

APPENDIX "A"  
Major Terms and Conditions  
Below-Market Rent Lease Agreement at 35 Strachan Avenue

**Landlord:**

City of Toronto

**Tenant:**

Clay & Paper Theatre

**Premises:**

Comprising an area of approximately 3,000 square feet of space at the property municipally known as 35 Strachan Avenue, Toronto, Ontario (the "Leased Premises").

**Commencement Date:**

The Commencement Date shall be September 1<sup>st</sup>, 2010.

**Term:**

The Term of the Lease shall be five (5) years from the Commencement Date.

**Annual Net Rent:**

The Tenant shall pay to the Landlord basic rent ("Basic Rent") of \$2.00 per annum.

**Net Lease:**

The Lease shall be entirely **Net** to the Landlord. During the term or any extension thereafter, the Tenant shall be responsible for all applicable costs, taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to the use and occupancy of the Property.

**Operating Costs:**

The Tenant shall pay all operating costs related to the property. "Operating Costs" means the total of all costs and expenses attributable to the maintenance, repair, administration, management and operation of the Property including, without limited the generality of the foregoing: utilities, security, insurance, all taxes including applicable property taxes, supervision, landscaping, window cleaning, waste collection, disposal and recycling, snow removal and other costs of maintenance and operation.

**Capital Improvement Costs:**

The Tenant shall pay any and all capital improvement costs as required to maintain the building in a state of good repair and meet all building code requirements. The Tenant shall address and remedy any maintenance or improvement issues related to Health and Safety immediately, with reference to the City's building condition assessment and any other subsequent related studies and possible Landlord reports.

**Use:**

The Premises shall be used and shall continually be operated throughout the term for administration, storage, workshops, production, and programming as set out in the Tenant's Service Agreement with the Landlord's Economic Development & Culture Division. The Tenant shall not permit to store or use any hazardous or environmentally sensitive materials in the premises and the property.

**Option to Renew:**

The Tenant shall have the option to renew the lease for a further five (5) year term, provided that the tenant pays the rent and performs all the covenants contained in the lease.

**Early Termination:**

The Landlord shall have the right to terminate the lease agreement if the Tenant is, at any time during the lease term including any renewals and extensions thereafter, no longer BMR eligible or financially viable, in each instance as determined by the City acting reasonably, and provided that the City has not waived, or is not willing to waive the relevant BMR eligibility criteria. A termination resulting from a failure to remain BMR eligible shall not result in contractual damages for the Tenant notwithstanding any balance remaining in the term of the lease agreement; or

The Landlord shall have the right to terminate the Lease for any purpose at any time during the lease term and any renewal/extension thereafter upon providing the Tenant with three (3) month's prior written notice.

**Standard Lease:**

The Landlord's solicitor shall draft the Lease document which shall contain such further revisions and other terms and conditions as may be satisfactory to the Chief Corporate Officer, all in form acceptable to the City Solicitor. The Tenant shall expeditiously execute the Lease when it is delivered by the Landlord.

**Insurance:**

The Tenant is to provide prior to the commencement of the term of this agreement and on an annual basis, proof of insurance in accordance with the Landlord's insurance requirements outlined in the Lease.