

November 1st, 2017

Innovation and Funding Partner Framework Agreement

Summary of Key Terms

For Public Disclosure



Overview

As a result of Waterfront Toronto's Request for Proposals No. 2017-13, Waterfront Toronto has selected Sidewalk Labs as its Innovation and Funding Partner to work jointly on a plan for a new kind of district on Toronto's Eastern Waterfront – one that will combine forward-thinking urban design and new digital technology to achieve precedent-setting levels of sustainability, affordability, mobility and economic opportunity. The Framework Agreement entered into by Waterfront Toronto and Sidewalk Labs sets forth the basic terms and fundamental principles to guide that working relationship. It contemplates an initial joint planning process, which Sidewalk Labs will commit up to US\$50 million to fund, that will occur over the next 12 months. The result of that planning process is expected to be a Master Innovation and Development Plan (MIDP), which if approved by the Boards of Directors of Sidewalk Labs and Waterfront Toronto, and with applicable government approvals, will be followed by a long-term joint effort to realize the shared vision.

The Framework Agreement contemplates a collaborative relationship in the creation of the MIDP, which will outline how to achieve this new kind of district on Quayside and the Eastern Waterfront, and which will be informed by meaningful public engagement. The governance of this relationship includes a Project Management Committee that consists of an equal number of senior representatives of Sidewalk Labs and Waterfront Toronto, including their respective CEOs. The governance relationship between the parties will be elaborated in future agreements between the parties.

The Framework Agreement also contemplates that:

- Sidewalk Labs will facilitate the commitment from Alphabet Inc. to move Google's Canadian headquarters to provide an initial anchor tenant to the waterfront, subject to the MIDP.
- Sidewalk Labs and Waterfront Toronto will seek to incorporate into the MIDP innovative approaches for financing affordable housing which are expected to meet or exceed the affordable housing commitments already made by Waterfront Toronto on Quayside.
- The parties will work to incorporate the establishment of an Urban Innovation Institute in the MIDP as a secondary anchor tenant for the site.

While the Framework Agreement outlines guiding principles for the parties' relationship, many of the details will be further defined through additional discussions and future agreements as the partnership progresses over the course of the next year. This incremental planning process was designed to recognize the complexity of the endeavor, the necessity of extensive stakeholder and community engagement, and the need to incorporate feedback as the plan takes shape. Accordingly, Sidewalk Labs's capital commitments for the planning process correspond to stages of collaboration, with expenditures incrementally increasing as the parties' shared vision and integration grows.

More specifically, the Framework Agreement provides for the funding of up to US\$10 million by Sidewalk Labs prior to the achievement of certain "initial plan milestones," and the funding of up to an additional US\$40 million by Sidewalk Labs between the achievement of those initial plan milestones and the approval of the MIDP. The initial plan milestones that trigger the incremental US\$40 million commitment are:

- execution of contribution agreements representing governments' commitment of CAN\$1.25 billion to complete the Port Lands flood protection;
- re-affirmation of Waterfront Toronto's existing mandate for the planning and development of the Eastern Waterfront;

- alignment of the parties on the scope of a Business and Implementation Plan as required by City Council;
- alignment of the parties on the scope of the MIDP; and
- agreement by Waterfront Toronto and Sidewalk Labs on fair and arms'-length procurement standards for any future procurements.

The Framework Agreement permits either party to terminate the agreement in certain circumstances, including if the initial plan milestones are not achieved within approximately six months, or if the MIDP is not approved within approximately 12 months. Waterfront Toronto also has a unilateral right to terminate the agreement prior to the completion of Stage 1. The Framework Agreement does not itself provide any rights in land or any rights to develop land.

Parties

The signatories are (1) Toronto Waterfront Revitalization Corporation (“Waterfront Toronto”), (2) Sidewalk Labs LLC (together with its affiliates “Sidewalk” or “Sidewalk Labs”) and (3) Sidewalk Toronto, Limited Partnership, which will be the entity through which Waterfront Toronto and Sidewalk will collaborate to create the MIDP for Quayside and the Eastern Waterfront.

MIDP and Collaboration on the MIDP

When the planning work contemplated in the Framework Agreement is completed, the result will be a Master Innovation and Development Plan (MIDP), which will be a comprehensive plan for the urban design, technology, infrastructure, and strategies needed to achieve the parties’ vision for sustainability, affordability, mobility, and economic development for Quayside and the Eastern Waterfront. The parties also plan to continue to develop a thoughtful “Privacy by Design” policy to be incorporated into the MIDP, which will ensure compliance with applicable privacy laws and take into account community input.

Waterfront Toronto and Sidewalk Labs commit to collaborate with one another in good faith to jointly develop the MIDP within the timeframes contemplated by the Framework Agreement.

Any subsequent implementation of the MIDP is subject to the parties’ mutual approval of such MIDP. This includes approval of the MIDP by Waterfront Toronto’s Board of Directors

Site

The Framework Agreement itself does not commit any lands for development - only to conceive

an innovative plan for urban design, technology, infrastructure, and strategies to achieve the parties’ vision for sustainability, affordability, mobility, and economic opportunity. For the purposes of that planning work, there will be two sites included in the planning work of the MIDP: (i) Quayside which is the area bounded by Lakeshore Boulevard on the north, Bonnycastle Street on the west, Queens Quay Boulevard and its future extension to the south, and including 333 Lake Shore Boulevard East on the east and any developable lands created by any road realigned within the Quayside boundaries, and excluding any lands not publicly owned; and (ii) the Eastern Waterfront which is the area bounded by the Inner Harbour on the west, Keating Channel and Lake Shore Boulevard to the north, Lake Ontario to the south, and Leslie Street to the east. See map attached.

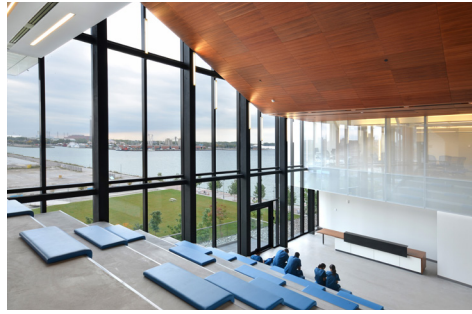
Quayside is the site on which the parties expect to first pilot the technologies and strategies included in the MIDP.

Stages

The Framework Agreement contemplates four planning stages:

Stage 0: This stage began with Waterfront Toronto’s selection through a competitive RFP process of Sidewalk Labs as its selected Proponent, and included contract negotiations and the development of the Framework Agreement. This stage ended with the execution of the Framework Agreement on October 16, 2017.

Stage 1: Started upon signing the Framework Agreement and will end with the satisfaction of the following three conditions (1) the signing of a Plan Development Agreement to provide a work plan for



creating the MIDP, (2) agreement on a Development Plan Budget for anticipated expenses during stages 1-3, and (3) agreement on a methodology for the valuation of any future transfers of land.

Stage 2: Starts at the end of Stage 1 and ends upon the achievement of the initial plan milestones as set out above. These are targeted to be completed by the Spring, 2018.

Stage 3: Starts at the end of Stage 2 and ends upon finalization and approval or rejection of the MIDP which will require Board approval of both Sidewalk Labs and Waterfront Toronto. If the MIDP is approved, an Implementation Agreement and Collaboration Agreement, and perhaps other agreements, will then be executed by the parties to govern the longer-term relationship and implementation of the MIDP. This stage is targeted to be completed by Fall, 2018.

Government Approvals

The implementation of the MIDP will require that the parties first obtain all necessary approvals from the City of Toronto, the Province of Ontario, the Canadian federal government, and other agencies or entities as required. The agreement by Waterfront Toronto and Sidewalk Labs on the MIDP will not itself result in the grant of any such approvals.

Capital Commitments

As described above, Sidewalk will provide a capital commitment of up to US\$50 million to fund the creation of the MIDP.

Fair Procurement Standards

As noted above, one of the initial plan milestones is the parties' agreement on fair and arms'-length procurement standards that are consistent with Waterfront Toronto's principles of openness and fairness in procurement.

Google Canadian Headquarters

In the Framework Agreement, Sidewalk agrees to facilitate the commitment from Alphabet Inc. to move Google's Canadian headquarters to the waterfront to provide an initial anchor tenant, subject to the MIDP.

Local Venture Investments

The Framework Agreement also contemplates that the parties will seek to source investment opportunities in innovative Canadian companies.

Affordable Housing Trust

The Framework Agreement provides that Waterfront Toronto and Sidewalk will seek to incorporate into the MIDP innovative approaches for financing affordable housing.

Urban Innovation Institute

The Framework Agreement also provides that the parties will work to incorporate the establishment of an Urban Innovation Institute in the MIDP as a secondary anchor tenant for the site.

Economics

The Framework Agreement contemplates agreement of the parties on a Development Plan Budget for the anticipated expenses of the project.

Development

The selection of Sidewalk as the successful proponent under Waterfront Toronto's Request for Proposals 2017-13 has resulted in the selection of a partner to develop a plan that will combine forward-thinking urban design and new digital technology to achieve precedent-setting levels of sustainability, affordability, mobility and economic opportunity as will be set out in the MIDP. Request for Proposals 2017-13 did not result in the selection

of a development partner for the development of individual parcels of land. Rather the MIDP will provide an overlay plan of infrastructure and strategies to achieve the shared vision of Sidewalk and Waterfront Toronto that will be imposed on developers when they are selected in the future to develop the lands. The way in which the infrastructure and technologies will actually be delivered and financed (including legal structures) has not been determined at this time and will be given further definition in the MIDP.

Labs have agreed to release this summary while they continue to work together to address commercial terms during Stage 1.

Public Engagement

The planning work contemplated by the Framework Agreement that will result in the MIDP will be developed with robust consultation based on questions, concerns and ideas generated from open and transparent public engagement that has been the high standard of all of Waterfront Toronto's work to date.

Non-Disclosure of the Framework Agreement

The Framework Agreement contains a requirement that it be kept confidential. However, in the interest of transparency, Waterfront Toronto and Sidewalk

