

Attachment 3 – Major Terms of Ground Lease

Bayside – Ground Lease Term Sheet (Schedule to Land Development Agreement)

August 11, 2010

Lessor	City of Toronto
Lessee	Site Developer
Timing	The Ground Lease (GL) will be executed prior to Site Plan Application for the applicable Site.
Lands	Stes C1 and C2 on Figure 1 are the proposed Non-Residential Stes within the Bayside Lands.
Current Status of Lands	Vacant Land
Term	99 years, following a 3 year Construction Period.
Base Rent	<p>The Base Rent is calculated by multiplying the Net Rent of the site or phase covered by the Ground Lease (GL) by a percentage outlined in the Confidential Attachment. The Revenue Share amount is payable annually on the anniversary date of the lease based on actual Net Rent for the previous year. For retail space, Net Rent includes participation rent.</p> <p>"Net Rent" means the aggregate of the base rent payable by tenants or licensees, including participation rent, if any, but excluding any cost recovery payment for realty taxes, common area expenses or utilities and excluding rent from parking, signage and other miscellaneous revenues derived from the building other than revenue related directly to the office or retail tenants.</p> <p>During the Construction Period, no base rent is payable, only additional rent (taxes, utilities, etc.)</p>
Additional Rent	The lease is a Net lease to the Lessor. The Lessee will be responsible for the payment of all taxes, assessments, utilities, charges, operating costs, repairs, maintenance and replacement of any components, structural or otherwise, in respect of the buildings and improvements and all other costs of any nature payable in respect of the leased lands during the Term. In addition the Lessee will pay any HST or any other tax exigible on the Additional Rent payments.
"As-is"	<p>The land will be rented "as is, where is" basis with no representations or warranties by the Lessor.</p> <p>The Lessee will indemnify the Lessor against any claims arising out of the Lessee's activities on the Site or the activities of any person on the Site at the invitation or request of the Lessee, including in respect of any environmental investigations or remediation undertaken by the Lessee. The Lessee will release the Lessor from</p>

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	any claim regarding the environmental quality of the Site.
Applicable Laws	The Lessee shall comply with all municipal, provincial and federal applicable laws, including City of Toronto by-laws, official plan, zoning and any agreements or restrictions registered on title to the lands. The Lessee will assume and perform all obligations of the Lessor under any registered agreements.
Release and Indemnity	The Lessee will release the Lessor from all claims and will indemnify the Lessor against any matter arising out of the leased lands during the Term unless such claims are caused by the negligence or willful misconduct of the Lessor.
Use	<p>During the Construction Period: in accordance with the Waterfront Toronto Development Agreement (DA).</p> <p>After the Construction Period: Uses of the lands shall be limited by any uses permitted by applicable law, and the Waterfront Toronto DA, and subject to the prohibited uses listed in the lease and agreed to by the parties.</p>
Signs	Signs will be subject to the Lessor's consent, not to be unreasonably withheld, and shall be subject to applicable regulatory restrictions and any signage by-law that the City of Toronto (acting in its capacity as municipal government) may adopt from time-to-time.
Insurance	The Lessee shall take out and maintain adequate insurance of all types in amounts and form satisfactory to the Lessor's Risk Management Division and the City Solicitor. Amounts to be reset periodically.
Assignment and Subletting:	The Lessee may assign and sublet all or parts of the lands, subject to the Lessor's consent, not to be unreasonably withheld, and subject to certain prohibited uses set out in the lease. Note that Lessor consent is not required for leases within the building constructed on the land by the Lessee that have a term of less than 33 years.
Leasehold Charges	The Lessee may charge its leasehold interest and the Lessor will enter into an agreement with any leasehold mortgagee confirming the leasehold mortgagee may enjoy the balance of the lease term, subject to the leasehold mortgagee performing the Lessee's obligations under the lease.
Non-Disturbance Agreement	If requested by subtenant, the Lessor will enter into Non-Disturbance Agreements (NDA) with subtenants in a form satisfactory to each party acting reasonably.
Lessor's Reserved Easements	The Lessor will reserve all easements necessary for the City of Toronto to protect its municipal services within the lands, including municipal services.

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Specific Covenants in respect of Redpath Sugars	The lease will contain Lessee covenants and obligations in respect of various matters arising out of zoning and official plan settlement agreements among Redpath Sugars, the City of Toronto, Waterfront Toronto and TEDCO. The lease shall contain the warning required under the zoning by-law in respect of noise, odours, dust and light emissions from the Redpath facility.
Ownership of Buildings/Surrender	The buildings will be the property of the Lessee throughout the Term, provided that at the expiry of the Term, the buildings will automatically become the property of the Lessor unless the Lessor directs the Lessee to demolish any buildings and restore the lands in a vacant state, in which case only those buildings for which the Lessor wishes to take ownership (if any) will remain on the lands.
Environmental	The Lessee will be required to comply with all environmental laws. The Lessee will be responsible for and will indemnify the Lessor against any claim arising in respect of any hazardous materials in, on or under the Leased Lands which were released or otherwise produced by the Lessee or by those persons for whom the Lessee is responsible.
Pre-Development Applications	The Lessor shall provide consent, solely in the Lessor's capacity as land owner of the Bayside Lands, for pre-development applications by the Lessee that are not otherwise required to be submitted by Waterfront Toronto under the Project Agreement, provided Waterfront Toronto has approved such application, the Lessee indemnifies the Lessor in respect of such applications, and on condition that such consent shall not fetter the Lessor's planning and municipal rights and obligations.
Ancillary Agreements	<p>The Lessee will have the right to access the Site(s) prior to closing to conduct geotechnical and other required testing subject to entering into a license agreement with the Lessor.</p> <p>The parties may enter into any other licenses, easements, encroachments, closings or other agreements necessary to implement the development of the Site(s).</p>
Default	The lease will contain usual events of default in addition to the following specific events of default: if the Development Agreement between Waterfront Toronto and the Developer is terminated and Waterfront Toronto does not take an assignment of the Lease; if the Development Agreement is materially amended without the prior written consent of the Lessor. The lease will contain usual remedies of the Lessor in the event of default, including but not limited to re-entry, reletting and/or terminating the lease, subject to any prior rights of a leasehold mortgagee.

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Administration and Management of Lease	If directed by the Lessor, Waterfront Toronto will administer the Ground Lease until Waterfront Toronto is wound down. Otherwise, the Lessor's Chief Corporate Officer (CCO), his successor/designate, shall administer and manage the lease, including the provisions of any consents, approvals, notices, notices of termination, provided that the CCO may refer consideration of such matters to City Council for determination.
Naming Rights	The Lessee may name the building its own name or other names provided the name does not contravene any applicable law.

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