

October 7, 2016

Mr. Geoffrey Wilson
Chief Executive Officer
PortsToronto
60 Harbour Street
Toronto, Ontario M5J 1B7

Dear Geoff,

On behalf of Nieuport Aviation Infrastructure Partners, the owner and operator of the passenger terminal at Billy Bishop Toronto City Airport, I am writing to confirm our intention to undertake an upgrade of the terminal building at the airport as per the plans recently submitted to and approved by PortsToronto.

This project is focused on further elevating the passenger experience at Billy Bishop Toronto City Airport, and improving the terminal to better serve over 2.5 million travelers who choose to fly through this award-winning airport annually. The key components of our terminal upgrade include:

- Making both passenger lounges more spacious, which will significantly enhance the quality of the passenger experience, especially during peak times;
- Creating more space to add new retail, food, beverage and other passenger amenities over time;
- Reconfiguring parts of the terminal to accommodate additional administrative and office space requirements, the anticipated new U.S. preclearance facility and related processing requirements; and
- Adding one additional gate at the terminal to improve our operational flexibility during periods of heavy demand at the airport, such as during major weather storms, which should help us to minimize delays and inconvenience for our passengers.

This investment, which is being made entirely by Nieuport Aviation, reflects our commitment to delivering an exceptional passenger experience and to working with PortsToronto and other stakeholders to ensure that Billy Bishop Toronto City Airport continues to be one of the North America's best airports. We are equally committed to ensuring that the upgrade construction process is as seamless as possible for our passengers, airport partners and the local community and will work proactively and collaboratively with PortsToronto and other stakeholders to achieve such an outcome.

We expect construction preparatory work to begin in late October 2016 and that the upgrade will be completed by late 2018. I am enclosing some renderings of how the terminal will look following the upgrade along with answers to some frequently asked questions about the project.

We are proud to be the terminal owner and operator at Billy Bishop Toronto City Airport and are pleased to be investing in this critical transportation infrastructure for the Toronto region. We look forward to continuing to work with you and other stakeholders to enhance the airport's value proposition for passengers.

Sincerely,



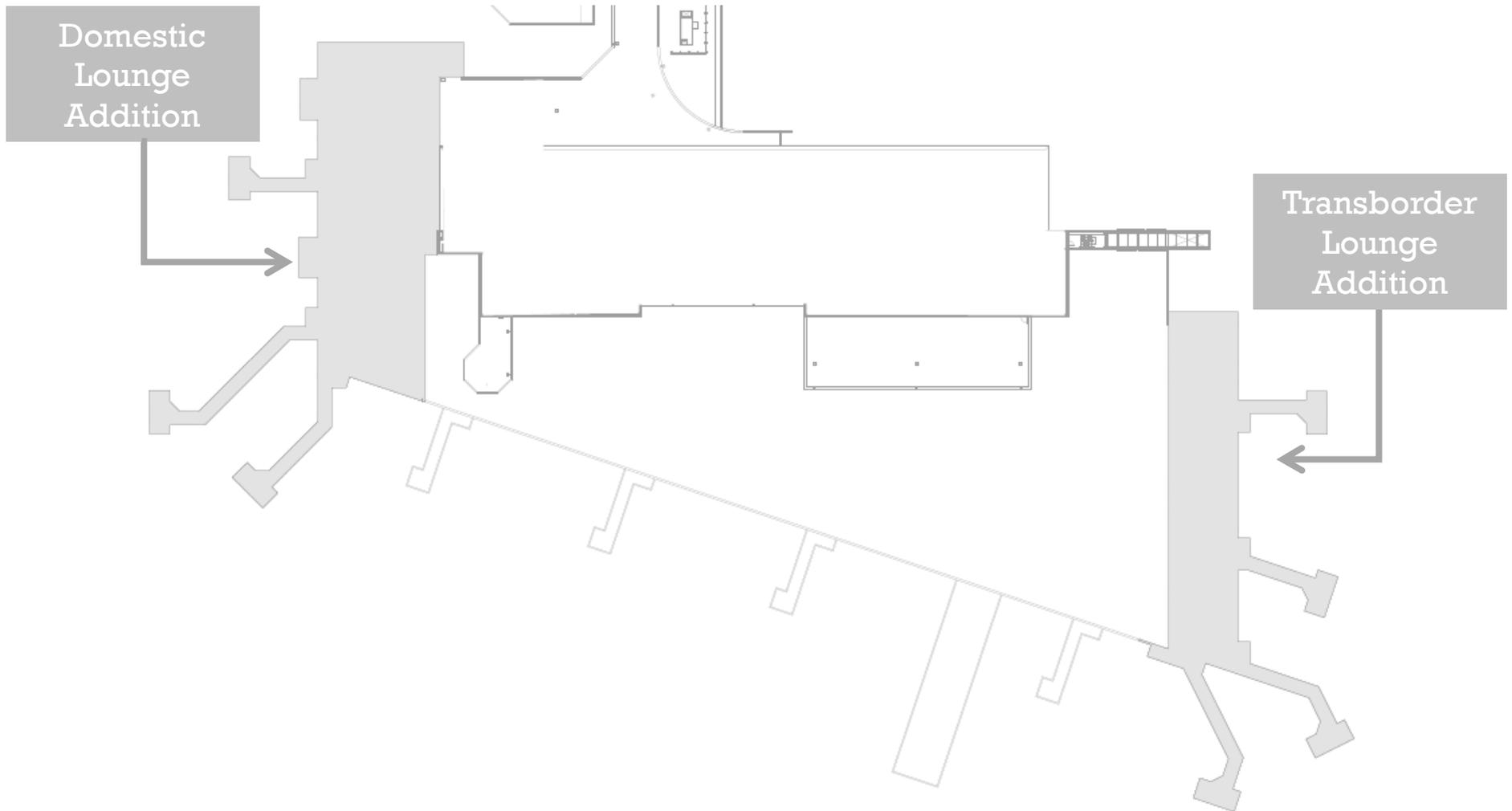
Pamela Griffith-Jones
Chief Executive Officer
Nieuport Aviation Infrastructure Partners GP

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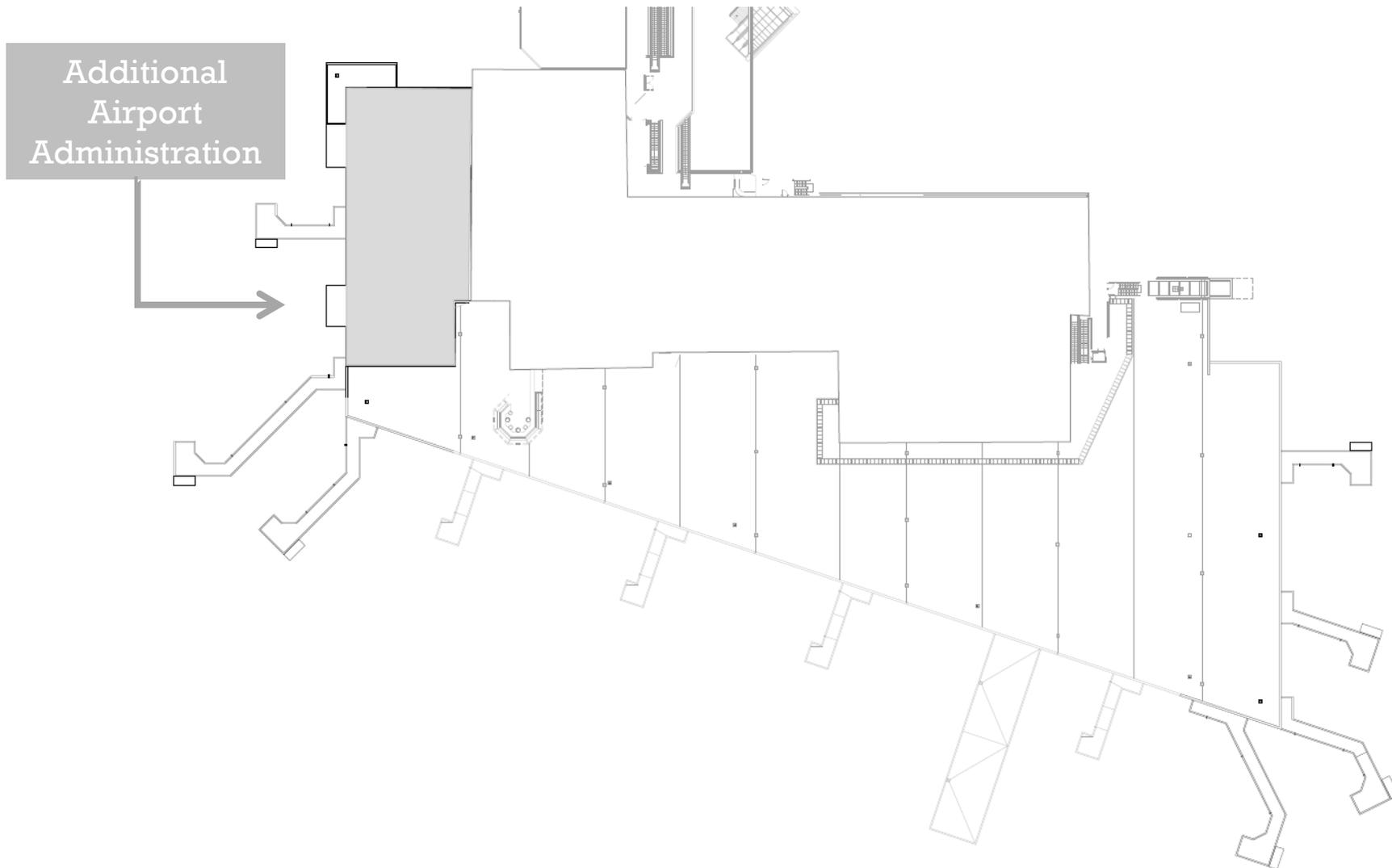
Upgrade Rendering



Drawing Layouts - 1st Floor



Drawing Layouts – 2nd Floor



Nieuport Aviation Terminal Upgrade – Questions and Answers

1. What are the changes planned and why?

- Our upgrade project is about further elevating the passenger experience at Billy Bishop Toronto City Airport, and helping the terminal to better accommodate the 2.5 million travellers who fly through Billy Bishop today.
- We are making the passenger lounges even more spacious, which will significantly enhance comfort and the quality of the passenger experience, especially during peak times.
- This project will also create room to add new retail, food, beverage and other passenger amenities over time, something our passengers tell us they are eager to see.
- Notably, the upgrade will reconfigure parts of the terminal to accommodate the anticipated new U.S. preclearance facility and related processing requirements,
- Finally, the project will include adding one more gate at the terminal, bringing the total to 11, to improve our operational flexibility during periods of heavy demand at the airport, such as during major weather storms, which should help us to minimize delays and inconvenience for our passengers.

2. How much additional space is being added?

- Approximately 2500 square metres of space will be added to the terminal, which will be a 20% increase. Most of this new space will be in the passenger lounges to help us better serve the 2.5 million passengers who fly through Billy Bishop Airport. Some new space will also be created for office, administrative and commercial requirements.

3. How much will this cost?

- This investment, which is being made entirely by Nieuport Aviation, reflects our commitment to delivering an exceptional passenger experience and to working with PortsToronto and our other partners to ensure Billy Bishop Airport continues to be one of the North America's best airports.

4. Why are the changes being undertaken now?

- Since Nieuport Aviation acquired the terminal in January 2015, we have been evaluating ways to make the passenger experience even more comfortable and convenient.
 - Since then, we have identified a number of opportunities to further improve the terminal and have completed the necessary studies.
 - Now that our design and construction plans have been approved by PortsToronto, we are ready to get to work.
 - Billy Bishop Airport is critical transportation infrastructure for the city of Toronto and surrounding region, and we are delighted to be investing in its future.
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5. What kind of changes are planned for retail, dining and other passenger amenities?

- Billy Bishop Airport is consistently recognized as one of the best airports in North America, and we are excited to have the opportunity to diversify and further improve the retail, dining and other passenger amenities available in the terminal
- Our passengers are passionate about Billy Bishop Airport and have shared a lot of feedback about what they value in their airport.
- We have recently completed passenger research which will form the basis of our retail, food and beverage program and services strategy, and look forward to building on the airport's great reputation and customer value proposition.

6. What level of growth are you designing these changes for?

- This upgrade project is about catching up to current passenger levels, and improving the convenience and comfort of the overall travel experience.
- Billy Bishop Airport is a critical transportation structure for the city of Toronto and surrounding region, and we expect passenger demand to continue to grow at a modest pace in the years ahead as per Ports Toronto's "managed growth" strategy.

7. What is the timing of the U.S. Pre Clearance Facility?

- Prime Minister Trudeau and President Obama agreed in March 2016 that Billy Bishop Airport will be included in the U.S. Pre Clearance expansion plans.
- Discussions are now underway to implement this new facility, which requires Billy Bishop Airport to satisfy various terms and conditions and for designs to be reviewed and approved by U.S. Customs and Border Protection.
- In the meantime, we will undertake certain enabling works to prepare for construction work, which will only begin following the conclusion of these discussions.

8. How will the upgrade work affect those passengers using the terminal?

- Billy Bishop Airport's value proposition is based on ease of access, speed, service and convenience, and exceeding the expectations of our passengers is a top priority for us in all we do.
 - Working closely with PortsToronto and our many airport partners, our goal is to minimize the impact of construction activities on our passengers so that the experience of passing through the terminal will be as seamless and as comfortable as possible.
 - We will work with PortsToronto to plan and coordinate specific activities and will also be keeping passengers up to date on our work.
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9. Did the City of Toronto approve this upgrade plan?

- We have worked closely with PortsToronto and the airport's many stakeholders to develop our upgrade plan.
- Although the airport operates on federal property, we have communicated the goals and design of our upgrade project with the City of Toronto and are pleased to be investing in this critical transportation infrastructure for the Toronto region

10. What firms are providing upgrade support?

- Nieuport Aviation has engaged Scott Associates Architects Incorporated, the architect of record for the original terminal in 2010 for architectural services, Stantec Consulting Ltd. for project management support and PCL Constructors Canada Inc. (Toronto) as the construction manager.
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