

Casa Loma Corporation Impact of COVID-19 on the 2020 Financial Statements

Key Drivers and Financial Impacts

Due to the facility closure in March 2020, the tenant has paid \$0.5 million of the \$2.0 million annual basic rent for 2020. Casa Loma recorded a bad debt expense of \$1.5 million for the outstanding rent payments in 2020. It is unforeseeable that tenant can make outstanding payments due to their businesses being heavily impacted by COVID-19. Casa Loma Corporation will be looking for any rent relief grants from other levels of government. There has been no further recovery of the 2020 rent owed and payments for 2021 are also outstanding.

Impact on the Capital Budget

Casa Loma's capital maintenance needs are addressed through the Economic Development and Culture (EDC) Capital Budget. Casa Loma distributes a portion of its accumulated surplus to the City of Toronto for site rehabilitation projects. The accumulated surplus provides a source of funding for Economic Development and Culture to undertake ongoing capital maintenance and restoration projects.

Casa Loma has 10 Year Restoration Plan. Phase 10 of the Casa Loma Restoration, for the restoration of the west perimeter wall from the corner of Austin Terrace, south down Walmer Road was not impacted by the pandemic and continues as planned. The next phase of capital restoration at Casa Loma, Phase 11, which will be significant work on the west garden retaining wall and structural repair to the parking garage. Due to the uncertainty of the rental revenue in 2020 and in an effort to continue with the 10-year capital restoration plan, the City will include the Phase 11 project with its application for federal infrastructure funding. If this grant is not awarded, Phase 11 will be suspended until rent revenues replenish the capital reserve or alternate funding is identified.

Modifications to Programs & Initiatives

As a result of COVID 19, Liberty Entertainment Group suspended all operations at Casa Loma in mid-March including all special events, tourist and local visitors and the restaurant. Subsequently when the Province permitted take-out and delivery, the restaurant initiated limited service and has also contributed meals for front line workers. Liberty Entertainment Group has continued to maintain the building and pay all related costs.

2021 Outlook and Key Assumptions

The Corporation does not have a scheduled reopening date for the site leased to the Tenant under the Operating Agreement and Lease. However, the province's three step re-opening framework allowed the tenant to open the outdoor restaurant and patio on June 11, 2021. The rent abatement continues in 2021. The tenant continues to maintain the building and pay all related costs as per the operating agreement. The City is currently developing a City-wide standard protocol for tenant rent relief during the pandemic. Any approach adopted by the City will also apply to the Tenant. Once approved, the City-wide protocol will also apply to the Tenant.