

ADDENDUM NO. 1 – LED POWER RING

THIS AGREEMENT made at the City of St. John's, in the Province of Newfoundland and Labrador, this 19 day of November, 2018

BETWEEN:

Atlantic Sports Enterprises Ltd., a corporate body organized and existing under the laws of the Province of Newfoundland and Labrador as an Extra-Provincial Corporation with Registered Offices situated at St. John's, NL Canada;

(hereinafter referred to as "ASE")

OF THE ONE PART

AND:

Deacon Investments Ltd., a corporate body organized and existing under the laws of the Province of Newfoundland and Labrador;

(hereinafter referred to as "Deacon")

OF THE SECOND PART

AND:

St. John's Sports & Entertainment Ltd., a corporate body organized and existing under the laws of the Province of Newfoundland and Labrador with its corporate offices situated at St. John's, NL Canada

(hereinafter referred to as "SJSEL")

OF THE THIRD PART

AND:

City of St. John's, a statutory corporation pursuant to the *City of St. John's Act*, RSNL 1990 c.C-17, as amended.

(hereinafter referred to as "City")

OF THE FOURTH PART

AND:

Irwin Simon

(hereinafter referred to as "Simon")

OF THE FIFTH PART

AND:

Robert Sabbagh

(hereinafter referred to as “Sabbagh”)

OF THE SIXTH PART

WHEREAS the Mile One Centre situate at 50 New Gower Street City of St. John’s, NL, is owned and operated by SJSEL;

AND WHEREAS ASE is the holder of a valid franchise permitting it to operate the St. John’s Edge basketball team in the National Basketball League of Canada with home games occurring at Mile One Centre through a Lease Agreement with SJSEL;

AND WHEREAS Deacon is the holder of a valid franchise permitting it to operate the Newfoundland Growlers hockey team in the East Coast Hockey League of Canada with home games also occurring at Mile One Centre through a Lease Agreement with SJSEL;

AND WHEREAS ASE, Deacon, SJSEL, the City, Simon and Sabbagh entered a Memorandum of Understanding dated March 14, 2018 (“Memorandum”);

AND WHEREAS the Memorandum contemplated that ASE, Deacon, Simon and Sabbagh would incorporate various companies to facilitate the intent of the Memorandum and the duties and obligations therein including marketing, advertising and naming rights;

AND WHEREAS ASE and Deacon have approached SJSEL and the City with a proposal to purchase and install an LED Power Ring into Mile One Centre prior to the start of the 2018/2019 hockey and basketball seasons and prior to possibly assuming management and operation functions as contemplated by the Memorandum;

AND WHEREAS SJSEL and the City have agreed to the proposal by ASE and Deacon to install an LED Power Ring into Mile One Centre on the following terms and conditions;

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the premises and the mutual undertakings, promises, covenants and agreements set forth herein on the part of each of the Parties hereto, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree with each other as follows:

1. The Parties make this Addendum in accordance with section 5.4 of the Memorandum, and this Addendum shall be supplemental to and form part of the Memorandum;
2. ASE and Deacon shall be solely responsible for the purchase and all costs of installing the LED Power Ring at Mile One Centre and shall provide all final invoices and documented proof of ownership;
3. ASE and Deacon agree that once installed to the satisfaction of SJSEL, the LED Power Ring will become a fixture of Mile One Centre and shall be solely owned by SJSEL. ASE and Deacon agree to execute any documentation required to transfer ownership of the LED Power Ring, along with any warranties and agreements, to SJSEL upon satisfactory installation;
4. Notwithstanding Clause 3 herein, ASE and Deacon shall be jointly and severally responsible for all maintenance, repairs, licensing, software costs and all other costs associated directly with the operation of the LED Power Ring during the term, or the extension/renewal, of any valid lease and/or Operating Management Agreement as contemplated by the Memorandum. ASE and Deacon jointly and severally acknowledge and agree that they shall not seek reimbursement or contribution to the maintenance, repairs, licensing, software costs and all other costs associated directly with the operation of the LED Power Ring from the City or SJSEL in any manner or at any time including, but not limited to, the end of their respective leases and/or the expiry of an Operating Management Agreement;
5. The City and SJSEL agree that ASE and Deacon shall have the right to recover the costs of purchasing and installing the LED Power Ring into Mile One Centre through the opportunity to sell the naming rights with respect to Mile One Centre as contemplated by

the Memorandum. The Parties agree that the terms of this Agreement replace the terms of s. 4.15 of the Memorandum;

6. ASE and Deacon agree that their ability to sell naming rights with respect to Mile One Centre ceases upon the expiration of their respective Leases and/or the expiration of any Operating Management Agreement as contemplated by the Memorandum, whichever is the latter;
7. ASE and Deacon agree that in the event a naming rights agreement is executed with respect to Mile One Centre (“Naming Rights Agreement”) but all proceeds of the Naming Rights Agreement, regardless of when the proceeds are received, are insufficient to fully recover the costs of purchasing and installing the LED Power Ring into Mile One Centre (the “Deficiency”), neither the City nor SJSEL shall be responsible to ASE and/or Deacon for the Deficiency or any portion of the Deficiency and ASE and Deacon shall not make any claim against the City or SJSEL for the Deficiency;
8. ASE and Deacon agree that in the event they are unable to secure a Naming Rights Agreement with respect to Mile One Centre, while a valid lease and/or Operating Management Agreement as contemplated in the Memorandum is in effect, SJSEL will permit ASE and Deacon to use the LED Power Ring to generate advertising revenue until such time as the costs of purchasing and installing the LED Power Ring into Mile One Centre have been recovered;
9. The City and SJSEL agree that in the event ASE and Deacon have not recovered their costs of purchasing and installing the LED Power Ring into Mile One Centre upon the expiration of the ASE and Deacon leases and/or any Operating Management Agreement, whichever is the latter, the City and SJSEL, in their sole discretion, may:
 - (i) contribute to ASE and Deacon an amount equal to the depreciated value of the LED Power Ring (the “Depreciated Value”). ASE and Deacon agree that the LED Power Ring shall be depreciated on a straight-line basis over 20 years. ASE and Deacon agree that the Depreciated Value shall not include the Deficiency, or any

maintenance, repair, licensing and software costs associated directly with operating the LED Power Ring during the term of any valid lease and/or Operating Management Agreement. ASE and Deacon further agree that the City's contribution to the Depreciated Value shall be reduced by all monies received or are to be received by ASE and Deacon for naming rights and advertising revenue, and any the difference between the \$500,000.00 paid to ASE and Deacon for approved renovations at Mile One, and SJSEL's 1/3 equal contribution to the approved renovations final cost as contemplated by s. 1.4 of the Memorandum and as set out in a Lease between the Parties dated October __, 2018 attached hereto;

or

- (ii) permit ASE and/or Deacon to continue to use the LED Power Ring to generate advertising revenue for as long as the City and SJSEL deem appropriate pursuant to an advertising agreement to be executed between the Parties, or ASE and/or Deacon have recovered their costs of purchasing and installing the LED Power Ring into Mile One Centre;

or

- (iii) the Parties reach some mutual agreement to the satisfaction of the City and SJSEL.

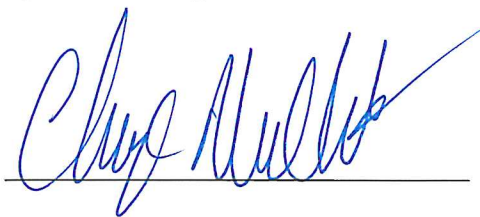
10. ASE, Deacon, Simon and Sabbagh jointly and severally acknowledge and agree that the terms and conditions of this Agreement shall bind any and all corporations contemplated in the Memorandum including, but not limited to, "NewCo", "HockeyCo", "OpCo", "MarketingCo" "Deacon Sports & Entertainment Limited" and "NLSE Live Inc" and shall execute any further documents to effect same.

11. If there is any conflict between the terms of this Agreement and the terms of the Memorandum, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date and year first above written.

SIGNED, SEALED AND DELIVERED

by ASE in the presence of:



**ATLANTIC SPORTS
ENTERPRISES LTD.**

Per: 

Name:

Title:

SIGNED, SEALED AND DELIVERED

by Deacon in the presence of:



DEACON INVESTMENTS LTD.

Per: 

Name:

Title:

SIGNED, SEALED AND DELIVERED

by SJSEL in the presence of:



**ST. JOHN'S SPORTS AND
ENTERTAINMENT LTD.**

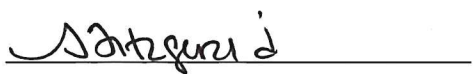
Per: 

Name:

Title:

SIGNED, SEALED AND DELIVERED

by the City in the presence of:



CITY OF ST. JOHN'S

Per: 

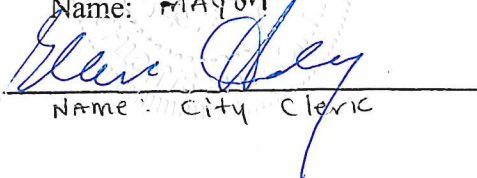
Name: Mayor

Title:

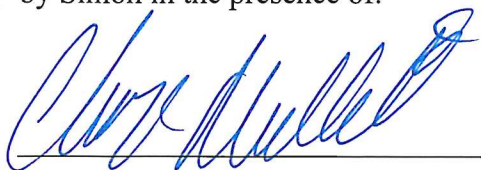
SIGNED, SEALED AND DELIVERED

SHANNA FITZGERALD

A Commissioner for Oaths in and for
the Province of Newfoundland and Labrador.
My commission expires on December 31, 2023.


Name: City Clerk

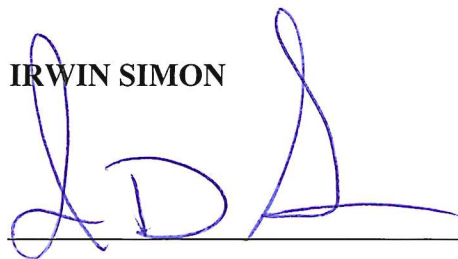
by Simon in the presence of:



SIGNED, SEALED AND DELIVERED

by the Sabbagh in the presence of:

IRWIN SIMON



ROBERT SABBAGH
