

Appendix D

Substantial Terms and Conditions of a Lease Between  
Royal Agricultural Winter Fair Association of Canada, as tenant (the "Tenant"), and  
The Board of Governors of Exhibition Place, as landlord (the "Board")

- (1) Leased Property: The Leased Property shall comprise the following:
- (a) Administrative office space including the Royal Ballroom, Canadian Room and Presidents Suite, located in the building known as the Enercare Centre, comprising approximately 18,620 sq. ft., as depicted in Schedule A to this Term Letter;
  - (b) The Agricultural Hall of Fame Offices, comprising approximately 1,350 sq. ft., located in the building known as the Enercare Centre, as depicted in Schedule A to this Term Letter ((a) and (b) being collectively, the "Office Areas");
  - (c) Storage Space (Indoor), as follows:
    - (i) Site kitchen located in Hall F (formerly known as East Annex), comprising approximately 9,623 square feet, as depicted in Schedule B to this Term Letter;
    - (ii) Horse Palace, First & Second Floor: As depicted in Schedule C to this Term Letter, more particularly described as follows:
      - Aisle F, Sheep Pens: approximately 1,797 sq. ft.;
      - Fox Room: approximately 12,436 sq. ft.; and
      - Bit N Bridal: approximately 2,527 sq. ft.

Upon reasonable notice to the Tenant, the Board may relocate the portions of the Leased Property located within the Horse Palace to such other locations as designated by the Board, acting reasonably;

- (d) West Annex Kitchen ecologizer, consisting of approximately 615 sq. ft., as depicted in Schedule D to this Term Letter; and
- (e) Storage Space (Outdoor): As depicted in Schedule E to this Term Letter, more particularly described as follows:
  - (i) Parking Lot 859 trailer storage: approximately 500 sq. ft.
  - (ii) Cattle pen storage: approximately 1,313 sq. ft., located along north wall of storage bays under Gardiner Expressway.
  - (iii) Bay 38 under Gardiner Expressway: approximately 5,840 sq. ft.
  - (iv) Dirt storage adjacent to Bay 1 under Gardiner Expressway: approximately 1,376 sq. ft. ((c), (d) and (e) being collectively, the "Storage Areas")

Upon reasonable notice to the Tenant, the Board may relocate the outdoor storage space portions of the Leased Property described above to such other locations as designated by the Board, acting reasonably.

- (2) Permitted Use: The Leased property shall be used solely for the following uses:
- (a) Office Areas: administrative office space with respect to the operation of the Royal Agricultural Winter Fair (the "Fair").
  - (b) Storage Areas: storage, provided that the site kitchen may be used during the Fair for cooking and food preparation, but shall be used solely for storage during the remainder of the year.

- (3) Prohibited Uses: The use of the Leased Property by the Tenant shall be subject to all existing contractual obligations of the Board respecting the use of the Exhibition Place lands, including existing rights granted with respect to the Ricoh Coliseum Arena (Maple Leaf Sports and Entertainment Ltd.), BMO Field (Maple Leaf Sports and Entertainment Ltd.), Ontario Government Building (Liberty Grand Entertainment), Horticulture Building (Toronto Event Centre), Aqua Dolce Restaurant, QE Theatre, and QE Fountain Dining Room. The Leased Property shall not be used for any of the following purposes:
- (a) a themed dinner theatre;
  - (b) trade and consumer shows and any activities (including the provision of food and beverages) related to trade and consumer shows;
  - (c) meetings, conferences and conventions;
  - (d) a banquet facility
  - (e) professional sports events;
  - (f) a casino; and
  - (g) an indoor live performance venue/nightclub providing live and recorded musical entertainment.
- (4) Sharing of Leased Property: The Tenant's rights with respect to the Leased Property shall be subject to:
- (a) The obligation of the Tenant to book and co-ordinate with the Board any special events to be held in the Leased Property;
  - (b) The obligation of the Tenant to use, except during the period of the Royal, the Board's exclusive caterer for events that are held in the Leased Property; and
  - (c) The Board's right, except during the period of the Fair, to rent, use and access the Bit N Bridle at its sole discretion. The Tenant will be solely responsible for the cost of moving any stored materials to accommodate such use.
- (5) Historical Designation: The Tenant acknowledges that Ricoh Coliseum and the Horse Palace buildings have been designated by Toronto City Council under the *Ontario Heritage Act* as being of architectural and historic value or interest. The Tenant shall comply with any and all requirements under the *Ontario Heritage Act* and other applicable legislation and/or any by-law or regulation with regard to those matters which are its responsibility with respect to the Leased Property, and to ensure that all renovations, repairs, and any and all other work undertaken by the Tenant on, at or upon the Leased Property are in full compliance with the *Ontario Heritage Act*.
- (6) Term: Five (5) years, commencing on January 1, 2018 and ending on December 31, 2022.
- (7) Option to Extend: Provided that the Tenant is in occupation of the whole of the Leased Property, is not in default and has not been in default during the Term, and has entered into a licence agreement with the Board to continue operating the Fair during the Extended Term (as hereinafter defined), then, upon delivery of written notice exercising this right given to the Board not more than nine (9) months and not less than six (6) months before the expiration of the Term, the Tenant shall have the right to extend the Term for the whole of the Premises for a further period of five (5) years (the "Extended Term"). The Extended Term shall be on the same terms and conditions as the Term, save and except that there shall be no further right to extend or renew the Term. References in this Term Letter to the Term shall be deemed to include the Extended Term, unless the context requires otherwise.

- (8) Right to Surrender: The Tenant shall have the right to surrender its use of the Leased Property upon providing not less than one (1) year's prior written notice of termination to the Board specifying the effective date of the termination.
- (9) Redevelopment: If at any time during the Term, the Board decides to redevelop all or any portion of the Enercare Centre building in which the Office Areas are located, the Board will provide the Tenant with written notice of its intent to terminate this Lease with respect to the Office Areas, no less than two (2) years prior to the effective date of such termination. If the Board exercises the right of early termination, then this Lease, with respect to the Office Areas, will end on the termination date set out in such notice. The Board will also use reasonable commercial efforts to make alternative space available for lease by the Tenant at Exhibition Place suitable for the office purposes set out above.
- (10) Failure to Hold Fair: The Tenant shall, in the late fall of each year during the Term, operate the Fair in the Enercare Centre building according to a licence agreement to be entered into between the Board and the Tenant. In the event that the Tenant, as a result of circumstances within its control, fails to hold the Fair during the late fall of any year of the Term, the Board shall have the right, in addition to any other rights or remedies under the Lease or at law, to terminate the Lease, without compensation to the Tenant, on thirty (30) days' written notice.
- (11) Basic Rent: The Tenant shall pay nominal Basic Rent in the amount of \$1.00 for the Term.
- (12) Additional Rent: The Tenant shall pay to the Board, or as the Board may from time to time direct, all Additional Rent payable in respect of the Leased Property. The Board may, from time to time, estimate payments of Additional Rent required to be made monthly during the Term, and the Tenant shall pay such estimated amounts. Within a reasonable period following the end of each Lease Year, the Landlord shall provide an accounting of the Additional Rent paid by the Tenant during the immediately preceding Lease Year, and appropriate adjustments in respect of any over-payment or under-payment will be made promptly. The Landlord shall submit to the Tenant invoices in respect of Additional Rent charges as they arise from time to time. The Tenant shall remit payment to the Landlord not more than thirty (30) days following receipt of an invoice therefor.
- (13) Definition of Additional Rent: "Additional Rent" means:
- (a) all Taxes, rates, local improvement rates, duties or assessments which may be levied, rated, charged or assessed against the Leased Property or any parts thereof, whether real or personal property, by any authority having jurisdiction, and any taxes which may be imposed by such authority on the Board, the City of Toronto (the "City") and/or the Tenant or anyone else with respect to the Leased Property;
  - (b) all costs of utilities and supplies for the Leased Property, including electrical power and all janitorial costs with respect to the Leased Property;
  - (c) all other costs of maintenance, repair and replacement of the Leased Property, except as otherwise required pursuant to this Term Letter or the Lease;
  - (d) all costs, expenses and charges incurred in and about the operation and management of the Leased Property except for such costs, expenses and charges which are required to be paid by the Board pursuant to this Term Letter or the Lease; and
  - (e) any and all sums of money or charges required to be paid by the Tenant under this Term Letter or the Lease (except for Basic Rent) whether or not designated as "Additional Rent" and whether or not payable to the Board or to any other person.

“Taxes” means all taxes, rates, duties, charges, assessments, impositions, levies, charges for local improvements and/or license fees imposed by any federal, provincial or municipal government, agency or commission, general and special, ordinary and extraordinary, foreseen and unforeseen, whether or not liability for same exists as of the date hereof, of every nature and kind whatsoever upon or in respect of the lands comprising Exhibition Place, the Leased Property or the Tenant's occupancy thereof

- (14) Interest and Returned Cheque Fee: Interest on overdue payments shall be subject to interest at a rate of 1.25 % per month (15% per annum). The Tenant will pay to the Board a charge of forty dollars (\$40.00) for every cheque tendered by the Tenant that is not honoured by the institution on which it is drawn.
- (15) Net Lease: The Tenant acknowledges that the Lease will be fully net to the Board, and that the Tenant shall, except as expressly set out therein, pay any Taxes and any other charges, impositions, costs and expenses of every nature and kind, arising from the Tenant's occupation of the Leased Property, the use and occupancy thereof, the contents thereof, and the business carried on therein by the Tenant.
- (16) Leased Property "As Is": The Tenant accepts the Leased Property “as is”, and agrees that it shall be solely responsible for the cost of construction of any improvements or structures required for the purposes of its use and occupation of the Leased Property, subject to the prior approval of the Board.
- (17) Maintenance and Repair: The Board shall, at its sole cost, at all times maintain the Enercare Centre and Ricoh Coliseum Building in good structural repair, subject to reasonable wear and tear and the Tenant's repair obligations. The Tenant shall, at its sole cost, be responsible for maintaining the Leased Property and all leasehold improvements (including interior walls within the Leased Property) in good repair, subject to reasonable wear and tear.
- (18) Parking: The Board shall, throughout the Term, provide up to a maximum of fifty-five (55) non-reserved parking passes at no charge to the Tenant, for the Tenant's permanent full-time staff to access designated parking facilities at Exhibition Place. The parking passes shall be valid throughout the Term save and except for the period of the Honda Indy, the Canadian National Exhibition and Citywide events (as defined by Tourism Toronto), when parking passes may be restricted and/or a fee may be imposed. The Board retains the right to all parking facilities and the revenue therefrom.
- (19) Closure of the Exhibition Place Lands/Leased Property:
  - (a) The Tenant acknowledges that from time to time during the Term, Exhibition Place may be totally closed to the public on a temporary basis and/or an admission fee may be charged to enter the Exhibition Place. At such times, special provision will be made by the Board to facilitate access to the Leased Property by the Tenant.
  - (b) Closure for CNE: Without limitation to clause (a), the Tenant acknowledges that the Board shall have the right, during the annual CNE, to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Leased Property. During the CNE, the Board will facilitate access to the Leased Property by Tenant's staff for essential business operations only.
  - (c) Closure for Honda Indy Toronto: Without limitation to clause (a), the Tenant acknowledges that the Board shall have the right, during the annual Toronto Honda Indy weekend (Wednesday starting at noon, Thursday, Friday, Saturday, Sunday with a possible Monday “rain-day”), to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Leased Property except in cases of emergency within the Leased Property. In addition, the Tenant acknowledges that in the seven (7)

to ten (10) weeks in advance of the actual race weekend, the typical Honda Indy Toronto layout will be constructed near the Leased Property.

- (d) Other Closures: Without limitation to clause (a), the Tenant acknowledges that the Board shall have the right, during or in connection with any future Olympics, Pan Am Games, World's Fair or any similar such event to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Leased Property. During such events, the Board will facilitate access to the Leased Property by Tenant's staff for essential business operations only. The Board will give the Tenant notice in writing not less than six (6) months prior to any proposed closing for the purposes set out in this clause (d).
  - (e) If access to the Leased Property is prevented for any length of time due to any reason under clauses (a), (b), (c) or (d), there shall be no abatement or reduction in Basic Rent or Additional Rent, nor shall the Tenant receive any compensation for loss of business or claim of any kind.
  - (f) If access to the Leased Property is prevented for any length of time due to reasons of "force majeure" or any other reason not within the control of the Board, there shall be no abatement or reduction of Basic Rent or Additional Rent, or any compensation for loss of business or claim of any kind.
- (20) Collective Agreements:
- (a) The Tenant acknowledges that the Board has collective agreements with the following local unions and the Tenant will take all necessary action in the construction and operation of the Leased Property not to put the Board in breach of any of these agreements:
    - i. Labourers' International Union of North America, Local #506 (Material Handling/Cleaning);
    - ii. The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local Union 46;
    - iii. The International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local #58, Toronto;
    - iv. The Ontario Provincial Council, United Brotherhood of Carpenters and Joiners of America (O.P.C.), Local Union 27;
    - v. Canadian Union of Public Employees, Local 2840 (Parking Services);
    - vi. International Brotherhood of Electrical Workers, Local Union 353;
    - vii. Canadian Union Public Employees Local 5116 (Security); and
    - viii. International Brotherhood of Painters and Allied Trade District Council 46.
  - (b) The Tenant agrees that it shall comply with the foregoing collective agreements and any future collective agreements to which the Board becomes bound with respect to the operation of the Leased Property (collectively, the "Collective Agreements"). The Board agrees to provide written notice to the Tenant of the Collective Agreements together with a copy thereof and copies of any amendments to such Collective Agreements, any grievances filed thereunder with respect to operation of the Leased Property and ongoing status reports with respect to such grievances thereafter. In addition, in the event a party successfully asserts through the grievance and arbitration procedure of a Collective Agreement that the Board or City is in breach thereof and said breach was caused by the Tenant's failure to comply with same, or the Board or City makes a payment under a settlement relating to such procedure, then the Tenant shall indemnify the Board and the City in respect of such settlement payment or arbitration award rendered by an arbitrator, Ontario Labour Relations Board or other adjudicative body with jurisdiction to make such an award against the Board or City to the extent resulting from such Tenant's breach

notwithstanding that such grievance is filed after termination or earlier expiry of this Lease provided such grievance is filed within the time limits set out in the applicable Collective Agreement or as otherwise permitted by Applicable Laws and relates to that period of time the Lease was in effect.

- (c) The Tenant further acknowledges that some work performed at Exhibition Place is governed by provincial collective agreements. Provincial ICI (Industrial, Commercial and Institutional) certification is possible in relation to construction work related to the collective agreements described in (i) – (viii) above, resulting from negotiations which are not controlled or negotiated by the Board. In the event a union successfully asserts through the grievance and arbitration procedures of the collective agreement that the Board or City is in breach thereof, or the Board or City makes a payment under a settlement relating to such procedure, and if the said breach was caused by the Tenant's failure to comply with same, then the Tenant shall make the Board whole in respect of such settlement payment or arbitration award rendered by an arbitrator against the Board to the extent resulting from the Tenant's breach of its obligations under the Lease.
- (21) Tickets for Board Suite: The Tenant shall provide the Board, at no cost, twelve (12) tickets for Luxury Suite 12 in the Ricoh Coliseum for every horse show event held on Fridays, Saturdays and Sundays during the period of the Fair.
- (22) Standard Agreement Terms: The Lease shall be prepared by the Board and shall incorporate the terms of this proposal and such other terms and conditions agreed to by the parties, acting reasonably. Without limitation to the foregoing, the Tenant acknowledges and agrees that the Lease shall contain the following terms:
- (a) The Tenant shall familiarize itself with the Central Waterfront Secondary Plan and/or the initiatives of the Toronto Waterfront Revitalization Task Force, and acknowledges that the Board may require that the use and occupation of the Leased Property conforms with all policies and processes that City Council may adopt as a result of the Waterfront Revitalization, except where such use may be specifically exempted by City Council;
  - (b) The Tenant shall not be entitled to any compensation with respect to the Front Street extension project, Harbourfront LRT extension, or Phase 2 expansion of Hotel X, located at Exhibition Place, if any or all of them proceed;
  - (c) The Tenant acknowledges and agrees that the Board shall, except as set out herein, retain sole and exclusive claim to all sponsorship rights, including naming rights and signage, within all public spaces and grounds and upon all existing and proposed buildings within Exhibition Place, including the Leased Property. The Tenant shall have rights to install identification (but not commercial or third-party advertising) signage within the Leased Property (not visible from the exterior of the Leased Premises), and all such signage shall be subject to the approval of the Board;
  - (d) The Tenant shall at its sole cost and expense at all times comply with all provisions of any present or future law, by-law, rule, regulation, or order enacted or made by any federal, provincial, or municipal authority having jurisdiction. Without limitation to the foregoing, the Tenant shall comply with all governing policies, bylaws, regulations and conditions that may be imposed from time to time by the Board and the City;
  - (e) If applicable, the Tenant must obtain its own liquor license for the sale of alcoholic beverages and must comply with all regulations, bylaws and polices related to that license;
  - (f) The Tenant agrees that the Board has collective agreements with the above listed local unions and the Board retains the rights to provide such services to the Tenant if

requested. However, if the Board at its sole discretion does not provide such requested services, the Tenant can choose to arrange its own service delivery from third party providers providing the Tenant shall comply with the Collective Agreements. If the Board agrees to provide the requested services for any trades, the Tenant agrees to pay for the actual cost of labour, inclusive of payroll benefits, and materials plus an administrative markup of twelve (12) percent;

- (g) No assignment of the Lease or the rights thereunder, or subletting or sharing possession of all or part of the Leased Property, shall be permitted without the prior consent of the Board, which may be unreasonably and arbitrarily withheld, and "assignment" shall include an effective change in control of the Tenant;
  - (h) The Tenant will indemnify and save harmless the Board and the City, and their members, officers, employees, agents, representatives and elected and appointed officials (collectively the "Indemnitees") from all loss, cost, charges or expenses which may arise out of the operations of the Tenant, including all liability for bodily injury or property damage for which any third party may have a claim and which may arise out of or in connection with the operation by the Tenant of the Fair and its use and occupancy of the Leased Property, except with respect to destruction or damage to the Leased Property and improvements therein (however arising, including through the negligence or other fault of the Tenant or its employees, agents or invitees) where such destruction or damage is an insured peril under the insurance to be placed by the Board. This indemnity shall not extend to any loss, cost, charges or expenses arising as a result of the gross negligence or willful misconduct of the Indemnitees. The Board shall insure the Leased Property (but not any leasehold improvements or property of the Tenant) in respect of fire and such other casualties as are insured against by the standard form of fire policies on a 100% replacement cost basis;
  - (i) The Tenant shall provide adequate security and insurance in a form and amount satisfactory to the Board and the City and will further ensure that all agents, operators, sub-tenants and concession operators of the Tenant, if any, maintain adequate security and insurance in a form and amount satisfactory to the Board and the City;
  - (j) The Tenant shall have at all times during the Term all licences, approvals or authorities necessary to carry on its operations on the Lands and to hold its interests in real or personal property contemplated by this Lease and to perform its obligations hereunder;
  - (k) Without limitation to other remedies under the Lease or at law, the Board may terminate the Lease upon the failure by the Tenant to remedy any default related to non-payment of rent, non-performance of its obligations under the Lease, or bankruptcy or insolvency and related events, and may distrain the Tenant's goods and property for arrears of rent; and
  - (l) Such other terms as may be required by the CEO of the Board and the City Solicitor.
- (23) Green Policies: The Tenant acknowledges that the Board is promoting the implementation of "green", environmentally-sensitive practices and has adopted an environmental policy for Exhibition Place. The Tenant agrees to use reasonable commercial efforts to comply with the Board's environmental policy as it may be amended from time to time, and to implement environmentally-friendly practices, including adopting procedures and systems in the conduct of its business at the Leased Property which will promote adherence to the Board's environmental policy.
- (24) No Fettering of City Discretion: Nothing in this Term Letter or the Lease shall derogate from, interfere with, or fetter the exercise by the City, its officers, employees, agents, representatives or elected and appointed officials, of all of its rights and obligations as a municipality (whether

discretionary or mandatory), or imposes any obligations on the City in its role as a municipality, and the City shall not be prevented from or prejudiced in carrying out its statutory rights and responsibilities, including its planning rights and responsibilities.