

THE NATIONAL TRADE CENTRE MANAGEMENT REPORT

FOR THE YEAR ENDED
DECEMBER 2001



SUBMITTED BY:

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EXECUTIVE SUMMARY

- Execution of contract with Messe Frankfurt for the inaugural *ISH North America* tradeshow debuting in the fall of 2002.
- Negotiated and contracted new business revenue for 2002 that has already exceeded entire 2001 new business revenue, including additional international machinery trade show.
- A.I.M.R. exam session in June, which was the largest of its kind in North American, experienced a growth in rental by one hall and an increase in rental term by 2 days.
- The Quality Assurance Program marked its second year of implementation at the NTC with continued customer service, safety and equipment training for all NTC and most Exhibition Place staff. (Both management and unionized.)
- Extensive independent surveys conducted via interactive kiosks at building exits for attendees and exhibitors of the NTC.
- Overall in 2001 there was improvement in the delivery of event services as a result of improved planning by department staff and the close teamwork on behalf of both Event and Facility Co-ordinators.
- On the Information Technology side the NTC is currently backing up over 1.5 million files across the entire grounds of Exhibition Place. These hard-drives are constantly being updated to ensure that the latest information is captured on an almost "real time basis".
- We are pleased to report that with the finalization of the Staples/Business Depot and Nestles deal that Trillium Marketing has achieved the sponsorship revenue budget for 2001.
 - Servo Canada continues to hold successful events on property and generate the excitement needed for rebooking. Two events held during the holiday period are interested in rebooking for 2002. That coupled with the fact that Bombardier has shown interest in booking a holiday event in 2002 makes it an exciting way to start the New Year.

MARKETING

2001 ACCOMPLISHMENTS

Although 2001 proved to be a challenging year due to the industry's economic downturn and the post-September 11th impact on the general economy, our Sales & Marketing Department succeeded in accomplishing the following goals:

- Execution of contract with Messe Frankfurt for the inaugural *ISH North America* tradeshow debuting in the fall of 2002.
- Negotiated and contracted new business revenue for 2002 that has already exceeded entire 2001 new business revenue, including additional international machinery trade show.
- Initiated discussions and laid foundations for strong new business opportunities for 2003-2005 (i.e. ISH 2005 & 2 additional Reed Shows)
- Implemented off peak rental rates program to book shows and events during normally dark periods.
- Contracted 2 feature films and 3 commercial shoots
- A.I.M.R. exam session in June, which was the largest of its kind in North American, experienced a growth in rental by one hall and an increase in rental term by 2 days

FOURTH QUARTER SALES REPORT

- Event highlights included:
 - The return of the Canadian Manufacturing Technology Show (CMTS), which featured over 600 exhibitors and was attended by over 13,000 industry professionals.
 - Show growth for the IIDEX/Neocon Canada tradeshow. This year the hall rental increased by over 57,000 square feet.
 - The Clothing Show increased its rental term by one day for both the Spring and Fall events thereby increasing rental revenues by \$6,188 for each show.
- In the fourth quarter, The National Trade Centre team completed the organization of an on-line virtual tradeshow booth as part of an initiative to promote SMG venues. This virtual tradeshow, named the SMG Showplace Showcase, is available at www.expocentric.com, a website offering online exhibitions to promote businesses. Visitors to the virtual tradeshow can access sales and facility information and promotional materials for The National Trade Centre at our booth. They may also link directly to our website at www.ntc.on.ca. This initiative is expected to reach a global audience and promote The NTC worldwide.

DECEMBER SALES ACTIVITY

- Total of 55 new events for this year. The events are categorized as follows
 - 10 consumer shows
 - 6 trade shows
 - 17 special events/film/photo shoots
 - 22 corporate bookings/meetings/misc.
- As a result of continuous aggressive sales efforts our team has to date confirmed 12 new events for 2002 resulting in over \$750,000 in new sales rental revenue. The events are categorized as follows:
 - 4 consumer shows
 - 5 trade shows
 - 2 special events/film/photo shoots
 - 1 corporate booking/meeting/misc.
- Contracts have been issued for an additional 6 new events for 2002

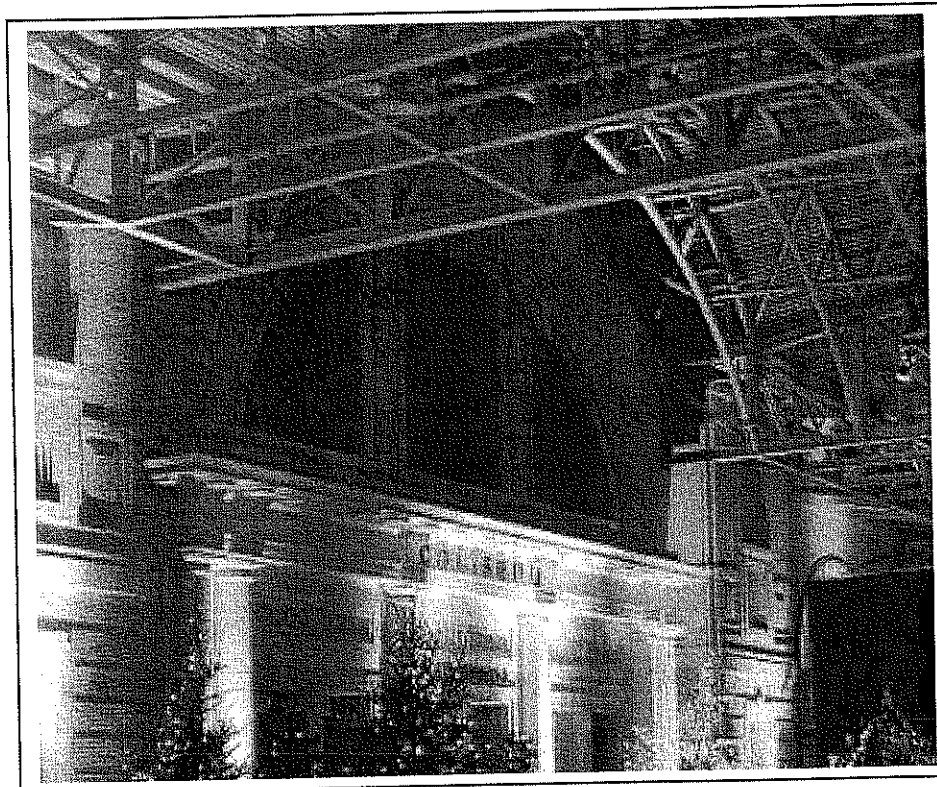
BUSINESS TRAVEL

- This month Barbara Outschoorn attended the International Association for Exhibition Management (I.A.E.M.) annual meeting and Expo! Expo! in Chicago. This year the event attracted over 1600 attendees representing the trade and consumers show market from various suppliers to show managers throughout North America. Our sales team is currently working to follow-up with key sales leads that Barbara made during her attendance at this meeting.

EVENT SERVICES

During December of 2001, Event & Facility Co-ordinators at The National Trade Centre were involved in the following events:

DECEMBER	
National Trade Centre Events	
Consumer	Other
<ul style="list-style-type: none"> • Umbra Factory Sale • Giant Fur Sale • Islamic Prayer 	<ul style="list-style-type: none"> • Toronto Police Holiday Party • Coca-Cola Holiday Party • Mbank Holiday Party • TD Bank Holiday Party • Toronto Hydro Holiday Party • Stikeman Elliot • Coca-Cola Children's Christmas Party • Degree Anti-Perspirant Commercial • CAEM Holiday Season Luncheon • MacLaren McCann Holiday Party • AIMS Holiday Party • MacKenzie Financial Holiday Party • Heller Productions Holiday Party • WSIB Holiday Party
Exhibition Place	



FOURTH QUARTER

- The first quarter of 2001 began a trend of steady to increased attendance at consumer shows, which continued strong during the second, third and fourth quarters on a show over show basis in comparison to 2000.
- NTC Event and Facility staff continued to provide skilled co-ordination to new events including World Youth Days scheduled for 2002, and other events such as AIMR exams and the Canadian Manufacturing Technology Show/National Factory Automation Show, which returned to the National Trade Centre.

2001 RESULTS

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

The Quality Assurance Program marked its second year of implementation at the NTC with the following accomplishments:

- Continued customer service, safety and equipment training for all NTC and most Exhibition Place staff. (Both management and unionized.)
- Extensive independent surveys conducted via interactive kiosks at building exits for attendees and exhibitors of the NTC.
- Continued monitoring of the program and response to attendee surveys.
- Exhibition Place has been helpful in the accommodation of truck marshalling and road closures to allow for better service during show move in/out. We are currently working with Exhibition Place Parking to add additional options to the exhibitor-parking program. New initiatives in both these areas in 2002 are expected to be well received by NTC clients and attendees.
- Overall in 2001 there was improvement in the delivery of event services as a result of improved planning by department staff and the close teamwork on behalf of both Event and Facility Co-ordinators. In the fourth quarter of the year plans have been put in place to work with Exhibition Place to develop additional competent unionized forepersons including an evaluation process and training. Once successfully implemented there will be a reduction in the requirement for department staff to work such long hours and accumulate time in holiday banks.
- The co-ordination of events this year continued to be challenging in the fourth quarter with both biannual and returning major events (RAWF, Canadian Machine Tool/ NFAS Shows, One of a Kind Christmas Craft Show) 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. Concerns borne out of accumulated long-term use of the new halls for the RAWF animals is beginning to make it impossible to remove odours after the event. Negotiations with the RAWF in December have begun to find alternate space to house animals.

Overall consumer attendance on a show over show basis comparing 2000 over 2001 attendance had increased during the fourth quarter. Although during the fourth quarter trade show attendance was even with signs of good sales by exhibitors on the show floor.

Combined Trade and Consumer show attendance at the NTC in 2001 declined due to fewer events at the facility compared to 2000.

With the expiry of current 3 year agreement at the end of 2001, Request for Proposals were initiated and contracts with the Board selected proponents have been initiated.

- Official Customs Broker & Freight Forwarding
- Official Show Decorator
- An RFP was processed for Official ATM provider.

Since September 11th the NTC Facility Manager has initiated a complete review of current emergency response procedures. Working with local authorities, O&Y Manager, Fire, Life Safety & Security, SMG and Exhibition Place Staff, a new comprehensive plan is being developed that will be a section within the Exhibition Place overall plan.

TELECOMMUNICATIONS

Telecommunications Activity for permanent and transient clients for the year 2001:

- Information Technology NTC is currently backing up over 1.5 million files across the entire grounds of Exhibition Place. These hard-drives are constantly being updated with data on an incremental basis to ensure that the latest information is captured on an almost "real time basis".
- Information Technology is also working on creating stricter file security measures as well as real type data encryption for additional system integrity.
- The City of Toronto provided Windows 2000 and Office 2000 software licenses for workstation at Exhibition Place
- In discussions with Fatima Scagnol, Telecommunications laid out scenarios in order to increase revenues across the grounds including the Food Building, Better Living Centre and Molson Indy Paddock.
- NTC Telecommunications provided a variety of telephony and data services to exhibitors and staff of the Canadian National Exhibition, including the Casino.
- Telecommunications with Exhibition Place deployed Ethernet service to the Liberty Grand in the Ontario Government Building to give the Liberty Grand high-speed Internet access.
- Telecommunications with Exhibition Place, has been working with Trillium Marketing to identify and develop a potential sponsorship package. The package includes such items as back end telephony trunks, long distance, cellular phones, Internet feeds and warranty plans.
- Telecommunications completed an addendum to the Exhibition Place disaster recovery plan. The additional document covered the services specifically provided by The National Trade Centre, including grounds wide telecommunications as well as computer server operations and maintenance. The document provides specific configuration information, local contacts as well as third party support information
- Staff of the Telecommunications department took part in an onsite comprehensive training program given by MDR/Switchview.

BUILDING OPERATIONS

ELECTRICAL/HVAC

Building and equipment maintenance was ongoing throughout the month of December; and the following work was addressed:



- The Variable Speed Drive on the supply fan has now been replaced and is fully operational on the Johnson Controls system.
- Electrical department completed delivery of services to the Christmas parties and Fur Sale in the month of December. New electrical circuits were run to various permanent vending machine locations to prevent overloading existing base building circuits.
- The Automotive building sub-station was shut down for engineering assessment regarding the proposed AC/HVAC capital works project
- Monthly maintenance to the elevators and fire protection equipment was completed.
- Building Operators completed daily and weekly fire equipment check as well as weekly diesel emergency generator system tests
- Repairs were completed to building management system (GE Fanuc) to restore some communication problems.
- The ANGUS Maintenance System was updated with completed items.

FACILITY SERVICES

Building and equipment maintenance was ongoing throughout the last quarter. Numerous repairs were completed due to show damages. We have developed strategic maintenance schedules to ensure the facility is maintained at optimum levels. The following work is either on going or completed.

- Exit doors continued to be repaired throughout the facility. Door hardware was ordered and was installed during November. Mechanical doors underwent repairs due to show damages
- Exterior brick repairs were completed at the North end of Coliseum Arena and throughout Heritage Court. All Halls including Salons underwent minor paint touch-ups
- Roof drains were cleared above Halls A to D and Automotive building. The Coliseum Complex underwent approximately 15 roof repairs
- Inventory warehouse in the North Extension was re-organized to accommodate electrical and cleaning inventories.
- A minor renovation was completed in the Upper East Annex restaurant for the RAWF
- Renovations for Tiny Tom Donuts were completed in Concession #4

FINANCIALS

We are currently finalizing the year-end financials. Preliminary indicators are that we will be approximately 90% of Net Operating Income, an improvement over the original forecast due to energy and cost savings. Financial statements for December 31, 2001 will be provided in next months report to the Board.

SERVO-CANADA

RETAIL DEPARTMENT

FOURTH QUARTER & 2001 RESULTS

- Retail sales for the quarter were strong, posting a 16% gain on commissions from the fourth quarter of 2000. Lead by the Machine Tool, Everything to do with Sex Show and the One of

a Kind shows, the fourth quarter ended on a strong note as opposed to what was expected after September 11.

- The emphasis for the quarter and for that matter the year was to increase presence on the show floor while not overextending services. We were successful on some shows yet lost space on most. None the less, even with the loss of space for portable services on many shows we still posted gains on eleven of thirteen shows for the quarter.
- Given the facts that 2001 was expected to be an off year for shows (based on the two year cycle) as well as the negative events of the year (9/11 and a weak economy), Servo sales only fell 11% in the Retail sector from year 2000.
- Most surprisingly was the fact that prior to the fourth quarter (pre 9/11) most Retail Events showed a decline in sales over year 2000. Given the events of 9/11, we expected a far more negative impact on sales at the fourth quarter shows (listed below). We feel confident that this is a good indicator of a strong year to come in 2002.

CATERING DEPARTMENT

- Catering overall versus last year was substantially down, due mostly to the economy. While September 11 played a role in the cancellation of events for the Holiday Season, the economy played a larger role all year long. Our largest event for the holiday period was Bombardier, which was cancelled right after the September 11, attacks. Catering for the year was down over 48% from year 2000.
- As discussed in previous reports, the most common reason given for not booking an event with us is the cost of production for Heritage Court. Our décor package and accrual plan for holiday events will continue to help us in lowering the costs associated with the use of the area. This coupled with the success of this year's events should give us a strong start toward reaching our aggressive goal for 2002.
 - On a positive note, we continue to hold successful events on property and generate the excitement needed for rebooking. Two events held during the holiday period are interested in rebooking for 2002. That coupled with the fact that Bombardier has shown interest in booking a holiday event in 2002 makes it an exciting way to start the New Year.
 - Again as in the past our operations departments continue to make the second sale. The Sales Department can only sell them once, after that initial sale it is the Operations Departments that bring them back.