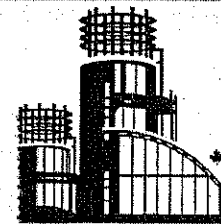


MANAGEMENT REPORT

7



**THE NATIONAL
TRADE CENTRE**

at
**EXHIBITION
PLACE**

**FOR THE MONTH ENDING
FEBRUARY 28, 2001**

SUBMITTED TO: THE BOARD OF GOVERNORS OF EXHIBITION PLACE

BY: O&Y/SMG CANADA



FEBRUARY 2001

EXECUTIVE SUMMARY

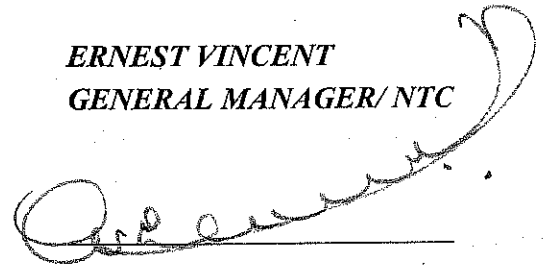
- Hosted 10 Shows during the month of February
- Ellen de Boer who has solid experience in the Trade show industry has joined the O&Y/SMG Sales & Marketing Team as Sales Manager
- Net Operating Income for the two months ending February 2001 was \$666,371 compared to a budget of \$880,663, a variance of (\$214,292).
- Direct and indirect expenses are favourable to budget by \$58,583 partly as a result of positive efforts to further control expenditures.
- New initiatives are being implemented by Servo to create more revenue.

SIGNED BY:

RON TAYLOR
MANAGING DIRECTOR - O&Y/SMG CANADA



ERNEST VINCENT
GENERAL MANAGER/ NTC



SALES & MARKETING REPORT

In February, Susan Richardson, Regional Sales Director, U.S., submitted her resignation. Susan has decided to return to the hotel industry and has accepted a position in New York, NY. Following a thorough interview process of industry professionals, Ellen de Boer was hired to fill the position as Sales Manager.

The Canadian Hardware & Building Materials Show booked less space as a result of reduced demand by exhibitors. The Gift Show is facing strong competition from the CGTA Association sponsored show at the International Centre and has seen a significant reduction in the use of floor space.

FEBRUARY SALES ACTIVITY

In February, the O&Y/SMG Canada Sales & Marketing team secured 3 events increasing our total to 9 new events confirmed for 2001.

The 9 pieces of new business are categorized as follows:

- 3 consumer shows
- 2 trade shows
- 2 special events/film/photo shoots
- 2 corporate bookings

PUBLICITY

The *Canadian Hardware & Building Materials Show*, *Spring Gift Show* and the *WW&F Association Interiors 2001* show received extensive media coverage on local television and radio stations including CITY TV, CP24, Global and CHUM FM. Journalists also attended the shows from The Toronto Sun, The Toronto Star and from various North American, trade and consumer, hardware and home improvement publications.

The *IHL Media Conference* on February 27, 2001 in Heritage Court, drew significant media coverage from local and national newspapers including *The Toronto Star*, *Hockey News* and *National Post*, as well as from local radio and television stations such as *CHFI*, *680 News*, *CITY TV* and *Global*.

EVENT SERVICES

FEBRUARY SUMMARY

During the month of February, Event & Facility Co-ordinators at the NTC were involved in the following events:

FEBRUARY	
National Trade Centre Events	Exhibition Place Events
Trade	Trade
<ul style="list-style-type: none"> • Canadian Hardware & Building Materials Show • WW & FA Interiors 2001 • Toronto Spring Gift Show • Shoppers Drug Mart 	
Consumer	Consumer
<ul style="list-style-type: none"> • Computerfest & MacExpo Spring Show 2001 • Psychics, Mystics & Seers Show • British Isles Show • National Bridal Show 	
Other	Other
<ul style="list-style-type: none"> • Rogers AT&T Commercial Shoot • IHL Media Conference 	Bittersweet Rave

EVENTS

- Canadian Hardware & Building Materials Show attendance was steady while the Toronto Spring Gift Show continued to experience a decline in attendance.
- As part of the O&Y/SMG Canada Quality Assurance Program, exit surveys of attendees and exhibitors at the NTC were conducted using interactive kiosks located at Hall exits. Results to follow after the April National Home Show.

TELECOMMUNICATIONS & INFORMATION TECHNOLOGY

- Work has begun towards creating a Disaster Recovery Plan. A meeting with representatives of Ernst and Young has been setup for mid March.
- The City of Toronto has provided Windows 2000 and Office 2000 software licenses for workstation at Exhibition Place. Telecom and Information Technology has begun preparatory work in order to enable deployment in March of 2001.
- The Telecom/IT department will be securing areas in the National Trade Centre that are critical information distribution points. With the assistance of NTC Building Operations, a cage will be built that will protect one of the primary distribution points of Exhibition Place from any potential of unauthorized access.

UTILITY SERVICES

- Reductions in exhibitor space rentals in the Canadian Hardware & Building Materials Show and the Toronto Spring Gift Show resulted in lower than expected utility service revenue from these major events.

BUILDING OPERATIONS REPORT

Monitored the scheduled and unscheduled maintenance of electrical, plumbing and HVAC throughout the facility. All maintenance work completed is recorded in the ANGUS System Program.

FACILITY SERVICES

Routine maintenance is ongoing and major maintenance includes:

- Painting the lower level of the Automotive Building in a lighter colour to give the building a fresh appearance. Mezzanine and ceiling will be re-painted in January of 2002
- Snow removal as required
- Carpet replacement for Salon 103 was completed.
- Various building signs were repaired throughout the facility and "no smoking" signs were installed at the Galleria Café.
- All motorized cleaning equipment underwent air quality testing as per a Health & Safety request. All equipment passed and can be utilized throughout the facility.

WASHROOMS

Security gates were fabricated for eight washrooms throughout Halls A to D. The gates will be installed during March. This will assist us in keeping the washrooms "show ready"; thus reducing overall cleaning costs.

Ongoing monitoring, repair and/or replacement where necessary of deficiencies in all washrooms throughout the facility. Renovations to the men's washroom located in the RAWF lobby continued throughout February. All necessary work will be completed in March. A ceramic floor will be scheduled for 2002.

FINANCIAL REPORT

Net Operating Income for the two months ending February 28, 2001 was \$666,371 compared to a budget of \$880,663, a variance of (\$214,292).

Rental income is unfavourable to budget by (\$195,583) at \$1,603,258 due to: -

- the timing of new business; and
- rental income reductions for the Spring Gift Show (\$10,975), Hardware Show (\$21,450) and Boat Show (\$22,025) as a result of reduced space/date requirements.

Catering and concession commissions at \$300,419 fell short by (\$72,043), due to timing on new catered events and scheduling of new business.

Electrical service at \$201,885 is unfavourable to budget by (\$67,845) mainly due again to the timing of new business and reduced electrical services for the Hardware and Spring Gift show.

Direct and indirect expenses are favourable to budget by \$58,583 partly as a result of positive efforts to further control expenditures.

Accounts receivables at February 28, 2001 were \$1,143,634 consisting mainly of: -

- \$265,632 for Boat Show and Hardware Show services, now paid;
- \$156,919 of Food & Beverage Concessions is owed by Servo Canada contractually due on the 25th of the following month;
- \$131,375 owed as deposits for future events, of which \$24,447 was collected by March 21, 2001;
- \$131,508 for the Board for 2000 event service support and benefit adjustments for salary for payroll, now paid; and
- \$116,104 due from the Royal Winter Fair for services for the 2000 event.

SERVO CANADA

Business activity for the month of February was softer when compared to that of last year due to the number of 'one-time' events hosted in 2000 that did not repeat in 2001.

To a lesser degree the shows that repeated did not produce the growth in revenues that we projected. The variance on commissions at February 28, 2001 was under by (\$72,043).

To combat this fall in revenues, The NTC and Servo are working on creating some alternative sources of revenues and commissions. These include:

- The possibility of adding a franchise location in the Galleria (Tim Horton's).
- More aggressive marketing of special events on property.
- Cooking classes and chef tables as marketing tools for special events.
- Opening an outdoor café (The Thirsty Cactus) for spring and summer operations.
- Monthly meetings of a special internal staff committee on revenue generation on property.

The introduction of these initiatives and the addition of some of these alternative sources of revenue will hopefully enable us to make up some of the shortfalls.

FINANCIAL REPORTS

APPENDIX "A"

**THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
FEBRUARY 2001 and YEAR TO DATE**

	<u>MONTH ACTUAL</u>	<u>MONTH BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
Number of Events	9			13		
Direct Event Income	802,480.08	873,326.00	(70,845.92)	1,763,704.79	1,901,854.00	(138,149.21)
Ancillary Income	317,812.26	388,116.00	(70,303.74)	652,067.35	777,758.00	(125,690.65)
Advertising Income	21,428.33	28,547.00	(7,118.67)	37,357.00	46,392.00	(9,035.00)
CNE Recovery						
Total Event Income	1,141,720.67	1,289,989.00	(148,268.33)	2,453,129.14	2,726,004.00	(272,874.86)
Direct Expenses	599,913.55	574,488.00	(25,415.55)	1,169,723.70	1,144,681.00	(25,042.70)
Indirect Expenses	318,767.88	347,405.00	28,637.12	617,034.54	700,660.00	83,625.46
Total Event Expenses	918,681.43	921,903.00	3,221.57	1,786,758.24	1,845,341.00	58,582.76
NET INCOME (LOSS)	223,039.24	368,086.00	(145,046.76)	666,370.90	880,663.00	(214,292.10)
EX PLACE PARKING ESTIMATE						
PARKING INCOME	195,539.01	249,250.00	(53,710.99)	693,170.28	769,377.00	(76,206.72)
PARKING EXPENSE	41,063.19	52,342.17	11,278.98	145,565.76	161,569.17	16,003.41
NET PARKING	154,475.82	196,907.83	(42,432.01)	547,604.52	607,807.83	(60,203.31)

NOTE: 1
Actuals include 12% markup paid to Exhibition Place on labour and materials. At February 28, 2001 the markup paid to Exhibition Place was a total of \$ 83,717.00 (\$ 64,598.38 expensed against direct event income and the balance of \$ 19,118.62 in direct expense)



**THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AS AT FEBRUARY 28, 2001 with COMPARISON TO 2000**

	2000 YTD FEB ACTUAL	2001 YTD ACTUAL	2001 YTD BUDGET	2001 VARIANCE	VARIANCE TO YTD FEB 2000 ACTUAL	%
Number of Events	21	13			(8)	(38.1%)
Direct Event Income	1,858,013.02	1,763,704.79	1,901,854.00	(138,149.21)	(94,308.23)	(5.1%)
Ancillary Income	735,880.29	652,067.35	777,758.00	(125,690.65)	(83,812.94)	(11.4%)
Advertising Income	46,849.66	37,357.00	46,392.00	(9,035.00)	(9,492.66)	(20.3%)
CNE Recovery	-	-	-	-	-	0.0%
Total Event Income	2,640,742.97	2,453,129.14	2,726,004.00	(272,874.86)	(187,613.83)	(7.1%)
Direct Expenses	1,067,268.77	1,169,723.70	1,144,881.00	(25,042.70)	(102,454.93)	(9.6%)
Indirect Expenses	639,903.70	617,034.54	700,880.00	83,625.46	22,869.16	3.6%
Total Event Expenses	1,707,172.47	1,786,758.24	1,845,341.00	58,582.76	(79,585.77)	(4.7%)
NET INCOME (LOSS)	933,570.50	666,370.90	880,663.00	(214,292.10)	(267,199.60)	(28.6%)
EX PLACE PARKING ESTIMATE						
PARKING INCOME	733,887.21	693,170.28	769,377.00	(76,206.72)	(40,716.93)	(5.5%)
PARKING EXPENSE	154,116.31	145,565.76	161,569.17	16,003.41	8,550.55	5.5%
NET PARKING	579,770.90	547,604.52	607,807.83	(60,203.31)	(32,166.38)	(5.5%)

NOTE: 1 Actuals include 12% markup paid to Exhibition Place on labour & materials. At February 28, 2001 the markup paid to Exhibition Place was a total of \$ 83,717.00 (\$ 64,598.38 expensed against direct event income and the balance of \$ 19,118.62 in direct expense)



THE NATIONAL TRADE CENTRE EVENT STATISTICS

FOR THE MONTH OF FEBRUARY 2001

	<u>MONTH ACTUAL</u>	<u>YTD ACTUAL</u>	<u>PRIOR YEAR ACTUAL</u>
Attendance [Note: 1]	91,003	300,053	211,100

<u>EVENT</u>	<u># OF PERFORMANCES</u>			<u>(IN THOUSANDS)</u>		<u>REFRESHMENT PER CAP'S ACTUAL [Note: 2]</u>
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>NET EVENT INCOME [Note: 3] ACTUAL</u>	<u>BUDGET</u>	
Consumers Show	7	9	7	1,177	1,355	3.23
Trade Show	3	3	5	765	842	9.30
Concert	0	0	0	-	-	-
Photo/Film Shoot	1	1	0	21	-	53.35
Meeting/Corporate	2	8	1	5	43	22.08
	<u>13</u>	<u>21</u>	<u>13</u>	<u>1,967</u>	<u>2,240</u>	

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.



THE NATIONAL TRADE CENTRE
BALANCE SHEET
AS AT FEBRUARY 28, 2001

	2001	2000
ASSETS		
CURRENT ASSETS		
CASH	259,173.04	1,042,847.95
ADVANCE TO EX PLACE	250,000.00	250,000.00
TERM INVESTMENTS	4,400,000.00	2,400,000.00
AMERICAN EXPRESS	212.87	21,337.76
TRADE ACCOUNTS RECEIVABLE	1,143,633.81	
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(19,572.66)	
NET ACCOUNTS RECEIVABLE	1,128,061.15	1,390,841.89
RECEIVABLE FROM EX PLACE	173,789.84	72,845.45
OTHER RECEIVABLE	74,435.96	109,601.43
PREPAID EXPENSES	6,285,673.96	5,287,574.48
TOTAL CURRENT ASSETS	119,528.09	172,469.71
FIXED ASSETS		
EQUIPMENT - NET	6,405,201.95	5,460,074.19
TOTAL ASSETS	6,405,201.95	5,460,074.19
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
ACCRUED LIABILITIES	1,595,005.23	
PROVINCIAL & FEDERAL SALES TAX PAYABLE	88,587.09	
DEFERRED REVENUE	2,435,461.55	
EQUITY		
NET INCOME (LOSS) CURRENT	666,370.90	933,570.50
PRIOR YEAR SURPLUS	2,219,777.18	
DISTRIBUTION TO EXHIBITION PLACE	(660,000.00)	
	1,619,777.18	
	6,405,201.95	5,460,074.19

THE NATIONAL TRADE CENTRE
 FINANCIAL STATEMENT HIGHLIGHTS
STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED FEBRUARY 28, 2001

	MONTH	YTD
CASH FLOW FROM OPERATIONS		
NET INCOME (LOSS)	223,039.24	666,370.90
ADD: DEPRECIATION & AMORTIZATION	-	-
SOURCES (USES) OF CASH		
TERM INVESTMENTS	300,000.00	-
ACCOUNTS RECEIVABLE - TRADE	330,919.95	1,145,205.64
RECEIVABLE FROM EX PLACE B.O.G	(18,557.03)	44,718.66
ACCOUNTS RECEIVABLE - OTHER	12,482.81	58,378.10
PREPAID EXPENSES	19,993.13	8,258.71
DEPOSITS AND OTHER ASSETS	(75,117.81)	(445,871.61)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	31,076.74	(62,695.64)
OTHER PAYABLES	(455,857.55)	(930,838.69)
DEFERRED INCOME	-	-
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	-
NET CASH FROM OPERATIONS	367,959.48	483,526.07
OTHER SOURCES (USES) OF CASH		
CAPITAL EXPENDITURES	-	-
PAYMENTS OF DEBT	-	-
DISTRIBUTION TO OWNERSHIP - Exhibition Place B.O.G.	(600,000.00)	(600,000.00)
NET CASH FROM OTHER SOURCES	(600,000.00)	(600,000.00)
NET INCREASE (DECREASE) IN CASH	(232,040.52)	(116,473.93)
BEGINNING CASH BALANCE	491,214.46	375,647.87
ENDING CASH BALANCE	259,173.94	259,173.94

THE NATIONAL TRADE CENTRE
ACCOUNTS RECEIVABLE AGING

AS AT FEBRUARY 28, 2001

CUSTOMER NAME	AMOUNT OUTSTANDING	CURRENT	30 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	COMMENTS
COMPLETED EVENTS						
NATIONAL MARINE MANUFACTURERS	175,289.97	175,289.97				PAID IN FULL
ROYAL AGRICULTURAL WINTER FAIR	116,103.97	3,665.48		87,160.95		FINAL RENT RE: 2000 RAWWF DUE DEC 31, EVENT SERVICES FOR 2000 RAWWF, & OFFICE CLING
CANADIAN RETAIL HARDWARE ASSOC.	90,341.72	90,341.72	25,277.54			PAID IN FULL
GES CANADA EXPOSITIONS	75,463.06	67,579.99	7,883.07			VARIOUS SERVICES - DEC. 2000-FEB. 2001 EVENTS
DMG WORLD MEDIA (CANADA) - METRO HOME	48,309.42	48,309.42				EVENT SERVICES PROVIDED DURING METRO HOME SHOW 2001 - JAN 25-28
SHOWFEST PRODUCTIONS INC.	16,792.43	16,792.43				EVENT SERVICES PROVIDED DURING COMPUTERFEST SHOW - FEB. 9-11, 2001
SHOPPERS DRUG MART	12,756.25	12,756.25				EVENT SERVICES PROVIDED DURING SHOPPERS DRUG MART SHOW - FEB. 26, 2001
CUSTOMER ACCOUNTS - LESS THAN \$10,000	188,775.22	118,401.37	24,404.66	16,775.74	29,193.45	
SUB-TOTAL	723,832.04	533,136.63	57,565.27	103,936.69	29,193.45	
FUTURE EVENTS						
MERCHANDISE MART ENTERPRISES	46,458.15	46,458.15				BUILDING RENT - IIDEX / NEOCON SHOW - SEPT. 2001 PAYMENT DUE MAR. 12/01
DMG WORLD MEDIA (CANADA) - NATL HOME	35,078.88	35,078.88				BUILDING RENT - NATIONAL HOME SHOW - APRIL 2001 - CREDIT TO BE PROCESSED RE: REDUCTION IN MOVE-IN DAYS FOR HERITAGE COURT
GOOD FOOD FESTIVAL	24,447.36	24,447.36				BUILDING RENT - GOOD FOOD FESTIVAL - MAY 2001 PAYMENT DUE MAR. 20/01
FREE LAND MARKETING INC.	14,999.21	12,733.00		2,266.21		BUILDING RENT - EVERYTHING ABOUT SEX - OCT. 2001 + ADDL 2000 SERVICES
COLISEUM ENTERTAINMENT CORP.	10,391.82	2,880.00	7,511.82			LONG DISTANCE & TELECOM SERVICES 2000
SUB-TOTAL	131,375.42	121,597.39	7,511.82	2,266.21		
SERVOMATION						
SERVO CANADA	156,918.51	129,949.81	26,968.70			CATERING COMMISSIONS FOR FEBRUARY CONTRACTUALLY DUE MAR. 25/2001 CLEANING & UTILITIES FOR THE MONTH OF FEBRUARY
BOARD OF GOVERNORS						
CANADIAN NATIONAL EXHIBITION ASSOC. EXHIBITION PLACE	131,507.84		131,507.84			EVENT SERVICES SUPPORT & PAYROLL BENEFITS ADJUSTMENT
SUB-TOTAL	131,507.84		131,507.84			
SPONSORSHIP						
LITIGATION / RECEIVERSHIP						
SUB-TOTAL						
	1,143,633.81	784,683.83	223,553.63	106,202.90	29,193.45	
	100%	69%	19%	9%	3%	

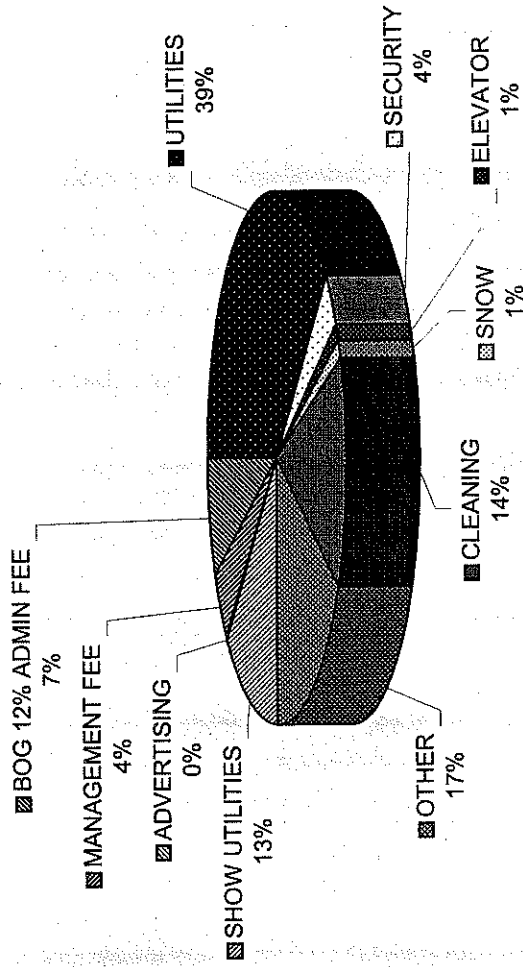


THE NATIONAL TRADE CENTRE
ACCOUNTS RECEIVABLE AGING
 ADDITIONAL INFORMATION ON A/R GREATER THAN 60 DAYS
 AS AT FEBRUARY 28, 2001

CUSTOMER NAME	AMOUNT OUTSTANDING	61 - 90 DAYS	OVER 90 DAYS	COMMENTS
ROYAL AGRICULTURAL WINTER FAIR	87,160.95	87,160.95		Balance of event services for the 2000 Royal Agricultural Winter Fair
FREE LAND MARKETING INC.	2,266.21	2,266.21		Additional event services provided for the Everything to Do With Sex Show
CUSTOMER ACCOUNTS - LESS THAN \$10,000	45,969.19	16,775.74		Sportsworld Expo Productions - Building rental for cancelled event - \$9,549.75 North Island Publishing - Additional services re: Print Ontario show - \$3,925.07 Microforum - \$2,599.68 PAID IN FULL City of Toronto - Services for November 27/00 meeting - \$287.58 Tradelink - Services for November 20/00 meeting - \$218.50 Parallel - IATSE services for November 17/00 function - \$195.16
			8,255.22	Mount Sinai - Services for fundraising event - Payment promised week of March 19/01
			20,938.23	Polish Entertainment Group - In Collections - \$5,382.85 Industry Night Club - In discussion re: Unity 2000 services - \$4,462.45 Rentex - Legal letter sent - Small monthly payments received - \$3,820.00 DMG World Media re: Metro Home Show labour dispute to be resolved - \$2,635.18 Source Promotions - In Collections - \$2,406.35 Tradelink - Awaiting payment from Metro - \$2,231.40
	135,396.35	106,202.90	29,193.45	



COMPONENTS OF DIRECT EXPENSE



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

**THE NATIONAL TRADE CENTRE
CHEQUE DISBURSEMENTS - FEBRUARY 2001
GREATER THAN \$50,000**

Check No	Date	Amount	DESCRIPTION
10941	2/26/01	63,492.76	PAYROLL DISBURSEMENT
10940	2/26/01	86,452.16	PAYROLL DISBURSEMENT
10939	2/26/01	82,480.57	PAYROLL DISBURSEMENT
10938	2/26/01	600,000.00	PAYROLL INITIAL 2000 DISBURSEMENT
10880	2/20/01	300,000.00	TERM INVESTMENTS
10872	2/14/01	281,352.44	PAYROLL DISBURSEMENT
10870	2/14/01	117,625.27	GAS
10864	2/7/01	105,349.01	PAYROLL DISBURSEMENT
10859	2/2/01	64,691.96	GAS
			DISBURSEMENTS OVER \$50,000
			OTHER DISBURSEMENTS LESS THAN \$50,000
			TOTAL DISBURSEMENTS FOR FEB 2001
			<u>1,701,444.17</u>
			<u>493,348.10</u>
			<u>2,194,792.27</u>



