

APPENDIX “B”
MAJOR TERMS AND CONDITIONS

Leased Premises:

91, 93 and 95 Front Street East (St. Lawrence Market South)

Leased Premises consists of approximately 38,854 square feet of rentable area located on the lower and upper floor of the building, more particularly outlined in “Appendix A,” subject to further verification of area measurements

Tenants:

Described in “Appendix A”

Term:

Commencement Date of January 1st, 2010. Terms for individual tenants as outlined in “Appendix A”

Extension Option:

Extension options for individual tenants as outlined in “Appendix A”

Early Termination:

No early termination option

Rental Rates:

Item	Rate
Semi-Gross Rent – Upper Level (per square foot)	\$52.90
Semi-Gross Rent – Lower Level (per square foot)	\$46.00
Storage Rent (per square foot)	\$30.00
% Rent Category 1: Food – Fresh and Processed Products	2%
% Rent Category 2: Food – Restaurants, Fast-Food, Specialty Food	4%
% Rent Category 3: Non-food – Specialty Stores	6%
% Rent Category 4: Short Term Lease and Business Incubator Program	8%

Semi-gross rents will be adjusted upwards by CPI on the anniversary of the commencement date for each year of the Term (to a maximum of 2.5% in any one year).

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No Tenant shall pay less than \$9,000 per year (subject to increases in CPI), or less than they are paying under their current lease agreement. Those Tenants paying more than the proposed rates under their current lease agreements will remain at their current lease rates, without CPI increases, until they are at par with the proposed rates.

Increases in gross rents will be limited to 25% year-over-year, per Tenant (before considering percentage rents, storage rents and annual adjustments for CPI).

Maintenance, Repairs & Operating Expenses:

Common Area Maintenance costs are included in the semi-gross rents charged.

In addition to semi-gross rents, storage rent and/or percentage rent, Tenants will pay their share of property taxes (approximately \$12/s.f. in 2009), and will be responsible for all utility costs that are individually metered and any other directly attributable operating costs. The Tenants will also contribute to the Market Advertising Fund, which will be based on \$3.50 per square foot of rentable area, but not to be less than \$1,000 per Tenant for any year of the term.

Auditing Requirements:

Use of cash register tapes as proof of sales will be required. Tenants must keep records for 7 years after each rental year ends (similar to Revenue Canada requirements). Sales records and documentation must be provided by Tenants on site and the City has the right to examine individual Tenant Income Tax returns.

Short-Term Lease Program and Business Incubator Program:

- 1.) Business Incubator Program: to assist new business in the Market, tenants who qualify for the program, which is determined in consultation with Economic Development staff, will receive up to a 50% reduction in base rent, with slightly higher percentage rents (8%) on 1-3 year lease term, as determined by City Staff.
- 2.) Short Term Lease Program: tenants performing below expected sales levels or standards, as defined by City Staff, will be given specific performance criteria to achieve within specific timeframes, as decided by City Staff. Businesses that meet performance targets may qualify for lease extensions. Failure to meet expectations will result in termination of the individual Tenant's Agreement.