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April 6, 2006

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Rental Rates for 2008**

Purpose:

This report recommends rental rates for all facilities across the grounds the period of 2008..

Financial Implications & Impact Statement:

The rental rate increases set out in this report are aimed to offset a portion of the unavoidable operating cost increases estimated to be \$315,000 in 2008. Increases in show services revenue will cover the remaining operating cost.

Recommendation:

It is recommended that the Board approve increasing rental rates for 2008 trade and consumer shows and events as outlined below. It is also recommended that the Board approve the policy of allowing the renewal of "multi-year (3) rental" agreements for one year on an annual basis and the lagging of the rental rates for these agreements by one year.

Background:

At its meeting in April 2005, the Board approved a rental rate schedule for 2006 and 2007 as described below.

Comments:

The NTC sales team are actively pursuing trade and consumer shows and events for future years, and requires Board approved rental rates for 2008. Rental rates are adjusted on an annual basis in response to increases in operating costs and market conditions. Generally, the increases approved in April 2005 for 2007 were as follows:

- (a) Increased the rental by 1.00 cent per square foot to 14.8 cents per square foot in Halls A, B, C, and D of the NTC.

- (b) Increased the rental by 1.00 cent per square foot to 14.0 cents per square foot in Heritage Court.
- (c) Increased the rental by 0.50 cents per square foot in the Automotive Building to 12.0 cents.
- (d) Maintained the rental rate for the Queen Elizabeth Theatre at 2004 levels, increase Queen Elizabeth Exhibit Hall by 1.00 cent also increase Hall F second floor (East Annex) by 0.25 cents per square foot.
- (e) Increased the rental by 0.50 cents per square feet in Hall F (East Annex) first floor to 7.50 cents per square feet.
- (f) Increased the rental rate by 0.50 cents per square feet for Hall G in the NTC to 11.0 cents.
- (g) Increased the rental rate by 0.50 cents per square feet for the Better Living Centre for Trade and Consumer shows and by 1.00 cent for other uses.
- (h) Held on decisions re: rental rates for Bandshell Restaurant, Bandshell Park, and Horticulture Building, pending the outcome of the long-term tenancy RFP for each building.

For 2008, the NTC anticipates that operating costs will increase by 2.0% mainly due to increases in utilities. In addition, as the NTC will be entering its 12th year of operations, costs will increase due to the age of the building. Utility costs are likely to increase in 2008 given that the City/Board agreement with Toronto Hydro will expire in December 2006. The City is working on renewing the agreement to December 2008 and increases are anticipated at 10% during this present period. Overall, operating costs for the NTC are anticipated to increase by \$315,000 in 2008. However, the cost of gas is expected to remain stable given that the City has already committed for a three year period at a fixed rate.

NTC rental rate for 2006 is 13.80 cents per square foot for the Class "A" prime space. It is our understanding that the 2006 rental rates for competitive venues range from 13.80 to 14.00 cents per square foot and that these competitors are proposing increases for 2007. Due to the competitive nature of the business, the NTC is unable to determine exactly what the increases will be however, increases generally range between 3% and 5%.

To offset some of the above-noted increases in operating costs, the rental rate increase outlined below incorporates an increase to all rental space at the NTC and in exhibit halls throughout Exhibition Place when in use for trade or consumer shows. This proposed increase, if approved, would take effect only for shows which are not already contracted for 2008. Therefore, we recommend that the Board for 2008 increase the rental rates by 3%:

- (i) Increase the rental by 0.44 cents per square foot to 15.24 cents per square foot in Halls A, B, C, and D of the NTC;
- (ii) Increase the rental by 0.42 cents per square to 14.42 cents per square foot in Heritage Court;
- (iii) Increase the rental by 0.36 cents per square foot in the Automotive Building to 12.36 cents per square foot for first floor and 0.20 cents per square foot for the second floor to 6.70 cents per square foot;

- (iv) Increase the rental in Hall F to 7.73 cents per square foot for the first floor and 3.86 cents/s.f. for the second floor and Hall G to 11.33 cents per square foot in the NTC.
- (v) Maintain the rental rate for the Queen Elizabeth Exhibit Hall at 11.00 cents per square foot for trade and consumer shows and by 11.00 cents per square foot for other uses;
- (vi) Increase the rental by 0.32 cents per square foot for the Better Living Centre to 10.82 cents per square foot for trade and consumer shows and 10.30 cents per square foot plus incremental utilities for other uses;
- (vii) Increase the rental rate for the Queen Elizabeth Theatre to \$2,163.00 for matinee or evening performances and \$2,729.50. for matinee and evening performances plus charge for incremental utilities.
- (viii) Waive decisions re: rental rates for Bandshell Restaurant and Horticulture Building, as they will be removed from rental inventory due to long-term tenancy agreements.

The following table illustrates the increases for 2007 and the recommendation for 2008:

Exhibit Hall	2007 Rental Rates/Sq. Ft.	% Increase	2008 Rental Rates/Sq. Ft.	% Increase
Hall A	14.8 cents/sq. ft.	7.2%	15.24 cents/sq. ft.	3%
Hall B	14.8 cents/sq. ft.	7.2%	15.24 cents/sq. ft.	3%
Hall C	14.8 cents/sq. ft.	7.2%	15.24 cents/sq. ft.	3%
Hall D	14.8 cents/sq. ft.	7.2%	15.24 cents/sq. ft.	3%
Heritage Court	14 cents/sq. ft.	7.7%	14.42 cents/sq. ft.	3%
Hall F (East Annex) 1 st floor (1)	7.5 cents/sq. ft.	7.1%	7.73 cents/sq. ft.	3%
Hall F (East Annex) 2 nd floor (1)	3.75 cents/sq. ft.	7.1%	3.86 cents/sq. ft.	3%
Hall G (1)	11 cents/sq. ft.	4.8%	11.33 cents/sq. ft.	3%
Automotive Building-1 st floor (1)	12 cents/sq. ft.	4.3%	12.36 cents/sq. ft.	3%
Automotive Building-2 nd floor (1)	6.5 cents/sq. ft.	8.3%	6.70 cents/sq. ft.	3%
Queen Elizabeth Exhibit Hall- T/ C Shows (1)	11 cents/sq. ft.	10%	11.00 cents/sq. ft.	0%
Queen Elizabeth Exhibit Hall - Other Uses (1)	11 cents/sq. ft.	10%	11.00 cents/sq. ft.	0%
Queen Elizabeth Theatre (mat. & evg.)	\$2,650.00/day	0%	\$2,729.50/day	3%
Queen Elizabeth Theatre (mat. or evg.)	\$2,100.00/day	0%	\$2,163.00/day	3%
Better Living Centre - T/C Shows (1)	10.5 cents/sq. ft.	5%	10.82 cents/sq. ft.	3%
Better Living Centre - Other Uses	10 cents/sq. ft.	11.1%	10.30 cents/sq. ft.	3%

(1) Note: Halls F, G, Automotive and Queen Elizabeth Exhibit Hall will continue to offer a 25% reduction on move-in and move-out days only.

Several of the large annual trade and consumer shows have entered into multi-year rental agreements. For these specific clients and these agreements, NTC staff are recommending a renewal of the any agreements on an annual roll forward basis to keep the major clients in the NTC; this, in effect will achieve long term commitments and agreements for durations of over one year and will meet the needs of the significant tenants. In turn, it has been the Board's practice to offer clients that enter into three year contracts a lagging of their rental rates by one year.

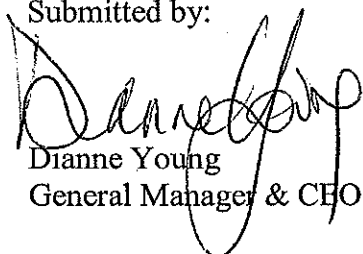
Conclusion:

This report recommends that the Board approve the following new rental structure for the NTC and Exhibition Place grounds for 2008, and extension of multiple year contracts for the NTC.

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Submitted by:



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