

APPENDIX "A"
MATERIAL TERMS AND CONDITIONS OF LEASE
(the "Term Sheet")

Background:

- A. By a lease dated May 1, 2008 (the "Original Lease"), the Board of Governors of Exhibition Place (the "Board") leased to the Tenant the Leased Property, as defined in the Lease, for a term of three (3) years commencing on May 1, 2008 and expiring on April 30, 2011.
- B. By a Lease Amending Agreement between the Board and the Tenant dated May 1, 2010 (the "2010 Amendment"), the Lease was amended and extended for a further period of nine (9) years, expiring on April 30, 2020;
- C. By a Lease Amending Agreement between the Board and Tenant dated May 9, 2018 (the "2018 Amendment"), the Landlord and the Tenant agreed to amend the Original Lease to allow for certain upgrades to the Leased Property;
- D. The Original Lease, as extended and amended by the 2010 Amendment and the 2018 Amendment, is referred to as the "Existing Lease".
- E. The Tenant has proposed to enter into a new lease (the "Lease") on the terms and conditions set out below. The terms and conditions below supersede those terms and conditions adopted by the Board pursuant to Item EP3.22 at its meeting dated June 13, 2019.
- F. Pursuant to Executive Committee Item 29.5, adopted by Toronto City Council on December 5, 6, 7 and 8, 2017, the Board's authority to enter into leases of premises located at Exhibition Place was modified and, as a result, the lease proposed herein, if authorized and accepted by the City of Toronto, will be executed by City of Toronto, as Landlord.
- G. All capitalized terms not defined herein have the meaning given them in the Existing Lease.

Terms and Conditions of Lease:

- a) Existing Lease: The Lease shall be materially on the same terms and conditions as the Existing Lease, save as modified or amended in this term sheet and subject to any necessary changes to reflect the City of Toronto, rather than the Board, as Landlord.
- b) Landlord: City of Toronto.
- c) Board Execution: The Board will also execute the Lease and, unless the Landlord advises otherwise and save as expressly otherwise provided in the Lease, all rights,

covenants and obligations of the Landlord may be exercised, performed or complied with by the Landlord and/or the Board,

- d) Tenant: 16730801 Ontario Inc.
 - e) Leased Property: Part of the Building known as the Queen Elizabeth Theatre, consisting of the Theatre Portion and the Lobby Portion, all as defined in the Existing Lease, and shown attached hereto on Schedules "A1", "A2", "A3" and "A4". The Landlord is provided a right of access to those parts of the Leased Premises as shown on Schedules "A1", "A2", "A3" and "A4".
 - f) Term: Ten (10) years, commencing May 1, 2020 and expiring April 30, 2030 (the "Term").
 - g) 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, then, upon delivery of written notice exercising this right given to the Landlord not more than twelve (12) months and not less than six (6) months before the expiration of the Term, the Tenant shall have the right to extend the Term of the Lease for the whole of the Leased Property for a period of ten (10) years commencing May 1, 2030 and expiring April 30, 2040 (the "Extended Term"). The Extended Term shall be on the same terms and conditions as the Term, including, without limitation, the obligation to pay Percentage Rent, save and except:
 - (a) there will be no further right to extend the Extended Term;
 - (b) the Basic Rent for the Extended Term shall be the then fair market basic rent rate for comparable premises in the area, provided that in no event shall such rate be less than the Basic Rent payable during the last twelve (12) month period immediately preceding the commencement of the Extended Term;
 - (b) there shall be no leasehold improvement allowance, Landlord's work, rent free period or other inducements; and
 - (c) the parties shall execute a lease extension agreement prepared by the Landlord to reflect the terms of the Extended Term or at the Landlord's option, the Tenant shall execute the Landlord's then standard form of lease.
- If the parties are unable to agree on the Basic Rent for the Extended Term on or before the date that is sixty (60) days prior to the commencement of the Extended Term, then such Basic Rent shall be determined by arbitration in accordance with the Lease.
- h) Section 3.2 of the Existing Lease shall be deleted in its entirety.
 - i) Basic Rent: As per Confidential Attachment 1 of Item EP3.22, adopted by the Board at its meeting of June 13, 2019

- j) Percentage Rent: As per Confidential Attachment 1 of Item EP3.22, adopted by the Board at its meeting of June 13, 2019.
- k) Additional Rent: The Tenant shall pay Additional Rent in accordance with the Existing Lease.
- l) Payment of Rent: All payments of Basic Rent, Percentage Rent and Additional Rent shall, unless the Landlord advises otherwise, be paid to the Board.
- m) Net Lease: As in the Existing Lease, the Lease is a carefree and absolutely net lease to the Landlord, except as expressly set out, and that the Landlord shall not be responsible during the Term or Extension Term for any costs, charges, expenses, and outlays of any nature whatsoever arising from or relating to the Leased Property, the contents, the use or occupancy thereof, or the business carried on therein. The Tenant shall pay all charges, impositions, costs and expenses of every nature and kind, extraordinary as well as ordinary and foreseen as well as unforeseen, relating to the Leased Property. Any amount and any obligation relating to the Leased Property not expressly declared in the Lease to be the responsibility of the Landlord shall be the responsibility of the Tenant.
- n) Use of Leased Property: The Tenant shall use the Leased Property solely for the purposes permitted under, and in full compliance with, Section 5.1 of the Existing Lease and all other provisions of the Existing Lease governing the Tenant's use of the Leased Property. Without limitation to the foregoing, the Tenant acknowledges that its use and occupation of the Leased Property is not permitted to violate the Horticulture Building Restriction, and that it shall continue to honour and comply with all provisions in the Existing Lease regarding the Horticulture Building Restriction.
- o) Prohibited Uses: Section 5.2 of the Existing Lease shall be deleted and replaced by the following:

5.2 Prohibited Uses

The use of the Leased Property by the Tenant shall be subject to all existing contractual obligations of the Landlord respecting the use of the Lands and, in addition to the restrictions set out in paragraph h) above, the Leased Property shall not be used for any of the following purposes:

- (i) a themed dinner theatre;
- (ii) trade and consumer shows and any activities (including the provision of food and beverages) related to trade and consumer shows;
- (iii) corporate meeting, conferences and conventions;
- (iv) professional sports events;
- (v) banquets;
- (vi) a casino; and

- (vii) a permanent indoor live performance venue/nightclub providing live and recorded musical entertainment for standing room crowd capacities of greater than 500 persons but less than 2,999 persons.
- p) Tenant's Use during the CNE: Section 5.7 of the Existing Lease shall be deleted in its entirety.
- q) Shared Use by Tenant: Section 5.8 shall be deleted and replaced with the following:

5.8 Shared Use by the Tenant

The Tenant shall have the non-exclusive right, in common with others entitled thereto, to use all or part of the following areas within the Queen Elizabeth Complex for event intermissions for events held in the Leased Property:

- (i) the elevator and the adjoining stairwell in the hallway that adjoins the Leased Property and the Withrow Common (formerly Queen Elizabeth Executive Office);
- (ii) the men's and women's washrooms in the lobby area for the Fountain Dining Room on the second floor of the Withrow Common; and
- (iii) the handicapped washroom in the lobby area for the Fountain Dining Room on the second floor of the Withrow Common (collectively, the "Shared Areas");

provided that:

- (i) the Tenant acknowledges that the Shared Areas may also be used by the Landlord, the Board and their respective invitees, and may be subject to a lease or license in favour of a third party tenant or licensee;
- (ii) the Tenant shall ensure that its use under this Section 5.8 does not interfere with any use of the Shared Areas and/or the areas known as the Fountain Dining Room, the Second Floor Boardroom or President's Room by the Landlord or the Board or their respective invitees, or by any tenant or licensee of any such areas; and
- (iii) the Tenant shall pay all costs associated with use of the Shared Areas including, but not limited to, cleaning costs and security costs, as required by the Landlord.

Without limitation to Section 13 of this Lease, the Tenant shall indemnify the Landlord and the Board and save them harmless from and against any and all loss, claims, actions, damages, liability and expenses in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising in any way from the Tenant's use of the Shared Areas, except if and to the extent

such loss of life, injury, damage or loss is caused by the negligence of the Landlord or the Board or those for whom they are in law responsible.

- r) Section 5.9 of the Existing Lease shall be deleted and replaced by the following:

The Tenant agrees to use reasonable best efforts to comply with the Landlord's and the Board's environmental policies as they 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 such environmental policies.

- s) Section 6.1(a) of the Existing Lease shall be amended by deleting the following sentence: "The Landlord acknowledges that the Tenant intends to make the improvements listed in Schedule "I" to which the Landlord has no objections, provided the Tenant obtains all approvals required pursuant to this Lease prior to construction or installing the improvements."

- t) Section 6.1(b) of the Existing Lease shall be deleted in its entirety.

- u) A new Section 6.9(4) is added to the Lease as follows:

(4) The Tenant acknowledges and agrees that:

- (a) pursuant to the Theatre Renovation, it shall make a capital investment in the Leased Property of no less than Two Million Four Hundred Thousand Dollars (\$2,400,000), plus HST (the "Minimum Renovation Budget"); and
- (b) by no later than May 31, 2021, the Tenant shall have made a capital investment in the Leased Property of no less than ninety-five percent (95%) of the Minimum Renovation Budget.

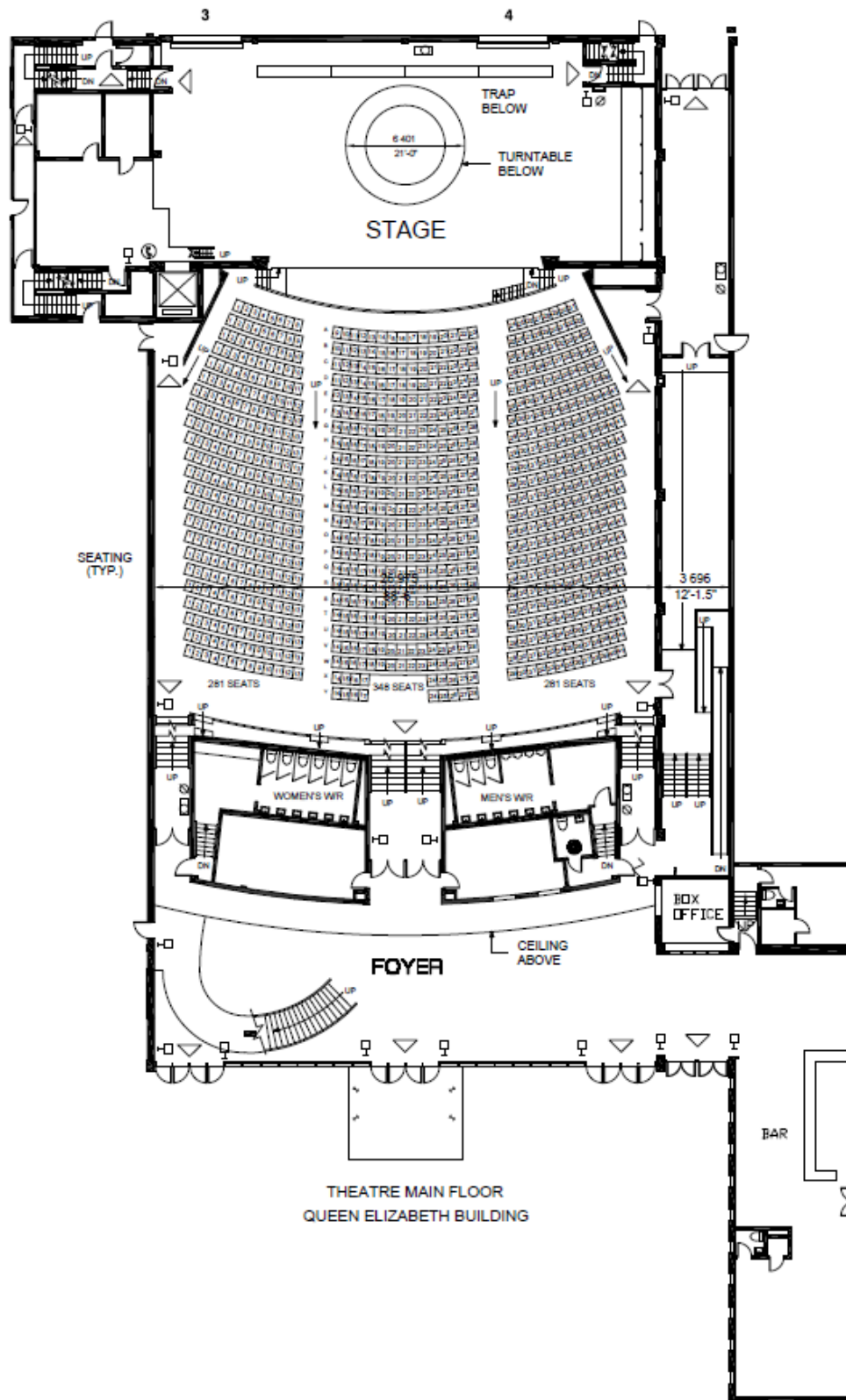
In the event the Tenant does not comply with either or both of subsections (a) and/or (b) of this Section 6.9(4), the Tenant shall immediately and without any further notice or action on the part of the Landlord be deemed to be in default of its obligations under this Lease, and the Landlord shall be entitled to all rights and remedies available to it under this Lease or at law, including, without limitation to the foregoing, to enter into and upon the Leased Property or any part thereof and the Lease shall thereupon terminate.

- v) Security Deposit: The Landlord shall continue to hold the deposit of ten thousand (\$10,000.00) dollars paid by the Tenant under the Existing Lease, which shall be held as a security deposit and returned to the Tenant, without interest, at the end of the Term, if the Tenant has duly fulfilled all of its obligations and covenants as set out in this Lease.
- w) Compliance with Collective Agreements at Exhibition Place: Section 15.1 of the Existing Lease shall be deleted and replaced with the current standard clause for

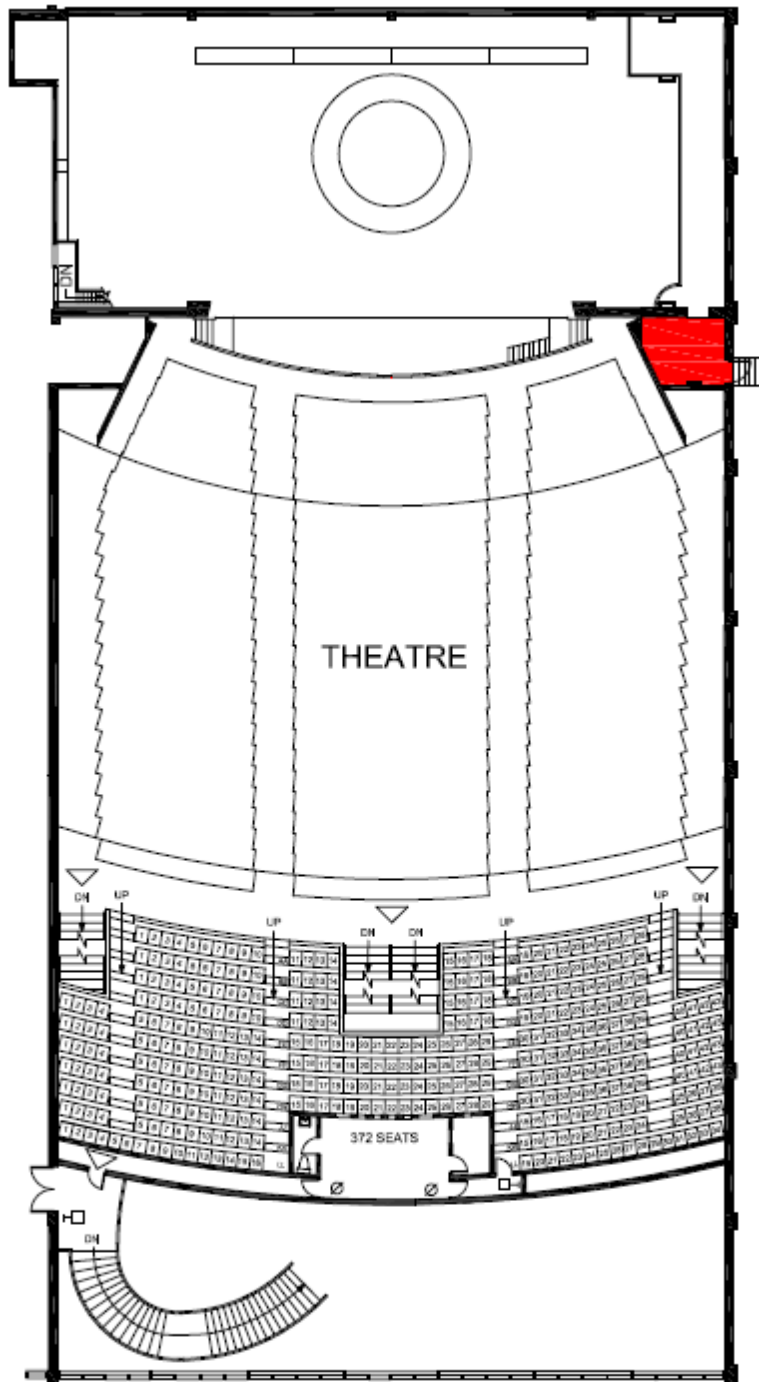
Exhibition Place leases regarding compliance with Collective Agreements at Exhibition Place.

- x) Tenant's Right of Early Termination: Section 15.2 of the Existing Lease shall be deleted in its entirety.
- y) Schedule "I" of the Existing Lease shall be deleted in its entirety.
- z) Schedule "K" of the Existing Lease shall be deleted and replaced by Schedule "K" that is outlined in detail in Confidential Attachment 1 of Item EP3.22, adopted by the Board at its meeting of June 13, 2019.
- aa) Schedule "L" of the Existing Lease shall be deleted in its entirety.
- bb) Lease Documentation: If the Tenant's offer to enter into the Lease is authorized and accepted by the City of Toronto, the lease agreement shall be prepared by the Landlord on the Landlord's standard form and shall incorporate the terms set out herein. The Tenant shall execute the Lease within thirty (30) days after receipt. The Tenant acknowledges that this term sheet contains the basic terms and conditions upon which the Landlord will lease the Leased Property to the Tenant, and that supplementary terms and conditions and revisions to the terms and conditions of this term sheet may be contained in the Lease. Without limitation to the foregoing, the Tenant acknowledges that certain provisions in the Landlord's standard form have been amended or updated since the Existing Lease documentation. All documentation shall be in a form and content satisfactory to the City Solicitor.

Schedule "A1"
Main Floor Theatre



Schedule "A2"
Mezzanine of Theatre

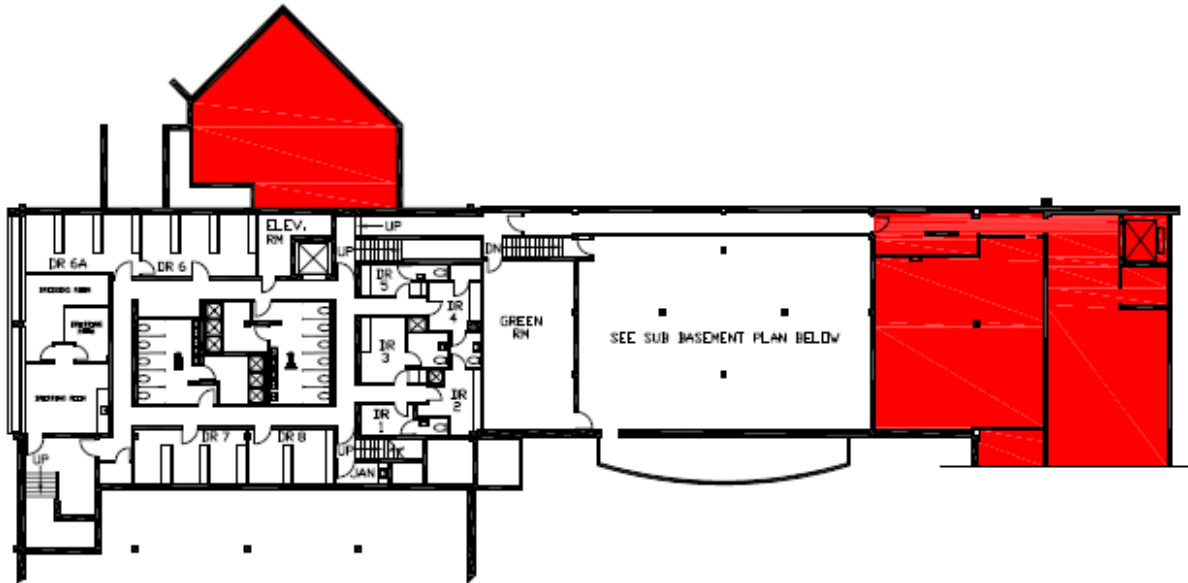


THEATRE - MEZZANINE
QUEEN ELIZABETH BUILDING

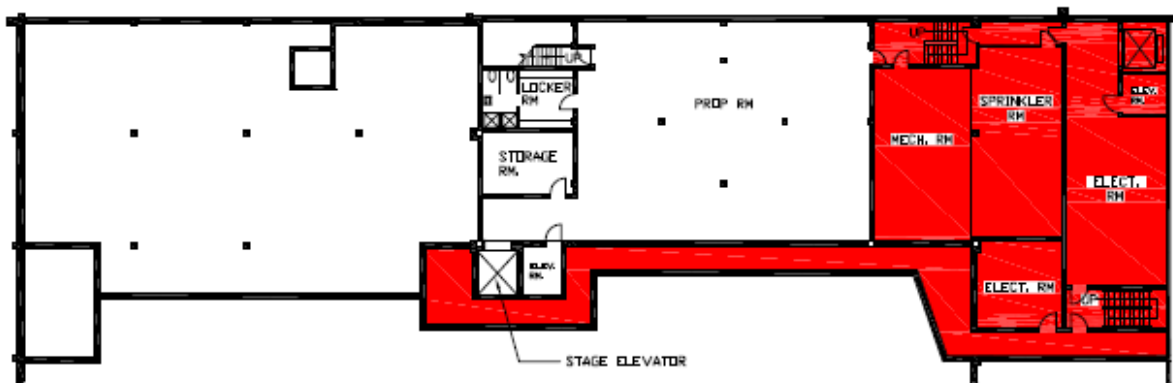


ACCESS REQUIRED BY EXHIBITION PLACE

Schedule "A3"
Theatre Basement Dressing Rooms



BASEMENT PLAN



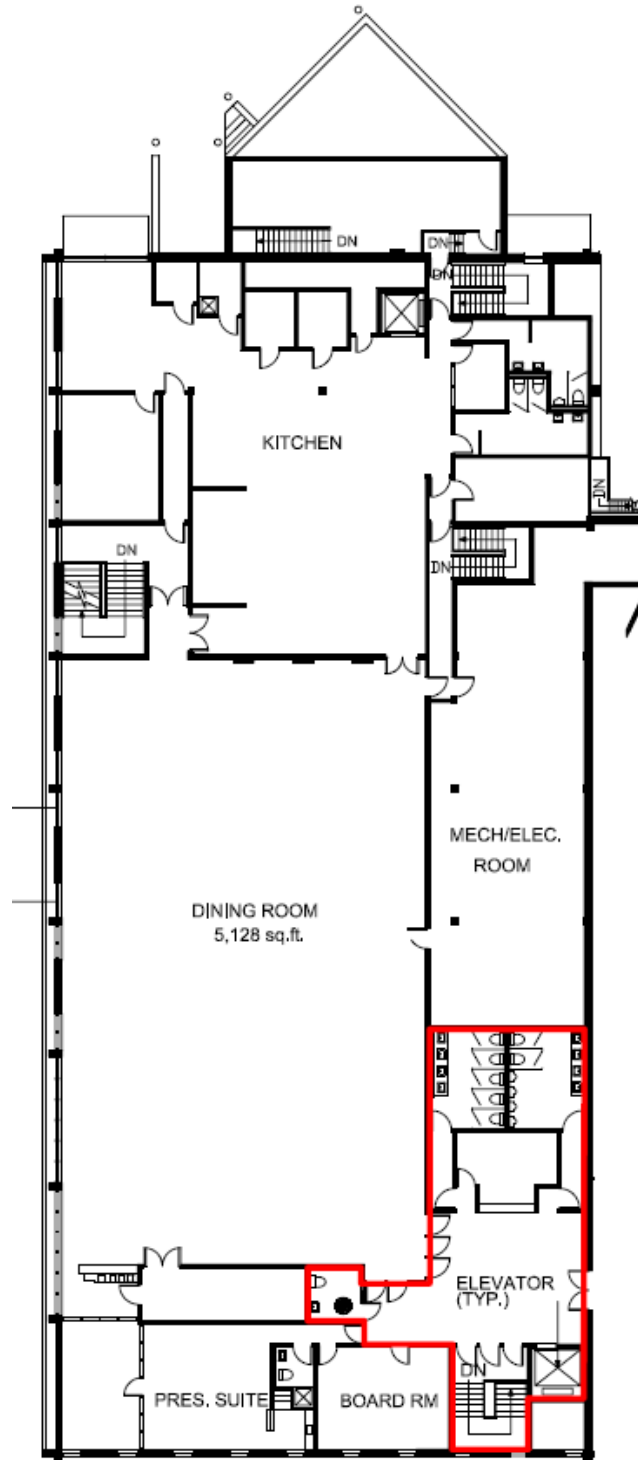
SUB BASEMENT PLAN

QUEEN ELIZABETH BUILDING, - BASEMENT



ACCESS REQUIRED BY EXHIBITION PLACE

Schedule "A4"
Shared Washrooms, Foyer Vestibule & Elevator
Upper Level



FOUNTAINBLU - DINING ROOM

Withrow Common Street Entrance to Fountainblu Dining Room