

FARHI

HOLDINGS CORPORATION

October 17, 2011

Mayor Fontana and Council
The Corporation of the City of London
300 Dufferin Avenue
London, Ontario

Your Worship and Members of City Council:

Attached you will find a formal proposal for what I hope you will agree is an exciting new project that will play a major role in the renaissance of our downtown.

It is common knowledge that one of the limiting factors of a downtown rebirth is the lack of adequate parking. And without enough parking spaces to serve the increasing number of people who will be working, learning and living downtown, growth will be stifled.

What we propose is to build a 1,000-space parking garage at 74 Fullarton Street, directly across an empty lot (100 Queens Avenue) from the Provincial Courthouse and the federal office building on Queens Avenue.

We have also indicated our interest in building a new City Hall on this vacant land, creating a "government block" that with the provincial and federal buildings will include all three levels of government.

One of the options in the city's recent vision process was a new city hall facing the river on this piece of land on Queens Avenue. We are very supportive of this idea and are prepared to design and build a structure that will become a major landmark and be a fitting seat for our municipal government.

If we are successful in being asked to do so, there will be an even more pressing need for downtown parking, and a building on the Fullarton Street site will be perfectly situated to meet the demand.

It will be, in fact, a 'must-have' for the city, and we will be pleased to provide it.

We look forward to your reviewing our formal proposal, and to hearing your thoughts about how it may fit with your plans for the downtown.

Sincerely yours,



Shmuel Farhi

FARHI

HOLDINGS CORPORATION

October 17, 2011

Mr. Jeff Fielding
Chief Administrative Officer
The Corporation of the City of London
300 Dufferin Avenue
London, Ontario

Dear Mr. Fielding:

Re: Proposed Downtown Parking Garage on Fullarton Street

Being sensitive to the City's ever-expanding need for downtown parking, Farhi Holdings Corporation is pleased to offer The Corporation of the City of London (the "City") a lease for a parking garage to be constructed by us on property we own at 74 Fullarton Street (the "Parking Garage").

The Parking Garage will consist of the required number of storeys to provide 1,000 spaces above a street-level retail component. We propose that the lease of the Parking Garage would be under the following terms and conditions:

Demised Premises:

1,000 standard parking spaces together with exclusive access and control of entry and exit ramps to the Parking Garage.

Term:

An initial term of 25 years with four 5-year renewal options.

Rent:

Base rent ("Base Rent") during the first 5 years of the term will be \$2,536 per annum per parking space. Base Rent during each subsequent 5-year period of the Term will be the greater of the Base Rent during the preceding 5 years or an amount equal to the Base Rent during the preceding 5 years multiplied by the increase in Consumer Price Index over the same period.

Base Rent during the renewal terms will be determined on the same basis. Any applicable value-added taxes including HST would be in addition to Base Rent.

Additional Rent:

The City will be responsible for all operating costs of the Parking Garage, including, without limitation, utilities, insurance, taxes, repairs and maintenance. We will be responsible for structural repairs.

Rent Commencement:

Payment of Base Rent would commence upon completion of the Parking Garage and its being ready and operational as a finished and functional parking garage. We estimate completion of the Parking Garage within 12 months of receipt of the signed drawings.

Construction:

We would construct the parking Garage at our expense in a good and workmanlike manner and in accordance with applicable building codes. We agree to submit for your

approval a set of working drawings for the Parking Garage prior to commencement of construction.

The construction style and façade of the Parking Garage will be complementary to its surroundings.

We may also be constructing a level of parking below grade which will not form part of the Parking Garage and there would not be any access to or from the Parking Garage to this level of parking.

Turn-Key:

We would deliver the Parking Garage to you on a turn-key basis with all equipment necessary for the operation of the Parking Garage installed and operational.

Lease:

We would negotiate in good faith, both parties acting reasonably, our form of lease subject to amendments agreeable to each of us and which incorporates these terms. Until we execute a lease this offer to lease would be deemed to constitute the lease between us.

Use:

Save and except the main floor retail component, and possible below-grade levels, the Parking Garage would be used as a parking garage and for no other purpose. We retain the right to construct additional residential floors above in the future.

Maintenance:

The City would be responsible for all repairs and maintenance of the Parking Garage save and except structural repairs. You would agree to maintain the Parking Garage in a clean and orderly manner throughout the Term. You would return the parking garage to us at the end of the Term or the final renewal term in a broom-swept condition.

Environmental:

You would agree to be responsible for any hazardous substance which is discharged or otherwise released into the environment or into or onto the Parking Garage if such discharge or release is a result of your acts or omissions or those for whom you are responsible.

Signage:

Subject to the possible signage requirements of the ground-floor commercial tenants, and subject to our approval, not to be unreasonably withheld, you will be permitted to erect and maintain signage on the exterior of the Parking Garage at your discretion.

Insurance:

We will obtain and maintain all-risks insurance on a replacement cost basis for the Parking Garage, the premium for which shall be reimbursed by the City as additional rent. You will maintain commercial general liability insurance in an amount not less than \$10,000,000 per occurrence with respect to your use and occupancy of the Parking Garage. We are not to be named as an additional insured or loss payee.

Assigning & Subletting:

You agree not to assign the lease or sublet the Parking Garage without our prior written approval, which approval will not be unreasonably withheld. We would reserve the right to lease back up to 200 parking stalls.

Tenant's Conditions:

Notwithstanding anything to the contrary herein, this offer to lease will be conditional upon approval by City Council of the terms of this offer to lease. This condition is inserted for the sole benefit of the City and may be waived by the City any time within Sixty (60) business days from the date hereof.

Landlord's Condition:

This offer to lease is conditional upon us obtaining approval from the City for construction of the Parking Garage within 120 days of the satisfaction or waiver of the Tenant's Condition and is a condition precedent to this offer to lease.

This offer to lease will be open for acceptance by the City until November 22, 2011, after which time, if not accepted, it will be null and void.

Yours very truly,

FARHI HOLDINGS CORPORATION

Per: 
Samuel Farhi, President

The provisions of this offer to lease, as set out above, are acknowledged, agreed to and accepted by the City subject to the Tenant's Condition, this 17th day of October, 2011.

THE CORPORATION OF THE CITY OF LONDON

Per: _____
Name:
Title:

Per: _____
Name:
Title:



Queens Ave. and Ridout St.

*City of Opportunity:
A Vision For Downtown London*



London
CANADA



Location Map