

**EXHIBITION PLACE**

April 8, 2003

To: The Board of Governors of Exhibition Place  
From: Dianne Young  
General Manager & CEO  
Subject: Lease with Immersion Studios – Music Building

**Recommendations:**

**It is recommended that the Board enter into a lease agreement with Immersion Studios for a period of three years, to expire May 31, 2006, on the terms and conditions contained in this report and such other terms as are required by the General Manager and the City Solicitor.**

**Background:**

The present three-year agreement with Immersion Studios (“the Tenant”) for the lease of Music Building expires May 31, 2003.

**Discussion:**

In 1997, the Board and the CNEA entered into a three-year lease with the Tenant to lease the Music Building which lease provided for an entertainment program to be held during the CNE in each of the three years of the term. This agreement was renewed in 2000 and amended to exclude the requirement by the Tenant to provide an entertainment program during the CNE, however the current lease does allow for use of one of the three pods of the Music Building, on the condition that Immersion Studios received a rental rebate equal to the pro-rata share of the building that is open to the public; that the CNEA assume all costs associated with relocating Immersion Studios’ equipment and other related costs; and that the CNEA confirms details its use of the pod to the Tenant on/before the first of May annually

Immersion Studios, which is a new media interactive educational software programming and design company, has used the Music Building as its permanent production studio and offices, and also for the purpose of promoting and marketing its products (which include both the software and the hardware required to run this software). Generally, the product areas developed by Immersion Studios are 3D digital interactive films, interactive exhibits, learning labs and media labs, invent proprietary software and delivery systems, and participate in research and development with educational institutions. Since 1997, they have been awarded numerous awards and industry recognition for its work on and also have major productions/cinemas in the Smithsonian, Washington DC; Victoria Museum, Melbourne Australia; iSci, Montreal; MOTE

Aquarium, Florida; and Mystic Aquarium, Connecticut. Mr. Stacey Spiegel continues to be the principal partner of Immersion Studios and continues to be directly involved in the day-to-day operations of the company. During the course of their lease with the Board, Immersion Studios has been in good standing and has been supportive and cooperative of the Board's other initiatives (i.e.: World Youth Days, Molson INDY, and CNE).

Accordingly, this report is recommending that the Board enter a new three-year lease with Immersion Studios on the same terms and conditions of the present lease, including the ability for the CNEA to use one pod during each annual fair during the term of the Lease and with an increase in rent as noted below:

EXISTING LEASE TERMS	PROPOSED LEASE TERMS
3 years	3 years
<u>Minimum Rent:</u> Year 1 \$60,900.00 p/a or \$6.09 psf Year 2 \$61,814.00 p/a or \$6.18 psf Year 3 <u>\$62,741.00 p/a</u> or \$6.27 psf Term: \$123,327.00 Average rent psf over Term: \$6.18 psf	<u>Minimum Rent:</u> Year 1: May – December, 2003 \$41,827.00 or \$6.27 psf January – April, 2004 \$21,436.00 or \$6.43 psf Year 2: May – December, 2004 \$42,873.00 or \$6.43 psf January – April, 2005 \$21,972.00 or \$6.59 psf Year 3: May – December, 2005 \$43,945.00 or \$6.59psf January – April, 2006 <u>\$22,521.00</u> or \$6.76 psf Term: \$194,574.00 or \$6.49 psf
Utilities, taxes and operating costs paid by tenant	Utilities, taxes and operating costs paid by tenant

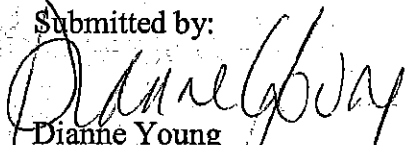
Conclusion:

This report recommends entering into an agreement with Immersion Studios for the lease of the Music Building for a period of three years, to expire on May 31, 2006, on the terms and conditions set out and such other terms required by the General Manager and the City Solicitor.

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Submitted by:

  
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