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January 17, 2003

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: Rental Rates at The National Trade Centre for 2004

**Recommendation:**

It is recommended that the Board approve increasing rental rates for 2004 shows and events as outlined below.

**Background:**

At its meeting in June, 2000, the Board approved a rental rate schedule for 2001, 2002 and 2003.

**Discussion:**

The increases for 2001-2003 rental rates addressed rising utility costs, especially the cost for utilities in the older buildings, along with the capital improvement costs incurred to maintain the older buildings. At the same time, they recognized the necessity for the NTC to stay competitive in the GTA marketplace. Generally, the increases were as follows:

- a) For all 2001 new business only, increased the rental by \$0.05 per square foot in all Halls;
- b) Increased Coliseum arena to \$5,000 for flat floor and \$8,000 for concerts.
- c) Increased the rental for the year 2002 by \$0.01 per square foot to \$0.11 per square foot in Halls A, B, C, D and Heritage Court.
- d) Increased the rental for the year 2002 by \$0.05 per square foot to the rate structures for Halls E, F, G, the Automotive Building, the Better Living Centre and the Queen Elizabeth Exhibit Hall; maintained Coliseum rates (pending IHL/AHL results);
- e) increased the rental for the year 2003 by \$0.05 per square foot in Halls A, B, C, D, Automotive and Heritage Court, and maintained the year 2002 rental rates for Better Living Centre, Coliseum (pending IHL/AHL) and the Queen Elizabeth Exhibit Hall;
- f) Maintained the rental rate for the QE Theatre, Bandshell and Horticulture Building at year 2000 level.

A survey of rental rates in the Toronto area showed that the Metro Toronto Convention Centre increased its rental rate by \$0.05 to \$0.12 per square foot for 2002 and the International Centre increased its rental rates by \$0.05 in 2002. Both facilities will increase their rates in 2003.

Although an increase in the cost of doing business at CPI was anticipated, the extreme insurance cost increases for large, public facilities (post September 11/01) were not foreseeable. However utility costs have stabilized with the recent provincial government announcements. The operating costs and insurance increases anticipated for 2004 for the NTC will cost approximately \$400,000.00. The rental rate increase outlined below will offset some of this cost and will take effect January 1, 2004:

- g) Increase the rental by \$0.05 per square foot to \$0.12 per square foot in Halls A, B, C, and D of the NTC;
- h) Increase the rental by \$0.05 per square foot in the Automotive Building;
- i) Maintain the rental rate for the Queen Elizabeth Theatre, the Queen Elizabeth Exhibit Hall, Heritage Court and Halls F and G at 2002 levels;
- j) Approve rates for rental of Hall E (West Annex) based on construction planning with RICOH Coliseum, which will be submitted under a separate report;
- k) Hold on decisions re: rental rates for Bandshell Restaurant, Bandshell Park, Horticulture Building and Better Living Centre, pending the outcome of the long-term tenancy RFP for each building.

The following table will illustrate the above increases:

Exhibit Hall	2003 Rental Rates/Sq. Foot	Proposed 2004 Rental Rates/Sq. Foot
Hall A	11.5 cents/sq. foot	12.0 cents/sq. foot
Hall B	11.5 cents/sq. foot	12.0 cents/sq. foot
Hall C	11.5 cents/sq. foot	12.0 cents/sq. foot
Hall D	11.5 cents/sq. foot	12.0 cents/sq. foot
Heritage Court	11.5 cents/sq. foot	11.5 cents/sq. foot
Hall F (East Annex) 1 <sup>st</sup> floor (1)	6 cents/sq. foot	6 cents/sq. foot
Hall F (East Annex) 2 <sup>nd</sup> floor (1)	3 cents/sq. foot	3 cents/sq. foot
Hall G (1)	9 cents/sq. foot	9 cents/sq. foot
Automotive Building-1 <sup>st</sup> floor (1)	9.5 cents/sq. foot	10 cents/sq. foot
Automotive Building-2 <sup>nd</sup> floor (1)	5 cents/sq. foot	5 cents/sq. foot
Queen Elizabeth Exhibit Hall (1)	9 cents/sq. foot	9 cents/sq. foot
Queen Elizabeth Theatre (mat. & evening)	\$2,650.00/day	\$2,650.00/day
Queen Elizabeth Theatre (mat. or evening)	\$2,100.00/day	\$2,100.00/day
Bandshell Stage/Park (2)	BOG RFP	BOG RFP
Bandshell Restaurant (2)	BOG RFP	BOG RFP
Horticulture Building (2)	BOG RFP	BOG RFP
Better Living Centre (2)	BOG RFP	BOG RFP

(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.

(2) Note: Better Living Centre, Horticulture Building, Bandshell Restaurant and Bandshell Park rate approvals will depend on outcome of long-term tenancy RFP.

Conclusion:

This report recommends that the Board approve the following new rental structure for the NTC and Exhibition Place grounds for 2004. Mr. Ernest Vincent has reviewed this report and is in agreement with this recommendation.

Contact:

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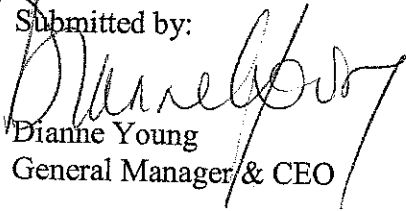
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Submitted by:



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