REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

CNEA Withrow Common (formerly Queen Elizabeth Executive Offices) Lease

Date: March 31, 2026
To: Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: Ward 10 - Spadina - Fort York

REASON FOR CONFIDENTIAL INFORMATION

This report deals with a proposed or pending acquisition or disposition of land by the City and the Board of Governors of Exhibition Place (the "Board").

SUMMARY

The City of Toronto, as landlord, the Board and the Canadian National Exhibition Association ("CNEA" or the "Tenant") entered into a one (1) year lease for the Queen Elizabeth Executive Offices (renamed Withrow Common) and certain ancillary areas dated November 1, 2020, for a term ending on October 31, 2021 (the "Existing Lease") with four one-year extension options, and with an early termination provision in favour of the Tenant effective December 31 in each of the second, third and fourth extension terms. The Tenant exercised all four options. The final option term expired October 31, 2025.

The Tenant is requesting a four (4) year extension of the Existing Lease with respect to Withrow Common, commencing November 1, 2025, and concluding October 31, 2029.

Since assuming occupancy of Withrow Common in 2016, the Tenant has completed significant renovations to the space. The CNEA has invested more than $300,000 in leasehold improvements, encompassing upgrades to the reception area, lobby, and central common areas, along with enhancements to painting, kitchen, flooring, washrooms, and lighting. These improvements emphasized environmentally sustainable and eco-friendly design choices where feasible.

This report recommends that, subject to obtaining necessary City of Toronto (the 'City") approvals, the Board enter into a new four (4) year lease with the City, as landlord, and the Tenant for the operation of a multi-purpose office and community event space at the Leased Property commencing November 1, 2025, and ending on October 31, 2029, substantially on the terms and conditions set out herein. The Lease will contain an option to extend the term for a further five (5) years, to October 31, 2029.

Staff from Exhibition Place and City Corporate Real Estate Management ("CREM") have been in discussions and negotiations with the Tenant since March 2025. CREM engaged its internal valuation group to assist with the fair value negotiations with the Tenant. The proposed rent and other major terms and conditions of the new Lease are considered to be fair, reasonable, and reflective of market rates.

NOTE: The Province's Rebuilding Ontario Place Act, 2023 ("ROPA") includes a provision that the City may not encumber, sell or dispose of certain identified lands. By an amendment in November 2025, these lands were expanded to include, among others, the majority of the Exhibition Place grounds. Accordingly, the City is now restricted from encumbering the majority of Exhibition Place. The term "encumber" is not defined. City staff is working with the Province to obtain clarification on the meaning of "encumber" and hopes to confirm that it does not apply to leases of buildings or space within buildings, like the Lease discussed in this Report. But until such clarification is obtained from the Province, the City will not be in a position to finalize its approval of this Lease.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. Subject to obtaining the necessary City of Toronto authorization, the Board approve a new lease (the "Lease") between the City of Toronto, as landlord (the "Landlord"), CNEA, as tenant (the "Tenant"), and the Board, for a term of four (4) year(s) commencing November 1, 2025 and ending October 31, 2029, substantially on the terms and conditions set out in Appendix A and Confidential Attachment 1, and such other terms and conditions deemed appropriate by the City's approving authority and the Chief Executive Officer of the Board (the "CEO") and in a form satisfactory to the City Solicitor .

2. The Board authorize the CEO to request the necessary City of Toronto authorities to approve and enter into the Lease.

3. The Board direct that Confidential Attachment 1 to this report remain confidential in its entirety and not be released publicly, as it pertains a proposed or pending acquisition or disposition of land by the City and the Board.

FINANCIAL IMPACT

It is estimated that the annual positive financial implications of the Lease over its full term, if extended, will be $729,469.75 as outlined in Confidential Attachment 1.

The Lease will provide positive financial revenue to the Board as the Tenant will pay the Board a minimum annual base rent (the "Base Rent") over the 4-year term, which is as set out in Confidential Attachment 1.

Any costs related to modifications, permits, insurance, maintenance and repairs, electricity, and property tax will be the sole responsibility of the Tenant, except for the building's structural elements and systems, as provided in the Existing Lease. There is no impact to the surrounding parking areas, and as such, no financial impacts to parking operations. Annual revenue generated from the Lease will be reflected and included in the 2026 Budget submission for Exhibition Place and future years accordingly. Given some lingering impact from the Covid-19 pandemic and some Board and City financial constraints/challenges for 2026 and the next few years, the financial benefit from the Lease is important.

DECISION HISTORY

The Exhibition Place 2022 – 2026 Strategic Plan has a goal to Solidify Position as a Leading Convention and Event Space; meaning developing leasing strategies and tenant investments on the grounds that will complement our convention and events offerings.

At its meeting on July 28, 2016, the Board approved entering into a lease with the Tenant for a term of 4 years commencing November 1, 2016, and concluding October 30, 2020.
https://www.explace.on.ca/files/file/58c6a05c7d4e3/Item-16-QE-Executive-Lease.pdf

At its meeting on September 19, 2019, the Board approved entering into a lease with the Tenant for a term of five (5) years commencing November 1, 2020, and concluding October 30, 2025.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP6.13

At its meeting on October 20, 2020, the Board approved entering into a lease with the Tenant, in lieu of the five (5) year lease approved under Item EP6.13, for a term of one (1) year commencing November 1, 2020, and concluding October 30, 2021, with four (4) one (1) year tenant options to extend.
https://secure.toronto.ca/council/agenda-item.do?item=2020.EP14.3

COMMENTS

Withrow Common, formerly the Queen Elizabeth Executive Offices, is located within the Queen Elizabeth Building on the west side of Exhibition Place near Dufferin Street, facing the Princess Margaret Fountain. Constructed in 1957, the building served as the corporate head office for the CNEA and the Board until August 2014. It is listed on the City of Toronto's heritage inventory and adjoins the Queen Elizabeth Theatre, with Annabel's located above the former office space—both leased by the Board to QET Operations Ltd.

Prior to the CNEA tenancy, the Queen Elizabeth Executive Offices were underutilized following the Board of Governors departure. The CNEA investment reactivated a previously quiet section of the building, extending daily and off-season use beyond major events by creating a community-oriented venue to reconnect the building to the surrounding neighbourhoods on a year-round basis. The central improvement was converting the office wing into Withrow Common a new public-facing event and gathering space designed to host community meetings, neighbourhood events, small cultural programming and civic uses and educational and outreach activities connected to the Canadian National Exhibition ("CNE").

During the year, the Leased Property operates as an active community hub, supporting a range of workshops and interactive programming delivered by the CNEA. Notable initiatives undertaken have included a celebration of Indigenous Canadian artist Chris Nahrgang, creator of the 36-foot Unity Pole commissioned for the 2017 Canadian National Exhibition; the 2024 special program Championing Disability Inclusion in Employment, which honoured the legacy of David C. Onley; and Nuit Blanche 2025: Systems of Expression – From Pixels to Bottle Caps, featuring interactive contemporary art installations. These initiatives are among the many community-focused events hosted at the facility since its opening.

The CNE is one of the largest fairs in North America and attracts more than 1.4 million visitors each year. The CNE has an annual economic impact of more than $164 million on the province of Ontario and $129 million on the Greater Toronto Area and helps to employ more than 5,000 seasonal workers over its 18-day fair.

The CNEA has recently completed a new five-year strategic plan that includes objectives to enhance delivery on the Exhibition Grounds and broaden the scope and diversity of its programming. The CNEA's long-term strategy is to build upon the success of its flagship 18-day annual fair by diversifying its portfolio and expanding year-round programming and community engagement opportunities. In 2023, the CNEA advanced this strategy by activating programming beyond the annual CNE, including Pink Floyd: Their Mortal Remains, the introduction of a free community event, agri-CULTURE, and the continued curation of diverse exhibitions at Withrow Common Gallery.

These initiatives have helped promote year-round activation and public value of Exhibition Place, further integrating the venue into the community.

Attached as Appendix A to this report are the proposed terms and conditions of the Lease; Schedule A to Appendix A is an Exhibition Place site plan; Schedule B to Appendix A is floor plan of Withrow Common; and Confidential Attachment 1 attached to this report provides further details of the financial analysis of the Lease.

Terms and Conditions of New Lease
Except as amended by the financial and other terms set out in Appendix A and Confidential Attachment 1, the Lease is substantially on the terms and conditions of the Existing Lease.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Material Terms and Conditions of Lease Agreement

Confidential Attachment 1 - Financial Analysis & Implications