

AGREEMENT BETWEEN

THE CORPORATION OF THE CITY OF STRATFORD
(Hereinafter called the "Landlord" of the First Part)

AND

THE STRATFORD SHAKESPEAREAN FESTIVAL OF CANADA
(Hereinafter called the "Tenant" of the Second Part)

THIS AGREEMENT made this 31st day of March, 2008.

IN CONSIDERATION of the mutual covenants contained in this lease agreement, the parties agree as follows:

ARTICLE I
DEFINITIONS

1.01 Defined Terms

"Additional Rent" means in addition to Basic Rent, any other amount payable by the Lessee under or pursuant to this Lease.

"Business Day" means any day which is not a Saturday, Sunday or a day observed as a statutory or civic holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein.

"Demised Premises" means that portion of the building known as the Kiwanis Community Centre Complex (the "Complex"), located at 48 Water Street, in the City of Stratford, in the county of Perth, in the Province of Ontario, more particularly described in the floor plan attached hereto as Schedule "A".

"HVAC System" means the heating, ventilating and air-conditioning facilities and the appurtenant equipment, installation and utilities therein used to heat, ventilate or air-condition the Demised Premises.

"Operating Costs" means the costs determined in accordance with generally accepted accounting principles which are incurred in connection with the operation, maintenance, repair, administration and management of the Complex. These costs include, without limitation or duplication:

- (a) The cost of supplies used in the Complex's washroom facilities, including toilet paper, paper towels, and soap; and
- (b) The cost of public utilities supplied to the Complex. For greater certainty, the Tenant's share of the cost of public utilities supplied to the Complex are more particularly described in Schedule "B" attached hereto.

Notwithstanding the foregoing, Operating Costs shall exclude:

- (a) Debt service;
- (b) Structural repairs or replacements;
- (c) Costs reasonably determined by the Landlord from time to time to be fairly allocable to the correction of initial construction faults, initial maladjustments in operating equipment, but only to the extent that such costs are recovered from the contractor or other responsible;
- (d) Any ground rent payable by the Landlord in respect of a lease of the land or part thereof;
- (e) Tenant improvement allowances, leasing commissions and leasing costs;

- (f) Any environmental remediation costs other than those costs resulting from the acts or omissions of the Tenant;
- (g) Any increase in the cost of the Landlord's insurance where such increase is specifically attributable to the use of the Complex by another tenant(s) or occupant(s) of the Complex;
- (h) Any fines or penalties incurred by the Landlord as a result of a violation of applicable laws (unless incurred on a reasonable basis as would a prudent owner), provided such violation was not caused or contributed by the Tenant or those for whom the Tenant is in law responsible;
- (i) Costs which would otherwise be included in Operating Costs but consist of any amount paid to a corporate affiliate, parent or subsidiary of the Landlord, to the extent that such amount is in excess of the fair market value of the said item or service; and
- (j) Costs relating to the enforcement of any provisions of any lease of any other tenant of the Complex.

"Shared Space" means the front lobby, front washrooms and front vestibule of the Complex as more particularly described in the floor plan attached hereto as Schedule "A".

ARTICLE II INTERPRETATION

2.01 Number and Gender

Wherever the singular and the masculine are used throughout this Lease, the same shall be construed as meaning the plural or the feminine or neuter, where the context of the parties hereto requires.

2.02 Headings and Captions

The article numbers, section numbers, article headings and section headings are inserted for convenience or reference only and are not to be construed when interpreting any provision of this Lease, or its scope or intent.

2.03 Entire Agreement

This Lease contains all the representations, warranties, covenants, agreements, conditions and understandings between the Landlord and the Tenant concerning the Demised Premises or the subject matter of this Lease, and supersedes all prior agreements, statements, understandings, negotiations and discussions whether oral or written, between the parties in connection with this Lease.

ARTICLE III DEMISE, TERM AND RENT

3.01 Demise

In consideration of the rents and covenants hereinafter stipulated to be paid and performed by the Tenant, the Landlord leases to the Tenant and the Tenant leases from the Landlord the Demised Premises for the Term (as hereinafter defined).

3.02 Term

In consideration of the rents and covenants to be paid and performed by the Tenant, the Tenant shall have the right to hold the Demised Premises for and during the term of twenty (20) years (the "Term") to be computed from March 31, 2008 (the "Commencement Date") and to be fully completed and ended on March 30, 2028 (the "Expiry Date"). Notwithstanding the foregoing, the Tenant shall have the unrestricted right to terminate this Lease on the fifth (5th), tenth (10th) and fifteenth (15th) anniversary of the Commencement Date, provided that the Tenant gives the Landlord written notice

of such termination at least six (6) months prior to the date upon which the Tenant intends to terminate this Lease.

3.03 Basic Rent

The Tenant covenants to pay to the Landlord, from and after the Commencement Date, annual rent (the "Basic Rent") for the Demised Premises without deduction, abatement or set-off, which shall be payable in equal consecutive monthly instalments, in advance, on the first day of each and every month in accordance with the table set out in Schedule "C" attached hereto.

3.04 Additional Rent

In addition to the Basic Rent, the Tenant shall be responsible for paying to the Landlord as Additional Rent, the Tenant's proportionate share of Operating Costs. In that regard, the Tenant agrees to reimburse the Landlord upon receipt of an invoice for the Operating Costs that have been paid for by the Landlord. For greater certainty, the Tenant shall only be responsible for its share of the cost of public utilities supplied to the Complex as more particularly described in Schedule "B" attached hereto. All amounts not paid as provided by this Article may be collected by the Landlord as rent in arrears and charged to the Tenant in accordance with Section 5.11 of this Lease.

3.05 Net Lease

It is the intention of the parties that the rent herein provided to be paid shall be net to the Landlord and clear of all taxes (excepting the Landlord's income taxes) costs and charges arising from or relating to the Demised Premises and, subject to Sections 6.02 and 6.14 herein, that the Tenant shall pay all charges, impositions, and expenses of every nature and kind relating to the Demised Premises, and the Tenant hereby covenants with the Landlord accordingly.

**ARTICLE IV
USE OF THE DEMISED PREMISES**

4.01 Use

- (a) The Demised Premises and Shared Space may be used by the Tenant for the purposes of live theatre performances and ancillary activities thereto and for no other purpose without the Landlord's prior written consent not to be unreasonably withheld or delayed. As ancillary to such use, the Demised Premises and the Shared Space may be used for:
 - i. the sale of alcoholic beverages;
 - ii. the sale or distribution of merchandise to the patrons of the Demised Premises, including, without limitation, the sale or distribution of souvenirs and/or publications related to theatrical performances; and
 - iii. such other purposes as the Landlord and Tenant mutually agree to in writing from time to time.
- (b) The hours and days of operation of the Demised Premises shall be such as mutually agreed upon from time to time by the Landlord and the Tenant acting reasonably. The Landlord acknowledges that the hours of operation of the Demised Premises may not coincide with those of the remainder of the Complex.

4.02 Access

It is understood and agreed that subject to emergency measures, relevant by-laws and snow removal requirements, the Tenant, its employees and invitees shall have the right 24 hours a day, seven days a week throughout the Term to have access to the Demised Premises, the Shared Space and the Parking Facility (as hereinafter defined) and to use the Shared Space for their intended purposes in common with others entitled thereto.

4.03 Parking

The Tenant shall at all times during the Term have access to all parking spaces in the public parking facility (the "Parking Facility") immediately adjacent to the Complex, as more particularly described in Schedule "D" attached hereto, for the non-exclusive use of the Tenant, its employees, patrons, customers, prospective customers and invitees, licensees, and all other individuals having business with the Tenant.

4.04 Storage Facility

The Tenant shall have the exclusive use of the storage area (the "Storage Facility") on the second floor of the Complex, as more particularly described in Schedule "A" attached hereto. The Tenant will insure, at its own cost, all contents of the Storage Facility.

4.05 Shared Space

The parties hereto expressly acknowledge and agree that the Tenant shall be provided with non-exclusive use of the Shared Space during the Term. The Shared Space may also be used by the Landlord and other tenants of the Complex. It is further acknowledged and agreed that under the Landlord's supervision, the public shall be granted access to the Shared Space.

4.06 Line-Ups

The Tenant shall endeavour to maintain line-ups of patrons within the Demised Premises but shall be entitled to permit line-ups outside the Demised Premises, as reasonably required.

4.07 Box Office / Ticket Booth

It is understood and agreed that the Tenant's box office / ticket booth is located in the Shared Space, and that the Tenant shall have exclusive use of the box office / ticket booth during and two (2) hours prior to the Tenant's scheduled performance times.

**ARTICLE V
TENANT COVENANTS**

THE TENANT COVENANTS WITH THE LANDLORD AS FOLLOWS:

5.01 Business and Other Taxes

To pay its own business and other taxes, charges, rates, duties, and assessments levied in respect of the Tenant's use and occupancy of the Demised Premises or in respect of the personal property or business of the Tenant on the Demised Premises as and when the same become due.

5.02 Utilities

- (a) To pay all charges for water, electricity, gas, telephone and all other utilities supplied exclusively to the Demised Premises. If there are no separate meters for measuring consumption of such utilities, the Tenant shall pay to the Landlord its proportionate share as may be reasonably estimated by the Landlord from time to time, to be adjusted at the end of each lease year by the Landlord to reflect the actual amount consumed by the Tenant. For greater certainty, the Tenant's share of utility charges is more particularly set forth in Schedule "B" attached hereto.
- (b) The Landlord shall not be liable to the Tenant in damages or otherwise for an interruption of failure in the supply of any utility or services to the Demised Premises unless caused by the negligence of the Landlord, or a person whose negligence the Landlord is responsible in law.
- (c) The Tenant shall not install any equipment which will exceed or overload the capacity of any service or any mechanical facilities in or serving the Demised Premises including sewers and drains and the Tenant will not bring into the Demised Premises or install any utility, electrical or mechanical facility or service

without the Landlord's prior approval not to be unreasonably withheld or delayed. The Tenant agrees that if any of the Tenant's equipment requires additional service, electrical or mechanical facilities or capacity the Landlord may, in its sole discretion, elect to install them at the Tenant's expense and in accordance with plans and specification to be approved in advance in writing by the Landlord, not to be unreasonably withheld or delayed.

5.03 Insurance

- (a) To protect itself and indemnify and save the Landlord harmless from any and all claims which may arise from the Tenant's operations where bodily injury, death or property damage is caused, and shall, without restricting the generality of the foregoing, maintain insurance acceptable to the Landlord, subject to limits of liability of not less than \$5,000,000.00;
- (b) To maintain Commercial General Liability insurance covering the Demised Premises and operations, products and completed operations and coverage with respect to all operations including sub-contractors and automobile liability insurance;
- (c) All liability insurance policies shall be written in the name of the Tenant and Landlord, and shall be subject to a Cross Liability Clause. The Tenant agrees to provide to the Landlord a Certificate of Insurance in compliance with the above each year during the term of this contract. All Insurers shall be licensed to carry on business in the Province of Ontario and shall be acceptable to the Landlord;
- (d) To maintain all other forms of insurance that a prudent similar business would carry, including but not limited to Boiler insurance;
- (e) To maintain Tenants Legal Liability insurance with limits of not less than three million dollars (\$3,000,000.00);
- (f) To maintain such insurance and pay such assessments as will protect it and the Landlord from claims under the *Occupational Health and Safety Act*.

5.04 Nuisance and Garbage

Not to cause, permit or suffer any unusual or objectionable noises or odours to emanate from the Demised Premises, or its use of the Shared Space including, but not limited to, nuisance that may increase the cost of the insurance upon the Demised Premises.

The Tenant, at its sole cost, shall be responsible for the removal and disposal of all garbage, debris, trash and refuse from the Demised Premises in a manner acceptable to the Landlord.

5.05 Repair and Restoration of the Demised Premises on Termination

Upon the expiration or earlier termination of the Lease, the Tenant shall be required to remove from the Demised Premises the Tenant's moveable fixtures, which include the Tenant's stage lighting equipment, the performance stage and the bleacher seating, and shall leave the Demised Premises in a neat and clean condition, free and clear of all waste material and rubbish. If the above noted work has not been completed as described, the Landlord may carry out such work as agent of and at the expense of the Tenant and the Tenant shall pay to the Landlord all reasonable costs and expenses incurred in doing so. Subject to the foregoing, upon the expiry or earlier termination of this Lease, the Tenant shall be permitted to abandon all alterations, additions and improvements to any part of the Demised Premises and shall not be required to bring the Demised Premises to base building standard.

5.06 Pest Control

To keep the Demised Premises free from vermin and to obtain and pay for any pest control services as may be needed from time to time for the Demised Premises.

5.07 Repairs

To carry out promptly, at its own expense, all repairs, maintenance and painting of the said Demised Premises so as to keep the Demised Premises in the same condition and in a good state of repair and condition as they are in on the Commencement Date, reasonable wear and tear, structural damage and damage by fire, lightening and tempest only excepted.

The Landlord shall at all times during the Term maintain and repair or cause to be maintained and repaired as would a prudent owner of a reasonably similar building, the structure of the Complex.

5.08 Repair Where the Tenant at Fault

Notwithstanding any other terms, covenants and conditions in this Lease, if the Demised Premises or any part thereof including, without limitation, the Shared Space and facilities (including those shared areas and facilities within or passing through the Demised Premises), or any equipment, machinery, facilities or improvements contained therein or made thereto, or any structural portion of the Demised Premises become damaged or destroyed through the negligence, carelessness or misuse of the Tenant or through it in any way stopping up or damaging the heating apparatus, water pipes, drainage pipes or other equipment or facilities or part of the Demised Premises, the cost of the resulting repairs, replacements or alterations plus a sum equal to fifteen (15%) percent of the cost thereof representing the Landlord's overhead shall be paid by the Tenant to the Landlord forthwith upon presentation of an account of such expenses incurred by the Landlord.

5.09 Alterations and Improvements

The Tenant shall not make any repairs, alterations, replacements, decorations, additions or improvements to any part of the Demised Premises without first obtaining the Landlord's written approval not to be unreasonably withheld. The Tenant shall submit to the Landlord:

- (a) details of the proposed work including drawings and specifications prepared by qualified architects or engineers and conforming to good engineering practice;
- (b) such indemnification against liens, costs, damages and expenses as the Landlord reasonably requires; and
- (c) evidence satisfactory to the Landlord that the Tenant has obtained, at its expense, all necessary consents, permits, licenses and inspections from all governmental and regulatory authorities having jurisdiction.

All such repairs, alterations, replacements, decorations, additions or improvements by the Tenant to the Demised Premises approved by the Landlord shall be performed:

- (d) at the sole cost of the Tenant;
- (e) by competent workmen whose labour union affiliations are compatible with others employed by the Landlord and its contractors;
- (f) in a good and workmanlike manner;
- (g) in accordance with the drawings and specifications approved by the Landlord acting reasonably; and
- (h) subject to the reasonable regulations, controls and inspection.

All such repairs, alterations, replacements, decorations, additions or improvements made by the Tenant, or made by the Landlord on the Tenant's behalf (other than the Tenant's trade fixtures, lighting equipment, the performance stage and the bleacher seating), shall immediately become the property of the Landlord upon affixation or installation, without compensation therefore to the Tenant. Such repairs, alterations, decorations, additions or improvements shall not be removed from the Demised Premises either during or at the expiration or earlier determination of the Term except that:

(i) the Tenant may during the Term in the usual or normal course of its business and with the prior written consent of the Landlord not to be unreasonably withheld remove its trade fixtures, provided such trade fixtures have become excess to the Tenant's requirements or the Tenant is substituting new and similar trade fixtures therefore; and provided that in each case:

- (i) the Tenant is not in default under this Lease;
- (ii) such removal is done at the Tenant's sole cost and expense; and
- (iii) the Tenant shall, at the expiration or earlier determination of the Lease, at its own cost, remove all its trade fixtures as the Landlord requires to be removed, acting reasonably.

For greater certainty, the Tenant's trade fixtures shall not include any of the following:

- (j) the HVAC System serving the Demised Premises;
- (k) floor coverings affixed to the floor of the Demised Premises;
- (l) existing light fixtures; or
- (m) partitions within the Demised Premises, all of which are deemed to be leasehold improvements.

Notwithstanding the foregoing, the parties hereto acknowledge and agree that the Tenant shall be permitted at its sole cost and expense to renovate and expand the lobby of the Complex to accommodate additional washroom facilities in the Shared Space (the "Lobby Improvements"). The Lobby Improvements shall be subject to: (i) the Tenant obtaining the Landlord's written approval of the Tenant's plans and specifications, said approval not to be unreasonably withheld or delayed; and (ii) the Tenant complying with all requirements of applicable municipal by-laws, building codes and fire, health and other regulations and all other relevant provincial and federal legislation and regulations thereunder. The Lobby Improvements, when approved by the Landlord, shall be effected by contractors selected and engaged by the Tenant and approved by the Landlord, which approval shall not be unreasonably withheld or delayed.

5.10 Heating Ventilating and Air Conditioning

To the best of its knowledge, information and belief, the Landlord represents that all HVAC equipment will be in good working order, on or before the Commencement Date. Where the HVAC System services only the Demised Premises, the Tenant shall, throughout the term of this Lease, operate and regulate heating, ventilating and air-conditioning equipment within and serving the Demised Premises in such a manner as to maintain reasonable conditions of temperature and humidity within the Demised Premises. The Tenant shall comply with all reasonable rules and regulations of the Landlord pertaining to the operation and regulation of such equipment. If the Tenant fails to comply with such rules and regulations, the Landlord shall be entitled to take such steps as it deems advisable to correct such defaults (including, without limitation, entering upon the Demised Premises and assuming control of such equipment) without liability to the Tenant, and the Tenant will pay the Landlord forthwith on demand as Additional Rent all reasonable costs and expenses incurred by the Landlord in so doing.

- (a) The Tenant shall be solely responsible for obtaining a maintenance contract for the HVAC System and covenants and agrees to use its best efforts to have all regularly scheduled maintenance carried out promptly and efficiently. Notwithstanding the foregoing, the Landlord shall not be liable for any inconvenience caused to the Tenant, its agents, servants or employees or for any loss or damage that may result to the Tenant's merchandise, fixtures or other property, or to the Tenant's business by reason of such maintenance, howsoever caused.
- (b) Where the HVAC System requires repair or replacement (other than a complete replacement of the HVAC System), the Tenant shall, in each instance, make such repair or replacement at its expense, in an amount not to exceed \$5,000.00 and

notify the Landlord in writing of such repair or replacement. The Landlord shall be responsible for paying to the Tenant any cost to repair or replace the HVAC System over and above the Tenant's aforementioned maximum contribution.

Notwithstanding anything contained in this Section 5.10, the Tenant shall not be responsible for the complete replacement of the HVAC System. The parties hereto acknowledge and agree that the Landlord will be responsible for the complete replacement of the HVAC System at its sole cost and expense. If the HVAC System requires a complete replacement, the Tenant agrees that the doing of such replacement by the Landlord will not be a re-entry or breach of any covenants for quiet enjoyment.

5.11 Arrears in Payments on Behalf of Tenant

That when and so often as it shall neglect or omit to pay after ten (10) days written notice from the Landlord, any water, gas or electric rates, telephone charges, business or other taxes, or any other amount, which in accordance with the terms and provisions hereof, is payable by the Tenant, the Landlord may pay the same on the Tenant's behalf and the sum equal to the amount so paid shall forthwith become due and payable to the Landlord as if the same were rent in arrears. All arrears of rent and payments made by the Landlord as aforesaid shall bear interest at the rate of two percent (2%) per month.

5.12 Compliance with Legislation

To observe and fulfill the lawful provisions and requirements of all statutes, by-laws, rules and regulations, municipal, provincial or federal, relating to the Demised Premises.

5.13 Maintenance of Records

Recognizing that the lands, buildings and fixtures are solely owned by the Landlord, the Tenant covenants that it will always maintain proper books of account and will make those books available to the Landlord upon request at a mutually convenient time to the parties hereto.

**ARTICLE VI
GENERAL COVENANTS**

6.01 Taxes and Insurance

The Landlord agrees to pay any municipal taxes assessed and the fire insurance costs on the Demised Premises.

6.02 Snow Removal

The Landlord agrees to remove all snow and ice from the roof (if necessary) and all entrances and public walkways of the Complex during the Term at its sole cost and expense.

6.03 Re-entry

The Tenant agrees that the Landlord has the right of re-entry on non-payment of rent or non-performance of covenants, subject to the provisions of this Lease.

6.04 Right of Entry to Perform Covenants

If the Tenant shall default in the performance of any covenant in this Lease (except the covenant to pay rent) and if such default shall continue for ten (10) Business Days after written notice thereof to the Tenant, the Landlord may perform such covenant on the Tenant's behalf and may enter the Demised Premises for that purpose and shall not be liable to the Tenant for any loss or damage to the Tenant's stock or business so caused. If the Landlord at any time is compelled or reasonably elects to incur any expense including legal fees as a result of a default of the Tenant under this Lease (including any action or proceeding against the Tenant), any reasonable sum including legal costs so paid by the Landlord, together with all interest and damages, shall be payable by the Tenant on demand as Additional Rent.

6.05 Bankruptcy and Seizure

That if during the Term any of the goods and chattels of the Tenant are seized or taken in execution or in attachment by any creditor of the Tenant, or if a Writ of Execution shall be issued against the goods and chattels of the Tenant and remain unsatisfied for ten (10) Business Days, or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or shall be adjudged bankrupt or insolvent by any court of competent jurisdiction under any legislation then in force or shall take the benefit of any act that may be in force for bankrupt or insolvent debtors or shall attempt to abandon the Demised Premises or to sell or dispose of its goods and chattels so that there would not remain after such sale or disposal sufficient distress on the Demised Premises, in the opinion of the Landlord, for the then accruing rent together with the rent for the said six (6) months next ensuing shall immediately become due and payable, and the Term shall, at the option of the Landlord forthwith be terminated and in each of the above cases, such accelerated rent and additional rent shall be recoverable by the Landlord as if it were rent in arrears.

If the Tenant removes any of its goods and chattels from the Demised Premises, the Landlord may follow them for thirty (30) clear days in the manner provided in the *Commercial Tenancies Act*, R.S.O. 1990, Chapter L.7 (the "Act"). The Tenant covenants with the Landlord in consideration of the making of this Lease that despite anything contained in the Act none of the goods and chattels of the Tenant on the Demised Premises are exempt from levy by distress for rent in arrears, and that upon a claim being made by the Landlord, this Section may be pleaded as an estoppel against the Tenant in an action brought to test the right to levy upon goods named as exempted.

6.06 Enter Premises

The Landlord or its agent, at all reasonable times may enter upon and view the state of repair of the Demised Premises and the Tenant agrees to comply with all reasonable requirements of the Landlord with regard to the care, maintenance, and repair thereof, to the extent that the Tenant is responsible under the Lease for such care, maintenance and repair.

6.07 Signs

The Tenant shall have the right to erect a sign or signs in, on or around the Complex setting out the name and business of the Tenant, provided that it shall have first obtained the Landlord's consent in writing, not to be unreasonably withheld or delayed, as to the specifications and location thereof and provided the sign or signs conform to all municipal regulations and by-laws.

6.08 Holdover

In the absence of any new agreement to the contrary, any holdover after the end of the Term herein conveyed or any extension or renewals thereof shall be construed to be a tenancy from month to month, at the same rental and on the same terms as specified herein.

6.09 Remedies of Landlord Cumulative

The waiver by the Landlord of the Tenant of a break of a term, covenant or condition of this Lease will not be considered to be a waiver of a subsequent breach of the term, covenant or condition or another term, covenant or condition. The subsequent acceptance of rent by the Landlord will not be considered to be waiver of a preceding breach by the Tenant of a term, covenant or condition of this Lease, and regardless of the Landlord's knowledge of the preceding breach of this Lease it will not be considered to have been waived by the Landlord or by the Tenant unless the waiver is in writing signed by the Landlord or by the Tenant, as the case may be.

6.10 Sublet or Assign

The Tenant will not, in any event, assign or transfer its interest in this Lease or the Demised Premises or any part thereof, or any of the chattels and/or fixtures contained

therein, or permit a sale in bulk, nor will it sublet all or any part of the Demised Premises, or suffer or permit the occupation of, or part with or share possession of all or any part of the Demised Premises without prior written consent of the Landlord, not to be unreasonably withheld. Notwithstanding the foregoing, the Tenant shall be entitled to, without the consent of the Landlord, but upon prior written notice to the Landlord, assign, sublet or transfer the Tenant's interest in this Lease to an "Affiliate" of the Tenant as defined in the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended.

6.11 Corporate Ownership – Change of Control

If at any time during the Term any part of the corporate shares of the Tenant or of any associated, affiliated or parent company of the Tenant shall be transferred or issued by sale, assignment, or operation of law or other disposition or by subscription, other than as the result of death, so as to result in a change in the present effective voting control of the Tenant by the person or persons holding such voting control on the date of this Lease, the Tenant shall promptly notify the Landlord in writing of such intended change, and the provisions of Section 6.10 respecting sublet or assignment shall be deemed to apply to such corporate transfer. The Landlord may require the Tenant to provide, from time to time, a statutory declaration from the principals of the Tenant as to the effective voting control of the Tenant.

6.12 Destruction of Premises

If during the Term or any renewal thereof the Demised Premises or the Complex shall be destroyed or damaged by fire or the elements then the following provisions shall apply:

- (a) If the Demised Premises shall be so badly injured as to be unfit for occupancy, and as to be incapable of being repaired with reasonable diligence within one hundred and twenty (120) days of the happening of such injury, then the Term shall cease and be at an end to all intents and purposes from the date of such damage or destruction, and the Tenant shall immediately surrender same, and yield up possession of the Demised Premises to the Landlord and the rent from the time of such surrender shall be apportioned.
- (b) If the Demised Premises shall be capable, with reasonable diligence, of being repaired and rendered fit for occupancy within one hundred and twenty (120) days from the happening of injury such as aforesaid, but if the damage is such as to render the Demised Premises wholly unfit for occupancy for the purpose of a theatre, then the rent hereby reserved shall not run or accrue after such injury, or while the process of repair is going on, and the Landlord shall repair the same with all reasonable speed, and the rent shall recommence immediately after such repairs shall be completed.
- (c) If the Demised Premises shall be repaired within one hundred and twenty (120) days as aforesaid, and if the damage is such that the same Demised Premises are capable of being partially used for the purposes of a theatre, the rent shall abate in the proportion that the part of the Demised Premises rendered unfit for occupancy bears to the whole of the Demised Premises.

6.13 Operation of the Complex

The Landlord agrees to continuously, actively and diligently operate and maintain the Complex, as would a prudent owner of a similar development.

6.14 Capital Repairs and Replacements

The Landlord agrees to carry out, at its sole cost and expense, all capital repairs or replacements required for the Demised Premises and the Shared Space, including roof repairs, inherent structural defects, other structural repairs and replacements, and other repairs and replacements of a capital nature that are not contemplated in Section 5.07.

6.15 Performance Disruptions by Other Tenants of the Complex

If during scheduled performance times, other tenants of the Complex create noise that disturbs the Tenant or the Tenant's patrons or disrupts or in any way interferes with the

Tenant's theatrical performances, the Tenant shall notify the Landlord of such disturbance or disruption. Upon receiving notice of such disturbance or disruption, the Landlord shall use reasonable efforts to prevent the tenant(s) of the Complex from creating such noise or disturbance.

6.16 Quiet Enjoyment

The Landlord covenants that the Tenant shall have quiet enjoyment of the Demised Premises during the Term and any renewals or extensions thereof, provided that the Tenant pays all amounts when due and owing to the Landlord, as hereinbefore set forth, and keeps, observes and performs all of the other covenants and provisions as required by this Lease.

**ARTICLE VII
MISCELLANEOUS**

7.01 Amendments to the Lease

Any amendments to this Lease or matters which might arise that have not specifically been covered herein, may be incorporated into this Lease, upon mutual agreement of the Parties hereto, by means of a supplementary agreement in writing and signed by the parties hereto.

7.02 Renewal of Lease

Provided the Tenant is not in default under the terms of this Lease, the Landlord hereby grants to the Tenant the additional right, privilege and option to extend the Term, from the Expiry Date for one (1) additional term of five (5) years upon giving notice of its intention to extend to the Landlord at least six (6) months prior to the expiration of the Term. In the event of the exercise of the aforesaid option, such extension of this Lease shall be on the same terms and conditions as contained herein, except for any future right of extension and provided that the rent to be paid during any such extension term shall be mutually agreed upon between the parties hereto and failing such agreement, at least three (3) months prior to the expiration of the Term, such rent shall be determined by arbitration in accordance with the *Arbitration Act* (Ontario), 1991, S.O. 1991, c.17, as amended, and shall be based upon the fair market rental value of the Demised Premises for the use contemplated herein.

7.03 Termination of Lease

In the event the Tenant becomes insolvent or is in violation of any municipal or provincial legislation, the Landlord shall give written notice to the Tenant to remedy the violation and the Tenant shall rectify such violation within thirty (30) days of receipt of notice, failing which the Landlord may terminate this Lease forthwith.

Notwithstanding the foregoing, both the Landlord and the Tenant shall have the absolute and unrestricted right to terminate this Lease on December 31 of any calendar year of the Term, provided the party seeking to terminate the Lease provides the other party with at least twelve (12) months written notice of such termination.

7.04 Indemnification

The Tenant shall indemnify and save the Landlord harmless from and against all actions, suits, claims and demands which may be brought against or made upon the Landlord and from all loss, costs, charges and expenses which may be incurred, sustained or paid by the Landlord resulting from this Agreement, except to the extent that such loss, costs, charges and expenses are caused by the negligence of the Landlord or those for whom the Landlord is at law responsible. The Landlord shall indemnify and save the Tenant harmless from any damage, loss and expenses to property or persons caused by the negligence or malfeasance of the Landlord or those for whom the Landlord is at law responsible.

7.05 Notice

All notices which it may be necessary or proper for either party to serve upon the other shall be delivered by hand, facsimile transmission (fax) or mailed, and if mailed, sent by registered post, postage prepaid as follows:

If to the Landlord: City of Stratford
 1 Wellington Street
 Stratford, Ontario N5A 6W1
 Attn: Director of Community Services
 Fax: (519) 271-1586

If to the Tenant: The Stratford Shakespearean Festival
 P.O. Box 520
 Stratford, Ontario N5A 6V2
 Attn: General Director
 Fax: (519) 271-2734

All notices so mailed shall be deemed to be received on the fourth (4th) Business Day after mailing. All notices sent by fax, shall be deemed to be received on the day of faxing, provided that such day is a Business Day and notice is faxed prior to 4:30 p.m. (Eastern Standard Time) on such day; otherwise such notice shall be deemed to have been given or received on the next Business Day.

Each party may from time to time specify in writing a new address to which any such notice shall thereafter and until further notice be sent.

Should any questions arise concerning the enforcement or understanding of any covenants or terms contained in this Agreement, the Landlord shall contact the General Director for the Tenant, and the Tenant shall contact the Director of Community Services of the Landlord, or their respective designates.

7.06 Notice of Lease

The Landlord agrees that Tenant shall be entitled at its expense to register this Lease or a short-form notice thereof on title. Upon request of the Tenant, the Landlord will join with the Tenant in the execution of a notice or short form of lease or other documentation required for registration purposes in connection with said notice or short form of lease.

7.07 Successors

It is agreed by the parties hereto that this Lease and all of the terms and provisions contained herein shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns subject to the requirement that this Lease may not be assigned by the Tenant except in accordance with the terms set forth herein.

7.08 Governing Law

This Lease shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7.09 Time of Essence

Time shall be of the essence of this Lease and every part hereof.

7.10 Force Majeure

Whenever and to the extent that the Landlord or the Tenant shall be unable to fulfil or shall be delayed or restricted in the fulfilment of any obligation hereunder by reason of being unable to obtain the materials, goods, equipment or labour required to enable it to fulfil any such obligation, or by reason of any statute, law or order-in-council or any regulation or order passed or made pursuant thereto or by reason of the order or direction of any administration, controller or board, or any governmental department or office or other authority required, or by reason of any other cause beyond its control, whether of

the foregoing character or not, including but without limiting the foregoing, Acts of God, fire, strikes, work slowdowns or unfavourable weather, the Landlord or the Tenant shall be relieved from the fulfilment of such obligation during the period of such delay, and the other party shall not be entitled to compensation for any loss, inconvenience, nuisance or discomfort thereby occasioned.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first herein written.

THE CORPORATION OF THE CITY OF STRATFORD



Name: Dan Mathieson

Title: Mayor



Name: Joan Thomson

Title: City Clerk

We have the authority to bind the Corporation.

**THE STRATFORD SHAKESPEAREAN FESTIVAL OF
CANADA**



Name: Antoni Cimolino

Title: General Director

I have the authority to bind the Corporation.

SCHEDULE "A"

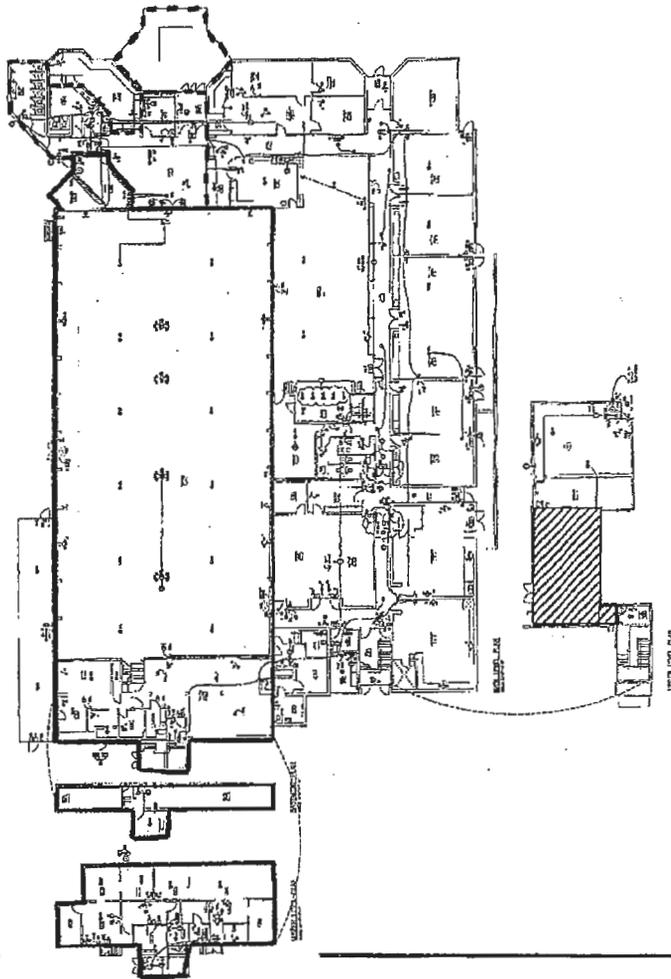
TENANT:
THE STRATFORD SHAKESPEAREAN FESTIVAL OF CANADA

Common Name:
Tom Patterson Theatre

Municipal Address:
48 Water Street Stratford, Ontario Canada

Legal Description:
Plan 20 Lot 567 to 569

-
- = Demised Premises
 - - - = Shared Space
 - ▨ = Storage Facility



The purpose of this plan is to identify the approximate location of the Demised Premises at the Complex. The Landlord reserves the right at any time to relocate, rearrange, or alter the buildings and structure, other premises and Shared Space and facilities, and with the consent of the Tenant, not to be unreasonably withheld, the Demised Premises from that shown on this plan.

SCHEDULE "B"

Tenant's Share of Public Utilities

The Tenant agrees to pay the entire cost of the following public utilities, which serve only the Demised Premises and are separately metered for the Demised Premises:

1. Union Gas Account #183-7412;
2. Hydro Account #1887-038 for the lounge area of the Complex; and
3. Hydro Account #1887-56 for HVAC and spotlights.

The Tenant agrees to pay 50% of the cost of the following public utilities, which serve the Complex and represents the Tenant's proportionate share based on square footage of the Complex occupied by the Tenant:

1. Hydro Account #1887-55 for the Complex and Third Stage.

SCHEDULE "C"

Basic Rent for the Term

(Increasing by 5% per year)

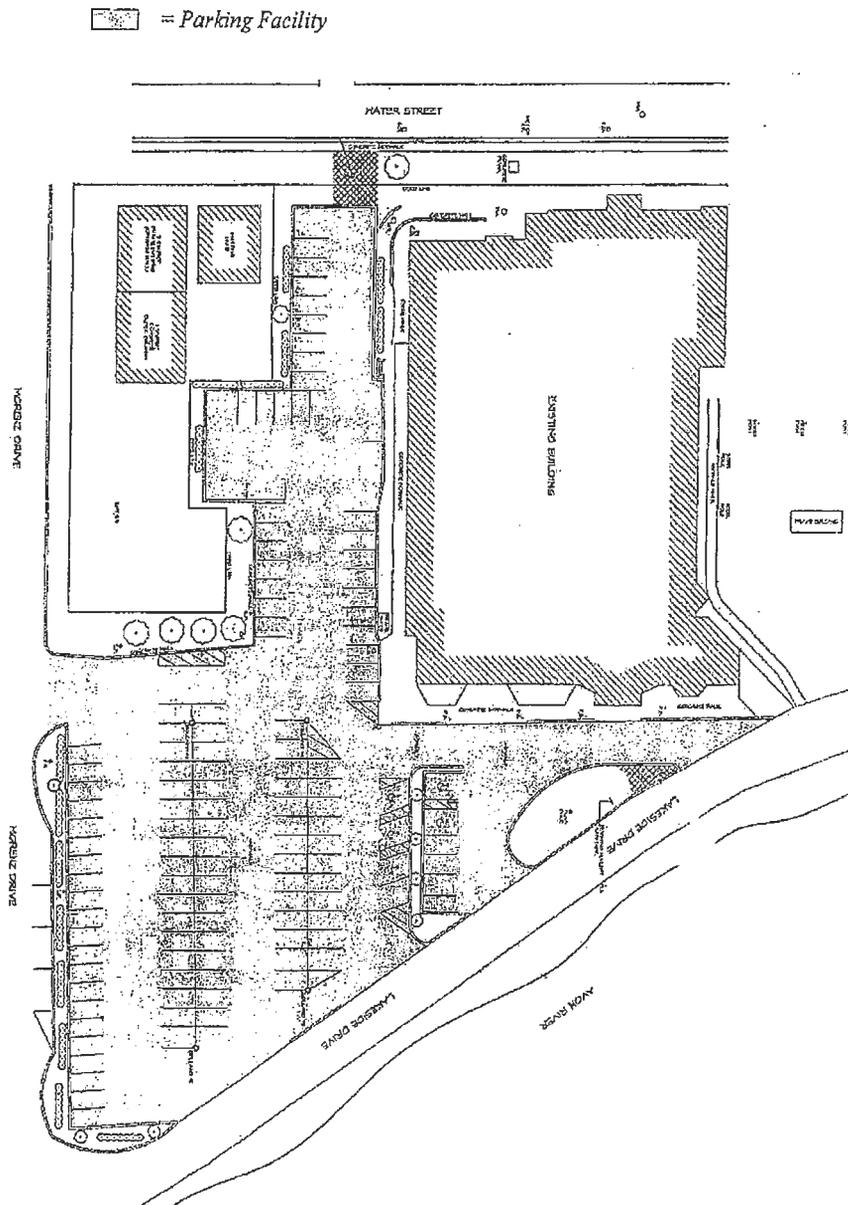
Year	Annual Basic Rent	Monthly Instalments
Year 1	\$52,710.00	\$4,392.50
Year 2	\$55,345.50	\$4,612.13
Year 3	\$58,112.78	\$4,842.73
Year 4	\$61,018.42	\$5,084.87
Year 5	\$64,069.34	\$5,339.11
Year 6	\$67,272.81	\$5,606.07
Year 7	\$70,636.45	\$5,886.37
Year 8	\$74,168.27	\$6,180.69
Year 9	\$77,876.68	\$6,489.72
Year 10	\$81,770.51	\$6,814.21
Year 11	\$85,859.04	\$7,154.92
Year 12	\$90,151.99	\$7,512.67
Year 13	\$94,659.59	\$7,888.30
Year 14	\$99,392.57	\$8,282.71
Year 15	\$104,362.20	\$8,696.85
Year 16	\$109,580.31	\$9,131.69
Year 17	\$115,059.33	\$9,588.28
Year 18	\$120,812.30	\$10,067.69
Year 19	\$126,852.92	\$10,571.08
Year 20	\$133,195.57	\$11,099.63

SCHEDULE "D"

Parking Facilities

TENANT:
THE STRATFORD SHAKESPEAREAN FESTIVAL OF CANADA

Common Name:
Tom Patterson Theatre
Municipal Address:
48 Water Street Stratford, Ontario Canada
Legal Description:
Plan 20 Lot 567 to 569



The purpose of this plan is to identify the approximate location of the parking at the Complex.

