

■ For the Month Ending August 31, 2006

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Management Report



An Exhibition and Convention Centre

SALES & MARKETING

AUGUST SALES EFFORTS

During this period, the Sales & Marketing team secured 3 new events for 2006 increasing our total to 49. The events are categorized as follows:

- 10 consumer show
- 7 trade shows
- 18 special events/film/photo shoots
- 14 corporate/meeting

The Sales & Marketing team secured the Ameriprise National Sales Conference Reception held in August 2006. This reception and dinner was a major off-site special event attended by over 3500 delegates. The Ameriprise convention was held at the neighbouring MTCC. Our team worked closely with Centerplate on the preparation of this event.

Two new events for 2007 were secured and an additional 2 are awaiting contract execution.

Tradeshaw Week recently released the 2005 Tradeshaw Week 200 publication. This annual publication lists the largest tradeshaws in the U.S. and Canada based on square footage. We are pleased to report that 7 of our clients are included in the list of top 50 tradeshaws in Canada.

REBRANDING

As a result of the rebranding to Direct Energy Centre, the Sales & Marketing Department was responsible for all aspects of design, development, and installation of all exterior building signage, Gardiner signage, office stationery, interior and exterior directory boards, website, advertising, and staff uniforms. The rebranding of over 96 documents including exhibitor and show management order forms, rules & regulations, emergency and safety plans, and interdepartmental forms was undertaken and completed as part of this project.

The team continued to work closely with clients, industry partners and media contacts to ensure a smooth facility name change transition. Clients and industry partners have been supplied with the necessary rebranding information including electronic files, locator maps, photos and supplementary information necessary for their advertising, exhibitor and attendee promotion efforts.

Final work has been completed to replace the Gardiner Expressway/Lakeshore Blvd. blue wayfinding signage for the rebranding. The new Direct Energy Centre signs have been produced and are awaiting installation by the City of Toronto Transportation Department. Installation requires a scheduled closure of the Gardiner Expressway and Lakeshore Blvd.

BUSINESS TRAVEL

In September, Barbara Outschoorn will travel with representatives from Tourism Toronto and other member properties to Chicago to participate in a sales mission and client event. A follow-up report will appear in the September report.

PUBLICITY

In the August 2006 issue of Trade Show Executive magazine, Laura Purdy was interviewed for the feature article entitled "Going Green Gathers Steam". The article reinforces the Board's environmental initiatives, and incorporates them into establishing Direct Energy Centre as a 'green' branded exhibition and convention centre.

Direct Energy Centre is also featured in the Millionaires Club (venues in excess of 1 million square feet), and is noted as the largest venue in Canada in the "Mega Facilities" list of this issue which ranks Canadian and U.S. facilities based on square footage.

EVENT SERVICES

During the months of July and August of 2006, Event and Facility Co-ordinators at Direct Energy Centre were involved in the following events:

JULY	
Direct Energy Centre - Other Events	
▪	Molson Grand Prix
▪	FBI Conference
▪	Ricoh Meetings
▪	TABIA Meeting
▪	Princes' Gates Ceremony
▪	GST PST Meeting
AUGUST	
Direct Energy Centre - Trade/Consumer Events	
▪	Ameriprise National Sales Conference
▪	Jewellery World Expo
Other Events	
▪	Home Show Exhibitor Seminar
▪	TABIA Board Meeting
▪	IIDEX Walkthrough & Seminar

The Molson Grand Prix was somewhat scaled back in size this year however it was again successfully serviced by Direct Energy Centre Event & Facility Coordinators. The FBI Conference went extremely smoothly and wasn't impacted at all by the Molson Grand Prix move-out.

Ameriprise National Sales Conference was a first time, high profile event in Hall A and Heritage Court. The client required a significant amount of labour for set up and tear down. Overall the client was very satisfied and felt the event was a success.

Jewellery World Expo changed their layout this year in Halls C and D to create better flow. Several meetings including TABIA, the Home Show Exhibitor Seminar and the IIDEX Walkthrough and Seminar went well. All services were delivered in a timely manner for all events.

OCCUPATIONAL HEALTH & SAFETY

The Director of Event & Facility Services is currently serving on the Canadian Association of Exposition Management's (CAEM) Health & Safety Taskforce, which is developing best practices for the exposition industry. The draft document was completed in August and it is the intention of CAEM to present H&S best practices to our industry this fall season. Facility management at Direct Energy Centre has played a significant role in the development of safe practices and this task force's efforts.

BUILDING OPERATIONS

- The lighting retrofit program is now complete in the main Halls and Galleria area. The project has been expanded into the North Extension and Industry Building to address poor light levels and low operating efficiency.
- The Tri-Generation project is ongoing with major lifting of equipment scheduled for the week following the end of the CNE. This project is experiencing some delays due to delivery difficulties of the generator but should be resolved quickly once the delivery takes place. Much of the preliminary work is being completed in anticipation of the final placement of the generator unit.
- The CCTV maintenance agreement has been awarded and installation of the new equipment will resume with the successful bidder.

- HVAC continues to work on the preventative maintenance task sheets and will focus on preparation of the heating equipment for the fall show season.
- The Plumbing Department will investigate some leaks discovered from washrooms into the parking garage. Repairs will be completed as quickly as possible.
- The Electrical Department continues to do Angus task sheets and is focusing on heating controls and various projects throughout the Direct Energy Centre.

FACILITY SERVICES

The facility services team continues to work directly with show service trades and attend bi-weekly maintenance meetings. We strive to conduct tool box talks with event service trades ensuring a safe work environment. The team completed plans, schedules and estimates for up-coming shows / events. The following projects were prioritized over the last two months.

- Assisted Capital while working with McCavour Engineering to determine the best products and methods for various concrete floor repairs throughout the facility. Assisted with development of specifications for tender process. Repairs will be completed in December.
- Staff assisted E.C. & Associates and RCM Engineering to design the fabrication of door inserts and develop an exiting plan for the West side of Hall "A". Presently co-coordinating delivery of door inserts from low bidder Superior Door & Gate Systems. The Capital Project will increase occupancy in Halls and will be completed in September.
- Received quotes to re-configure horizontal life lines in the Hufcore overhead work compartment as per engineered specifications. Work to be scheduled in September.
- The team coordinated with Capital for relocation of Princes' Gates concrete bollards in front of Hall "C" and at S/W corner of Hall "A". To be completed after CNE.
- Assessed damaged sod areas after Molson Grand Prix. Will schedule replacement in September.
- Installed new red bark chips in planters around building perimeter.
- Refurbished 4 light poles at the south side of building as per RCM recommendation.
- Completed welding and painting of steel plates installed around columns in RAWF lobby to eliminate costly plaster repairs between shows.
- Co-ordinate signage for re-location of Salon 107, Innovation Centre and creation of salon 108.
- Completed wall and floor renovations in meeting rooms G7 & G8.
- Ordered in 50 new meeting room tables to enhance existing inventory.
- Fabricated and installed waste diversion recycling signs in Hall B washrooms off the Galleria.
- Developed maintenance program for Direct Energy display at the east end of Galleria.
- Completed fabrication & scheduling of removal and re-installation of interior / exterior building signs in association with the re-naming of the building.

SERVICE STARS

Barb Outschoorn received a letter dated July 7th from Andrew Parr, Executive Director of CSAE Trillium Chapter re their event on June 14th: "Please extend our gratitude to the staff at Direct Energy Centre for their outstanding work towards our event."

Louise Mills received e-mail from Eamonn O'Loughlin on August 16th to saying "Thank you so much for going the extra mile for us today" in regards to Rogers activities at the CNE.

CENTERPLATE

RETAIL DEPARTMENT

Shows for the month included Toronto Caribbean Carnival, Jewellery World Expo and the Canadian National Exhibition. There was a wide variety of menu variations for these events, with roti and Heineken being the main stays for Toronto Caribbean Carnival, and Kosher offerings for World Jewellery Expo. CNE sales consisted largely of hot dogs, pizza, fries and pop. Sales levels for August shows were consistent with last year.

CATERING DEPARTMENT

Activities this month focused largely on the Ameriprise Event in Heritage Court and Hall A. The event was a night out for 3,500 employees of American Express's financial top sellers who were visiting Toronto on a bi-annual awards trip & conference. The 70's themed party that saw guests dressed in costumes reflecting some of the fashion trends of the time.

Guests arrived via bus to Heritage Court, where staff greeted them with a welcome drink of Citrus Limeade with vodka. Beverage service for the evening included a full open bar and the menu included seafood stations, chicken wing stations, salad stations, Italian stations, carving stations and extravagant dessert stations.

Other catered events for the month were show related.

AUGUST FINANCIALS

Net Operating Income for the month ending August 31, 2006 was \$219,363 compared to a budget of \$163,869 for a favorable variance of \$55,494.

- Rental income was \$4,065,336 compared to a budget of \$4,161,214 for an unfavourable variance of (\$95,878) due to timing of new business. The rental budget is forecast to be achieved by year end.
- Electrical services of \$354,688 were lower than budget by (\$26,001) due to timing of new business offset by higher demand from the Boat Show.
- Direct and indirect expenses are favourable to budget by \$26,291 as a result of savings from staff vacancy in the Finance area and timing of Sales and Marketing expenditure which is offset by higher utility costs. City directive was to budget 4% for utility and actual gas has been 20%.
- Food & Beverage concessions of \$780,997 are unfavourable to budget by (\$52,703) due to timing of new business for corporate events. The shortfall has been reviewed with Centerplate and it is expected that the November/December holiday events will help offset this shortfall. We are reviewing with Centerplate their forecasts for year end and the F&B budget is expected to be achieved.

Accounts receivable for the month ending August 31, 2006 was \$1,824,640 consisting mainly of:

- \$728,300 from Coliseum partners and sub-contractors for Arena-related project and lease costs, of which \$12,500 has been received by September 2, 2006; total payments received since July 2005 is now \$311,500.
- \$410,911 for services on completed events, of which \$95,096 is for the RAWF. A post dated cheque (Nov. 30, 2006) for \$71,375 is held; the remaining balance is for recent show services provided.
- \$588,328 owed as deposits for future events.
- \$218,764 of Food & Beverage Concessions is owed by Centerplate, contractually due on the 25th of the following month.
- \$108,180 owed for sponsorship arrangement.
- \$44,456 for accounts with City Legal; amount fully provided for as a bad debt in the statements.

Submitted by:



Arlene Campbell
General Manager, Direct Energy Centre



Ron Taylor
Managing Director, O&Y/SMG Canada

APPENDIX 'A'

DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AUGUST 2006 and YEAR TO DATE

	MONTH		MONTH		YTD		YTD	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Number of Events	2	1	61	23	38			
Direct Event Income	163,203.86	119,089.00	4,575,207.31	4,563,412.00	11,795.31			
Ancillary Income	148,457.55	53,016.00	1,669,987.75	1,639,976.00	30,011.75			
Advertising Income	10,891.00	19,575.00	91,563.08	100,766.00	(9,202.92)			
Ricoh & MLSE Recovery	7,654.00	8,002.00	64,016.00	64,016.00	-			
CNE Recovery	522,963.00	522,963.00	522,963.00	522,963.00	-			
Total Event Income	853,169.41	722,645.00	6,923,737.14	6,891,133.00	32,604.14			
Direct Expenses	492,243.56	407,362.00	3,879,233.65	3,754,147.00	(125,086.65)			
Indirect Expenses	360,303.89	395,729.00	3,059,059.84	3,210,437.00	151,377.16			
Total Event Expenses	852,547.45	803,091.00	6,938,293.49	6,964,584.00	26,290.51			
NET INCOME BEFORE RICOH	621.96	(80,446.00)	(14,556.35)	(73,451.00)	58,894.65			
RICOH COLISEUM	29,239.97	29,665.00	233,919.84	237,320.00	(3,400.16)			
NET INCOME BEFORE PSAB	29,861.93	(50,781.00)	219,363.49	163,869.00	55,494.49			
PSAB ADJUSTMENT	-	-	-	-	-			
NET INCOME	29,861.93	(50,781.00)	219,363.49	163,869.00	55,494.49			

NOTE: 1 Actuals include 12% markup paid to Ex Place on labour & materials. At Aug. 31, 2006 the markup paid to Ex Place was a total of \$ 241,091.93 (\$ 173,590.30 expensed against direct event income and the ba \$ 67,501.63 in direct expense)

**DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AS AT AUGUST 2006 with COMPARISON TO AUGUST 2005**

	2005	2006		2006 YTD BUDGET	2006 VARIANCE	VARIANCE TO	
	YTD AUGUST ACTUAL	2006 YTD ACTUAL	2006 YTD BUDGET			YTD AUGUST 2005 ACTUAL	%
Number of Events	60	61	23	38	1	1.7%	
Direct Event Income	4,740,582.99	4,575,207.31	4,563,412.00	11,795.31	(165,375.68)	(3.5%)	
Ancillary Income	1,727,506.57	1,669,987.75	1,639,976.00	30,011.75	(57,518.82)	(3.3%)	
Advertising Income	94,148.01	91,563.08	100,766.00	(9,202.92)	(2,584.93)	(2.7%)	
Ricoh & MLSE Recovery	94,021.38	64,016.00	64,016	-	(30,005.38)	(31.9%)	
CNE Recovery	460,450.00	522,963.00	522,963.00	-	62,513.00		
Total Event Income	7,116,708.95	6,923,737.14	6,891,133.00	32,604.14	(192,971.81)	(2.7%)	
Direct Expenses	3,792,848.18	3,879,233.65	3,754,147.00	(125,086.65)	(86,385.47)	(2.3%)	
Indirect Expenses	3,160,544.35	3,059,059.84	3,210,437.00	151,377.16	101,484.51	3.2%	
Total Event Expenses	6,953,392.53	6,938,293.49	6,964,584.00	26,290.51	15,099.04	0.2%	
NET INCOME BEFORE RICOH	163,316.42	(14,556.35)	(73,451.00)	58,894.65	(177,872.77)	(108.9%)	
Ricoh Coliseum	194,123.55	233,919.84	237,320.00	(3,400.16)	39,796.29	20.5%	
NET INCOME BEFORE PSAB	357,439.97	219,363.49	163,869.00	55,494.49	(138,076.48)	(38.6%)	
PSAB ADJUSTMENT	-	-	-	-	-	0.0%	
NET INCOME	357,439.97	219,363.49	163,869.00	55,494.49	(138,076.48)	(38.6%)	

Note: 1 Actuals include 12% markup paid to Ex Place on labour & materials. At Aug. 31, 2006 the markup paid to Ex Place was a total of \$ 241,091.93 (\$ 173,590.30 expensed against direct event income and the bal \$ 67,501.63 in direct expense)

**DIRECT ENERGY CENTRE
EVENT STATISTICS**

FOR THE MONTH OF AUGUST 2006

	<u>MONTH</u>	<u>YTD</u>	<u>PRIOR YEAR</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Attendance [Note:1]	5,400	675,120	802,395

<u>EVENT</u>	<u>ACTUAL # OF PERFORMANCES</u>			<u>NET EVENT INCOME [Note: 3]</u>		<u>REFRESHMENT</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>PER CAP'S</u>
Consumers Show	22	28	32	3,877	3,928	3.66
Trade Show	14	17	9	678	1,217	5.74
Concert	0	0	1	-	-	
Photo/Film Shoot	3	3	6	16	-	30.47
Meeting/Corporate	22	12	8	522	-	15.34
	<u>61</u>	<u>60</u>	<u>56</u>	<u>5,094</u>	<u>5,145</u>	

Note: 1 Attendance estimates provided by Show Management.

Note: 2 Refreshment per cap's based on information reported by Centerplate

Note: 3 Net event income includes rent and services, ancillary income includes catering and electrical commissions.

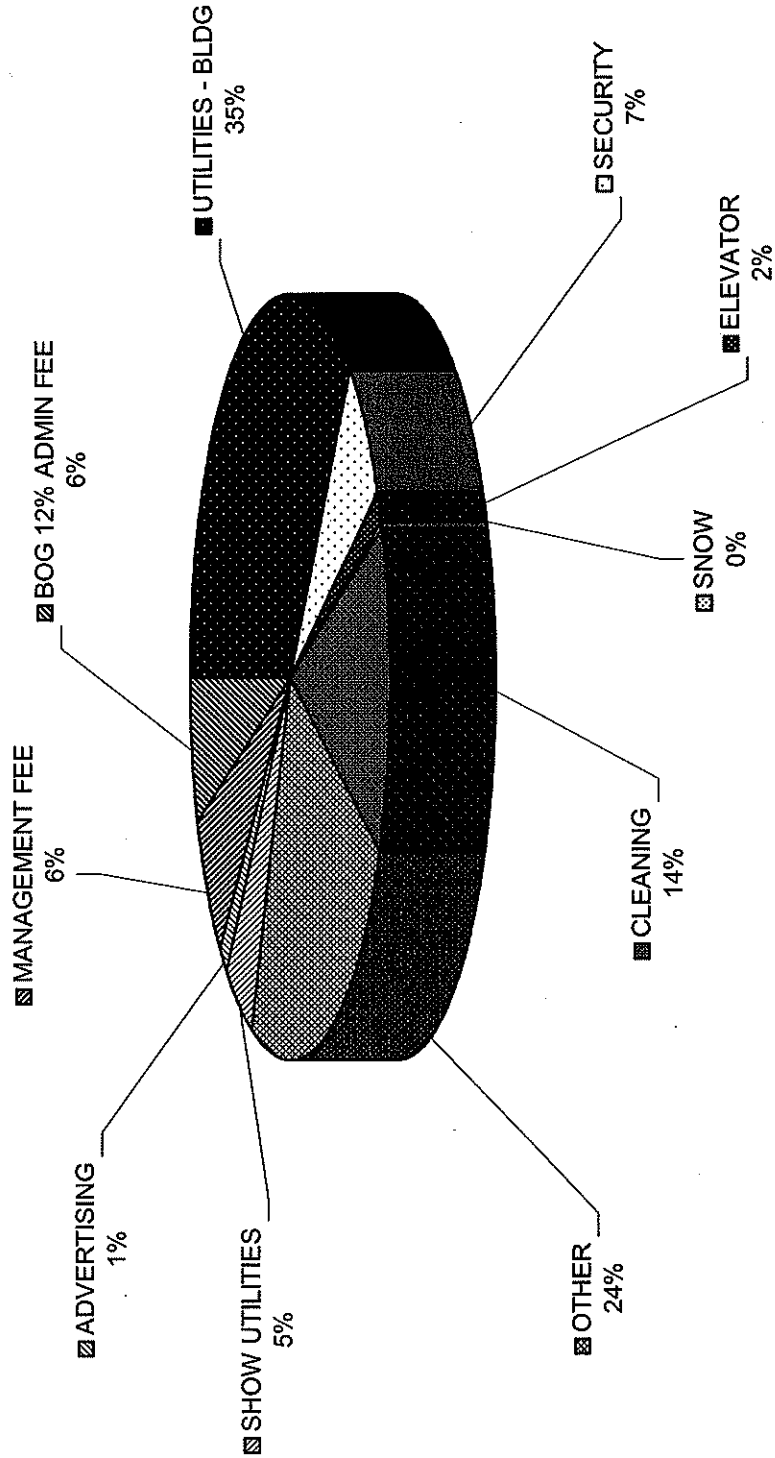
**DIRECT ENERGY CENTRE
BALANCE SHEET
AS AT AUGUST 31, 2006**

ASSETS	2006	2005
CURRENT ASSETS		
CASH	776,788.07	254,000.89
ADVANCE TO EX PLACE	420,000.00	320,000.00
TERM INVESTMENTS	2,350,000.00	2,150,000.00
AMERICAN EXPRESS	3,574.81	2,357.81
TRADE ACCOUNTS RECEIVABLE	2,733,896.69	
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(76,853.84)</u>	
NET ACCOUNTS RECEIVABLE		3,056,297.98
RECEIVABLE FROM EX PLACE	336,268.88	18,937.00
OTHER RECEIVABLE	34,772.55	22,456.29
PREPAID EXPENSES	<u>6,578,447.16</u>	<u>5,824,049.97</u>
TOTAL CURRENT ASSETS		
FIXED ASSETS		
EQUIPMENT - NET	18,018.86	23,766.93
TOTAL ASSETS	<u>6,596,466.02</u>	<u>5,847,816.90</u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLES & ACCRUED LIABILITIES	2,687,142.52	
PROVINCIAL & FEDERAL SALES TAX PAYABLE	92,071.49	
DEFERRED REVENUE	<u>3,924,237.64</u>	5,373,416.40
EQUITY		
NET INCOME (LOSS) CURRENT	219,363.49	226,963.05
PRIOR YEAR PSAB ADJUSTMENT	<u>(326,349.12)</u>	<u>(167,422.07)</u>
PRIOR YEAR SURPLUS - 2005	1,397,437.91	
NET INCOME - RICOH	114,070.56	
SUB-TOTAL	<u>1,511,508.47</u>	
SURPLUS DISTRIBUTION TO EXPLACE	<u>(1,511,508.47)</u>	
BALANCE	-	414,859.52
	<u>6,596,466.02</u>	<u>5,847,816.90</u>

**DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED AUGUST 31, 2006**

	MONTH	YTD
CASH FLOW FROM OPERATIONS		
NET INCOME (LOSS)	29,861.93	219,363.49
ADD: EMPLOYEE BENEFITS - VACATION/SICK	-	
SOURCES (USES) OF CASH		
TERM INVESTMENTS	-	2,100,000.00
ACCOUNTS RECEIVABLE - TRADE	(767,154.00)	(238,657.75)
RECEIVABLE FROM EX PLACE B.O.G		-
ACCOUNTS RECEIVABLE - OTHER	1,043.38	(250,072.49)
PREPAID EXPENSES	17,659.89	95,079.64
DEPOSITS AND OTHER ASSETS	1,697.33	(4,179.74)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	573,189.31	(754,633.32)
OTHER PAYABLES	28,121.26	17,563.29
DEFERRED INCOME	519,945.88	655,198.51
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	200,000.00
NET CASH FROM OPERATIONS	404,364.98	2,039,661.63
OTHER SOURCES (USES) OF CASH		
CAPITAL EXPENDITURES	-	-
RICOH PRIOR YEAR BALANCE TRANSFER	-	86,517.77
PRIOR YEAR SURPLUS ADJUSTMENT		
DISTRIBUTION TO OWNERSHIP - Exhibition Place B.O	(227,200.05)	(1,578,556.79)
NET CASH FROM OTHER SOURCES	(227,200.05)	(1,492,039.02)
NET INCREASE (DECREASE) IN CASH	177,164.93	547,622.61
BEGINNING CASH BALANCE	599,623.14	229,165.46
ENDING CASH BALANCE	776,788.07	776,788.07

**COMPONENTS OF DIRECT EXPENSE
YTD AUGUST 31, 2006**



- UTILITIES - BLDG
- SECURITY
- ▣ ELEVATOR
- ▤ SNOW
- ▥ CLEANING
- ▦ OTHER
- ▧ SHOW UTILITIES
- ▨ ADVERTISING
- ▩ MANAGEMENT FEE
- BOG 12% ADMIN FEE

**DIRECT ENERGY CENTRE
 CHEQUE DISBURSEMENTS - AUGUST 2006
 GREATER THAN \$50,000**

Check No	Date	Amount	DESCRIPTION
021512	8/18/2006	355,942.82	BOARD OF GOVERNORS OF EXHIBITON PL AMERIPRISE EVENT - TIME AND MATERIAL
021561	8/23/2006	227,200.05	BOARD OF GOVERNORS OF EXHIBITON PL 2005 REMAINING BALANCE SURPLUS
021511	8/18/2006	69,594.08	BOARD OF GOVERNORS OF EXHIBITON PL WORK ORDERS - MONTH OF JULY
019597	8/11/2006	51,067.87	BOARD OF GOVERNORS OF EXHIBITON PL WORK ORDER 9010 - 1ST QUARTER BILLING
			DISBURSEMENTS OVER \$50,000
			703,804.82
			OTHER DISBURSEMENTS LESS THAN \$50,000.
			419,639.01
			TOTAL DISBURSEMENT
			1,123,443.83