

# MANAGEMENT REPORT

FOR THE YEAR ENDING  
DECEMBER 31, 2000

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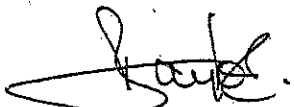
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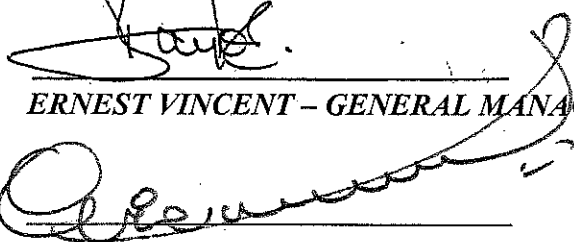


SUBMITTED TO: THE BOARD OF GOVERNORS OF EXHIBITION PLACE

SUBMITTED BY: O&Y/SMG CANADA

SUBMITTED BY: *RON TAYLOR - MANAGING DIRECTOR - O&Y/SMG CANADA*

  
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ERNEST VINCENT - GENERAL MANAGER - NTC

  
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## EXECUTIVE SUMMARY

The National Trade Centre hosted 105 events in 2000. The O&Y/SMG Canada, Sales & Marketing Department secured 56 new events, 6 are consumer shows, 4 are trade shows, 17 were corporate bookings, 9 were film/photo shoots and 20 were special events/other. In addition O&Y/SMG Canada, Sales and Marketing team were successful in renewing 49 events.

The co-ordination of events this year was particularly challenging in the third and fourth quarters with both new and returning biannual majors events (Truck World 2000, CFSM Weld Expo, Print Ontario) and a tight building turnover schedule. We were successful in maximizing efficiency of show move in/ out and the clean up and building preparation for these major events.

December was a good time to complete various maintenance projects as the 2000-show season came to a close. Various repairs and regular maintenance have been completed throughout the last quarter such as, electrical, plumbing, HVAC, chemical treatments, cooling towers and kitchen equipment.

The telecommunications department worked out an agreement with First Canadian Telecom to provide Pay Phone service at The National Trade Centre and across the grounds of Exhibition Place. FCT will provide state of the art pay phones while providing the Board with additional revenues. Telecommunications is also working with LynkTel to deploy Internet kiosks at Exhibition Place.

The following report is based on the **draft** financial statements and O&Y SMG Canada is pleased to report that the 2000 budget has been achieved.

Servo Canada hosted one of the largest holiday parties at The National Trade Centre, Bombardier Holiday party in which 4700 guests attended. The client, Event Spectrum, sent three separate letters of thank you and went as far to mention that the 2000 party was the most successful in Bombardier's history. The National Trade Centre along with Servo Canada worked very hard to ensure the success of the Bombardier event.

Heritage Court was transformed into a classical winter wonderland scene for the holiday season. When guests arrived at Heritage Court they were greeted with soft background music, trees decorated with twinkling lights and park benches to give a warm and welcoming feeling. When they entered the dining area following the reception, guests were greeted with the same soft lighting with the addition of lasers, which gave the room a surreal feel. Following a relaxing and wonderful dinner Heritage Court took on the feel and look of a night club with moving lights, disco balls, pool tables, cigar rollers and a scotch & shot bar.

# SALES & MARKETING REPORT,

## 2000 ACCOMPLISHMENTS

O&Y/SMG Canada's Sales & Marketing Team exceeded its goals set for 2000. Our Sales & Marketing accomplishments are as follows:

- \$7,027,148 in total rental revenue
- 105 total events contracted in 2000
  - 56 new business
  - 49 renewals
- The first North American facility to be accepted for Membership in the International Fairground Association, *Union de Foires Internationale* (UFI).
- Trade and Consumer show highlights included: the inaugural Truck World show in September; show growth for the IIDEX/Neocon Canada; aggressive sales effort resulted in successfully booking key US independent organizers Key3Media and George P. Johnson.

## FOURTH QUARTER REPORT

In the fourth quarter, The National Trade Centre hosted 26 events including Truck World 2000, ComputerFest, GM Goodwrench Tech Rally, Fall Home Show, IIDEX/NeoCon Canada, Navaratri, Old Clothing Show & Sale, Toronto Ski, Snowboard and Travel Show, Toronto National Postage Stamp Show, Bicycle Fall Blow-Out Sale, Toronto Area School Library Resource Fair, CFSM/Weld Expo, Canadian Pet Expo, Hadassah WIZO Bazaar, Everything to do with Sex Show, Creative Sewing & Needlework Festival, MBA Expo, Royal Agricultural Winter Fair, CUPE Local 4400 Vote, Print Ontario, One of a Kind Christmas Craft Show & Sale, Umbra Factory Sale, Tamil Cultural Event, Decision Plus Seminars, Ash City Photo Shoot and the Islamic Prayer Festival.

## DECEMBER SALES ACTIVITY

In December, the Sales & Marketing Department secured a booking for Decision Plus along with a photo shoot for Ash City. Of the 44 pieces of new business contracted to date this year for 2000, 4 are consumer shows, 2 are trade shows, 16 are corporate bookings, 9 are film/photo shoots and 13 are special events/other.

BOOKING STATUS FOR EVENTS	4 <sup>th</sup> QUARTER ACTIVITY	CONTRACTED 2000 BUSINESS
Contracted in 2000	44	
Contracted in 1999	11	
Contracted in 1998	1	Total: 56

As a result of O&Y/SMG Canada's sales efforts during this quarter, 3 new events have been contracted and 4 additional events we have issued contracts for 2001. We are pursuing sales leads with the US, International and Canadian contacts for future business.

## **RESULTS OF DECEMBER BUSINESS TRAVEL**

In December, Barbara Outschoorn, Senior Sales Manager, participated in an Ottawa sales mission organized through Tourism Toronto which targeted association, federal & provincial government offices as well as meeting planners. Barbara is currently pursuing leads to seek out potential business.

## **UPCOMING BUSINESS TRAVEL**

In January 2001, Susan Richardson, our Regional Sales Director, U.S., will attend the 2001 PCMA (Professional Convention Management Association) in Miami to make contact with key US independent tradeshow organizers and association planners.

The National Trade Centre General Manager, Ernest Vincent and directors, Jeff Gay, Arlene Campbell and Harvey Repp will be attending the 2001 SMG Corporate Meeting during the month of February in Palm Spring California. The top issues will be best practices, training, trade show

## **PUBLICITY**

M+a publishers featured an article on The National Trade Centre in the December 2000 issue of Report Magazine, an international publication. The article included an exterior photograph of the facility and discussed our facility management and our membership acceptance into UFI.

The December 2000 issue of Sales Promotion magazine contained an article on the Everything to do with Sex Show, entitled "Horizontal Marketing". This innovative consumer show occurred in the Automotive Building from October 26 to 29, 2000.

The December 27, 2000 issue of The Toronto Star contained an article on the Islamic Prayer Festival, which occurred at the Better Living Centre.

# EVENT SERVICES

## EVENT FACILITY SERVICES MANAGEMENT REPORT FOR 2000

During December of 2000, Event & Facility Co-ordinators were involved in the following events:

DECEMBER			
National Trade Centre Events			Exhibition Place Events
Consumer	Trade	Other	
Umbra Factory Sale		Toronto Police Holiday Party	CGA Examinations
		Compaq Holiday Party	New Year's Eve Rave
		TD Bank Holiday Party	
		Pfizer Holiday Party	
		JA Holiday Party	
		Event Spectrum Gala	
		AT & T Holiday Party	
		Toronto Hydro Holiday Party	
		WSIB Holiday Party	
		AGF Canada Holiday Party	
		Islamic Prayer Festival	

## FOURTH QUARTER AND 2000 SUMMARY

This year marked significant achievements initiated by O&Y SMG Canada at The National Trade Centre in the Event & Facility Department.

The O&Y/SMG Canada Quality Assurance Program marked its first full year of implementation at the National Trade Centre with the following accomplishments:

- Customer service, safety and equipment training The National Trade Centre and most of Exhibition Place staff. (Both management and unionized.)
- Extensive independent surveys conducted with clients of The National Trade Centre including Show Management and Exhibitors.
- Establishment of Quality Assurance Team to monitor the program and respond to client surveys.
- Establishment of service standards.

The co-ordination of events this year was particularly challenging in the third and fourth quarters with both new and returning biannual majors events (Truck World 2000, CFSM Weld Expo, Print Ontario) and a tight building turnover schedule. Fortunately planning in the previous months paid off and yielded an extremely successful co-ordination of each event. Our department staff worked around the clock to ensure this success.

Parallel Production Services was assigned as official supplier to The National Trade Centre and Exhibition Place in April. Co-ordination staff has been working with them on each event. We are currently evaluating this relationship to determine our approach in 2001.

An event service package was set up for catered functions and corporate events for the Christmas. This packaging approach made it easier for Servo Canada to book these events and proved to be well received by clients.

Overall in 2000 there was a significant improvement in the delivery of event services as a result of experiences gained from last year and the close teamwork on behalf of both Event and Facility co-ordination staff. Support from unionised workers was also improved however increased labour supervision on behalf of our staff has resulted in long hours and accumulation of time in holiday banks. This will be addressed in 2001 by supplementing our co-ordination team. The cost for this additional supervision is anticipated to be covered by both increased efficiencies realized and by some events.

As reported to the Board earlier this year, independent survey results have continued to demonstrate client satisfaction with O&Y/SMG Canada Event & Facility Services at The National Trade Centre. As evident by the 89% of exhibitor rating The National Trade Centre staff, booth cleaning, sign hanging, telecommunications and electrical service delivery as either outstanding or good. Further surveys of visitors and exhibitors are planned in 2001 to get more information about Parking and Food & Beverage that showed the lowest satisfaction results in 2000.

Next year we will continue to work with the Food & Beverage department and Exhibition Place Parking in their endeavours to monitor and improve the level of services that have been identified as a concern by surveys conducted in 2000. New initiatives in both areas are expected to be well received by The National Trade Centre clients and attendees.

# OPERATIONS REPORT

## BUILDING OPERATIONS AND MAINTANACE

During the last three months we have facilitated preparation for many major events at The National Trade Centre including Weld Expo, One of a Kind Craft Show and Sale, numerous Christmas functions and the Royal Agricultural Winter Fair.

December was a good time to complete various maintenance projects as the 2000-show season came to a close. The following are various repairs and functions that have been achieved throughout the last quarter.

### ELECTRICAL

Since the supply of electrical services was brought in-house in 1998, we have met the challenge with reasonably good success. Although the Canadian Machine and Tool show caused us some concerns in 1998, several initiatives were implemented since that time to better handle the larger requirements for some of our clients. Some of these initiatives included a redesign of our pre-order service forms. This makes it easier for our clients to better understand what services we provide. Also, improvements were made to the base building electrical infrastructure to better distribute the power available and additional transformers, cabling distribution panels and other electrical equipment were purchased to supplement our existing electrical inventory.

In addition to electrical equipment, the supply of manpower was also addressed. Because of the high manpower demand for major shows such as Weld Expo, an electrical contractor was brought in for 2000 to assist with the set-up.

High voltage maintenance was performed throughout The National Trade Centre, Automotive building and West Annex during the last quarter. The remaining facilities will be completed early in 2001. A major bulb and ballast replacement program was also initiated in the fall in preparation for the spring trade shows.

### PLUMBING

Multiple repairs were carried out on the underground irrigation system as regular maintenance as time and resources were available.

### HVAC

Over the past year, it has been the mandate of our HVAC department to maintain the buildings heating, ventilating, and air conditioning systems. This includes supply fans, make-up air systems, changing air filters, lubricate bearings, change and/or adjust drive belts, in accordance with the O&Y/SMG Canada preventative maintenance program.

## **CHEMICAL TREATMENT**

Regular testing was carried out on the treated water systems (hot water heating, condenser water and chilled water systems of the main chillers, steam plants in the Automotive building and Mid-Arch boiler rooms). Added treatment to the systems to maintain all the connected pumps, piping and tanks, as provided by Drew Chemical.

## **COOLING TOWERS**

Continuous monitoring of the tower operation was carried out throughout 2000. This included cleaning and servicing of the pumps filters, screens and checking of all controls, valves and piping on the towers.

## **CHILLERS**

Chiller #1 condenser water piping was disassemble and removal of the bell end was completed to install sacrificial anodes as a prevention from corrosion. Welding flanges were installed on water piping to facilitate future removal (for both time and safety). Our goal is to perform the same maintenance to both Chillers #2 & 3 in 2001.

## **KITCHEN EQUIPMENT**

Maintenance was performed on kitchen equipment at all concession stands as well as cleaning of the condenser and evaporator coils on all of the coolers. Our contracted services such as Air Con and R.G. Henderson responded to any emergency repairs.

## **STEAM PLANTS**

There was need to replace the steam coil in Mid Arch boiler room on Clayton Boiler #2 as well we performed off-season maintenance on all Clayton Boilers, and cleaned and inspected all condensate tanks and dearator.

It is our goal in 2001 to have a steam trap survey performed to repair and/or replace traps that are malfunctioning, therefore, providing efficient fuel consumption and also less wear and tear on condensate pumps and piping systems.

## **SECURITY**

Worn out security monitors cameras and the camera controller were replaced, a new version of security software was added to the host computer in the security office. Six additional hand-held radios were also purchased to facilitate better communication between building personnel.

## **DOORS**

Interior doors including Salons from Halls A to D, were inspected and repaired as part of our preventative maintenance program. We are trying to establish a schedule to replace damaged door veneers on a priority basis. These repairs will be on going throughout 2001.



Exit doors were monitored by Security and repaired on an on-going basis.

Dock doors / plates / rolling steel doors, underwent scheduled maintenance by Universal Door Co. All deficiencies were corrected.

We are currently seeking an RFQ (request for quotation) for mechanical door repairs and scheduled maintenance. The successful bidder will be awarded the contract in early January.

## **LABOUR**

Christmas decorations were placed throughout the facility, and removed after the festive season. Inventory items were re-organized in the North Extension and various damaged furnishings were separated for maintenance. Repairs will be made on a priority basis throughout 2001.

Snow removal was ongoing throughout the last quarter. Weekly meetings had taken place between The National Trade Centre and General Services staff regarding scheduling of labour, equipment and the snow removal policy. Our goal is to attain a cost-effective standard with respect to public safety, and maintaining the integrity of the building as it relates to the shows scheduling, while maximizing efficiency of human resources and equipment costs.

## **PAINTING**

Extensive painting and repairs were completed throughout the facility as follows:

Touched up all Salons within the facility, walls, doors and doorframes.

- Re-painted damaged walls, doors, trim and columns throughout Halls A to D, including the Industry Building, and Coliseum Complex.
- Re-painted various areas throughout the Galleria.
- Repaired water damage walls along the south side of The National Trade Centre in the underground Mechanical Rooms.
- At the conclusion of the Royal Agriculture Winter Fair various repairs were completed throughout the facility.
- A storage area in the RAWF lobby was converted to a paint shop. The purpose of this conversion is to assist staff in monitoring inventory, and will also serve as a centralization point for the painters to deliver optimum service.

## **CARPENTRY**

The following repairs were completed:

- Washroom dispensers were continually repaired and replaced throughout all washrooms during shows.
- All building signage throughout the facility was mechanically fastened to walls and columns as a safety precaution. Previously, the signs were attached using two way tapes but many had fallen causing a safety concern.
- Repairs were completed to door weather stripping throughout the East and West Loading Docks.

- Floor and ceiling tiles were repaired/replaced in various areas throughout the Industry and Coliseum Complex.
- Repairs to seats and dasher boards were completed in the Coliseum Arena.
- Two storage lockups were constructed in the North. Extension. One to be utilized by Technical Services, and the other by Facility Services to secure various show equipment and inventory furnishings.
- New floor treads were installed at stairwells on the main floor of the Automotive building men and women washrooms.

## **CLEANING**

A complete facility wash down was completed at the conclusion of the RAWF. The following is a list of areas and equipment that was maintained over the last quarter.

- Stripped and re-finished the entire Galleria Terrazzo floor.
- Extensive cleaning and wash down of the facility, which entailed all ceilings that, were blown down using compressed air. All floor ports were vacuumed and washed to assist in the removal of accumulated RAWF cattle odours. Walls, columns and doors were pressure washed using enzymes to disinfect and eliminate building odours.
- Daily cleaning of the Galleria including washrooms, offices and pick-up of exterior refuge around the building perimeter. Staff monitored on a weekly basis the Galleria floor using the new slip meter.
- Serviced through Exhibition Place Garage, Tenant Equipment, Mr. Chemical, and all other cleaning equipment utilized in the facility.
- Cleaned large overhead ducts throughout Halls A to D.
- Extensive fogging throughout complex for flies and odours after the RAWF.
- Approximately 7,500 fabric chairs were steam-cleaned in preparation of the 2001-show season.
- Salons, office carpets and entrance matting were steam cleaned throughout the facility.
- All fabric furniture throughout offices and the East and West order desks was steam cleaned.

An RFQ (request for quotation) was administered for supply and removal of garbage bins. WorldWide Disposal Services was awarded the contract, and will supply the services at a reduced rate, versus 2000 .

## **EQUIPMENT**

- Completed scheduled inspections on all facility equipment.
- Completed an inventory audit on all rental assets.
- Rented three Genie lifts from United Rentals that were utilized for Weld Expo, RAWF and various Christmas parties in Heritage Court.
- A second quick spot cleaning machine was purchased for emergency carpet and furniture stain removals.
- New garbage and recycling containers were purchased for the Salons.

## **INTERIOR/EXTERIOR LANDSCAPING**

Various perennials were removed and placed in winter storage from flowerbeds around The National Trade Centre. Necessary bushes and all sod were prepared for winter to enhance good health and growth during 2001. An RFQ was executed for interior plant maintenance. The selected company will start in January of 2001.

## **NEW PROJECTS**

In December Belm Restoration repaired damaged brickwork to the interior of halls A to D. This is a reflection of the high standard we set in keeping the National Trade Centre a Class "A" facility.

The carpet tender was finalized for three Salons however, due to budget constraints we will only re-carpet Salon 103. This will be completed at the first available time frame in 2001. The other Salons will be completed upon approval of the if budget.

The Automotive Building roof repairs were completed in November, we are now discussing proposals to renovate the interior to make the building more marketable.

We are currently discussing the possibility of renovating the RAWF lobby washrooms, as they require extensive repairs.

Competitive pricing for replacement of doors and frames at the Mid Arch and RAWF lobby entrances is underway, and the project will be completed in 2001. The concrete floor in Halls B&C require re-sealing as a result of exposure to cattle during the last four RAWF events. We are in the process of finding a suitable and aesthetically pleasing product that will withstand the abuse of a cattle environment. This will be ongoing with a target date set for May of 2001.

# FINANCIAL REPORT

The following report is based on the **draft** financial statements. The audit is scheduled for February for The National Trade Centre statements. O&Y SMG Canada is pleased to report that the 2000 budget has been achieved. Net operating income for the year ended December 31, 2000 was \$2,224,373 an improvement of \$341,149 on a year over year comparison. Compared to a budget of \$2,073,474 the budget was exceeded by \$150,899. An estimate of Parking revenue related to The National Trade Centre events is provided for information purposes only, the total actual Parking for the entire grounds is reported in The Exhibition Place financial reports.

Direct event income, consisting of rent and show services is \$7,864,473, favourable to budget by \$363,279. Rental income since 1998 has grown from \$5.6 million to \$7.0 million an increase of 25%. Such growth has been achieved through new bookings by O&Y SMG Canada, of events such as Truck World 2000, IIDEX/Neocon, the Siebel eBusiness event, The Bay National Spring Conference, Oracle, Seventh Day Adventists, and AIMR exams.

Ancillary income, consisting of commissions from food and beverage, electrical, telecommunications revenue and interest, was \$3,256,252 favourable to budget by \$46,509. Food and beverage commission is \$1,506,218 an unfavourable variance of (\$57,169). Concession sales commission has not been achieved due to lower attendance in shows in the early part of the year, and a reduction in food service outlets at the One of A Kind Show due to floorspace allocations by the client. Impact on commission on this event was (\$19,000). This issue is being addressed with show management. New food concepts have been introduced and strong catering sales for seasonal corporate events occurred in the 4<sup>th</sup> quarter.

Advertising income, net of cost is \$224,534. The budget has not been achieved (\$74,155) mainly due to the fact that a beer deal has not yet been finalized and no new sales with commissions payable in the current year were secured. The newspaper sponsor was secured with Toronto Star to replace an existing deal. For 2001 a payphone deal has been done with First Canadian Telecom, and other sponsorship leads are being followed up. Commission and signage costs have been minimal.

Direct and indirect expenses are unfavourable to budget by (\$166,918). Cost savings were realized due to the gapping of two positions, one in Operations and one in Marketing. However, the savings were offset by payment of 2 years retroactive pay for staff and the new interim compensation plan. All required maintenance has been performed and is detailed in the Operations report. Gas costs were negative to budget by (\$297,078), a combination of increased occupancy, rate increase, colder weather in the fall than in previous years, and the additional fresh air exchanges required to deal with the odour issue from the presence of animals in the Halls during the Royal Agricultural Winter Fair. The Director of Operations for The National Trade Centre continues to monitor this area to maximize energy efficiencies.

Accounts receivable as at December 31, 2000 were \$2,304,169 consisting mainly of \$516,173 due for settlements between program areas, \$384,666 for CNE recoveries received in January, and \$131,508 from Exhibition Place. Deposits of rent for future events total \$498,166 of which \$289,346 had been received by January 25, 2001. \$396,653 is outstanding from Volume Services, contractually due on the 25<sup>th</sup> of the month. \$408,714 was outstanding from the Royal Winter Fair, of which \$224,073 has been collected to date. The Royal is reviewing their final billing and the

balance will be collected. Collection activities continue, with the assistance of the City Solicitor for the East Meets West receivable, fully reserved in 1997, and Moonglow Productions.

During the month of December the Finance department completed 18 final billings and 3 estimates for shows in January 2001. Significant projects throughout the year included:

- O&Y SMG Canada continued support to the management of the IHL proposal for the Coliseum
- Reviewed and updated with Marketing & Sales space rental rates for The National Trade Centre
- Reviewed and updated the rental price list
- assisted in the evaluation of ABM proponents
- assisted in the identification of cost efficiencies for the Royal Winter Fair and prepared recommendations for the Board with respect to pricing strategy for the 2000 Fair for services

## **TELECOMMUNICATIONS/INFORMATION TECHNOLOGY**

Telecommunications service provisioning for shows and events increased in 2000. The actual increase over 1999 is \$106,314 or 35%. The 2000 actual exceeded budget by \$89,837 or 28%.

The in-house Internet via Ethernet provisioning is on a steady rise as more exhibitors are taking advantage of the flexibility, reliability and scalability of this solution. This mechanism for Internet access provides exhibitors with the ability to connect to the Internet with multiple computers without the need for additional routers or modems.

Telecommunications has deployed new services such as WebCam delivery that will give exhibitors the opportunity to stream live video from their booths directly onto web pages. These services utilize the in house Internet bandwidth and as such will be a potential added feature service to patrons demanding Internet via Ethernet.

The information technology section of telecommunications continues to provide network connectivity and services to the entire grounds. The server complement provided to Exhibition Place due to the Y2K upgrade performed well and gave users additional speed, storage capacity and disk array redundancy. High speed, high-density tape backup systems that were part of the package help to ensure data integrity of the complete file system of the grounds.

Telecommunications has installed cable and data distribution within the Automotive building to facilitate the wireless data transmission to Parking Kiosks. This wireless Ethernet connectivity will act as a platform for other future applications. With a new parking system being deployed, Parking has also asked that telecommunications provide data connectivity in the underground lot area to the kiosks.

The Telecommunications/Information Systems Group moved to new offices. These offices provide additional fibre optic connectivity to the grounds as well as additional security. The Exhibition Place computer servers that are housed in the new server room now have additional fibre redundancy, filtered Diesel generator backup power and independent climate control.

Telecommunications provided the Molson Indy event with additional services this year, which include Virtual Private Networks. This technology allowed Indy staff to use their own server system within the office space that they occupied both in trailers as well as in the Automotive Building.

Telecommunication provided over 138 connections for exhibitors in The National Trade Centre, Horse Palace and Queen Elizabeth Building during the CNE. These connections included Internet access as well as standard Telephony. With the pervasive telephony infrastructure of the Exhibition Place grounds now being provided by a single source out of The National Trade Centre, show management for the CNE had lines relocated temporarily into locations within The National Trade Centre without necessity of third party intervention. The National Trade Centre Telecommunications / IT department also provided show management exhibits with Internet access, system configurations and support during the CNE event.

Examples include network connectivity and secure web browser configuration and installation on computers in the Automotive building for the CANADA 2000 exhibit

The Royal Winter Fair utilized increased telecommunications services including hosting of the Royal Winter Fair Web Site and more dedicated high speed internet connectivity.

In terms of new business development, the telecommunications department worked out an agreement with First Canadian Telecom to provide Pay Phone service across the grounds of Exhibition Place. FCT will provide state of the art pay phones across the grounds while providing the Board with additional revenues. Telecommunications is also working with LynkTel to deploy internet kiosks at Exhibition Place. More details on this in the new year.

## **HUMAN RESOURCES**

### **TRAINING**

A motivated, well-trained, service oriented staff complement is key to the success of The National Trade Centre.

A Customer Services training and "train the trainer" program was developed and provided to all employees this included instruction, discussions and exercises on dealing with diversity and crisis guidelines. Other training offered was Emergency First Aid and CPR, WHMIS, Hi Reach equipment.

Management and The National Trade Centre staff attended a Drug and Alcohol workshop in conjunction with the City of Toronto in preparation for the new Exhibition Place policy.

In addition to training, Management and staff participated in the development of The National Trade Centre job descriptions for the Interim Compensation Plan and assisted in development of a new performance evaluation form. For 2000, all performance appraisals have been completed for The National Trade Centre staff.

The National Trade Centre management is committed in pursuing excellence by continuing to conduct further training and participate in Exhibition Place initiatives in the year 2001.

# SERVO CANADA

## RETAIL

Shows during the last quarter (October through December) included The Ski and Snowboard Show, Creative Sewing and Needlework Festival, Everything To Do With Sex Show, Weld Expo 2000, The Royal Agricultural Winter Fair and One of a Kind Craft Show.

Show sales for most shows were strong, but the battle to build sales needs to be fought in the planning stages for all shows. Simply put we must create space for additional retail outlets on the show floor in order to increase our sales volume, hence increasing commissions. This will be key to achieving our 2001 commission projections.

## BUSINESS ACTIVITY

### CATERING

Catering Sales finished off the last quarter in strong fashion due to aggressive selling to the corporate market, commissions to the Board for catered event for The National Trade centre for December 31, 2000 were 121,175. One of the major reasons Servo was able to attract corporate clientele to The National Trade Centre was the event services package for Heritage Court.

Servo Canada secured Heritage Court from November 23 through to December 16, 2000, which enabled us to leave the décor, light and sound package up throughout the season. Costs were pro-rated amongst all bookings, which saved our clients a considerable amount of money.

The atmosphere of Heritage Court was classical as guests entered a winter wonderland scene created with the use of soft lighting, background music, clusters of trees with twinkle lights and park benches. As they entered the dining area following the reception, guests were greeted with the same soft lighting with the addition of a lazer, which gave the room a surreal feel. Following a relaxing and wonderful dinner Heritage Court took on the feel and look of a night club with moving lights, disco balls, pool tables, cigar rollers and a scotch & shot bar.

Our largest undertaking was hosting the Bombardier Holiday party in which 4700 guests attended. Our client, Event Spectrum, sent us three separate letters of thank you and went as far to mention that the 2000 party was the most successful in Bombardier's history. Servo Canada worked very hard to ensure the success of the Bombardier event with a team effort as all management, retail and catering worked the event.

All clients' expectations were surpassed. The collective efforts of Servo, Exhibition Place and The National Trade Centre combined to create a very successful season.

It is now our responsibility and goal to take our success from the last quarter of 2000 and build upon it for 2001. Responsibility to spread the word through marketing, sales and advertising that The National Trade Centre is *the* venue to host high end-high volume catering. Our goal is to re-book 2000 parties and surpass our numbers for 2001.

We have begun this undertaking by offering two of this year's largest catering client's incentives on rebooking for next year by April 30. We have also begun an aggressive sales campaign to book two other holiday events in the 5000 person range for 2001 season. A proposal is going out to Honda Canada the first week in January and talks have begun with Pizza Pizza to book as well.

## **HUMAN RESOURCES**

Changes in personnel during the quarter included the Executive Chef position. Executive Chef Derek Lawday chose to explore new opportunities at one of the downtown hotels. His tenure with Servo Canada included three solid years in which he developed a very strong kitchen department and was instrumental in the set up of operations.

Servo conducted an extensive search to find a qualified candidate. After reviewing over 50 resumes, interviews with 15 potential candidates were conducted with the General Manager of Servo Canada. From those interviews a short list of three prime candidates was formed. Those three candidates then went through a series of interviews with an executive committee from Servo Management. The candidate of choice was tendered an offer and is now our Executive Chef, David Schmidt.

David joins us with extensive experience in high volume catering and restaurant operations. He has shown over the past two months that he is very adaptable and flexible when it comes to working under intense pressure during high output events. He and his department played a key role in the success of our holiday parties as well as one of the more difficult, The One of a Kind Show.

## **CHALLENGES FOR 2001**

Our challenge for the upcoming year is obvious. We must build on the successes of 2000 and roll them over into 2001. We have already begun by contacting clients for space requirements for the 2001 holiday season. With the success we had in 2000 with all of our holiday parties we are finding interest very high in rebooking. We are currently offering two of the large parties showing interest an incentive for booking early.

One great concern for 2001 in catering is the addition of the Liberty Grand to the grounds. It will no doubt be a competitor to our catering efforts. We have already heard from some of the event planners in the city that they have been contacted for tours.

The challenge in retail for 2001 stems on the matter of space available during shows. The key to achieving our goals is to be able to utilise the areas necessary to deliver our services to the guests. Without the addition of portable food areas as well as sub contractors we will not reach our goal. We must work with show managers to create areas for these services.

## **MAJOR ACCOMPLISHMENTS IN 2000**

Commission Payments for 2000 to the Board of Governors for The National Trade Centre events were \$1,506,218 compared to a budget of \$1,563,387, which resulted in a shortfall of (\$57,169).



Other highlights for the year include the renovation of the fixed Retail units on the exhibition floor. Our most popular food concept continues to be the grill stations, now called The Fahrenheit Grill, but closing in a fast second are the Pizza & Panini Station and The Asia Star featuring its Walk Away Soup. New concepts were instrumental in helping us open up some of the larger shows.

New concepts are also available in portable locations. This was key to operating during the IIDEX/Necon Show.

We also did a major upgrade to existing portable carts early in the year, adding some light fixtures as well as upgrading the appearance of the carts. Canopies were added and paint and trim give the carts a more current look.

Other events that were highlights for the year included the NHL All Star Reception for 5000 guests, The Hudson Bay Company Annual Meeting, Astra Zenneca Pharmaceutical Family Day, Compaq Computer Holiday Event and Mount Sinai Hospital Fund Raising Gala.

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# FINANCIAL REPORTS

## APPENDIX "A"

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THE NATIONAL TRADE CENTRE  
FINANCIAL STATEMENT HIGHLIGHTS  
DECEMBER 2000 and YEAR TO DATE

	MONTH ACTUAL	MONTH BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Number of Events	18			109		
Direct Event Income	555,744.21	476,818.00	78,926.21	7,864,473.17	7,501,184.00	363,279.17
Ancillary Income	461,520.22	319,753.24	141,766.98	3,256,252.85	3,209,744.24	46,508.61
Advertising Income	12,392.14	37,733.00	(25,340.86)	224,534.03	298,689.00	(74,154.97)
CNE Recovery	(7,814.00)	-	(7,814.00)	377,186.00	395,000.00	(17,814.00)
<b>Total Event Income</b>	<b>1,021,842.57</b>	<b>834,304.24</b>	<b>187,538.33</b>	<b>11,722,446.05</b>	<b>11,404,627.24</b>	<b>317,818.81</b>
Direct Expenses	546,354.31	523,544.00	(22,810.31)	5,489,822.76	5,321,098.00	(168,724.76)
Indirect Expenses	332,328.41	336,793.00	4,464.59	4,008,250.01	4,010,055.00	1,804.99
<b>Total Event Expenses</b>	<b>878,682.72</b>	<b>860,337.00</b>	<b>(18,345.72)</b>	<b>9,498,072.77</b>	<b>9,331,153.00</b>	<b>(166,919.77)</b>
<b>NET INCOME (LOSS)</b>	<b>143,159.85</b>	<b>(26,032.76)</b>	<b>169,192.61</b>	<b>2,224,373.28</b>	<b>2,073,474.24</b>	<b>150,899.04</b>
<b>EX PLACE PARKING ESTIMATE</b>						
PARKING INCOME	343,407.57	462,104.00	(118,696.43)	3,036,048.35	3,517,890.00	(481,841.65)
PARKING EXPENSE	72,115.59	97,041.90	24,926.31	637,570.15	738,756.90	101,186.75
<b>NET PARKING</b>	<b>271,291.98</b>	<b>365,062.10</b>	<b>(93,770.12)</b>	<b>2,398,478.20</b>	<b>2,779,133.10</b>	<b>(380,654.90)</b>

NOTE: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At December 31, 2000 the markup paid to Exhibition Place was a total of \$ 428,693.59 (\$ 339,038.81 expensed against direct event income and the balance of \$ 89,654.78 in direct expense)

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## THE NATIONAL TRADE CENTRE FINANCIAL STATEMENT HIGHLIGHTS AS AT DECEMBER 31, 2000 with COMPARISON TO 1999

	1999 YTD DEC ACTUAL	2000 YTD ACTUAL	2000 YTD BUDGET	2000 VARIANCE	VARIANCE TO YTD DEC 1999 ACTUAL	%
Number of Events	100	109			9	9.0%
Direct Event Income	7,458,642.52	7,864,473.17	7,501,194.00	363,279.17	405,830.65	5.4%
Ancillary Income	2,733,853.13	3,256,252.85	3,209,744.24	46,508.61	522,399.72	19.1%
Advertising Income	193,445.95	224,534.03	298,689.00	(74,154.97)	31,088.08	16.1%
CNE Recovery	373,082.38	377,186.00	395,000.00	(17,814.00)	4,103.62	0.0%
<b>Total Event Income</b>	<b>10,759,023.98</b>	<b>11,722,446.05</b>	<b>11,404,627.24</b>	<b>317,818.81</b>	<b>963,422.07</b>	<b>9.0%</b>
Direct Expenses	4,777,615.26	5,489,822.76	5,321,098.00	(168,724.76)	(712,207.50)	(14.9%)
Indirect Expenses	4,098,185.11	4,008,250.01	4,010,055.00	1,804.99	89,935.10	2.2%
<b>Total Event Expenses</b>	<b>8,875,800.37</b>	<b>9,498,072.77</b>	<b>9,331,153.00</b>	<b>(166,919.77)</b>	<b>(622,272.40)</b>	<b>(7.0%)</b>
<b>NET INCOME (LOSS)</b>	<b>1,883,223.61</b>	<b>2,224,373.28</b>	<b>2,073,474.24</b>	<b>150,899.04</b>	<b>341,149.67</b>	<b>18.1%</b>
<b>EX PLACE PARKING ESTIMATE</b>						
PARKING INCOME	3,205,298.85	3,036,048.35	3,517,890.00	(481,841.65)	(169,250.50)	(5.3%)
PARKING EXPENSE	673,112.76	637,570.15	738,756.90	101,186.75	35,542.61	5.3%
<b>NET PARKING</b>	<b>2,532,186.09</b>	<b>2,398,478.20</b>	<b>2,779,133.10</b>	<b>(380,654.90)</b>	<b>(133,707.89)</b>	<b>(5.3%)</b>

NOTE: 1 Actuals include 12% markup paid to Exhibition Place on labour & materials. At December 31, 2000 the markup paid to Exhibition Place was a total of \$ 428,693.59 (\$ 339,038.81 expensed against direct event income and the balance of \$ 89,654.78 in direct expense)

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# THE NATIONAL TRADE CENTRE EVENT STATISTICS

FOR THE MONTH OF DECEMBER 2000

	MONTH ACTUAL	YTD ACTUAL	PRIOR YEAR ACTUAL
Attendance [Note: 1]	188,659	1,756,882	1,743,897

EVENT	# OF PERFORMANCES		(IN THOUSANDS)		REFRESHMENT PER CAP'S ACTUAL [Note: 2]
	2000	1999	ACTUAL	BUDGET	
Consumers Show	43	39	5,451	5,995	2.34
Trade Show	15	17	2,634	2,898	9.13
Concert	4	5	49	7	1.30
Photo/Film Shoot	6	3	56	-	40.59
Meeting/Corporate	41	36	845	163	21.83
	109	100	9,035	9,064	

Note: 1

Attendance estimates provided by Show Management.

Note: 2

Refreshment per cap's based on information reported by Servo Canada

Note: 3

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

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THE NATIONAL TRADE CENTRE  
BALANCE SHEET  
AS AT DECEMBER 31, 2000

ASSETS	2000	1999
<b>CURRENT ASSETS</b>		
CASH	375,648.67	332,702.84
ADVANCE TO EX PLACE	250,000.00	250,000.00
TERM INVESTMENTS	4,400,000.00	3,850,000.00
AMERICAN EXPRESS	4,150.74	10,486.52
TRADE ACCOUNTS RECEIVABLE	2,304,168.58	
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(16,698.47)	
NET ACCOUNTS RECEIVABLE	2,287,470.11	1,759,450.23
RECEIVABLE FROM EX PLACE	-	41,114.39
OTHER RECEIVABLE	206,253.24	235,914.42
PREPAID EXPENSES	132,814.06	121,913.48
<b>TOTAL CURRENT ASSETS</b>	<b>7,656,336.82</b>	<b>6,601,581.88</b>
<b>FIXED ASSETS</b>		
EQUIPMENT - NET	123,849.03	170,213.63
<b>TOTAL ASSETS</b>	<b>7,780,185.85</b>	<b>6,771,795.51</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
ACCRUED LIABILITIES	2,036,571.55	
PROVINCIAL & FEDERAL SALES TAX PAYABLE	152,940.78	
DEFERRED REVENUE	3,366,300.24	
	5,555,812.57	4,888,571.90
<b>EQUITY</b>		
NET INCOME (LOSS) CURRENT	2,224,373.28	1,883,223.61
PRIOR YEAR SURPLUS	-	-
DISTRIBUTION TO EXHIBITION PLACE	-	-
	<b>7,780,185.85</b>	<b>6,771,795.51</b>

THE NATIONAL TRADE CENTRE  
FINANCIAL STATEMENT HIGHLIGHTS  
**STATEMENT OF CASH FLOW**  
FOR THE PERIOD ENDED DECEMBER 31, 2000

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	MONTH	YTD
<b>CASH FLOW FROM OPERATIONS</b>		
NET INCOME (LOSS)	143,159.85	2,224,373.28
ADD: DEPRECIATION & AMORTIZATION	-	-
<b>SOURCES (USES) OF CASH</b>		
TERM INVESTMENTS	(400,000.00)	(550,000.00)
ACCOUNTS RECEIVABLE - TRADE	(159,592.43)	(528,019.88)
RECEIVABLE FROM EX PLACE B.O.G	630.00	41,114.39
ACCOUNTS RECEIVABLE - OTHER	(6,626.09)	29,661.18
PREPAID EXPENSES	296,077.41	(10,900.58)
DEPOSITS AND OTHER ASSETS	(86,918.21)	52,700.38
ACCOUNTS PAYABLE & ACCRUED EXPENSES	(385,528.29)	482,439.98
OTHER PAYABLES	(48,740.82)	24,882.57
DEFERRED INCOME	173,030.70	159,918.12
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	-
<b>NET CASH FROM OPERATIONS</b>	<b>(474,507.88)</b>	<b>1,926,169.44</b>
<b>OTHER SOURCES (USES) OF CASH</b>		
CAPITAL EXPENDITURES	-	-
PAYMENTS OF DEBT	-	-
DISTRIBUTION TO OWNERSHIP - Exhibition Place B.O.G.	-	(1,883,223.61)
<b>NET CASH FROM OTHER SOURCES</b>	<b>-</b>	<b>(1,883,223.61)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(474,507.88)</b>	<b>42,945.83</b>
<b>BEGINNING CASH BALANCE</b>	<b>850,156.55</b>	<b>332,702.84</b>
<b>ENDING CASH BALANCE</b>	<b>375,648.67</b>	<b>375,648.67</b>

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THE NATIONAL TRADE CENTRE  
ACCOUNTS RECEIVABLE AGING

AS AT DECEMBER 31, 2000

CUSTOMER NAME	AMOUNT OUTSTANDING	CURRENT	30 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	COMMENTS
<b>COMPLETED EVENTS</b>						
ROYAL AGRICULTURAL WINTER FAIR	408,714.33	407,733.38	980.95			FINAL RENT RE: 2000 RAWF DUE DEC 31, EVENT SERVICES FOR 2000 RAWF, & OFFICE CLING REC'D FINAL RENT OF \$63,572.26 & PARTIAL SERVICES OF \$169,500 ON JAN.30/01
CANADIAN CRAFT SHOWS LTD.	86,876.96	85,486.32			1,390.64	EVENT SERVICES - CHRISTMAS ONE OF A KIND - REC'D \$85,486.32 ON JAN.16/01
PARALLEL PRODUCTION SERVICES	91,706.66	86,724.98				VARIOUS SERVICES - SEPT. / DEC. EVENTS - REC'D \$17,659.96 ON JAN.10/01
TORONTO TRANSIT COMMISSION	22,668.72	22,668.72				PAID IN FULL
MERCHANDISE MART ENTERPRISES	17,273.22		17,273.22			PAID IN FULL
GES CANADA EXPOSITIONS	51,257.66	46,530.09		630.00		VARIOUS SERVICES - SEPT/DEC + COMMISSIONS - REC'D \$13,307.12 IN JAN./01
CUSTOMER ACCOUNTS - LESS THAN \$10,000	157,611.98	135,040.45	18,339.37	4,232.16		
<b>SUB-TOTAL</b>	<b>836,109.53</b>	<b>784,183.94</b>	<b>45,672.79</b>	<b>4,862.16</b>	<b>1,390.64</b>	
<b>FUTURE EVENTS</b>						
REED EXHIBITION COMPANIES	126,929.09		126,929.09			PAID IN FULL
CANADIAN NATL. SPORTSMEN'S SHOW	122,798.92	122,798.92				BUILDING RENT - TORONTO SPORTSMEN'S SHOW - MAR. 2001
DMG WORLD MEDIA (CANADA) - NAT'L HOME	86,019.44	86,019.44				BUILDING RENT - NATIONAL HOME SHOW - APR. 2001
DMG WORLD MEDIA (CANADA) - GIFT SHOW	72,812.24	72,812.24				PAID IN FULL
KELLY ALEXANDER COMMUNICATIONS	52,043.73		17,347.91	17,347.91	17,347.91	PAID IN FULL
WALLS WINDOWS FURNISHINGS ASSN.	26,739.30		26,739.30			PAID IN FULL
SHOPPERS DRUG MART LTD.	10,823.05	10,823.05				PAID IN FULL
<b>SUB-TOTAL</b>	<b>498,165.77</b>	<b>292,453.65</b>	<b>171,016.30</b>	<b>17,347.91</b>	<b>17,347.91</b>	
<b>SERVOMATION</b>						
SERVO CANADA	396,653.16	390,158.62	6,494.54			CATERING COMMISSIONS FOR DECEMBER CONTRACTUALLY DUE JAN. 25/2001 CLEANING & UTILITIES FOR THE MONTH OF DECEMBER + BELL MOBILITY SERVICES REC'D \$287,428.83 IN JANUARY 2001
<b>BOARD OF GOVERNORS</b>						
CANADIAN NATIONAL EXHIBITION ASSOC.	384,666.00	384,666.00				ONE OPERATIONAL COSTS - REC'D ON JAN. 24/2001
EXHIBITION PLACE	131,507.84	131,507.84				EVENT SERVICES SUPPORT & PAYROLL BENEFITS ADJUSTMENT
<b>SUB-TOTAL</b>	<b>516,173.84</b>	<b>516,173.84</b>				
<b>SPONSORSHIP</b>						
BUSINESS DEPOT LTD.	39,857.50	39,857.50				SECOND PART OF YEAR 1 + YEAR 2 OF SPONSORSHIP AGREEMENT
<b>LITIGATION / RECEIVERSHIP</b>						
MOONGLOW PRODUCTIONS	17,208.78				17,208.78	BUILDING RENT - MAIDEN MOTHER SHOW - MAR. 2000 - EVENT CANCELLED - LETTER SENT REQUESTING FULL PYMT BY MAR. 24, 2000 OTHERWISE LEGAL ACTION WILL BE TAKEN
<b>SUB-TOTAL</b>	<b>17,208.78</b>				<b>17,208.78</b>	
	<b>2,304,168.58</b>	<b>2,022,827.55</b>	<b>223,183.63</b>	<b>22,210.07</b>	<b>35,947.33</b>	
	100%	87%	10%	1%	2%	



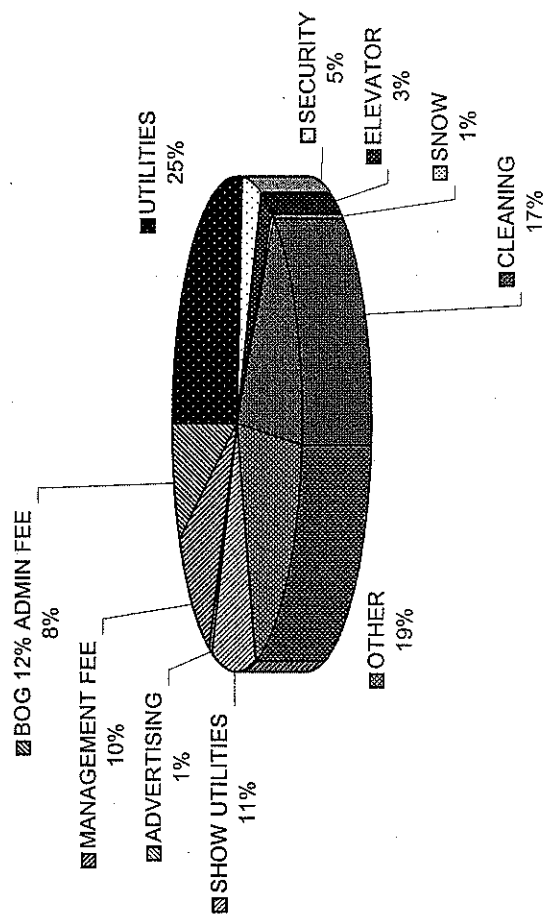
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THE NATIONAL TRADE CENTRE  
**ACCOUNTS RECEIVABLE AGING**  
ADDITIONAL INFORMATION ON A/R GREATER THAN 60 DAYS  
AS AT DECEMBER 31, 2000

CUSTOMER NAME	AMOUNT OUTSTANDING	61 - 90 DAYS	OVER 90 DAYS	COMMENTS
KELLY ALEXANDER COMMUNICATIONS	34,695.82	17,347.91	17,347.91	Building rent for the Speedorama 2001 show on January 26-28, 2001. Paid in full in January 2001
MOONGLOW PRODUCTIONS	17,208.78		17,208.78	Building rent for the Maiden Mother Crone event. Event has been cancelled.
CUSTOMER ACCOUNTS - LESS THAN \$10,000	6,252.80	4,862.16	1,390.64	Services for various shows. Collection attempts are in progress.
	58,157.40	22,210.07	35,947.33	

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**COMPONENTS OF DIRECT EXPENSE**



■ UTILITIES
□ SECURITY
■ ELEVATOR
■ SNOW
■ CLEANING
■ OTHER
■ SHOW UTILITIES
■ ADVERTISING
■ MANAGEMENT FEE
■ BOG 12% ADMIN FEE

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**THE NATIONAL TRADE CENTRE  
CHEQUE DISBURSEMENTS - DECEMBER 2000  
PAYMENTS GREATER THAN \$50,000**

CHQ NO.	DATE	SUPPLIER	AMOUNT	DESCRIPTION
10548	12/5/00	CITY OF TORONTO	\$ 400,000.00	TERM INVESTMENT
10552	12/5/00	THE BOARD OF GOVERNORS	339,431.65	HRLY PAY WE NOV 11/18
10557	12/8/00	THE BOARD OF GOVERNORS	174,471.19	SAL OCT/NOV/00
10562	12/11/00	RECEIVER GENERAL FOR CANADA	157,399.06	GST REMITTANCE - DEC/00
10553	12/5/00	THE BOARD OF GOVERNORS	149,180.78	HRLY PAY WE NOV 25/00
10617	12/18/00	THE BOARD OF GOVERNORS	132,959.60	HRLY PAY WE DEC 9/00
10564	12/13/00	ENBRIDGE GAS	123,078.18	GAS METER PAYMENT
10558	12/8/00	THE BOARD OF GOVERNORS	118,120.27	SAL WE NOV 4/00
10622	12/28/00	THE BOARD OF GOVERNORS	107,310.50	WORK ORDERS - NOV/00
10561	12/11/00	THE BOARD OF GOVERNORS	69,563.11	HRLY PAY WE DEC 2/00
10567	12/14/00	O&Y SMG CANADA	69,514.54	MANAGEMENT SALARIES
OTHER DISBURSEMENTS LESS THAN \$50,000.00			<u>1,841,028.88</u>	
TOTAL DISBURSEMENTS FOR DECEMBER 2000			<u>401,605.61</u>	
			<u>\$2,242,634.49</u>	

