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Management Report
for
The Board of Governors of Exhibition Place
September 2010

Executive Summary

| 000's | SEPTEMBER 2010 | | | YTD (9 Months) | | | |
|----------|----------------|----------|----------|----------------|------------|----------|------------|
| | Actual | Plan | Variance | Actual | Plan | Variance | 2009 |
| Revenues | \$ 1,020 | \$ 816 | \$ 204 | \$ 6,611 | \$ 6,988 | \$ (377) | \$ 7,193 |
| Expenses | \$ (717) | \$ (645) | \$ (72) | \$ (5,742) | \$ (6,320) | \$ 578 | \$ (6,154) |
| EBITDA | \$ 303 | \$ 171 | \$ 132 | \$ 869 | \$ 668 | \$ 201 | \$ 1,039 |

- For the month ending September 30, 2010, the operating profit before depreciation for BMO Field was \$303K (\$132K favourable to budget).
- Total revenues of \$1.0M for the month were \$204K positive to budget mainly due to hosting one additional TFC game and one additional CSA game.
- Total operating expenses of \$717K for the month were \$72K unfavourable to budget mainly due to hosting two additional games. Expenses were higher in the month due to Cost of Goods sold (\$41K), Part-time Wages (\$39K), Royalties (\$33K), and Utilities (\$11K), partially offset by lower Supplies & Services (\$50K) and Full-time Salaries (\$8K).
- The Toronto Nationals Lacrosse Club opted not to play their 2010 home games at BMO Field. Included in the annual budget were six lacrosse games. The negative EBITDA impact to the budget for the year was \$150K.
- As per the LOI, six CSA games were included in the budget; however, the CSA has only hosted two games to-date. At this point, it appears unlikely that the CSA will deliver the remaining four games this calendar year; MLSE's management team is negotiating financial compensation for the shortfall.
- BMO Field is projecting to achieve the 2010 EBITDA of \$400K, as the five unbudgeted TFC games (four CONCACAF matches scheduled July to October and the MLS Cup in November) and operational savings will offset the losses from not hosting the six MLL games and four CSA games as budgeted.

Events hosted by BMO Field:

| | SEPTEMBER 2010 | | | YTD (9 Months) | | | |
|--------------------------------------|----------------|----------|----------|----------------|-----------|------------|-----------|
| | Actual | Plan | Variance | Actual | Plan | Variance | 2009 |
| TFC Games (MLS, Friendly & CONCACAF) | 3 | 2 | 1 | 20 | 17 | 3 | 18 |
| CSA Games | 2 | 1 | 1 | 2 | 5 | (3) | 1 |
| International Games | - | - | - | 1 | 4 | (3) | 2 |
| Toronto Nationals (MLL) | - | - | - | - | 6 | (6) | 6 |
| Other Events | - | - | - | 1 | - | 1 | 3 |
| TOTAL | 5 | 3 | 2 | 24 | 32 | (8) | 30 |

September 2010 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$3.4M increased by \$1.7M from September 30, 2009. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$1.8M partially offset by payment of the incentives, rebates and excess cash of \$994K for the 2008 and 2009 seasons.
- Accounts Receivable of \$1.1M was made up primarily of sponsorship revenue of \$678K to be collected at the end of the season, September TFC game settlements of \$192K to be collected in October, Ticketmaster rebates and advances of \$87K, September Pinnacle settlement of \$35K, and field rental revenue of \$7K from the Ontario Soccer Association. BMO Field continues to monitor receivables and no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$3.4M includes \$1.1M in current payables and accruals, \$788K payable to MLSE for shared cost recoveries and Ticketmaster advances, \$566K payable to MLSE for its share of 2010 Suite & Club Seats revenue (payable at the end of the season), and \$267K payable to the promoter for the International game held in May, which will be paid in October.
- Deferred Revenue of \$147K was made up primarily of 2010 Suite revenue which is being recognized over the course of the TFC season (April – October).

PROFIT & LOSS

EBITDA for BMO Field for the month ending September 30, 2010 was \$303K (\$132K favourable to budget). The following provides an analysis of the significant variances in the month:

Revenues

- Ticketmaster Rebates were \$30K favourable to budget in the month mainly due to higher rebates from budgeted CSA (\$14K) and TFC (\$8K) games as a result of the added seats in the north-end which resulted in additional tickets made available for sale on the Ticketmaster system, and hosting two unbudgeted soccer games (TFC CONCACAF - \$5K and CSA - \$3K). Year to date, Ticketmaster Rebates were \$2K positive to budget due to unbudgeted TFC games and more tickets available for online purchase partially offset by loss of events (CSA-4, International-3 and MLL-6).
- Food and Beverage revenues were \$117K or 28% favourable to budget in the month mainly due to hosting the unbudgeted games (TFC - \$87K and CSA - \$22K), and higher revenues from the budgeted CSA game (\$32K). The higher revenues were partially offset by lower F&B sales from the two budgeted TFC games (\$37K) in the month due to poor cold weather and lower attendance. Year to date, Food and Beverage revenues were \$105K or 3% unfavourable mainly due to 1) poor weather resulting in lower attendance at TFC games early in the year which has resulted in lower sales and 2) lost events.

- Cost of Goods Sold was \$41K unfavourable to budget in the month as a result of higher food and beverage sales from hosting the unbudgeted TFC and CSA games. For the month, the gross margin percentage was 63.2% versus 62.8% budgeted. Year to date, Costs of Goods Sold were \$2K unfavourable to budget and gross margin percentage was 63.3% versus 64.3% budgeted.
- F&B Third Party Commissions were \$8K favourable in the month mainly due to the unbudgeted TFC CONCACAF (\$5K) and CSA (\$3K) games. Year to date, F&B Third Party commissions were even to budgeted mainly due to additional TFC games partially offset by lost events.
- Event Merchandise commissions were \$5K or 42% (year to date, \$30K or 31%) unfavourable to budget mainly due to lower per cap from TFC games (\$1.69 actual versus \$3.71 budgeted) and lost events partially offset by the additional TFC games.
- Suites were \$17K or 19% favourable to budget for the period mainly due to nightly rental of \$12K from the additional CONCACAF game, and new suite rental (\$6K), partially offset by lower adopt-a-suite revenue (\$2K). Year to date, Suites were \$54K or 10% favourable due to an increase in nightly rentals as a result of the terminated suite agreement, a new suiteholder was added as the number of suites available for sale increased to 28 from 27 and nightly rentals from additional TFC games.
- TFC Usage Fees were \$15K or 47% favourable (year to date, \$42K or 15%) mainly due to hosting additional unbudgeted TFC games.
- CSA Usage Fees were \$6K favourable due to hosting an additional CSA game in the period. Year to date, CSA Usage Fees were \$45K unfavourable as a result of not hosting CSA games at BMO Field as budgeted. The CSA has hosted two of five games budgeted to-date.
- CRF revenues were \$24K or 68% favourable to budget in the month mainly due to higher revenues from additional TFC game and higher ticket sales from the TFC games in the period and CSA game. Year to date, CRF revenues were \$36K or 11% positive to budget as a result of higher average number of tickets sold per TFC game (20,527 actual versus 17,500 budgeted) due to the addition of the north-end grandstands, offset by the loss CSA and International games.
- Other Usage Fees were \$7K or 21% unfavourable to budget in the month due to lower field rental revenue (\$22K) as a result of field maintenance and CNE during the period, which restricted use of the field. The lower revenues were partially offset by higher broadcast revenue (\$16K). Year to date, Other Usage Fees were \$320K or 55% unfavourable due to the bubble relocation partially offset by bubble compensation of \$75K and higher broadcast revenue of \$39K. Lost bubble revenues are offset by saving in supplies and services and utilities.

Expenses

- Royalties were \$33K or 31% unfavourable to budget in the month mainly due to hosting an additional TFC and CSA game. Year to date, Royalties were \$7K or 1% positive as a result of lower food and beverage sales at TFC games and the loss of the CSA games (\$30K) and MLL games (\$20K).
- Full-time Salaries were \$8K or 12% favourable (\$82K or 13%, year to date) due to a revised organizational structure.
- Part-time Wages were \$39K or 36% unfavourable to budget in the month mainly due to labour costs for the additional TFC and CSA games. Year to date, Part-time Wages were \$103K or 10% favourable as a result of lower event costs (\$96K) partially offset by hosting additional games and higher non-event warehouse labour cost (\$63K) for season opening and event setup.
- Supplies and Services expenses were \$50K or 66% favourable to budget in the month mainly due to Honda Indy recovery (\$21K) and operational savings; contract labour (\$13K), equipment

maintenance (\$7K), and IT costs (\$4K). Year to date, Supplies and Services were \$300K or 29% favourable mainly due lower OSA commission (\$60K), cleaning labour and consumables (\$56K), staff training (\$26K), winterization (\$25K), part-time building operations labour (\$18K), armoured car service (\$15K), security (\$14K), and snow removal (\$11K), as a result of relocating the bubble. Year to date, savings as a result of not having the bubble were approximately \$100K.

- Utilities were \$11K unfavourable to budget in the month mainly due to higher water hydro costs (\$12K) as a result of heating the field. Year to date, Utilities were \$93K favourable to budget due to lower gas (\$64K) and hydro (\$27K) usage due primarily to the bubble relocation.
- Other Expenses were \$7K unfavourable to budget in the month due primarily to higher telephone costs (\$6K) from adding additional lines for broadcast (offset by additional revenues included in Other Usage fees). Year to date, Other Expenses were \$24K unfavourable to budget mainly due to higher telephone costs (\$24K), credit card charges (\$8K), and foreign exchange (\$5K), partially offset by lower F&B copy & printing costs (\$9K).

Event Management Services

There were three Toronto FC games in September, including an additional game due to the second of three home games in the Group Stages of the Champions League. This additional game helped offset budgeted events that did not take place earlier in the year. The Canadian Soccer Association also hosted two events at BMO Field. The men's national team played Peru and the women's national team kicked off against China PR.

Building Operations

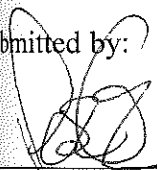
The Building Operations team continued to work on grass maintenance and aeration, while preparing for the three TFC games (two MLS regular season and one CONCACAF), and two CSA games.

Food & Beverage

The additional TFC CONCACAF game, higher F&B sales for the budgeted CSA game, and the sales from the unbudgeted CSA game resulted in overall Food & Beverage revenues of \$539K versus budget of \$422K. Operationally, the beverage team achieved the highest secret shopper scores of 97% year to date, while Concessions and third party vendors received scores of 85% and 75%, respectively.

The overall average F&B per cap for the month was \$13.42 (year to date, \$13.73) including Pinnacle and Outside Contractors. The average for BMO Field Quick Serve was \$10.65 in the month (year to date, \$10.88).

Submitted by:


Peter Church
General Manager
BMO Field

BMO FIELD
BALANCE SHEET
as at September 30, 2010

| | <u>September 30, 2010</u> | <u>September 30, 2009</u> | <u>December 31, 2009</u> |
|--|---------------------------|---------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 3,370,067 | \$ 1,711,637 | \$ 1,827,610 |
| Accounts receivable | 1,129,162 | 1,200,039 | 295,175 |
| Prepaid expenses & deposits | 72,301 | 61,518 | 16,970 |
| Inventory | 156,766 | 183,010 | 39,024 |
| | <u>4,728,296</u> | <u>3,156,204</u> | <u>2,178,779</u> |
| Capital Assets | 50,001 | 45,000 | 80,000 |
| | <u>\$ 4,778,297</u> | <u>\$ 3,201,204</u> | <u>\$ 2,258,779</u> |
| LIABILITIES AND RETAINED EARNINGS | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 3,413,914 | \$ 1,718,635 | \$ 1,105,665 |
| Taxes payable | 59,897 | 35,094 | 109,768 |
| Deferred revenue | 133,232 | 110,288 | 8,215 |
| Incentives & rebates payable | 8,910 | - | 387,020 |
| | <u>3,615,953</u> | <u>1,864,017</u> | <u>1,610,669</u> |
| Long-Term Suite Deposits | 243,159 | 218,125 | 190,000 |
| Retained Earnings | 919,185 | 1,119,062 | 458,110 |
| | <u>\$ 4,778,297</u> | <u>\$ 3,201,204</u> | <u>\$ 2,258,779</u> |
| Opening Retained Earnings | \$ 458,110 | \$ 199,325 | \$ 199,325 |
| Operating Profit | 839,185 | 1,038,578 | 377,868 |
| Distribution of Excess Cash | (378,110) | (118,841) | (119,083) |
| Closing Retained Earnings | <u>\$ 919,185</u> | <u>\$ 1,119,062</u> | <u>\$ 458,110</u> |

BMO FIELD
INCOME STATEMENT
For the Nine Months Ending September 30, 2010

| | September 2010 | | | YTD | | | 2009 |
|---|---------------------|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Budget | Variance \$ | Actual | Budget | Variance \$ | |
| Revenues | | | | | | | |
| Ticketmaster Rebates | \$ 46,447 | \$ 16,560 | \$ 29,887 | \$ 184,203 | \$ 181,910 | \$ 2,293 | \$ 279,496 |
| Club Fees | 11,048 | 11,273 | (225) | 66,287 | 67,640 | (1,353) | 67,640 |
| Sponsorship | 113,136 | 115,381 | (2,245) | 678,816 | 692,287 | (13,471) | 676,786 |
| Food & Beverage | 538,585 | 421,924 | 116,661 | 3,781,651 | 3,887,084 | (105,432) | 3,843,545 |
| F&B Third Party Commissions | 33,591 | 25,301 | 8,291 | 217,216 | 217,048 | 168 | 210,125 |
| Event Merchandise | 7,356 | 12,767 | (5,411) | 67,717 | 97,827 | (30,110) | 85,720 |
| Suites | 104,661 | 87,976 | 16,685 | 588,238 | 534,565 | 53,673 | 479,200 |
| TFC Usage Fees | 47,520 | 32,307 | 15,213 | 316,800 | 274,607 | 42,193 | 296,485 |
| CSA Usage Fees | 18,493 | 12,667 | 5,826 | 18,493 | 63,333 | (44,840) | 8,910 |
| CRF | 59,134 | 35,140 | 23,994 | 364,887 | 329,056 | 35,831 | 385,587 |
| Other Usage Fees | 27,889 | 35,300 | (7,411) | 263,373 | 582,905 | (319,532) | 694,799 |
| Other Revenue | 12,503 | 10,000 | 2,503 | 63,029 | 60,000 | 3,029 | 164,243 |
| Total Revenues | \$ 1,020,363 | \$ 816,595 | \$ 203,767 | \$ 6,610,711 | \$ 6,988,262 | \$ (377,551) | \$ 7,192,535 |
| Expenses | | | | | | | |
| Cost of Goods Sold | 198,081 | 156,924 | (41,158) | 1,389,042 | 1,386,804 | (2,237) | 1,429,565 |
| Royalties | 141,681 | 108,480 | (33,201) | 966,149 | 972,911 | 6,762 | 967,764 |
| Full-Time Salaries | 61,055 | 69,478 | 8,423 | 530,728 | 612,335 | 81,607 | 563,568 |
| Part-Time Wages | 146,580 | 108,010 | (38,569) | 955,377 | 1,058,706 | 103,330 | 882,003 |
| Benefits | 10,579 | 11,781 | 1,202 | 94,349 | 103,699 | 9,350 | 104,707 |
| Travel and Entertainment | 1,613 | 870 | (743) | 8,459 | 16,947 | 8,488 | 5,454 |
| Supplies and Services | 26,195 | 76,151 | 49,956 | 739,041 | 1,039,053 | 300,012 | 1,139,390 |
| Insurance | 11,440 | 11,003 | (437) | 100,281 | 99,025 | (1,256) | 85,098 |
| Utilities | 45,429 | 34,700 | (10,729) | 298,549 | 391,400 | 92,851 | 343,288 |
| Capital Reserve | 33,333 | 33,333 | - | 299,997 | 300,000 | 3 | 299,997 |
| Management Fee | 17,600 | 17,948 | 348 | 158,400 | 161,534 | 3,134 | 157,917 |
| Other | 23,508 | 16,346 | (7,162) | 201,156 | 177,551 | (23,604) | 175,207 |
| Total Operating Expenses | \$ 717,094 | \$ 645,024 | \$ (72,070) | \$ 5,741,527 | \$ 6,319,966 | \$ 578,439 | \$ 6,153,958 |
| EBITDA | \$ 303,269 | \$ 171,572 | \$ 131,697 | \$ 869,184 | \$ 668,296 | \$ 200,888 | \$ 1,038,578 |
| Depreciation | (3,333) | (3,333) | - | (29,999) | (29,997) | (2) | - |
| Net Operating Profit after Depreciation, before Incentives & Rebates | \$ 299,935 | \$ 168,238 | \$ 131,697 | \$ 839,185 | \$ 638,299 | \$ 200,886 | \$ 1,038,578 |
| Food & Beverage Gross Margin % | 63.2% | 62.8% | | 63.3% | 64.3% | | 62.8% |

**BMO FIELD
STATEMENT OF CASH FLOWS**

| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES | Nine months ended | |
|---|---------------------|---------------------|
| | September 30, 2010 | September 30, 2009 |
| OPERATING | \$ 1,867,409 | \$ 872,481 |
| FINANCING | (324,952) | (118,841) |
| | \$ 1,542,457 | \$ 753,639 |
| Cash, beginning of period | 1,827,610 | 957,997 |
| Cash, end of period | \$ 3,370,067 | \$ 1,711,637 |
| OPERATING | | |
| Operating profit after incentives and rebates | \$ 839,185 | \$ 1,038,578 |
| Amortization of capital assets | 29,999 | - |
| Cash provided by (used in) non cash working capital items | 998,225 | (166,097) |
| | \$ 1,867,409 | \$ 872,481 |
| FINANCING | | |
| Long-term deposits | \$ 53,159 | \$ - |
| Distribution of excess cash to owner | (378,110) | (118,841) |
| | \$ (324,952) | \$ (118,841) |
| Changes in non-cash working capital balances related to operations | | |
| Accounts receivable | \$ (833,987) | \$ (948,753) |
| Prepaid expenses | (55,330) | (33,868) |
| Inventory | (117,742) | (152,710) |
| Accounts payable and accrued liabilities | 2,308,248 | 1,237,443 |
| Incentives & rebates payable | (378,110) | (118,841) |
| Taxes payable | (49,871) | (105,137) |
| Deferred revenue | 125,017 | (44,230) |
| Cash provided by (used in) operating activities | \$ 998,225 | \$ (166,097) |