 1W5

Dear Mr. King:

Re: Lease for additional Hangar Space for the
Department of Transportation & Works
Air Services Division
Hangar 22, Gander

Please be advised that your offer to lease 22,160 square feet of additional hangar space located at Hangar 22, Gander International Airport, Gander, NL at a rental rate of $24.00 per square foot has been accepted. The total annual rental rate, including all airport maintenance charges, maintenance agreements, municipal taxes and insurance is $589,322.15, exclusive of HST.

The lease will be for a one (1) year term effective from September 4, 2011 to September 4, 2012, including two one year renewal options, with a three month notification period, at a reduced rental rate of $22.00 per square foot, exclusive of HST. All other terms and conditions will be the same as in the original main lease agreement. A standard lease agreement will be sent to you in the near future for your signature.

At this time, I would like for you to provide me with an updated copy of the proof of insurance coverage certificate stating the limits of liability and proof that the insurance is in force during the term of the lease.

In addition, as per our recent discussion, we look forward to commencing discussion on Government’s potential purchase of Hangar 22.

Your co-operation in this matter is greatly appreciated, however, if you have any questions regarding this matter please contact Ms. Mariette Byrne, Director of Planning & Accommodations at 729-4422 or byrnem@gov.nl.ca
Yours truly,

JAMIE CHIPPETT
Deputy Minister

c. Mr. Gerard Antle, ADM
   Mr. Weldon Moores, ADM
   Ms. Mariette Byrne
   Mr. Gerald Templeman
# LEASE ACCOMMODATIONS BUDGET FORM

**DEPARTMENT:** Transportation and Works  
**DIVISION:** Air Services

## LANDLORD

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Central Holdings Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>P.O. Box 10</td>
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<tr>
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<td>Gander, NL A1V 1W5</td>
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<tr>
<td>Contact</td>
<td>Mr. Kevin King</td>
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</table>

## BUILDING

<table>
<thead>
<tr>
<th>Building Number</th>
<th>3647</th>
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<tbody>
<tr>
<td>Building Name</td>
<td>Hanger 22</td>
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<tr>
<td>Building Address</td>
<td>Gander International Airport</td>
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## LEASE DETAILS

<table>
<thead>
<tr>
<th>File No.</th>
<th>Lease Code AGAN11002</th>
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<tr>
<td>Area Leased (Sq. Ft.)</td>
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<tr>
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<td>Cost Per Sq. M.</td>
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<td>Effective Date</td>
<td>September 04, 2011</td>
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<td>Expiry Date</td>
<td>September 04, 2012</td>
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<tr>
<td>Lease Requirement</td>
<td></td>
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## LEASE BUDGET

<table>
<thead>
<tr>
<th>Basic Annual Budget</th>
<th>Annual Operating Budget</th>
<th>Total Annual Budget</th>
<th>Total Monthly Budget</th>
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<td>$49,110.18</td>
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## Remarks

Additional hangar space required for storage of 2-C415. Lease contains 2-one year renewal options. Terms & Conditions same as main lease. Lease includes charges relating to AMC, Maintenance, Municipal Taxes and Insurance, Initial first year at $24.00/sq ft. Plus additional charges. ($57,482.15/annum)

Please apply HST

---

Prepared By: Rhonda Petten  
Date: Oct 13/11  
Approved By: [Signature]  
Date: Oct 13/11
**DEPARTMENT OF TRANSPORTATION AND WORKS**  
**LEASE ACCOMMODATIONS BUDGET FORM**

**DEPARTMENT:** Transportation and Works  
**DIVISION:** Air Services

### LANDLORD
- **Landlord:** Central Holdings Inc  
- **Address:** P.O. Box 10  
- **City:** Gander  
- **Postal Code:** NL A1V 1W5  
- **Contact:** Mr. Kevin King

### BUILDING
- **Building Number:** 3647  
- **Building Name:** Hangar 22  
- **Address:** Gander International Airport

### LEASE DETAILS
- **File No.**  
- **Lease Code:** AGAN11002-1202  
- **Area Leased (Sq. Ft.):** 22,160.0  
- **Cost Per Sq. Ft.:** $22.00  
- **Effective Date:** September 03, 2012  
- **Area Leased (Sq. M.):** 2,059  
- **Cost Per Sq. M.:** $264.74  
- **Expiry Date:** April 03, 2013

### LEASE BUDGET
- **Basic Annual Budget:** $545,002.15  
- **Annual Operating Budget:** $0.00  
- **Total Annual Budget:** $545,002.15  
- **Total Monthly Budget:** $45,416.85

### Remarks
Additional hanger space required for storage of 2-C415. Lease contains 2-one year renewal options. Terms & Conditions same as main lease. Lease includes charges relating to AMC, Maintenance, Municipal Taxes and insurance. 1st of 2 renewals 22,000/sq ft. Plus additional charges. ($57,482.15/annum)

Please apply HST

- **Prepared By:** Rhonda Potter  
  **Date:** June 11/12
- **Approved By:** Date: June 11/12
**DEPARTMENT OF TRANSPORTATION AND WORKS**  
**LEASED ACCOMMODATIONS BUDGET FORM**

**DEPARTMENT:**  Transportation and Works  
**DIVISION:**  Air Services

### LANDLORD
- **Landlord:** Central Holdings Inc  
- **Address:** P.O. Box 10, Gander, NL A1V 1W5  
- **Contact:** Mr. Kevin King

### BUILDING
- **Building Number:** 3647  
- **Building Name:** Hangar 22  
- **Address:** Gander International Airport

### LEASE DETAILS
- **File No.**  
- **Lease Code:** AGAN11002-1202  
- **Area Leased (Sq. Ft.):** 22,160.0  
- **Cost Per Sq. Ft.:** $22.00  
- **Area Leased (Sq. M.):** 2,059  
- **Cost Per Sq. M.:** $264.74  
- **Effective Date:** September 03, 2012  
- **Expiry Date:** September 04, 2013

### LEASE BUDGET

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<td>$45,416.85</td>
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</table>

### Remarks
- Revised budget form to reflect correct end date.  
- Please apply HST

**Prepared By:** Rhonda Pitter  
**Date:** Feb 4/13

**Approved By:**  
**Date:** Feb 4/13
DEPARTMENT OF TRANSPORTATION AND WORKS
LEASED ACCOMMODATIONS BUDGET FORM

DEPARTMENT: Transportation and Works        DIVISION: Air Services

LANDLORD
Landlord: Central Holdings Inc
Landlord Address: P.O. Box 10
               Gander, NL A1V 1W5
Landlord Contact: Mr. Kevin King

BUILDING
Building Number: 3647
Building Name: Hangar 22
Building Address: Gander International Airport

LEASE DETAILS
File No. [Redacted]
Lease Code: AGAN11002-1303
Area Leased (Sq. Ft.) 22,160.0
Area Leased (Sq. M.) 2,059
Cost Per Sq. Ft. $22.00
Cost Per Sq. M. $264.74
Effective Date: September 04, 2013
Expiry Date: September 03, 2014
Lease Requirement [Redacted]

LEASE BUDGET

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<td>$45,416.85</td>
</tr>
</tbody>
</table>

Remarks
Lease extended for further 1 year, with all terms, conditions and rental rate remaining the same.
Please apply HST

Prepared By: Rhonda Potter
Date: July 24, 2013

Approved By: [Signature]
Date: July 24, 2013
**DEPARTMENT OF TRANSPORTATION AND WORKS**  
LEASED ACCOMMODATIONS BUDGET FORM

**DEPARTMENT:** Transportation and Works  
**DIVISION:** Air Services

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</tr>
<tr>
<td>P.O. Box 10</td>
<td>Hangar 22</td>
</tr>
<tr>
<td>Gander, NL A1V 1W5</td>
<td>Building Address</td>
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<tr>
<td>Mr. Kevin King</td>
<td>Gander International Airport</td>
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**LEASE DETAILS**

- **File No.**
- **Lease Code** AGAN11002-1303
- **Area Leased (Sq. Ft.)** 22,160.0
- **Area Leased (Sq. M.)** 2,059
- **Cost Per Sq. Ft.** $22.00
- **Cost Per Sq. M.** $264.74
- **Effective Date** September 04, 2013
- **Expiry Date** September 03, 2014
- **Lease Requirement**

**LEASE BUDGET**

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<td>$0.00</td>
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<td>$45,416.85</td>
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</tbody>
</table>

**Remarks**

- Lease extended on a month to month.
- Please apply HST

**Prepared By:**  
**Date:** Aug 18/14

**Approved By:**  
**Date:** Aug 18/14
15 May 2001

Patterson, Palmer, Hunt & Murphy
P.O. Box 610
10th Floor, Scotia Centre
235 Water Street
St. John's, NF
A1C 5L3

ATTENTION: Frederick J. Constantine

Hangar 22 - Gander - Offer to Lease between
General Aviation Terminal (Nfld.) Inc. and the Government

Dear Sir:

I enclose one signed copy of the Offer to Lease which has been executed by Government.

Please direct your attention to Clause 14 of the Offer to Lease which imposes on General Aviation Terminal (Nfld.) Inc. several obligations to provide the Crown with certain consents and releases.

In particular, we will require the following:

(a) An Assignment Agreement from Bank of Montreal, the first Mortgagee, guaranteeing quiet enjoyment of the leased premises.


(c) A Release of Newfoundland Processing Limited Debenture dated November 12, 1993, as amended, or satisfactory alternative to ensure quiet enjoyment of the lease premises.
(d) Such other requisitions on title as may become necessary prior to entering into a Lease Agreement.

(e) The Consent of Transport Canada or appropriate airport authority having jurisdiction to consent to the sublease.

I understand you will proceed with all haste to complete these requisitions as well as conclude a draft Lease.

Please encourage your client in this matter to provide us with the following or ensure the completion of the following:

(a) an occupancy date for the leased premises;

(b) the asbestos abatement and any other environment concerns; and

(c) to press Transport Canada or the airport authority to complete their obligations with respect to remediation of the leased premises, where they have an obligation.

Can you provide me with a copy of General Aviation's Resolution of Directors, authorizing this offer to lease.

I understand neither party intends to register the Offer to Lease.

Finally, thank you for your co-operation, patience and skill throughout this phase of our negotiations.

Yours very truly,

Reg Locke
Solicitor

RL/cp
Enclosures
March 6, 2001

Mr. Don Osmond
Assistant Deputy Minister (Works)
Dept. of Works, Services & Transportation
Government of Newfoundland & Labrador
P.O. Box 8700
St. John's, NF
A1B 4J6

Dear Mr. Osmond:

RE: Offer to lease Hangar 22 at Gander, NF
dated March 6, 2001

This letter is intended to be collateral to and read with Clause 12 of the offer to lease and to form part of the offer to lease. GAT undertakes to perform the following tasks to the satisfaction of Government in compliance with its obligations under Clause 12 and to do so prior to July 1, 2001.

• GAT agrees that it shall carry out all the recommendations made in the attached Executive Summary of the CECON Phase I Environmental Site Assessment Report dated February 20, 2001 along with any others contained in the report not in conflict with the aforementioned, except for work pertaining to the “old boiler room” referenced in the 3rd paragraph on page 2.

• With respect to the Reid Crowther ADI Group environmental baseline study for Gander International Airport dated September 2000, GAT furthermore agrees to remediate the contaminated area noted on the attached Figure 6.55-2 at monitoring well location 54-MW9. Specifically the toluene and total petroleum hydrocarbons (TPH’s) are to be remediated in the soil and ground water to conform with applicable federal and provincial guidelines for commercial sites.

All other terms and conditions of the offer to lease remain in force. Subsection 40(1)

GERRY PRITCHETT
President
General Aviation Terminal (Nfld.) Inc.
PHASE 1

ENVIRONMENTAL SITE ASSESSMENT

Property:

General Aviation Terminal
Hangar 22
Gander, Newfoundland

FOR

Multi Professional Services Inc.
Gander, Newfoundland

PREPARED BY: CECON LTD

DATE: February 20, 2001

Project #: 0558
1.0 EXECUTIVE SUMMARY

A Phase I Environmental Site Assessment was performed on the property site known as the General Aviation Terminal (Hanger 22) located at Gander International Airport, in Gander, NF. The subject property is a privately owned two bay hanger with associated work shops and offices. The building is situated on land owned by Transport Canada and leased to the building owner.

The assessment was completed in accordance with CSA Standard Z768-94. The assessment involved the review of records, interviews, site visits, and the reporting of findings and recommendations.

The assessment revealed the following environmental concerns with the subject property and suggested or planned remediation:

- Records indicate the presence of an underground fuel hydrant system which is partially filled with an unidentified liquid. This system was installed at the time the facility was constructed and was abandoned in the late 1940's. The system follows the south west property line and crosses the south east apron. As part of Transport Canada's on going remediation projects, the hydrant system will be drained and flushed in the spring of 2001.

- Soil and ground water contamination from hydrocarbon compounds (BETX) and lead are present on the leased land in the vicinity of the abandoned underground fuel hydrant system and south east of the property boundary near the storm sewer outfall area. An environmental baseline study undertaken for Transport Canada identified these contaminants in excess of guideline levels around the fuel hydrant system and storm water outfall. The presence of this contamination to workers inside the building is considered low due to the distance to the contamination and its depth below grade. The lead contamination poses no risk to workers inside or outside the building as it is located below grade eliminating any exposure pathways. Vapours from the hydrocarbon compounds can only potentially come to the surface outside the building or migrate back into the building through sewer lines. The installation of the oil water separator in the storm system will act as a trap to prevent this. Sanitary sewer drains are currently trapped eliminating the most likely exposure pathways.

- Considering the age of the property, it is likely that special attention items including lead, polychlorinated biphenyls (PCBs), asbestos containing materials (ACMs), and ozone depleting substances (ODSs) are present.
Lead is likely present in some of the paints used in the facility. Inhalation of dust from lead paint is the major concern particularly to small children. Inhalation of the dust is most likely to occur if the paint is disturbed in such a way that dust is created. The majority of any lead paint will be removed or encapsulated with new sheathing or coatings during the renovation project thus minimizing any potential risk.

PCBs are likely present in fluorescent lighting ballasts found in the office areas. Production of ballasts containing PCBs was halted in 1973-1980 depending on manufacturer. The lighting in this building predates this. While they pose little concern to occupants, it is recommended that the fixtures be replaced during the renovation project.

ACMs have been confirmed to be present in the old boiler room which links Hangers 21 and 22. Asbestos is likely present in the old boilers and steam piping insulation in Hanger 22. These friable type ACMs are to be removed by a qualified asbestos abatement contractor during the renovation project. Asbestos is also present in the form of asbestos board used as fire retardant sheathing in a few locations including the main electrical room. Asbestos in this form is not friable and poses no risk to building occupants as fibres cannot become airborne unless the material is sawed for example creating dust. Its presence should be noted so workers in the area are aware if its existence.

ODSs is present as Halon 1301 fire extinguishant in the 3rd floor office annex. This product is considered an ozone depleting substance and is also potentially harmful to humans if inhaled. It is recommended that the halon system be removed from the property as it is no longer required.

The historical use of the property indicates that there were likely hazardous materials present. The site visits indicated hazardous products currently present on the property. An inventory indicated the presence of a number of flammable, and poisonous materials. These products are stored in the original labeled containers, with the exception of waste oil and fuels. It is recommended that all products not required for the operations in the building be removed from the property and properly stored or disposed of. Product remaining in the building should be properly labeled and stored. Provision will be made during the renovation project for storage of oils, batteries etc.

There are ten storage tanks (ASTs and USTs) present on the property. Only three of them are currently in use. Five ASTs are stored on the property but are not in service. Three of these tanks are owned by Forest Resources and Agrifoods. Of the three in service, the heating fuel oil AST is not in compliance with respect to current environmental safety features and will be replaced in the renovation project.
An abandoned AST is scheduled to be removed by Transport Canada later this year.

Interviews indicated that there are some environmental problems with the subject property and surrounding properties. These include the aforementioned underground hydrant system and abandoned storage tanks. The adjacent property has confirmed ACMs and non-compliant storage tanks.

Based on ongoing remediation projects and monitoring by Transport Canada combined with remediation measures during the renovation project, the identified environmental issues will be eliminated or significantly reduced so that risk to occupants will be nil to low.

2.0 INTRODUCTION

CECON Ltd. is a multi-disciplinary consulting firm offering services in the fields of Civil, Mechanical, and Environmental and in addition provides Survey and Appraisal services. With respect to Environmental services, CECON has extensive training and several years of experience in performing Environmental Site Assessments.

In January of 2001 CECON was retained by Multi-Professional Services Inc. to perform a Phase I Environmental Site Assessment for the property site known as Hangar 22 located on the eastern side of the Gander International Airport.

2.1 Purpose

The purpose of a Phase I Environmental Site Assessment (Hereinafter called a Phase I ESA) is to identify any actual or potential site contamination. This involves the evaluation and reporting of existing information collected through Records Review, Site Visit, and Interviews. Phase I ESA's may assist in reducing uncertainty about potential environmental liabilities and may be a basis for further investigation of the property. Phase I ESA's may be used to make informed decisions about property transactions, identify certain baseline environmental conditions, assist in meeting regulatory requirements, and as an initial step in site remediation.

2.2 Definitions

The following definitions apply in this document:

Adjoining Properties - any properties that are contiguous or immediately adjacent to the property being assessed.

Assessor - a person or business entity who carries out a Phase I ESA according to the
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
THIS OFFER TO LEASE made at the City of St. John's in the Province of Newfoundland this 16th day of March 2001.

BETWEEN: GENERAL AVIATION TERMINAL (Nfld.) Inc.

(hereinafter called "GAT")

OF THE FIRST PART

AND: HER MAJESTY THE QUEEN IN RIGHT OF THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR, AS REPRESENTED BY THE MINISTER OF WORKS, SERVICES AND TRANSPORTATION

(hereinafter called the "Government")

OF THE SECOND PART

WHEREAS:

GAT is owner of aircraft Hangar 22 located at Gander Airport, in the Province of Newfoundland (the "Hangar") as well as the holder of lease rights to 32,245 sq. metres of real property owned by Transport Canada originally leased to Eastern Provincial Airways Limited under lease dated the 25th day of January, 1984 and being lease number 119119 as amended, a true copy of which is attached hereto as Schedule "A", (herein the "Head Lease"); and

The Government has had discussions with GAT respecting a possible lease agreement for that portion of Hangar described in the attached Schedule "B" plan and description as well as a sublease arrangement for that portion of the real property held under the Head Lease that is under part of the Hangar to be offered for lease to the Government (the "Demised Premises"); and
GAT has agreed to set forth an offer to lease to the Government the Demised Premises on terms and conditions hereinafter appearing.

NOW THEREFORE THIS AGREEMENT WITNESSES:

1. GAT offers to lease to the Government the Demised Premises consisting of a total rental area of approximately 44,161 square feet comprised of 6576 sq. feet of Administration Area, 19,850 sq. feet of Hangar (Bay 2) and 17,733 sq. feet of shop space together with the right to park exclusively in 50 parking spaces on parking lots adjacent to the Demised Premises and the rights to use in common with other lawful users the runway apron as described in paragraph 13 hereof on the terms and conditions of this offer.

2. GAT agrees to renovate, reconstruct or construct the Demised Premises in accordance with the scope of work, floor plan and detailed specifications set forth in Schedule “C” to this offer (the “Scope of Work”). GAT agrees that it shall construct the Demised Premises according to the Scope of Work using only quality materials and first class workmanship all in accordance with good construction and engineering practices. GAT agrees that it shall consult Government in its design, planning, implementation and construction of the renovations comprising the Scope of Work. GAT also agrees that it shall permit representatives of Government to attend all construction meetings during the planning and implementation of the Scope of Work.

3. GAT also agrees that it shall engineer, design and construct a water reservoir and fire protection system all in accordance with specifications set out in Schedule “D” to this offer to serve the needs of both the Hangar and Hangar 21 owned by Government. GAT agrees that it shall enter into the contractual arrangement set out in Schedule “E” with the Government as owner of Hangar 21, an adjacent hangar at the Gander Airport, providing for the use of the water reservoir that is a part of the fire protection system which shall be installed in the
Hangar as part of GAT's undertakings if this offer is accepted. The parties agree that any material changes to the use of the reservoir or the agreement governing its use shall require the consent of both GAT and the Government, which consent shall not be unreasonably withheld by the other.

4. GAT agrees that it shall lease to the Government the Demised Premises for a fixed rental rate of $13.77 per square foot per annum for a 10 year term on a net basis to GAT, save and except snow clearing, airport apron and parking lot maintenance which shall be the sole and exclusive responsibility of GAT. All amounts are exclusive of HST, if applicable. If the Government decides it does not want the fire protection system that GAT has undertaken to construct in the Hangar, or if the system required is reduced then the rental rate shall be adjusted for the costs saved by such reduction. If no fire protection system is required then the rental rate shall be $10.32 per square foot per annum, all other terms hereof being the same.

5. GAT agrees that it shall provide a minimum of 50 dedicated parking spaces of approved size in parking lots adjacent to the Demised Premises at all times during the Lease. GAT further agrees that if the use of the Hangar becomes such that 50 parking spaces are not available and dedicated to the Government then they shall immediately take whatever measures are necessary to meet their obligations for parking requirements to the Government that are equivalent to or better than the original arrangements under this offer to lease.

6. GAT offers to the Government two five-year renewal options and a third renewal option which term will terminate on 31 August 2023. The options shall be exercisable by the Government upon a minimum of 12 months written notice in advance of the expiration date of the term. The lease renewal agreements shall contain substantially the same terms and conditions set forth in the original lease agreement with the exception of rent which shall be fixed at the commencement of each of the three option terms on the following basis. The rental shall be
calculated at the commencement of the first renewal term, if exercised, based upon the rental calculated using a per square foot charge of $4.75 per annum for each foot of gross leasable space, plus an adjustment amount equal to the cumulative annual percentage increase in the Consumer Price Index, All Items, for the Province of Newfoundland ("CPI") for each of the ten years of the original lease term, applied to the original rental rate per square foot. The rental rate for the second option term, if exercised, shall be the rate of rent set for the first option term plus the adjustment amount equal to the cumulative annual percentage increase in the CPI for each of the five years of the first renewal term, applied to the rental rate set at the commencement of the first renewal term. The rental rate for the third option term, if exercised, shall be the rate of rent set for the second option term plus the adjustment amount equal to the cumulative annual percentage increase in the CPI for each of the five years of the second renewal term, applied to the rental rate set at the commencement of the second renewal term. For the renewal options, the rental rate shall be fixed at the commencement of the term for each of the full renewal terms. The rental payments for the original term and for each of the renewal terms are herein called the "Base Rent". An example of the calculations for each renewal is attached hereto as Schedule "F".

7. The Government agrees that it shall pay its proportionate share of all municipal taxes and assessments, airport improvement fees and all other charges imposed by any airport authority including ground rental and other assessments paid by airport users and occupants of the Hangar based upon its proportional occupancy of the Hangar footprint, which proportionate amount is currently agreed to be 46%.

8. GAT agrees that the sum of $8089.08 per month of the total monthly rent payable to it pursuant to this offer to lease shall be deducted directly by the Government from the Base Rent and paid to the Department of Industry, Trade
and Rural Development to reduce the equity position which the Department holds in GAT to zero.

9. GAT agrees to extend to Government the following option to purchase the Hangar or the Demised Premises:

(a) at any time between the 24th and 18th month prior to expiry of the initial 10 year term and each renewal term, Government may, in writing, give notice of its intention to commence negotiations to purchase;

(b) within 30 days of the Notice, each party will obtain an independent appraisal of the subject property, including improvements. The appraisals will be exchanged also within that time;

(c) the parties will have 45 days to consider the appraisals, have good faith discussions on price, and reach an agreement;

(d) if they fail to reach an agreement, the parties may engage an independent appraiser (the Third Appraiser) who will review the two appraisals and recommend a compromise valuation; this will be presented in 45 days;

(e) the parties will be bound by the price submitted by the Third Appraiser;

(f) whenever the parties agree on a purchase and sale, they shall enter into a Purchase and Sale Agreement and the closing date shall be coincident with the end of the prevailing lease term. If the sale is for the Hangar, it shall include GAT's interest in the Head Lease and, if for the Demised Premises, the relevant portions of GAT's interest in the Head. If the sale is for the Demised Premises, it shall include continued access to common services associated with the Demised Premises.

(g) the parties may amend this Clause 9 by agreement; and
(h) GAT acknowledges that under no circumstances is Government bound or obligated to purchase either the Hangar or the Demised Premises unless it signs a Purchase and Sale Agreement.

10. GAT agrees that the area of the Demised Premises known as the administration area and shop shall be ready for occupancy by not later than 1 July 2001. The area of the Demised Premises known as the hangar bay shall be ready for occupancy by not later than September 1st, 2001. The parties agree all amounts payable under the offer to lease shall commence upon the substantial completion of the Demised Premises so that they are ready for occupancy by the Government; provided that the payment of rental amounts, taxes, maintenance and all other payments due under the lease shall be pro-rated based upon the percentage of the Demised Premises available for occupancy after substantial completion of the renovations for the Administration and Shop Areas. Full rental payments shall commence upon substantial completion of the construction of the hangar bay area. The effective date for commencement of the term of the lease shall be the date upon which the first rental payment is due, including a partial payment.

11. GAT agrees that it shall enter into a Maintenance Services agreement to provide those services identified in Schedule "G" and in return for which Government agrees to pay GAT during the initial term the sum of $36,000.00 per annum. The parties agree that upon the Government exercising either of the renewal options they shall renegotiate the rate payable for the Maintenance Services and the Government shall have an option to either accept a renewal of the Maintenance Service agreement or undertake to do the maintenance itself. The rate at renewal to be paid for the Maintenance Services shall be based upon the same formula for rental rate renewal set out in paragraph 6 hereof with the $36,000 amount being the amount for the first term renewal to which the cumulative CPI
is applied at the commencement of the first renewal term and the first renewal term maintenance charge being the amount to which cumulative CPI is applied at the commencement of the second renewal term and the second renewal term maintenance charge being the amount to which cumulative CPI is applied at the commencement of the third renewal term. An example of the calculations for each renewal is attached hereto as schedule "F", with necessary changes being made.

12. GAT agrees that it shall provide to the Government, if it accepts this offer, a phase one environmental assessment report demonstrating that the Demised Premises are free of all environmental contaminants and hazardous materials in compliance with all applicable environmental, health and safety laws and regulations. GAT agrees that it shall in the final lease agreement provide the environmental warranties and undertakings set out in Schedule "H" to the Government.

13. GAT agrees that the Government shall have common access rights to the runway apron adjacent to the Hangar with all other lawful users of the Hangar and that such use shall be in accordance with all applicable airport authority policies, laws and regulations.

14. GAT agrees that it shall provide to Government, on or before commencement of the term, releases, postponements, attornments, or it will implement other legal arrangements to the reasonable satisfaction of Government respecting all existing secured charges registered against the title to the Demised Premises. GAT shall also provide Government with the consent of Transport Canada to entering into this lease agreement and consent to placement of an identification sign or signs on the exterior of the Demised Premises. GAT also agrees that it shall provide reasonable efforts to assist the Government in acquiring freehold title to the Demised Premises or the entire Hangar if it becomes owner of the entire leasehold interest therein pursuant to paragraph 9 hereof.
15. GAT acknowledges and agrees that it will have an obligation in the final sub-lease agreement that shall require that GAT maintain in good standing all of the Tenant's obligations under the Head Lease.

16. GAT acknowledges and agrees that the discussions between it and Government are without prejudice and subject to final approval by Government.

17. GAT agrees to hold open this offer until acceptance by the Government at any time prior to 12:00 noon on the 8th day of March 2001, after which time it shall expire and be withdrawn.

18. The parties agree that the final lease shall contain an alternative dispute resolution mechanism clause that shall govern resolution of all matters that may be in dispute between the parties.

19. The parties agree that the building and fixtures that comprise Hangar 22 shall be insured by the Landlord for itself and the Tenant, as their interests appear. The coverage shall be with reputable carriers mutually agreed to and on standard commercial terms for buildings of the nature of the Hangar. Government shall be an additional named insured for those portions of the Premises occupied by Government. The coverage shall be maintained on the Hangar to the full replacement value thereof, and liability insurance shall be to a minimum value of 2 million dollars. Government agrees that it shall pay its proportionate share of the cost of carriage of policy CCP8425185 attached hereto as Schedule "I", to be amended to reflect replacement value for the Hangar. Government shall also maintain and provide proof of Aviation insurance for that portion of the Hangar and premises occupied by Government and GAT shall be named as an additional insured.

20. This agreement may be assigned only with the consent of the other party, which consent shall not be unreasonably withheld. Government agrees that an assignment by GAT for purposes of providing security for a commercial lender
financing the renovations comprising the Scope of Work shall be permitted notwithstanding this paragraph.

21. The parties agree that this offer to lease is subject to the Laws of the Government of Newfoundland and Labrador and each attorns to the jurisdiction of the Courts of Newfoundland in respect of any disputes that arise in relation to interpretation of this agreement.

DATED at St John's, this 6th day of January 2001.

THE CORPORATE SEAL OF General Aviation Terminals (Nfld.) Inc. was hereunto affixed in the presence of

SIGNED SEALED AND DELIVERED by the Minister of Works, Services and Transportation for Her Majesty the Queen in right of the Province of Newfoundland and Labrador

NANCY BURDEN Commissioner of Oaths in and for the Province of Newfoundland Expiry December 31, 2006.
Schedule "A"
Head Lease and Amendments
Schedule "B"
Demised Premises
(2 pages of drawings for building, also part of Scope of Work)
Dated November 2000
SCHEDULE “C”

Scope of Work

PROPOSED RENOVATIONS
HANGAR 22

Shop & Hangar Area:

**Room 100**

*Hangar*

North Wall  
Insulation R-12  
Metal liner panel finish to underside of existing upper windows

South Wall  
Seal all openings  
Insulation R-12  
Metal liner panel finish

West Wall  
(Hangar Door)  
Insulation R-12  
Metal liner panel finish  
Door tracks to be repaired  
Weather stripping around door

East Wall  
5/8" FR Gypsum Board  
1/2" Plywood over GB Bottom 8 ft

Ceiling  
Existing liner panel  
New R-20 Blow-in Insulation

Floor  
Repair as required, cleaned and epoxy paint.  
Lighting is existing, noisy ballasts to be replaced.  
New circulation fans

**Room 101**

*Future Storage*

New walls & ceiling gypsum board  
Painted floor, walls & ceiling

**Room 102**

*Maintenance Office*

New walls & ceiling gypsum board  
Painted floor, walls & ceiling  
Construct stand-up counter and book shelving.
<table>
<thead>
<tr>
<th>Room 103</th>
<th>Furnace Room #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 104</th>
<th>Furnace Room #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 105</th>
<th>Sand Blasting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td>Ventilation to Code</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 106</th>
<th>Paint Shop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td>Ventilation to Code</td>
<td></td>
</tr>
<tr>
<td>Electrical to Code</td>
<td></td>
</tr>
<tr>
<td>install double filtered doors and exhaust system relocated from hangar #3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 107</th>
<th>Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>½&quot; Gypsum Board and Concrete Block - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Painted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 108</th>
<th>Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>½&quot; Gypsum Board - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>½&quot; Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 109</th>
<th>Storage/Files</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Gypsum Board/Concrete Block - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR on West Wall</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board - Painted</td>
</tr>
</tbody>
</table>
Room 110  Avionics

Walls  ¼" Gypsum Board/Concrete Block - Painted
Ceiling  5/8" FR Gypsum Board - Painted
Floor  Concrete - Painted

Room 111  Hydraulics

Walls  Concrete Block - Painted
Ceiling  ¼" Gypsum Board - Painted
Floor  Concrete - Painted

Room 112  Oil Storage

Walls  Concrete Block - Painted  Explosion proof fitting
Ceiling  ¼" Gypsum Board - Painted  Ventilation
Floor  Concrete - Painted  Explosion proof electrical ventilation

Room 113  Receiving

Walls  ¼" Gypsum Board - Painted
Ceiling  ½" Gypsum Board - Painted
Floor  Concrete - Painted
Repair existing OH door panels.

Room 114  Lobby

Walls  Concrete Block - Painted
Ceiling  ¼" Gypsum Board - Painted
Floor  Sheet Vinyl

Room 115  Service Corridor

Walls  Concrete Block - Painted
Ceiling  5/8" FR Gypsum Board - Painted
Floor  Concrete - Painted

Room 116  Corridor

Walls  Concrete Block/Gypsum Board - Painted
Ceiling  T-Bar Acoustic Tile
Floor  Sheet Vinyl
### Room 117

**Lunch Room**

<table>
<thead>
<tr>
<th>Walls</th>
<th>Concrete Block/Gypsum Board - Painted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td>T-Bar Acoustic Tile</td>
</tr>
<tr>
<td>Floor</td>
<td>Sheet Vinyl</td>
</tr>
</tbody>
</table>

### Room 118

**Engine Shop**

<table>
<thead>
<tr>
<th>Walls</th>
<th>Concrete Block: South &amp; East Wall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5/8&quot; FR on West Wall, Plywood North</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td></td>
<td>7'w x 8'h FR Double door</td>
</tr>
</tbody>
</table>

### Room 119

**Staff Room**

<table>
<thead>
<tr>
<th>Walls</th>
<th>Concrete Block/Gypsum Board - Painted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td></td>
<td>Lockers shown on floor plan to be relocated from hangar #3</td>
</tr>
</tbody>
</table>

### Room 120

**Sheet Metal**

<table>
<thead>
<tr>
<th>Walls</th>
<th>5/8&quot; FR GB West wall, North wall, &amp; East wall covered with ½&quot; plywood</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8&quot; high or concrete block</td>
</tr>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
<tr>
<td></td>
<td>7 x 7 FR Double Door</td>
</tr>
</tbody>
</table>

### Room 121

**Elevator**

<table>
<thead>
<tr>
<th>Walls</th>
<th>Concrete Block - Painted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td>n/a</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted (Pit Required)</td>
</tr>
</tbody>
</table>

### Room 122

**Elevator Mechanical**

<table>
<thead>
<tr>
<th>Walls</th>
<th>Concrete Block - Painted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td>5/8&quot; FR Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete Painted</td>
</tr>
</tbody>
</table>
### Room 123
- **Janitor Closet**
  - Walls: Gypsum Board - Painted
  - Ceiling: Gypsum Board - Painted
  - Floor: Concrete - Painted
  - Shelving Required

### Room 124
- **Water Entrance**
  - Walls: Gypsum Board - Painted
  - Ceiling: Gypsum Board - Painted
  - Floor: Concrete - Painted
  - Domestic Water Metered

### Room 125
- **Prop Shop/Clean Room**
  - Walls: Gypsum Board & Plywood Panel - Painted or Concrete Block
  - Ceiling: 5/8" FR Gypsum Board - Painted
  - Floor: Concrete Epoxy Painted

### Room 126
- **Stairwell**
  - Walls: 5/8" FR Gypsum Board - Painted
  - Ceiling: 5/8" FR Gypsum Board - Painted
  - Floor: Sheet Vinyl

### Room 127
- **Compressor/Generator Room**
  - Floor: Concrete - Painted
  - Walls: Concrete Block - Painted
  - Ceiling: ½" Gypsum Board - Painted

### Room 128
- **Storage**
  - Walls: Concrete Block/Gypsum Board - Painted
  - Ceiling: 5/8" FR Gypsum Board - Painted
  - Floor: Sheet Vinyl

### Room 129
- **Nicad Battery**
  - Walls: Concrete Block/Gypsum Board - Painted
  - Ceiling: Gypsum Board - Painted
  - Floor: Concrete - Painted
<table>
<thead>
<tr>
<th>Room 130</th>
<th>Lead Acid Battery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block/Gypsum Board - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>Gypsum Board - Painted</td>
</tr>
<tr>
<td>Floor</td>
<td>Concrete - Painted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 131</th>
<th>Ladies Washroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Concrete Block/Gypsum Board/Ceramic Tile - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>T-Bar Ceiling</td>
</tr>
<tr>
<td>Floor</td>
<td>Quarry Tiles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 132</th>
<th>Men's Washroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Gypsum Board/Ceramic Tile - Painted</td>
</tr>
<tr>
<td>Ceiling</td>
<td>T-Bar Ceiling</td>
</tr>
<tr>
<td>Floor</td>
<td>Clay Tiles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room 133</th>
<th>Compressor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walls</td>
<td>Gypsum Board</td>
</tr>
<tr>
<td>Ceiling</td>
<td>Gypsum Board</td>
</tr>
<tr>
<td>Floor</td>
<td>Clay Tile</td>
</tr>
</tbody>
</table>

Install wiring back to Dispatch room no. 216
Mezzanine Area:

Room 200 to Room 225 Inclusive:

1. ½" GB Walls; 5/8" FR GB Hangar wall only
2. T-Bar Acoustic Ceiling
3. Sheet Vinyl Flooring
4. Lever Handle Door Locksets
5. Rm 223 & Rm 219 wired glass steel frame window 5' x 3' & 3' x 3'
6. Rm 216 window to be replaced with sealed unit
7. Rm 200 stairway: 5/8" FR GB sheeting walls and ceiling, new enclosure around top of stairway with rated exit door.
8. New stairway 224 to be constructed and existing stairway removed.
9. Rm 202 equipped as handicap washroom
10. Area air conditioned throughout
11. Heating is baseboard electric
12. Lighting is flourescent
13. Telephone & data outlets as required. Conduit stubbed to ceiling space only.
14. Office windows to be fitted with blinds or drapes

General Requirements:

1. A fifty space paved parking lot shall be created.
2. All new doors in the shop area shall be steel doors and frames.
3. All windows shall be sealed units.
4. New exterior siding shall be installed on the lower level east side.
5. A new roof membrane shall be installed over the entire hangar and annex area.
6. Heating system in the hangar shall be by two oil fired forced air units. Heating shall be electric in the shops & administration.
7. Electrical system shall be 600 Volt 60 Hz, 3 phase reduced to 120/208V. Tenant area shall be separately metered.
8. Mechanical Systems:
   a. Floor drains shall be connected to an oil interceptor
   b. Existing hangar heating units shall be fitted with new burners, controls, etc. as may be necessary to maintain units in a proper energy efficient order.
   c. Plumbing fixtures shall meet the requirements of the Canadian Plumbing Code and the NFLD Accessibility Code.
   d. Ventilation systems shall be installed in the ground floor shop area as per code and requirements of NFLD Air Services.
   e. Air conditioning systems shall be installed in the office administration area.
   f. Close head foam/water sprinkler system shall be installed in the Hangar area supplemented by portable foam sprinkler units.
   g. Sprinkler system to NFPA 13 shall be installed in the shop and administration area.
h. Provide collection/drainage system for foam/water sprinkler system and resolve any necessary environmental concerns.

i. Fire alarm and detection systems shall be installed to meet existing codes.

j. Intrusion alarm system shall be installed.

k. An exterior reservoir, capacity 120,000 USGAL and pumping station required with three diesel fire pumps and two electrical domestic booster pumps.

9. Shop Rooms 102, 110, 111, 117, 118, 119, 120, 125, keyed same.

10. Rm 114 push button security key

11. Master Key System required.

12. Rm 107 to be separate from master

13. Data outlets required in all offices, stores, maintenance office, engine shop, sheet metal shop, avionics shop.

14. Provide rough-in for PA systems.

15. Existing metal siding on the upper level east, north and west sides to be painted.

16. Space to be cleaned and painted throughout.

17. Renovations shall comply with associated NBC, Electrical, Plumbing, etc., codes. In addition, the space for Air Services shall comply with current accessibility regulations.
Schedule "D"
Fire Protection and Suppression System

A Complete Fire Protection and Suppression system for all of Hangar 22, in accordance with NBC, NFPA 13, NFPA 409 Group II protection and all other applicable codes and standards, with exceptions/clarifications and directions as determined by the authority having jurisdiction.

This system shall include but is not necessarily limited to:

A complete water sprinkler system for the building including the full areas of both Hangar Bays as well as all shops, offices and administration areas, but not including the office annex area which is separated by an existing firewall.

A complete, automatic, low level, low expansion foam system for the full areas of both Hangar bays, using AFF foam concentrate.

A water supply system including a water reservoir (sized by the Fire Commissioner at 70,000 U.S. gallons), automatic filling from the municipal water supply at the full capacity of the municipal supply, 3 Diesel Fire Pumps and all piping, equipment, systems and accessories for a complete system, including provision to serve as a supply for future fire protection systems at the adjacent Hangar 21.

Drainage systems for foam and water sprinkler systems.
1. All capital costs of construction for the account of GAT;

2. Electricity is to be divided 50/50 between GAT and Government; and

3. Reservoir and system will be constructed to accommodate the Hangar and Hangar 21 owned by Government, in accordance with item 6 of the December 2000 Minutes of meeting held at Holiday Inn, St. John's.
SCHEDULE "F"

Method used to calculate CPI adjustment Factor

All CPI adjustments shall be made using the CPI All-items index for the Province of Newfoundland.

The method used to calculate the CPI adjustment factors shall be as follows:

1. Determine the average CPI index at the start of the lease (July 1, 2001), by adding the monthly CPI indexes for an 12 month period starting with the fourteenth month (May 2000) prior to the start of the lease and ending third month (April 2001) prior to the start of the lease, and dividing the total by 12. For illustration purposes, this index shall be the base index and shall be called the Year 0 Index.

2. Determine an average CPI index at the time of lease renewal (July 2011), by adding the monthly CPI indexes for an 12 month period starting with the fourteenth month (May 2010) prior to lease renewal and ending third month (April 2011) prior to lease renewal, and dividing the total by 12. For illustration purposes, this index shall be called the Year 10 Index.

3. The adjustment factor to be applied to the initial rental rate established for the first renewal period ( $4.75 / sq. ft. per annum ) is calculated by dividing Year 10 Index by the Year 0 Index.

   \[
   \text{CPI Adjustment Factor} = \frac{\text{Year 10 Index}}{\text{Year 0 Index}}
   \]

4. To illustrate how the method is applied, the attached table shows fictitious average yearly (from May to April) CPI indexes (Column B) for the base year 0 and for the 10 years following the base year. Assuming the initial lease starts in July 2001, the average CPI index for the base Year 0 (May 2000 to April 2001) is 114.07. Fictitious average CPI indexes for the following 10 years are shown, and in this table the average CPI index for Year 10 (May 2010 to April 2011) is 132.36.

5. The CPI adjustment factor to be applied to the first five-year renewal term (July 1, 2011 to June 30, 2016) thus would be equal to Year 10 Index divided by Year 0 Index = 132.36 / 114.07 = 1.1603.

In this illustration, the renewal rental rate for the first five-year renewal term (years 2011 to 2016) would thus be $4.75 / sq. ft. \times 1.1603 = $5.51 / sq. ft. per annum.

6. An alternative method shown in the table is to calculate the percent annual increase in the CPI indexes for each year compared to the previous year, then compounding these annual
increases up to the end of Year 10. For example, if Year 1 Index = 115.72 and base Year 0 Index = 114.07, then the percent annual increase = \((115.72 / 114.07) \times 100 - 100 = 1.45\%\) (Column B). The compounded increase over base Year 0 is thus 1.0145 (Column D). Similarly if Year 2 Index = 118.14, the percent increase over Year 1 Index = \((118.14 / 115.72) \times 100 - 100 = 2.09\%\) (Column B). The compounded increase over base Year 0 is thus 1.0145 x 1.0209 = 1.0357. In the sample table, the compounded factor for Year 10 = 1.1603, which is exactly the same CPI adjustment factor as calculated in (4) above.

7. The CPI adjustment factor for the second five-year renewal term (July 1, 2016 to June 30, 2021) would be calculated in the same manner. In this instance, the adjustment factor would be calculated by dividing the Year 15 Index by the Year 10 Index (in this case 132.36).

8. The CPI adjustment factor for the third renewal term (July 2021 to 2023) would be calculated in a similar manner as in (7) above, reflecting the CPI change for the previous five-year period.

As the CPI Time Base would likely be updated periodically by Statistics Canada, it is imperative that the CPI indexes be based on a common time base. The Client Services Unit of Prices Division of Statistics Canada can advise the proper procedures for accomplishing this task.

<table>
<thead>
<tr>
<th>Year (A)</th>
<th>Average CPI Index (B)</th>
<th>% Increase over previous year (C)</th>
<th>Compounded Increase over base Year 0 (D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base year 0</td>
<td>114.07</td>
<td></td>
<td>1.0000</td>
</tr>
<tr>
<td>1</td>
<td>115.72</td>
<td>1.45%</td>
<td>1.0145</td>
</tr>
<tr>
<td>2</td>
<td>118.14</td>
<td>2.09%</td>
<td>1.0357</td>
</tr>
<tr>
<td>3</td>
<td>119.71</td>
<td>1.33%</td>
<td>1.0495</td>
</tr>
<tr>
<td>4</td>
<td>119.84</td>
<td>0.11%</td>
<td>1.0506</td>
</tr>
<tr>
<td>5</td>
<td>122.81</td>
<td>2.47%</td>
<td>1.0766</td>
</tr>
<tr>
<td>6</td>
<td>125.98</td>
<td>2.59%</td>
<td>1.1044</td>
</tr>
<tr>
<td>7</td>
<td>127.81</td>
<td>1.45%</td>
<td>1.1204</td>
</tr>
<tr>
<td>8</td>
<td>130.48</td>
<td>2.09%</td>
<td>1.1439</td>
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\[
\text{Year 10 Index} / \text{Year 0 Index} = 132.36 / 114.07 = 1.1603
\]

\[
\text{Compounded adjustment factor} = 1.1603
\]
SCHEDULE "G"

ATTACHED AGREEMENT FOR MAINTENANCE SERVICES
AGREEMENT FOR BUILDING MAINTENANCE SERVICES

THIS AGREEMENT made the 1st day of July, 2001, between General Aviation Terminal (Nfld.) Inc. (the “Contractor”), a corporation under the laws of the Province of Newfoundland and Her Majesty the Queen in Right of Newfoundland, as represented by the Minister of the Department of Works, Services & Transportation (the “Government”).

IN CONSIDERATION of the sum of $2 paid by each of the parties to the other (the receipt and sufficiency of which is acknowledged by each party), the mutual covenants contained in this agreement and other good and valuable consideration, the parties covenant and agree with each other as follows:

1. Contractor’s Obligations

During the term of this agreement, the Contractor will provide maintenance services for the Government’s premises located at Hangar 22, Gander, Newfoundland, all in accordance with the specifications attached as Appendix “A” and signed for identification by the Contractor and the Government, which specifications are to be read into and form part of this agreement.

2. Payment

For the services and materials mentioned, the Government shall pay to the Contractor during the term of this agreement the sum of $36,000.00 per annum to be paid in arrears as follows: $3,000.00 on the last day of each contract month during the term plus applicable HST. The expression “contract month” when used shall mean a calendar month, the first of which shall commence on the commencement date of the term of this agreement.

3. Term

The term of this agreement shall be for 10 years and shall commence the 1st day of July, 2001, and end on the 30th day of June, 2011, subject to the right of renewal or extension, as the case may be and pro rated in accordance with Clause 10 of the Offer to Lease.

4. Damages

The Contractor shall be in no way responsible for any failure to perform any of the services mentioned in paragraph 1 caused by any act or neglect of the Government or employees of the Government or caused by strikes, lockouts, fire, unavoidable casualties, act of God or by any other cause of any kind whatsoever beyond the control of the Contractor.

5. Contractor’s Employees

While engaged in performance of the services all employees of the Contractor shall be covered by public liability and property damage insurance in amount of not less than
$2,000,000.00 and covered by Workers' Compensation and automobile insurance.

6. Indemnity

During the term of this agreement, and subject to the immediately following provisos, the Contractor shall indemnify and save harmless the Government from and against all loss, costs, damages and expense occasioned to the Government by any act, breach, omission, fault, default or negligence of the Contractor or those for whom the Contractor is in law responsible; provided, and it is expressly understood and agreed by and between the parties that the Contractor shall be in no way responsible to the Government under the provisions of this paragraph unless a claim in writing is made against the Contractor within 60 days from and after the loss or damage event. The indemnity contained in this agreement shall not be prejudiced by, and shall survive, the termination of this agreement.

7. Variation of Specifications

The parties may at any time and from time to time alter or vary the specifications and the price to be paid by the Government for the services to be performed, but no such change shall be binding on either party unless reduced to writing and signed by the party to be charged therewith.

8. Renewal

In accordance with Clause 11 of the Offer to Lease.

9. Termination

This agreement may be terminated at any time on 180 days' written notice by the Government.

10. Arbitration and Mediation

In accordance with Clause 18 of the Offer to Lease.

11. Notices

In accordance with the Offer to Lease.

12. General Conditions

1. The Contractor agrees that the location, Hangar 22, will be inspected once per month during daylight by a supervisor, to ascertain that all the conditions of this agreement are being performed to the satisfaction of both parties.
2. The Contractor will report to the Government any circumstances not in keeping with good security, e.g., doors and windows left open or unlocked, electric machines or motors left running, unauthorized lights left on or any articles of value found.

3. A report pertaining to the proper upkeep of the contract areas will be submitted in conjunction with the monthly invoice, bringing to the attention of the Government's representative any defect noticed by the Contractor's staff.

4. The Contractor agrees that all services shall be performed by fully trained personnel certified as appropriate.

5. The Government agrees that in the event of its personnel desiring access to Hangar 22 after normal hours, it will not be the responsibility of the Contractor or the Contractor's personnel to ascertain identification or to provide means of access to any building after normal business hours.

13. **Headings**

   The headings in this agreement are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions of this agreement.

14. **Time of the Essence**

   Time is of the essence of this agreement and of all provisions of it.

15. **Governing Law**

   This agreement shall be construed and enforced in accordance with the laws of the Province of Newfoundland.

16. **Entire Agreement**

   This agreement embodies the entire agreement of the parties with regard to the matters herein, and no other agreement shall be deemed to exist except as entered into in writing by both parties to this agreement.

17. **Assignment**

   The Contractor shall not assign this agreement or any part of it and may not employ or retain anyone as a subcontractor or otherwise, to perform any part of its obligations under this agreement without in each instance obtaining the prior written consent of the Government, which consent may be not unreasonably withheld. The Government shall have the right, at its election, to assign this agreement to any person, firm or corporation, with the consent of the Contractor.
18. **Enurement**

This agreement shall enure to the benefit of and be binding on the parties and their respective heirs, executors, successors and assigns.

19. **Partial Severability**

If any part of this agreement is held or rendered invalid or illegal, the remainder of this agreement continues to apply.

IN WITNESS WHEREOF the parties have executed this agreement on the date first written above.

(Signatures)

**NANCY BURDEN**
Commissioner of Oaths
in and for the Province of Newfoundland

Subsection 40(1)

**GENERAL AVIATION TERMINAL (NFLD) INC.**

**HER MAJESTY THE QUEEN IN RIGHT OF NEWFOUNDLAND**

Subsection 40(1)
APPENDIX “A”
SPECIFICATIONS

The Contractor will perform the following maintenance activities and others which may be agreed to:

1. **Snow Clearing**

   The Contractor will plow, clear and remove all snow and take steps to control ice buildup by salting and sanding in these areas:

   (a) the designated parking lot;
   (b) the airport apron area contiguous with Hangar 22; and
   (c) the driveway to the receiving door at Hangar 22.

2. The Contractor will respond promptly to all requests for snow clearing and will co-operate with the Government to establish a reasonable standard and routine for this activity.

3. **Elevator**

   The Contractor will maintain in good order and continuous operation the elevator to be installed in the Demised Premises for use by the Government, its employees, agents, visitors and customers; and will keep it in a clean and hygienic state. The Contractor will ensure all inspections are done, work orders are promptly observed, permits are maintained and provincial regulations are observed. Inspections and maintenance will be done in a timely manner in accordance with all prevailing codes and standards.

4. **HVAC Controls**

   The Contractor will inspect from time to time and maintain in good operating condition at all times the heating, ventilation and air conditioning system which services the second floor of the demised premises as well as the heating and ventilation system on the ground floor together with the washroom exhaust systems.

5. **Fire Protection and Fire Alarms**

   The Contractor will perform all required maintenance, repairs and regular servicing of the fire alarm, water reservoir if any, pumping system if any, and sprinkler systems, including periodic foam replacement.

6. **Hangar Heating System**

   The Contractor will ensure the continued and reliable operation of the Hangar heating
system consisting of both hot air furnaces and associated equipment and attachments, including future partial or complete replacement, if necessary. The system must be capable of maintaining an adequate temperature to permit the employees to perform their duties.

7. **Exterior Envelope and Structure**

All building components including the roof, structural framing and members, windows, siding, entrance doors, overhead doors, hangar door, site services, walkways, exterior lights and all related systems and accoutrements will be maintained and repaired as necessary by the Contractor to ensure the safe and efficient occupation by the Government.

8. **Other Systems**

The Contractor will maintain, repair and replace as necessary all electrical and mechanical systems in Hangar 22, as well as water and plumbing systems, and the specialized grounding system.

9. **Lines and Signs**

The Contractor will apply and maintain appropriate painted lines in the dedicated parking lot provided for the employees of the Government and in addition will erect appropriate signage for traffic direction and to indicate the parking is private and exclusive.

10. **Electricity**

The Contractor will pay the cost of electricity for the water reservoir and to heat the pump house, and will be reimbursed 50% upon proof of payment.

11. **Public Utilities**

The Contractor will maintain a connection to, and ensure the operation of all applicable public utilities including water, sewer, electricity and telephone services as they relate to Hangar 22.
SCHEDULE "H"

Environmental Matters

1. Representations and Warranties

(1) All operations of GAT pertaining to GAT or the Demised Premises, and any premises themselves occupied by GAT in the operation of GAT, have been and are now in compliance with all environmental laws in force and effect and any future environmental laws that, to the knowledge of GAT, are presently planned or proposed by governmental authorities. Any release by GAT of any hazardous substance from GAT or the Demised Premises into the environment has complied and will comply with all environmental laws. All approvals of government authorities required to be held by GAT concerning the environment have been obtained. are valid and in full force and effect, have been and are being complied with, and there have been and are no proceedings commenced or threatened to revoke or amend any such approvals. Neither GAT nor any of the Demised Premises has been or is now the subject of any remedial order (being any administrative complaint, direction, order or sanction issued, filed or imposed by any governmental authority pursuant to any environmental laws), nor does GAT have any knowledge of any investigation or evaluation commenced as to whether any remedial order is necessary nor has any threat of any remedial order been made nor are there any circumstances which could result in the issuance of any remedial order.

(2) With respect to GAT and the Demised Premises, GAT has never been prosecuted for or convicted of any offence under any environmental laws, nor has GAT been found liable in any proceeding to pay any fine or judgment to any person as a result of any proceeding to pay any fine or judgment to any person as a result of any release or threatened release of any hazardous substance into the environment or the breach of any environmental law and, to the knowledge of GAT, there is no basis for any such proceeding. To the knowledge of GAT, no part of any premises occupied by GAT in the operation of GAT has ever been used as a landfill or for the disposal of waste. GAT neither uses nor stores in or on the premises occupied by it in the operation of GAT any equipment, waste or other material containing PCBs. GAT has no knowledge of any hazardous substance in, on or under the premises occupied by it in the operation of GAT or in, on or under any neighbouring or adjoining properties.

2. Environmental Indemnity

GAT covenants and agrees to indemnify and save harmless Government and each of its officers, directors, employees and agents (the "indemnified parties") from and against all claims, demands, actions, causes of action, damage, loss, costs, liability or expense which may be made or brought against the indemnified parties or which they may suffer or incur, directly or indirectly as a result of or in connection with any incorrectness in or breach of any representation or warranty of GAT contained in this Agreement respecting environmental matters, including without limitation any claims brought or imposed at any time by third parties in connection with environmental matters.
SCHEDULE “I”

ATTACHED CERTIFICATE OF INSURANCE
CERTIFICATE OF INSURANCE

Name of Insurer: DOMINION OF CANADA

This is to certify that policies of insurance as herein described have been issued to the Insured named below and are in force at this date.

Name of Insured: GENERAL AVIATION

Address of Insured: P.O. BOX 10 GANDER, NF A1V 1W5

Location and Operations to which this Certificate applies: HANGER, GANDER INTERNATIONAL AIRPORT

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Note: The insurance afforded is subject to the terms, conditions and exclusions of the applicable policy. This Certificate is issued as a matter of information only and confers no rights on the holder and imposes no liability on the Insurer. The Insurer will endeavor to mail to the holder of this Certificate 30 days written notice of any material change in or cancellation of these policies, but assumes no responsibility for failure to do so.

Date: February 16, 2001

Subsection 40(1)
SUPPLEMENTAL ENTENTE SUPPLÉMENTAIRE

AGREEMENT

AIRPORT - AÉROPORT
Gander International

PM NO. - N° DE LOTIERS MK5156-A145-96
CONTROL NO. - N° DE CONTRÔLE 5156-83

AMENDING THE FOLLOWING DOCUMENT - MODIFICATION DU DOCUMENT EXISTANT:
LEASE - DÉTAIL
LOI / PERMIS
OTHER - AUTRE

WITH EFFECTIVE DATE - DATE D'ENTRÉE EN VIGUEUR
1983.09.24
QX1294-3

SUPPLEMENTAL AGREEMENT NO. - N° DE L'ENTENTE SUPPLÉMENTAIRE

AGREEMENT BETWEEN:
Her Majesty the Queen in right of Canada
represented by the Minister of Transport
Airport General Manager
P. O. Box 400
Gander, NF A1V 1W8

ENTENTE ENTRE:
Sa Majesté la Reine du Chef du Canada
représentée par le Ministre des Transports

LEGAL NAME - NOM LEGAL
GENERAL AVIATION TERMINAL (NFLD.) INC.

ADDRESS - ADRESSE
P. O. Box 10
Gander, NF
A1V 1W5

THE PARTIES AGREE AS FOLLOWS - LES PARTIES CONVENIENT DE CE QUI SUIT:

1. To amend the Reddendum clause of the said Lease effective September 1, 1998 by striking out the Clause in its entirety and substituting therefor the following:

4.01 RENT

The Lessee shall pay during the currency of this Lease to the Lessor through the Honourable the Receiver General for Canada for the time being, in lawful money of Canada the following rent, until changed pursuant to the provisions of Clauses 38, 39 and 40 thereof:

(1)

For the term commencing on the first day of September, 1998 and ending on the thirty-first day of August 2003:

(a) TWENTY EIGHT THOUSAND THREE HUNDRED SEVENTY-FIVE DOLLARS AND FIFTY-SIX CENTS ($28,375.56) per annum for land rent, payable in advance, in monthly installments of TWO THOUSAND THREE HUNDRED SIXTY-FOUR DOLLARS AND SIXTY-THREE CENTS ($2,364.63), AND

(b) NINE THOUSAND SIX HUNDRED SEVENTY-THREE DOLLARS AND FIFTY-SIX CENTS ($9,673.56) per annum for airport maintenance, payable in advance, in monthly installments of EIGHT HUNDRED SIXTY DOLLARS AND THIRTEEN CENTS ($806.13);

Each and every installment to be payable on the first day of each and every month, commencing on the first day of September, 1998.

(2)

All other terms and conditions to remain unchanged.

IN WITNESS WHEREOF
EN FOI DE QUOI

President, General Aviation Terminal

Airport General Manager

Signature

Date 1998-09-03

All other Conditions, Covenants and provisions of the Original Agreement remain unchanged.
Toutes les autres conditions, engagements, stipulations et dispositions prévues à l'entente originale demeurent inchangées.
LEASE BETWEEN
HER MAJESTY
THE QUEEN AND
EASTERN PEPROVINCIAL AIRWAYS LIMITED

DATE OF AUTHORIZING ORDER IN COUNCIL
DATE DU DÉCRET DU CONSEIL AUTORISANT LE BAIL:
P.C. 1982-2718, September 3, 1982

DATE OF LEASE - DATE DU BAIL:
January 25, 1984

Gander International Airport, Newfoundland

THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE SQUARE METRES (32 133), more or less, of land
at Gander International Airport, at Gander in the Province of Newfoundland as a site for the
Leasee's Hangar.

BEGINNING OF TERM
COMMENCEMENT DU TEMPS:
September 24, 1983

END OF TERM
FIN DU TEMPS:
five (5) years and then to be
fully complete and ended.

RENTAL - LOYER

see redendum clause

MEMORANDA - NOTES

(Lease #74519 complete by effluxion)
THIS INDENTURE made this 25th day of January, one thousand nine hundred and eighty-four;

BETWEEN:

HER MAJESTY THE QUEEN, represented herein by the Minister of Transport (hereinafter called "the Lessor"),

Of the First Part:

—and—

EASTERN PROVINCIAL AIRWAYS LIMITED

P. O. Box 5001

Gander, Newfoundland

A1V 1W9

(hereinafter called "the Lessee").

Of the Second Part.

WITNESSETH that the Lessor, in consideration of the rents, covenants, provisos and conditions hereinafter reserved and contained, hath demised and leased, and, by these Presents, doth demise and lease unto the Lessee:

ALL AND SINGULAR that certain parcel of land (hereinafter referred to as "the said land") situate lying and being comprised in Gander International Airport (hereinafter referred to as "the said airport") at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32 133) SQUARE METRES, more or less, and being more particularly shown on Drawing No. A145.A007.W009, dated Moneton, N. B., October 3, 1983, hereto annexed.

TO HAVE AND TO HOLD the said land unto the Lessee, from and after the twenty-fourth day of September, One Thousand Nineteen and Eighty-three, for a term or period of five (5) years and then fully to be complete and ended.

YIELDING AND PAYING therefor, during the currency of this Lease, unto the Lessor, through the Honourable the Receiver General for Canada for the time being, in lawful money of Canada the following rent or sums:

(a) THREE HUNDRED AND TWO DOLLARS AND SIXTY-FOUR CENTS ($302.64), for land rental, payable in advance on the twenty-fourth day of September, 1983.

(b) ONE HUNDRED AND EIGHTY-FOUR DOLLARS AND NINETY-FIVE CENTS ($184.95), for airport maintenance charge, payable in advance on the twenty-fourth day of September, 1983.

(c) FIFTEEN THOUSAND FIVE HUNDRED SIXTY-FOUR DOLLARS AND TWENTY-FOUR CENTS ($15,564.24) per annum, for land rental, payable in advance in monthly installments of ONE THOUSAND TWO HUNDRED NINETY-SEVEN DOLLARS AND TWO CENTS ($1,297.02) each, on the first day of each and every month during the lease term, commencing on the first day of October, 1983.

Subsection 40(1)
(d) Nine thousand five hundred eleven dollars and fifty-six cents ($9,511.56) per annum, for airport maintenance charge, payable in advance in monthly installments of seven hundred ninety-two dollars and sixty-three cents ($792.63) each, the first day of each and every month during the lease term, commencing on the first day of October, 1983.

Without waiving any other right of action of the Minister in the event of default of payment of rentals hereunder, in the event that the Lessee is delinquent after the first day of each month for a period of fifteen (15) days or more in paying the monthly rental payments, the Lessee shall pay interest thereon at the rate of 1 3/4 percent per month retroactive from the date any such amount is due and payable until fully paid. In order to reflect prevailing interest rates, the Lessor may review and adjust the interest rate from time to time.

IT IS AGREED that the word "Lessor" when used herein shall mean the Sovereign and shall include the Successors and Assigns of the Sovereign; the word "Lessee" or other words relative thereto, or of like import, shall mean and include, irrespective of gender or number, the party or parties of the second part as above designated or described, and their or any of their executors, administrators, successors or assigns; the word "Minister" shall mean the person holding the position, or acting in the capacity, of the Minister of Transport, for the time being, and shall include the person holding the position, or acting in the capacity, of the Deputy Minister of Transport, for the time being; the word "Administrator" shall mean the Atlantic Regional Administrator, Canadian Air Transportation Administration for the time being, of the Department of Transport of Canada at Moncton, N. B., or such person duly appointed to act in that behalf; the words "Airport Manager" shall mean the person holding the position, or acting in the capacity, of the Airport General Manager of the Gander International Airport, for the time being.

AND FURTHER AGREED by and between the said parties hereto that these Presents are made and executed upon and subject to the covenants, provisos, conditions and reservations hereinafter set forth and contained, and that the same and every one of them, representing and expressing the exact intention of the parties, are to be strictly observed, performed and complied with, namely:

1. PAYMENT OF RENTAL

That the Lessee will pay all rental herein reserved at the time and in the manner in these Presents set forth, without any abatement or deduction whatever.

2. PAYMENT OF TAXES

That the Lessee will pay or cause to be paid all rates, taxes and assessments, of whatsoever description, that may at any time during the existence of these Presents be lawfully imposed, and become due and payable, upon, or in respect of the said land or any part thereof.

3. COMPLIANCE WITH REGULATIONS

(a) That the Lessee shall in all respects abide by and comply with all applicable lawful rules, regulations and by-laws of the Federal Government, Provincial Government, Municipal Government or any other governing body whatsoever and with all local police, health or fire regulations or by-laws, in any manner affecting the said land.

(b) That the Lessee shall abide by and comply with all regulations and directives regarding traffic control, airport security, sanitation and all other regulations and directives relative to the management and operation of the said airport.

4. ASSIGNMENT

That the Lessee shall not make any assignment of these Presents, nor any transfer or sub-lease of the whole or any part of the lands, demised or leased hereunder, without obtaining the prior consent in writing of the Minister to such assignment, transfer or sub-lease.

Subsection 40(1)
ACCESS

(a) That the Lessor, Her servants or agents, shall have full and free access for inspection purposes during normal business hours and in the presence of the Lessee or a representative of the Lessee to any and every part of the said land; it being expressly understood and agreed, however, that in cases of emergency, the Lessor, its officers, servants or agents, shall at all times and for all purposes have full and free access to the said land.

(b) That, subject as in this Lease provided, the Lessee shall have quiet possession of the said land, and the right of ingress and egress over the airport roadways subject to rules and regulations as may be established by the Lessor respecting such use.

PURPOSE

That the said land shall be used as a site for the Lessee's building (hereinafter referred to as the said building) and the said land and said building shall be used for aviation purposes, and for no other purpose or purposes whatever.

"AS IS" CONDITION

That the Lessee hereby accepts the said land in an "as is" condition and any improvements made to the said land by the Lessee at any time during the currency of this Lease, to make the said land suitable for the operations of the Lessee hereunder, shall be at the risk, cost and expense of the Lessee and to the satisfaction of the Minister.

CLAIM OR DEMAND

That the Lessee shall not have any claim or demand against the Lessor and/or any of its officers, servants or agents for detriment, damage, accident or injury of any nature whatsoever or howsoever caused to the said land, or to any person or property, including any structures, erections, aircraft, equipment, materials, supplies, motor or other vehicles, fixtures and articles, effects and things erected, brought, placed, made or being on or about the said land or in the said building, unless such damage or injury is due to the negligence of any agent, officer or servant of Her Majesty the Queen in right of Canada while acting within the scope of his duties or employment.

ERECTION AND MAINTENANCE OF BUILDINGS OR STRUCTURES

(a) That the Lessee shall not reconstruct or erect any building or other structures on the said land without obtaining the prior written approval of the Minister or his designated representative, of plans showing the design and nature of construction of such building or structures and their proposed location, and all such buildings or structures shall be constructed and thereafter maintained by and at the cost and expense of the Lessee to the satisfaction of the Minister.

(b) If, at any time during the term of this Lease or any renewal thereof, the Lessee defaults in its obligation of maintaining the said land and the said buildings, structures and improvements and every of them, in accordance with the requirements of this Lease, the Airport Manager may give written notice, specifying the respect in which such maintenance is deficient, to the Lessee. If, within fifteen (15) days from the giving of such notice the default specified in such notice has not been remedied or (if the nature of such default reasonably requires more than fifteen (15) days to remedy and make right) the Lessee has not commenced, or having commenced, is not diligently completing the remedying of such default, or if such maintenance is not of a type satisfactory to the Airport Manager, the Lessor may enter upon the said land and the said buildings, structures and improvements and perform such maintenance, at the cost and expense of the Lessee, plus such additional charge as may then be applicable, in accordance with Subsection 40(1)
the policies of the Lessor for administration and overhead; it being expressly understood and agreed that the Lessor shall not be under any obligation to perform any maintenance during the term of this Lease.

10. MAINTENANCE OF LEASED AREA

That the Lessee shall, at the cost and expense of the Lessee, maintain the said land and shall keep the land free of debris and neat and tidy at all times, all to the satisfaction of the Airport Manager.

11. ADDITIONAL RIGHTS OF THE MINISTER

That the Lessor reserves the right to grant leases or licences, rights of way or privileges to others on, over, under, through or across the said land, provided however, that such rights of way or privileges are not detrimental to the proper conduct of the business or operation of the said buildings and related services, will not damage or disrupt permanently the physical facilities of the Lessee, will not impose any cost upon the Lessee, and will not weaken, diminish or impair the rights and obligations of the parties under this Lease.

12. UTILITIES

(a) That the Lessee shall, at the cost and expense of the Lessee, be responsible for the installation and maintenance of the connecting system to the Lessor’s water, sanitary sewerage and storm sewage systems at the nearest point of connection; the plans and specifications for connecting to such services shall be approved by the Administrator before work is commenced and the work in connection therewith be performed under the supervision of a designated officer of the Administrator.

(b) That the Lessee shall construct improvements on the said land in such manner that the surface drainage water on the said land will be discharged into the Lessor’s drainage system, and plans for the construction of storm drainage services shall be subject to the approval in writing, of the Airport Manager prior to installation of such services, for compatibility with the field drainage channels serving the said land, all at the cost and expense of the Lessee.

(c) That the Lessee shall, at the cost and expense of the Lessee, provide complete and proper arrangements for the adequate sanitary handling and disposal away from the said airport of all trash, garbage and other refuse on or in connection with the Lessee’s operations under this Lease, all to the satisfaction of the Airport Manager. Piling of crates, cartons, barrels or other similar items shall not be permitted in a public area on the said airport.

(d) That the Lessee shall be responsible at the cost and expense of the Lessee for making arrangements for all utilities not supplied by the Lessor, hereunder provided, however, that the plans and specifications for installation thereof must be approved by the Airport Manager and the work performed under the supervision of a designated officer of the Administrator.

13. NOISE

That the Lessee shall not do, suffer or permit to be done any act or thing upon or above the said leased land or buildings which is or would constitute a nuisance to the occupants of any lands or premises adjoining or in the vicinity of the said leased land or buildings or to the public generally.

14. ENVIRONMENTAL PROTECTION STATUTES

That the Lessee shall accede to and abide by any appropriate Federal, Provincial, Territorial and/or Municipal or local Environmental Protection Statutes.
16. FIRE PREVENTION

That the Lessee shall, at the expense of the Lessee, take all precaution to prevent fire from occurring in or about the said premises, and shall observe and comply with all laws and regulations in force respecting fires at the said airport, and with all instructions given from time to time by the Airport Manager with respect to fires and extinguishing of same.

17. TEMPORARY SUSPENSION OF SERVICES

That, without limiting or restricting the generality of the provisions of Clause No. 8 hereof, the Lessee shall not make any claim or demand, nor bring any action or suit or petition against Her Majesty the Queen in right of Canada and/or the Minister and/or any of his officers, servants or agents for any damage which the Lessee may sustain by reason of any temporary suspension, interruption or discontinuance, in whole or in part, from whatever cause arising in services supplied by the Lessor hereunder.

18. ADVERTISING

That the Lessee shall not construct, erect, place or install on the outside of the said building or on the said land any poster, advertising sign or display, electrical or otherwise, without first obtaining the consent, in writing, of the Airport Manager.

19. DRAINAGE AND DISCHARGE OF MATERIAL

That the Lessee shall not discharge, cause or permit to be discharged or howsoever to pass into the sewer systems, storm drains or surface drainage facilities at the said airport or elsewhere any deleterious material, noxious, contaminated or poisonous substances, all as determined by the Airport Manager whose decision shall be final; it being expressly understood and agreed that in the event of said discharge or escape of such deleterious material, noxious, contaminated or poisonous substance in and under the control of the Lessee the cost incurred in the clean-up to the satisfaction of the Airport Manager, shall be to the Lessee's account.

20. INTERCEPTORS

That, if required by the Administrator, grease, oil and sand interceptors shall be provided by the Lessee. All interceptors shall be of a type and capacity approved by the Administrator and shall be readily accessible for cleaning and inspection. Such interceptors shall be maintained by the Lessee, at the expense of the Lessee, in continuous, efficient operation at all times.

21. INDEMNITY

That the Lessee shall at all times indemnify and save harmless the Lessor and/or any of its officers, servants or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by or attributable to the execution of these Presents, or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any officer or servant of Her Majesty the Queen in right of Canada while acting within the scope of his duties or employment.

22. INSURANCE

(a) That the Lessee shall place and at all times maintain during the currency of this Lease public liability and property damage insurance against claims for personal injury, death or damage to property arising...
out of any of the cessions of the Lessee, or any of his agents, employees or servants; such insurance shall be with a company or companies acceptable to the Lessor and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(b) That the Lessee shall place and shall at all times maintain during the currency of this Lease, insurance against fire with respect to any improvements, buildings or structures constructed, brought or placed upon the said leased land by the Lessee during the term of this Lease, and any renewals hereof and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(c) That the Lessee shall submit such policy or policies or certified copies thereof and any renewals thereof to the Minister for review and approval together with proof of payment of the premiums therefor.

(d) That the Lessee shall not do or omit to do or suffer anything to be done or omitted to be done on the said leased premises which will in any way impair or invalidate such policy or policies. Every policy shall contain a provision that written notice of cancellation shall be given to the Minister.

23. REASONABLE USE

That the Lessee shall not, during the currency of this lease, do, suffer nor permit to be done any act or thing which may impair, damage or injure the said land, the said building or any part thereof, beyond the damage occasioned by reasonable usage, and shall, at the cost and expense of the Lessee, repair and renew in a good sufficient and workmanlike manner all portions of the leased premises or the said building which may at any time by the Lessee be damaged (ordinary wear and tear only excepted) and in the event of the failure on the part of the Lessee to do so repair and renew, the Lessee shall indemnify and save harmless the Lessor from all damages, costs and expenses suffered or incurred by the Lessor by reason of such impairment, damage or injury to the extent the Lessee is liable for the same in law, such payment to be made forthwith upon receipt of appropriate accounts therefor.

24. REPAIR OF DAMAGE

That if at any time or times hereafter any damage or injury (ordinary wear and tear only excepted) should be occasioned to the said land, the said building, or any part thereof, or to any works of the Lessor on the said airport by reason of or on account of the operations of the Lessee hereunder or any action taken or things done or maintained by virtue thereof, then, and in every such case, the Lessee shall, within a reasonable time upon notice thereof from the Administrator given in writing, repair, rebuild and restore the same in good, sufficient and workmanlike manner; in the event of failure on the part of the Lessee to do so repair, the Administrator may, at his option, repair such damage or injury in which case the Lessee shall repay and reimburse the Lessor for all costs and expenses connected therewith to the extent the Lessee is liable for the same in law plus such additional charge as may then be applicable in accordance with the policies of the Lessor for administration and overhead forthwith upon receipt by the Lessee of appropriate accounts therefor from the Lessor; provided, however, that in the event of failure on the part of the Lessee to repair such damage or injury and in the event of non-repair by the Lessor the Lessee shall remain liable to the Lessor for the amount of such damage or injury to the extent the Lessee is liable to the Lessor in law and payment of such amount shall be made by the Lessee to the Lessor forthwith upon receipt by the Lessee of appropriate accounts therefrom from the Lessor.

25. OVERHOLDING TENANCY

Provided always and it is hereby agreed by and between the parties hereto that if the Lessee shall hold over after the expiration of the term hereby granted or after the expiration of the last renewal hereof, and the Lessor shall accept rent, the new tenancy thereby created shall be a tenancy at
will and not a tenancy from year to year, and the Lessee shall pay as rent during the time of such occupancy a rental to be determined at the discretion of the Lessor, and shall be subject to the covenants and conditions herein contained so far as the same are applicable to tenancy at will.

26. BANKRUPTCY

That notwithstanding anything in this Lease contained, if the Lessee becomes bankrupt or insolvent or has a receiving order made against it or makes an assignment for the benefit of the Lessee’s creditors, or if an order is made or resolution passed for the winding up of the Lessee or if the Lessee takes the benefit of any statute for the time being in force relating to bankruptcy or insolvent debtors, then, the Lessee shall be entitled in addition to whatever rights are provided in the relevant legislation to terminate this Lease as provided herein and to take whatever steps as are provided in such event.

27. MEMBERS OF THE HOUSE OF COMMONS

Pursuant to the provisions of the statute in such case made and provided, no Member of the House of Commons of Canada shall be admitted to any share or part of this Lease or to any benefit to arise therefrom.

28. DEFAULT

That, in case of non-payment of rental and in case any default, breach or non-observance be made or suffered by the Lessee at any time or times, in, or in respect of any of the covenants, provisions, conditions and reservations herein contained, which on the part of the Lessee ought to be observed or performed, then, and in every such case, provided reasonable steps have not been taken to cure the non-payment, any such default, breach or non-observance within fifteen (15) days from the date of notice in writing thereof, from the Lessor to the Lessee and signed by or on behalf of the Minister, the Lessor may terminate this Lease by giving to the Lessee thirty (30) days' notice, during which time the Lessee is no longer permitted to cure such non-payment, default, breach or non-observance in writing of its intention to terminate, signed by or on behalf of the Minister and thereupon, after the expiration of such period of notice, this Lease shall be determined and ended without any further notice or delay, and the Lessee shall thereupon, and also in the event of the determination of this Lease in any other manner, except re-entry under Clause 29 hereof, and, except and subject as in this lease otherwise provided, if required by the Minister, forthwith remove from the said leased land and premises all chattels, goods, supplies, articles, equipment, materials, effects and things at any time brought or placed thereon or therein by the Lessee, and shall also to the satisfaction of the Minister, repair all and every damage and injury occasioned to the lands and premises of the Lessor by reason of such removal in the performance thereof, but the Lessee shall not, by reason of any action taken or things performed or required under this clause, be entitled to any compensation whatever; PROVIDED that, unless required by the Minister, no chattels, goods, supplies, articles, equipment, materials, effects or things shall be removed from the premises of the Lessor until all rent due or to become due under this Lease is fully paid.

29. RE-ENTRY

That, notwithstanding anything in this Lease contained, if the rent above reserved or any part thereof, shall be in arrear, or unpaid for thirty (30) days next after any of the days or times hereinbefore appointed for the payment thereof, whether or not the same shall have been in any manner demanded, or in case default, breach or non-observance be made or suffered by the Lessee at any time or times, in, or in respect of any of the covenants, provisions, conditions and reservations herein contained, which on the part of the Lessee ought to be observed and performed, then, and in every such case, it shall be lawful for the Lessor, its Servants or Agents, to re-enter and thereafter to have, possess and enjoy in full ownership the said leased land and all improvements thereon; nevertheless, the Minister may at his option compel the Lessee to remove from the said leased land any improvements and any goods, chattels, materials, effects or things from the said leased land all at the risk of and cost and expense of the Lessee.
And no acceptance of rent subsequent to any breach or default, other than non-payment of rent, nor any condoning, excusing or overlooking by the Lessor on previous occasions of breaches or defaults similar to that for which remedy is made shall be taken to operate as a waiver of this condition nor in any way to defeat or affect the rights of the Lessor hereunder.

30. ACTS OF GOD

That if by reason of lightning, tempest, impact of aircraft, explosion, the Queen's enemies or Acts of Good, the said buildings shall, at any time during the term hereby granted or any renewal thereof, be destroyed or so damaged as to render the said buildings unfit for occupancy, the Lessee will, then, have a period of ninety (90) days, after such damage or destruction within which to decide whether or not it will repair or rebuild. If the Lessee decides not to rebuild or repair, it may terminate this Lease by notice, in writing, given to the Lessor within the said ninety (90) day period; provided, however, that in the event of such notice being given to the Lessor pursuant to this Clause, the rent reserved to the Lessor under this Lease shall be due and payable up to the date of removal of the said buildings and clearance and levelling of the land to the satisfaction of the Lessor.

31. EFFECT OF LEASE

That this Lease and everything herein contained shall be to the benefit of and be binding upon the successors and assigns, as the case may be, of each of the parties hereto, subject to the granting of consent by the Lessor as provided herein to any assignment, transfer or sub-lease of these Premises and where there is a male, female or corporate party, the provisions hereof shall be read with all grammatical changes to gender and number required by the context and all covenants and obligations shall be deemed joint and several and the invalidity of any clause for any reason whatsoever shall not invalidate any other clause of these Premises.

32. HEADINGS

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

33. DIFFERENCES

That all matters of differences arising between the lessor and the Lessee in any matter connected with or arising out of this Lease whether as to interpretation or otherwise, shall be determined by the Lessor but without prejudice to any recourse available under law.

34. NOTICES

(a) That whenever in this Lease it is required or permitted that notice or demand be given or served by either party of this Lease to or on the other, such notice or demand will be in writing and will be validly given or sufficiently communicated if forwarded by registered mail, telegram or telex as follows:

To the Lessor:  Atlantic Regional Administrator
                Canadian Air Transportation Administration
                Transport Canada
                P. O. Box 42
                Moncton, N. B.
                EIC 8K8

To the Lessee:  Eastern Provincial Airways Limited
                P. O. Box 5001
                Gander, NNewfoundland
                AV1 1W9

(b) That such addresses may be changed from time to time by either party giving notice as above provided.
(c) That if any question arises as to whether any notice was or was not communicated by one party to the other, it shall be deemed to have been effectively communicated or given on the day received or on the fifth day after it was mailed or sent, whichever is the earlier.

35. Bribes

That the lessee hereby confirms that it has not, nor has any person on its behalf, given, promised or offered to any official or employee of Her Majesty for or with a view to obtaining of the contract by the lessee any bribe, gift or other inducement and that it has not, nor has any person on its behalf, employed any person to solicit or procure the contract upon agreement for a commission, percentage, brokerage or contingent fee.

36. Entire Agreement

That this lease shall be deemed to constitute the entire agreement between the lessor and the lessee hereof with respect to the subject matter hereof and shall supersede all previous negotiations, representations, and documents in relation hereto made by any party to this lease.

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first above written.

[Signatures]

SIGNED, SEALED AND DELIVERED by the lessor in the presence of:

[A. M. Lane]

for the Minister of Transport

SIGNED, SEALED AND DELIVERED by the lessee in the presence of:

[R. C. Walker]

V/P Operations & Maintenance

SIGNED, SEALED AND DELIVERED

R. W. McLeod

Secretary

"SEAL"
SCHEDULE "B"

ALL AND SINGULAR that certain parcel of land (hereinafter referred to as "the said land") situate lying and being comprised in Gander International Airport (hereinafter referred to as "the said Airport") at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32 133) SQUARE METRES, more or less, and being more particularly shown on Drawing No. A145.A007.N009, dated Moncton, N.B., October 5, 1983, hereto annexed.
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atipoffice@gov.nl.ca.
ASSIGNMENT OF LEASE

THIS INDENTURE made as of the 15th day of July, 1988,

BETWEEN:

CANADIAN AIRLINES INTERNATIONAL LTD., a body corporate, carrying on business at the City of Calgary, in the Province of Alberta, Canada

(hereinafter referred to as the "Assignor")

OF THE FIRST PART

AND

AIR ROUTING INTERNATIONAL CORPORATION, a body corporate, carrying on business at the City of Houston, in the State of Texas, U.S.A.

(hereinafter referred to as the "Assignee")

OF THE SECOND PART

WHEREAS the parties hereto are desirous of transferring the Assignor's leasehold interest in the below mentioned property;

AND WHEREAS the parties have entered into an Agreement of which that transfer is an integral part;

WITNESSETH that in consideration of One ($1.00) dollar and other valuable consideration, the sufficiency and receipt whereof is hereby acknowledged by the Assignor, the Assignor does hereby grant, transfer, assign and set over unto the Assignee and its successors in interest all and singular the premises comprised in and demised by a
certain Indenture of Lease dated the 25th day of January, 1984, bearing No. AR3165, made between Her Majesty the Queen represented therein by the Minister of Transport, (the Lessor therein) and Eastern Provincial Airways Limited, a predecessor of the Assignee herein, (the Lessee therein), (hereinafter referred to as the "said Lease") whereby all of

"ALL AND SINGULAR that certain parcel of land (hereinafter referred to as "the said land") situate, lying and being comprised in Gander International Airport at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of 32,123 square metres, more or less, and being more particularly shown on Drawing No. A145.A007.N009, dated Moncton, N.B., October 5, 1983, annexed to said Lease."

was demised and leased upon the terms and conditions contained in the said Lease;

TOGETHER with all appurtenances to hold the same unto the said Assignee and its successors in interest hencaforth for and during the residue of the term and any renewal terms thereby granted and for all other the estate, term and interest (if any) of the said Assignor therein, subject to the payment of the rent and the performance of the Lessee's (the Assignor herein) covenants and agreements in the said Lease reserved and contained;

AND the said Assignor for itself and its successors in interest does hereby covenant with the Assignee and its successors in interest, that the Lease is in good standing with no rent in arrears, all covenants and conditions under the Lease have been performed and complied with in a timely manner and, notwithstanding any act of the Assignor, it now has good right to assign the said Lease and premises in the manner aforesaid, subject to the consent of Her Majesty the Queen represented by the Minister of Transport;
AND that subject to the payment of the rent and the performance of the Lessee's, (the Assignor's herein) covenants it shall be lawful for the Assignee and its successors in interest peaceably and quietly to hold, occupy and enjoy the said premises hereby assigned during the residue of the terms granted by the said Lease and receive the rents and profits thereof without any interruption by the said Assignor or any person claiming under the said Assignor, free from all charges and encumbrances whatsoever;

AND also that the said Assignor and all persons lawfully claiming under the said Assignor will, at all times hereafter, at the request and cost of the said Assignee and its successors in interest, assign and confirm to it and them the said premises for the residue of the said term and any renewal terms as the said Assignee and its successors in interest shall reasonably require;

AND the said Assignee for itself and its successors in interest does hereby covenant with the said Assignor and its successors in interest that the said Assignee and its successor in interest will from time to time pay the rent and observe and perform the Lessee's (the Assignor herein) covenants and conditions in the said Lease reserved and contained and arising after the date hereof, and indemnify and
save harmless the said Assignor and its successors in interest from all losses and expenses in respect of the non-observance of the said covenants and conditions, or any of them.

IN WITNESS WHEREOF this Assignment has been executed and the corporate seal of the Assignor and the Assignee have been affixed all as of the day and year first above written.

HER MAJESTY THE QUEEN, represented by the Minister of Transport hereby acknowledges and consents to the Assignment of Lease #AR3165 by Canadian Airlines International Ltd., as assignor, to Air Routing International Corporation, as assignee, upon the terms and conditions hereinbefore contained.

DATED this ____ day of ____________, 1988.

HER MAJESTY THE QUEEN,
represented by the
Minister of Transport.

per: ___________________

per: ___________________
WHOM IT MAY CONCERN

The Minister of Transport, hereby, pursuant to the fourth Clause of -

Lease No. 119119 (Atlantic Region 3185) dated the twenty-fifth day of January, 1984, (hereinafter called "Lease") in which Her Majesty the Queen, represented therein by the Minister of Transport, granted to Eastern Provincial Airways Limited, P.O. Box 5001, Gander, Newfoundland, the name of which company was changed to Canadian Pacific Air Lines under Certificate of Amalgamation effective January 1, 1987, and was further changed to Canadian Airlines International Ltd. under Certificate of Amalgamation effective January 1, 1988, of all and singular that certain parcel of land situate, lying and being comprised in Gander International Airport at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32 133) SQUARE METRES, more or less, and being more particularly shown outlined on Drawing No. A145.A007.M999, dated Moncton, N.B., October 5, 1993, thereto annexed, all of which will by reference thereto at length and more fully appear,

CONSENTS to the Assignment dated the fifteenth day of July, 1988, annexed hereto marked "A" made between -

CANADIAN AIRLINES INTERNATIONAL LTD.

"Assignor"

- and -

AIR ROUTING INTERNATIONAL CORPORATION

"Assignee"

(hereinafter called "Assignment") of the Lease, IN SO FAR ONLY as the terms of the Assignment are within the terms of the Lease.

BY SUCH CONSENT, HOWEVER, Her Majesty the Queen in right of Canada shall not be deemed to have waived compliance and observance on the part of the Lessee, their heirs, executors, administrators, successors and assigns, of any of the covenants, conditions and reservations in the Lease to be complied with, observed and performed on their or any of their parts, nor to have waived, impaired or restricted in any way whatsoever any of the rights or remedies of Her Majesty the Queen in respect of the Lease or the property or rights thereby leased or to have approved of the form or any of the terms of the Assignment except insofar as such terms are within the terms of the Lease.

It is hereby expressly declared that the sole object, purport and effect of this Consent is merely to meet the requirements of clause four of the Lease, and no action shall be taken or things done or maintained, under, by virtue of, or in connection with the Assignment that may prejudice, impair or affect in any way whatsoever any of the rights or remedies of Her Majesty the Queen in right of Canada.

DATED AT OTTAWA, Ontario this 15th day of July, One thousand nine hundred and eighty-eight.

[Signature]

for Minister of Transport
THIS INDENTURE made this 22nd day of September, one thousand nine hundred and eighty-eight;

BETWEEN:

HER MAJESTY THE QUEEN represented herein by the Minister of
Transport (hereinafter called "the Lessor"),
Of the First Part;

AND-

AIR ROUTING INTERNATIONAL CORPORATION
2925 Briarpark Drive
Suite 610
Houston, Texas 77042
(hereinafter called "the Lessee"),
Of the Second Part.

WITNESSETH that the Lessor and the Lessee hereby mutually agree and covenant as follows:

1. That the Lease dated the twenty-fifth day of January, 1984, (bearing No. 119119 (Atlantic Region 3165) in the records of the Department of Transport and hereinafter referred to as "the said Lease") granted by the Lessor to Eastern Provincial Airways Limited, and the said Lease was assigned to Air Routing International Corporation by an Assignment dated July 13, 1988, bearing No. 134489 in the record of the Department of Transport, of

"ALL AND SINGULAR that certain parcel of land (hereinafter referred to as "the said land") situate, lying and being comprised in Gander International Airport (hereinafter referred to as "the said Airport") at or in the vicinity of Gander in the Province of Newfoundland; the said land containing an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32,133) SQUARE METRES, more or less, and being more particularly shown on Drawing No. AI45.A007.M009, dated Moncton, N.S., October 5, 1988, hereeto annexed;

TO HAVE AND TO HOLD the said land unto the Lessee, from and after the twenty-fourth day of September, One Thousand Nine Hundred and Eighty-three, for a term or period of five (5) years and then if fully to be complete and ended."

AND WHEREAS the Lessor has made application to the Lessee for an extension of the said Lease for a further term of thirty-five (35) years, from the first day of September, 1989, and the Lessee has agreed to grant such extension upon and subject to the terms and conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto hereby mutually covenant and agree as follows:

1. THAT the said Lease is hereby extended for a term or period of thirty-five (35) years, from the first day of September, 1989, and ending on the thirty-first day of August, 2023, upon and subject to all the terms, covenants, provisions, agreements, conditions and reservations contained and reserved in the said Lease, except as hereby amended and strictly subject to such amendment.
2. THAT the said Lease is hereby amended effective the first day of September, 1988, as follows:

(a) By striking out the Redemptus Clause on page one and two of the said Lease, and substituting therefor the following:

"Yielding and paying therefor, during the currency of this Lease, unto the Lessor, through the Honorable the Receiver General for Canada for the time being, in lawful money of Canada, the sum or sums as follows until changed pursuant to the provisions of Clauses 38, 39, and 40 hereof:

(1) For the term commencing on the first day of September, 1988 and ending on the 31st day of August, 1993:

(a) TWENTY THOUSAND EIGHT HUNDRED AND SIXTY-SIX DOLLARS AND FIFTY-SIX CENTS ($20,866.56) per annum for land rent, payable in advance, in monthly instalments of ONE THOUSAND SEVEN HUNDRED AND THIRTY-EIGHT DOLLARS AND EIGHTY-EIGHT CENTS ($1,738.88);

AND

(b) NINE THOUSAND SIX HUNDRED AND THIRTY-NINE DOLLARS AND NINETY-SIX CENTS ($9,639.96) per annum for airport maintenance, payable in advance, in monthly instalments of EIGHT HUNDRED AND THREE DOLLARS AND THIRTY-THREE CENTS ($803.33);

Each and every instalment to be payable on the first day of each month, commencing on the first day of September, 1988."

3. THAT the said Lease is hereby further amended effective the first day of September, 1988, by striking out Clause 34 on page 8 and substituting the following:

"(1) Whenever in this Lease, it is required or permitted that notice or demand be given or served by either party of this Lease to or on the other, such notice or demand will be in writing and will be validly given or sufficiently communicated if forwarded by registered mail, telegram or telex as follows:

To the Lessor: Regional Director General
Airports Authority Group
Transport Canada
P.O. Box 42
Moncton, New Brunswick
EIC 8K8

To the Lessee: AIR ROUTING INTERNATIONAL CORPORATION
2925 Briarwood Drive, Suite 610
Houston, Texas 77042

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

(3) If any question arises as to whether any notice was or was not communicated by one party to the other, it shall be deemed to have been effectively communicated or given on the day received or on the fifth day after it was mailed or sent, whichever is the earlier."

4. THAT the said Lease is hereby further amended effective the first day of September, 1988 by adding the following clauses:

"37. SURRENDER OF PREMISES

At the expiration or sooner determination of the term of this Lease, the Lessee shall peaceably surrender and yield to the Lessor, in a condition satisfactory to the Lessor, the said land and the said building. The Lessee shall thereupon forthwith remove from the said
land and the said building all chattels, goods, supplies, articles, equipment, materials, effects or things and shall also, to the satisfaction of the Lessor, repair all and every damage and injury occasioned to the premises of the Lessor by reason of such removal or in the performance thereof, but the Lessee shall not, by reason of any action taken or things performed or required under this clause, be entitled to any compensation whatever. Unless required by the Lessor, no chattels, goods, supplies, articles, equipment, materials effects or things shall be removed from the said land or the said building until all rent due or to become due under this lease is fully paid. The Minister may, at his option, remove at the risk of and at the cost and expense of the Lessee, the chattels, goods, supplies, articles, equipment, materials, effects or things from the said land or the said building and the Lessee shall reimburse the Lessor forthwith upon receipt of appropriate accounts therefor and for any storage charges which may have been or will be incurred by the Lessor as a result of such removal. Where not removed by the Lessee, the Lessor may consider the chattels, goods, supplies, articles, equipment, materials, effects or things to be abandoned, and take title thereto in the name of the Lessor.

38. DETERMINATION AND FIXING OF RENT

(1) in this Lease

"Market Rent" means the highest fixed annual rent estimated in terms of lawful money of Canada, which the said land would bring if offered for lease on the open market in Canada by a willing lessor, assuming for the purpose of such calculation that:

(a) a reasonable time is permitted to find a willing lessee;

(b) neither the lessor nor the lessee is acting under compulsion;

(c) both the lessor and the lessee have full knowledge of the purpose for which the said land is or is to be utilized;

(d) the purpose for which the said land is or is to be utilized represents the highest and best use thereof; and

(e) the lessee shall be responsible for all costs, expenses, payments and expenditures so as to secure to the lessee a net rent free and clear from all deductions, abatement or set-off throughout the term.

"Appraiser" means a person who has experienced as an appraiser of real estate and is either established in such business or employed in the Public Service of Canada in such capacity.

"Revised Annual Rent" means the sum established pursuant to Clause 38 or 39, as the case may be.

"Market Rent Appraisal" means a written opinion of Market Rent obtained from an Appraiser.

"Rent Review Date" is the anniversary date of this lease on which the revised Annual Rent shall become effective.

(2) Notwithstanding anything in this lease contained, the Revised Annual Rent shall be fixed as of the first day of September, 1993 and thereafter every five (5) years for the balance of the term of this lease in the manner hereinafter set out.

(3) (a) The lessor shall give to the lessee, at least two hundred and forty (240) days prior to the Rent Review Date, a Notice of Revised Annual Rent ("Notice of Revised Annual Rent") which is to be effective upon such date and thereafter for the next five (5) years of the term of this lease and, subject to subclause 38 (3)(b) and (c),
continue to be effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease.

(b) Any failure to give such notice within the time stated herein shall not render void the right of the Lessee to require the determination of Revised Annual Rent as herein provided, such Rent to be paid and payable from and upon the date upon which such determination is made, and thereafter in accordance with the terms of this Lease.

(4) The Revised Annual Rent set out in the Notice of Revised Annual Rent shall be effective on the Rent Review Date and thereafter for the next five (5) years of the term of this Lease unless, within the sixty (60) days next following the giving of such Notice, the Lessee disputes the Revised Annual Rent as therein set out in the manner prescribed in sub-clause 38 (5).

If the Lessor gives the Lessee a Notice of Revised Annual Rent, the Lessee may dispute such Revised Annual Rent as therein set out by, within the fifteen (15) days next following the giving of such Notice, advising the Lessor in writing of such intention to so dispute and by giving to the Lessor, within the forty-five (45) days next following such fifteen (15) day period, a Statement of Market Rent supported by an attached Market Rent Appraisal.

(6) If the Lessor fails to give the Lessee a Notice of Revised Annual Rent, the Lessee may dispute such Revised Annual Rent as therein set out by, within the five (5) days next following the giving of such Notice, advising the Lessor in writing of such intention to so dispute and by giving to the Lessor, within the forty-five (45) days next following such fifteen (15) day period, a Statement of Market Rent supported by an attached Market Rent Appraisal.

(7) If the Lessee fails to give to the Lessor a Statement of Market Rent pursuant to sub-clause 38 (5) or 38 (6), the Revised Annual Rent effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease shall be either:

(a) in the case of failure under sub-clause 38 (5), the rent set out in the Notice of Revised Annual Rent, or

(b) in the case of failure under sub-clause 38 (6), the rent currently payable under this Lease, subject to the rights of the Lessor under sub-clause 38 (3)(b).

(8) If the Lessee gives the Lessor a Statement of Market Rent pursuant to sub-clause 38 (5) or 38 (6), the Market Rent therein set out shall be effective as the Revised Annual Rent on the Rent Review Date and thereafter for the next five (5) years of the term of this Lease unless, within the sixty (60) days next following the giving of the Lessee’s Statement of Market Rent, the Lessor disputes the Market Rent as set out in the Lessee’s Statement of Market Rent in the manner prescribed in sub-clause 38 (9).

If the Lessee gives the Lessor a Statement of Market Rent pursuant to sub-clause 38 (5) or 38 (6), the Lessor may dispute such Market Rent as therein set out by, within the fifteen (15) days next following the giving of such Statement, advising the Lessee in writing of such intention to so dispute and by giving to the Lessee, within the forty-five (45) days next following such fifteen (15) day period, a Statement of Market Rent supported by an attached Market Rent Appraisal.

If the Lessor disputes the Lessee’s Statement of Market Rent pursuant to sub-clause 38 (9), the parties shall, within the fifteen (15) days next following the giving of the Lessor’s Statement of Market Rent to the Lessee, each appoint an Appraiser who shall meet with or otherwise contact an Appraiser appointed...
by the other party, which Appraiser shall agree upon a Market Rent within the thirty (30) days next following the later of the two appointments.

(11) If either party fails to appoint an Appraiser pursuant to subclause 38 (10), the Revised Annual Rent, to be effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease, shall be the Market Rent set out in the Lessor’s Statement of Market Rent given by the party not in default of such appointment.

(12) If both parties fail to appoint an Appraiser pursuant to subclause 38 (10), the Revised Annual Rent, to be effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease, shall be the Market Rent set out in the Lessor’s Statement of Market Rent given to the Lessee pursuant to subclause 38 (9).

39. ARBITRATION OF RENTAL DISPUTES

(1) If the Appraisers appointed by the parties pursuant to subclause 38 (10) meet or otherwise contact each other and agree upon a Market Rent within the thirty (30) days next following the later of such appointments, the Market Rent so determined shall be established as the Revised Annual Rent to be effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease.

(2) If the Appraisers appointed by the Parties pursuant to subclause 38 (10) fail to meet or otherwise contact each other within the thirty (30) days next following the later of such appointments, the Market Rent set out in the Lessor’s Statement of Market Rent given to the Lessee pursuant to subclause 38 (9) shall be established as the Revised Annual Rent to be effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease.

(3) If the Appraisers appointed by the Parties meet or otherwise contact each other within the thirty (30) days following the later of such appointments but fail to agree upon a Market Rent, the Appraisers shall, within the fifteen (15) days next following such thirty (30) day period, agree upon and appoint a third Appraiser ("Third Appraiser"), who shall act as arbitrator and shall determine a Market Rent based on the Market Rent Appraisals of the Appraisers referred to in subclause 38 (10) within the thirty (30) days next following such appointment.

(4) If the appraisers appointed by the Parties cannot agree upon a Market Rent and fail to appoint a Third Appraiser who accepts the assignment pursuant to subclause 39 (3), either party may, within the fifteen (15) day period allocated to the Appraisers for appointment of the Third Appraiser, request the President of the Appraisal Institute of Canada or its successor, or if that Institute or successor ceases to exist, some equivalent national Canadian Real Estate Appraisal Organization, within the fifteen (15) days next following such request, to appoint a third Appraiser who shall determine a Market Rent within the thirty (30) days next following such appointment.

(5) If the Third Appraiser is appointed pursuant to subclause 39 (3) or 39 (4), the Revised Annual Rent effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease shall be either the Market Rent as determined by the Third Appraiser or if the Third Appraiser fails to determine the Market Rent within the thirty (30) days next following his appointment, the Market Rent set out in the Lessor’s Statement of Market Rent given to the Lessee pursuant to subclause 38 (9).
(6) If the Third Appraiser is not appointed pursuant to subclause 39 (3) or 39 (4), the Revised Annual Rent effective upon the Rent Review Date and thereafter for the next five (5) years of the term of this Lease shall be the Market Rent set out in the Lessor's Statement of Market Rent, given to the Lessee pursuant to subclause 38 (9).

(7) Any and all fees for the selection of, and services rendered by, the Third Appraiser shall be payable equally between the Lessor and the Lessee.

(8) Time is of the essence to the foregoing appraisal arbitration process.

(9) If the Lessee refuses to pay the Revised Annual Rent as hereinbefore provided, this Lease may be cancelled and determined at any time by notice in writing from the Minister and either given to the Lessee or any officer of the Lessor or mailed addressed to the last known place of business or office of the Lessee at any of Her Majesty's Post Offices, and seven (7) days after the giving thereof or mailing of such written notification, this Lease shall be determined and ended.

40. AIRPORT MAINTENANCE CHARGE REVIEW

The airport maintenance charge provided herein will be reviewed by the Lessor after five (5) years from the effective date of the Lease. This review shall take place on September 1, 1988, and the said charge may be changed at the beginning of each five (5) year period under this Lease in accordance with the policies of the Lessor applicable thereto then in effect. In the event that the Lessor refuses to accept such change, this Lease may be cancelled and determined at any time by notice in writing signed by or on behalf of the Minister, and thereupon, after such written notification, this Lease shall be determined and ended.

41. ERECTION AND MAINTENANCE OF BUILDINGS OR STRUCTURES

(1) The Lessee shall not construct or erect any building or other structures on the said land without first obtaining the written approval of the Minister or his designated representative, of plans showing the design and nature of construction of such building or structures and their proposed location, and all such buildings or structures shall be constructed and thereafter maintained by and at the cost and expense of the Lessee to the satisfaction of the Minister.

(2) In accordance with the Lessee's business plan for modification/renovation to the Lessee's existing facility, as detailed in Schedule "A" attached hereto and forming part of this Lease, the Lessee shall complete these improvements identified under the heading "INVESTMENT REQUIREMENTS" Items 1) and 2) on or before September 1, 1990.

42. VESTING OF REPAIRS, ALTERATIONS, IMPROVEMENTS OR REPLACEMENTS

Any repairs, alterations, improvements or replacements made by the Lessee upon the said lands and the said building which by their nature are determined to be fixtures shall, upon termination of this Lease, except and subject as in this Lease otherwise specifically provided, vest in title in the Lessor without any payment of compensation to the Lessee in respect of the repairs, alterations, improvements or replacements; nevertheless, the Lessor shall have the option of requiring or compelling the Lessee upon written notice, to remove such repairs, alterations, improvements or replacements, and the Lessee shall be so bound to remove and shall restore the said land to its original condition all at the cost and expense of the Lessee and without any right in the part of the Lessee to seek compensation for any reason whatsoever.
43. PROVISIONS SEPARATELY VALID

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

44. WAIVER NEGATED

The failure by the Lessor or Her authorized representative, as the case may be, to require the fulfillment of the obligations, or to exercise any rights herein contained shall not constitute a waiver, a renunciation or a surrender of these obligations or rights.

45. NO IMPLIED OBLIGATIONS

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

5. THAT all the terms, covenants, provisions, agreements, conditions and reservations in the said Lease, as amended by this Supplemental Agreement, set out and provided, shall be and continue in force and effect, mutatis mutandis, between the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed these Presents the day and year first above written.

SIGNED, SEALED AND DELIVERED )
by the Lessor in the presence of —

[Signature]

for Minister of Transport

H. M. Lax
Regional Director General
Airports Authority Group

SIGNED, SEALED AND DELIVERED )
by the Lessee in the presence of —

Rodolfo H. Fabre
President

Witness
ASSIGNMENT OF LEASE

THIS INDENTURE made as of the 27th day of October, 1989.

BETWEEN:

AIR ROUTING INTERNATIONAL CORPORATION, a body corporate, carrying on business at the City of Houston, in the State of Texas, U.S.A.

(hereinafter referred to as the "Assignor")

OF THE FIRST PART

AND

GENERAL AVIATION TERMINAL (NFLD) INC. a body corporate, carrying on business at the Town of Gander, in the Province of Newfoundland, Canada

(hereinafter referred to as the "Assignee")

OF THE SECOND PART

WHEREAS the parties hereto are desirous of transferring the Assignor’s leasehold interest in the below mentioned property;

AND WHEREAS the parties have entered into an Agreement of which that transfer is an integral part;

WITNESSETH that in consideration of One ($1.00) dollar and other valuable consideration, the sufficiency and receipt whereof is hereby acknowledged by the Assignor, the Assignor does hereby grant, transfer, assign and set over unto the Assignee and its successors in interest all and singular the premises comprised in and demised by a certain Indenture of Lease dated the 22nd day of September, 1988, bearing No. 119119 (AR3165), made between Her Majesty the Queen represented therein by the Minister of Transport, (the Lessor therein) and Air Routing International Corporation, a
predecessor the Assignee herein, (the Lessee therein), (hereinafter referred to as the "said Lease") whereby all of

"ALL AND SINGULAR that certain parcel of land (hereinafter referred to as "the said land") situate, lying and being comprised in Gander International Airport at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of 32,133 square metres, more or less, and being more particularly shown on Drawing No. A145.A007.N009, dated Moncton, N.B., October 5, 1983, annexed to said Lease."

was demised and leased upon the terms and conditions contained in the said Lease;

TOGETHER with all appurtenances to hold the same unto the said Assignee and its successors in interest henceforth for and during the residue of the term and any renewal terms thereby granted and for all other the estate, term and interest (if any) of the said Assignor therein, subject to the payment of the rent and the performance of the Lessee's (the Assignor herein) covenants and agreements in the said Lease reserved and contained;

AND the said Assignor for itself and its successors in interest does hereby covenant with the Assignee and its successors in interest, that the Lease is in good standing with no rent in arrears, all covenants and conditions under the Lease have been performed and complied with in a timely manner and, notwithstanding any act of the Assignor, it now has good right to assign the said Lease and premises in the manner aforesaid, subject to the consent of Her Majesty the Queen represented by the Minister of Transport;

AND that subject to the payment of the rent and the performance of the Lessee's, (the Assignor's herein) covenants it shall be lawful for the Assignee and its successors in interest peaceably and quietly to hold, occupy and enjoy the said premises hereby assigned during the residue of the terms granted by the said Lease and receive the rents and profits thereof without any interruption by the said Assignor or any person claiming under the said Assignor, free from all charges and encumbrances whatsoever;

AND also that the said Assignor and all persons lawfully claiming under the said Assignor will, at all time hereafter, at the request and cost of the said Assignee and its successors in interest, assign and confirm to it and them the said premises for the residue of the said term and any renewal terms as the said Assignee and its successors in interest shall reasonably require;
SUPPLEMENTAL AGREEMENT

SUPPLEMENTAIRE

IT: AIRPORT

JANUARY INTERNATIONAL

NL: LEASE - BAIL

FILE NO.: Nº DE Dossier

CONTROL NO.: Nº DE CONTRÔLE

MK5156-A145-96

1993

1993

QXI294-2

ACCEPTANCE BETWEEN:

Her Majesty the Queen in Right of Canada

Represented by the Minister of Transport

AND ET

AGREEMENT BETWEEN:

Her Majesty the Queen in Right of Canada

Represented by the Minister of Transport

AS

ENTENTÉ ENTRE:

S.M. le Roi du Chef du Canada

Représenté par le Ministre des Transports

AND-ET

Airport Manager

Gander International Airport

 continuous-

GENERAL AVIATION TERMINAL (NFLD.) INC.

HEADQUARTERS - ADMINISTRATION CENTRE

ADDRESS:

P.O. Box 10
Gander, Newfoundland
A1V 1W3

SUBSECTION 40(1)

4.01 RENT

The Lessee shall pay during the currency of this Lease to the Lessor through the Honourable the Receiver General for Canada for the time being, in lawful money of Canada the following rent, until changed pursuant to the provisions of Clause 38, 39 and 40 thereof:

(a) THIRTY-FIVE THOUSAND FOUR HUNDRED SIXTY-NINE DOLLARS AND SIXTY CENTS ($35,469.60) per annum for land rent, payable in advance, in monthly installments of TWO THOUSAND NINE HUNDRED FIFTY-FIVE DOLLARS AND EIGHTY CENTS ($2,955.80), AND

(b) NINE THOUSAND SIX HUNDRED SEVENTY-THREE DOLLARS AND FIFTY-SIX CENTS ($9,673.56) per annum for airport maintenance, payable in advance, in monthly installments of EIGHT HUNDRED SIX DOLLARS AND THIRTEEN CENTS ($806.13);

Each and every installment to be payable on the first day of each and every month, commencing on the first day of September, 1993.

IN WITNESS WHEREOF, the parties hereof have executed the Supplemental Agreement.
Clause of -

Lease No. 119119 (Atlantic Region 1165) dated the twenty-fifth day of January, 1984, (hereinafter called "Lease") in which Her Majesty the Queen, represented therein by the Minister of Transport, granted to Eastern Provincial Airways Limited, P.O. Box 5001, Gander Newfoundland, the name of which company was changed to Canadian Pacific Air Lines under Certificate of Amalgamation effective January 1, 1987, and was further changed to Canadian Airlines International Ltd. under Certificate of Amalgamation effective January 1, 1988, "all and singular that certain parcel of land situate, lying and being comprised in Gander International Airport at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32 133) SQUARE METRES more or less, and being more particularly shown outlined on Drawing No. A145.A007.0009, dated Moncton, N.B., October 5, 1983, thereto annexed", and which Lease was amended by an agreement supplementary thereto dated September 22, 1988, and was assigned to Air Routing International Corporation by an Assignment dated the fifteenth day of July, 1988, bearing No. 133489 in the records of the Department of Transport, all of which will by reference thereto at length and more fully appear,

CONSENTS to the Assignment dated the twenty-seventh day of October, 1989, annexed hereto marked "A" made between -

AIR ROUTING INTERNATIONAL CORPORATION

"Assignor"

- and -

GENERAL AVIATION TERMINAL (NFID.) INC.

"Assignee"

(hereinafter called "Assignment") of the Lease, IN SO FAR ONLY as the terms of the Assignment are within the terms of the Lease.

BY SUCH CONSENT, HOWEVER, Her Majesty the Queen in right of Canada shall not be deemed to have waived compliance and observance on the part of the lessee, their heirs, executors, administrators, successors and assigns, of any of the covenants, conditions and reservations in the Lease to be complied with, observed and performed on their or any of their parts, nor to have waived, impaired or restricted in any way whatsoever any of the rights or remedies of Her Majesty the Queen in respect of the Lease or the property or rights thereby leased or to have approved of the form or any of the terms of the Assignment except insofar as such terms are within the terms of the Lease.

It is hereby expressly declared that the sole object, purport and effect of this Consent is merely to meet the requirements of clause four of the Lease, and no action shall be taken or things done or maintained, under, by virtue of, or in connection with the Assignment that may prejudice, impair or affect in any way whatsoever any of the rights or remedies of Her Majesty the Queen in right of Canada.

DATED AT OTTAWA, Ontario this 11th day of January,
One thousand nine hundred ninety.

[Signature]
for Minister of Transport
Transport Canada  
Gander International Airport  
P. O. Box 400  
Gander, NF  
A1V 1W8

25 June 1999

Mr. Gerry Pritchett  
President  
General Aviation Terminal Inc.  
P. O. Box 10  
Gander, NF  
A1V 1W5

Dear Mr. Pritchett:

Enclosed, for your retention, is the Duplicate Original of Supplemental Agreement QX 1294/4, amending the Notice Clause of Lease AR 3165, effective June 23, 1999.

Yours truly

Àllan J. Scott  
Airport General Manager

Encl. (1)

MAS:chh

Subsection 40(1)
34. NOTICES

(d) The Lessee agrees for the benefit of the lessor, that written notice shall have been given to the Lessee and consent granted by the Manager, to provide to the holder of any such leasehold mortgage a copy of the written notice sent to the Lessee advising the Lessee of any breach or non-performance by the Lessor, of the terms, provisions and conditions of the Lease which may result in the termination of the Lease.
TO WHOM IT MAY CONCERN

WHEREAS:

(a) Pursuant to Lease No. 119119/AR11165 dated the twenty-fifth day of January, 1984, (hereinafter called "Lease") Her Majesty the Queen in right of Canada, represented therein by the Minister of Transport, granted to EASTERN PROVINCIAL AIRWAYS LIMITED (which Lease by divers mesne ddocuments and conveyances was ultimately assigned to GENERAL AVIATION TERMINAL (Nfld.) INC., ALL AND SINGULAR that certain parcel of land situate, lying and being comprised in Gannder International Airport (hereinafter referred to as "the said airport") at or in the vicinity of Gander, in the Province of Newfoundland; the said land comprising an area of THIRTY-TWO THOUSAND ONE HUNDRED THIRTY-THREE (32 133) SQUARE METRES, more or less, and being more particularly shown on Drawing No. A145.A007.N009, dated Moncton, N.B., October 5, 1983, thereto annexed;

(b) the Lease was amended by agreement supplementary thereto dated the twenty-second day of September, 1988; the Lease was further amended by agreement supplementary thereto dated the second day of May, 1994; the Lease was further amended by agreement supplementary thereto dated the third day of September, 1998, and the Lease was further amended by agreement supplementary thereto dated the twenty-fifth day of June, 1999;

(c) the Lease was subleased by Way of Debenture by General Aviation Terminal (Nfld.) Inc. to: Enterprise Newfoundland and Labrador Corporation by a subleasee dated as of the twelfth day of March, 1993 which sublease, by Way of Debenture was consented to by the Minister of Transport on the twentieth day of April, 1993,

all of which will be reference thereto at length and more fully appear,