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Exhibition Place

Management Report - January 2007

With the expiration of the Management Agreement with Arcturus Canada on December 31, 2006, this report represents the first monthly Management report providing an overview of the combined Direct Energy Centre and Exhibition Place Programs.

This particular report only presents the financials for the Direct Energy Centre Program, however with the integration of the Finance Departments in January, the next Management report will include financials for both the Direct Energy Centre and Exhibition Place Programs.

Executive Summary

The January report is a combination Direct Energy Centre report and Exhibition Place report – grounds-wide discussion only.

Once the financial year end is completed (end of March) financial reporting for both the Direct Energy Centre and Exhibition Place will be combined and will be provided to the Board commencing with the April Management Report.



The 2007 year started off with a very successful month of events with the highlight being the 49th annual Toronto International Boat Show.

In January, Direct Energy Centre was awarded a 2007 Prime Site Award by Facilities & Destinations magazine. This is the 6th Prime Site Award for the venue.

The integration of management across the site is underway, and while there are anticipated growing pains, there is a spirit of cooperation and teamwork which bodes well for success.

A follow up staff workshop "Re-Forming Your Work at Exhibition Place" was conducted February 8, 2007 with Suzanne Sherkin of Highborn Communications. These workshops have been excellent to increase staff interaction and team building. The next seminar is scheduled for March 8th.

Performance reviews and goal setting for 2007 are underway and will be completed in the first quarter.

Sales and Marketing

January Sales Efforts

During this period, the Sales & Marketing team secured 11 new events for 2007 increasing the total to 22. The events are categorized as follows:

- 5 consumer shows
- 1 trade show
- 3 special events/film or photo shoots

- 2 conferences
- 11 meetings/exams/charity events/other

The Director of Sales & Marketing and the General Manager, Sales and Events attended the 2007 Professional Convention Management Association (PCMA) held in Toronto. PCMA is a non-profit international association of meeting industry professionals. Direct Energy Centre participated in PCMA as one of the City's tourism industry sponsors. Over 3000 delegates were in attendance at this year's conference which was held in Toronto for the first time.

This month, Debbie Sanderson joined the Sales and Marketing department as a Sales Coordinator.

Upcoming Business Travel

In February, members of the Sales team will be attending sales missions including: Tourism Toronto – CSAE Tete a Tete in Ottawa, Tourism Toronto Sales Mission for Montreal/Ottawa/Kingston Corporate and the Experient Sales Mission in Atlantic City with SMG. Follow-up reports will be included in the February summary.

Publicity

The January 2007 issue of Expo Magazine included a photo and article detailing Direct Energy Centre's awards for Sustainable Technology and Facility Management from the Recycling Council of Ontario.

The January 2007 issue of The Messenger Minute newsletter included a photo and article on the Princes' Gates renovation project.

Event Management Services

During the month of January 2007, Event and Facility Co-ordinators at Exhibition Place were involved in the following events:

JANUARY	
Direct Energy Centre Trade/Consumer Events	
<ul style="list-style-type: none"> ▪ Franchise & Business Opportunities Show ▪ Toronto International Boat Show ▪ National Bridal Show ▪ Speedorama 	
Other Events	
<ul style="list-style-type: none"> ▪ TPS Mounted Unit ▪ TD Visa Photo Stills Shoot ▪ Toyota Industrial Equipment Meeting ▪ CAEM Luncheon ▪ Board of Governors of Exhibition Place Meeting ▪ National Packaging Competition ▪ AHL All Star Launch ▪ We Will Rock You Stage Rehearsals 	

During the Franchise and Business Opportunities Show and Speedorama, staff delivered all services as requested and on time. Move out in both cases went very smoothly.

The Bridal Show and Speedorama went very smoothly. An issue with Speedorama related to parking cards was addressed quickly. In addition, several companies placed unauthorized advertisements on vehicles in both the underground and surface lots during the Bridal Show. Other than that, the events went very well.

The Health and Safety Protocol instituted by the Toronto International Boat Show Management worked very well. The support system provided overnight by senior Facility management proved extremely valuable. The preview night was a success and marshalling on the back roads during move-out was very good. Attendance was up this year.

Direct Energy Centre and Exhibition Place hosted the Canadian Association of Exposition Management (CAEM) Luncheon and Educational Session on January 25, 2007. This event focused on Security awareness, fire safety planning and the requirements for exhibition events. The event was a success, and several complimentary remarks were made about the food service.

During the Toyota Business Meeting staff experienced a challenge in offloading display forklifts due to the icy conditions. Otherwise, the event went well. The Packaging Competition was a prelude to PacEx later in the year.

Parking

Net Operating income for Parking for the month of January was \$ 368,108, a favourable variance of \$15,953 to budget. The positive variance is a combination of an increase in revenue and a reduction in labour costs. Pay and Display parking represented 33% of all Parking revenue and has been well received by the public and has contributed to the reduction in labour costs. The transition of Parking to the Event Management Services Division has been smooth and transparent to our clients. The Manager Parking, Services attended the CAEM Life Safety Planning session

Telecommunications

Telecom had a busy and productive January. Toronto International Boat Show sales of telecommunication services exceeded expectations with Internet access requests increasing significantly. Telecom has also been working on assisting various groups across Exhibition Place including HVAC , Electrical and Security in integrating systems. These activities include connecting camera feeds to the building control centre, setting up Direct Energy Centre for Johnson Control access in General Services and various other control/monitoring applications. Telecom/IT have also developed and deployed a new help desk oriented single point of contact to stream service requests at help@explace.on.ca or by calling 416-263-3075. Telecom/IT is looking forward to a productive, profitable and integrative 2007.

Building Operations

The following are the focus of Operations work in the Direct Energy Centre for the first quarter of 2007:

- The repairs and maintenance to the Clayton Steam Boilers which service the Mid Arch, North Extension and the West Annex were completed on time and on budget.
- The central plant chiller #2 starter upgrade alterations are at the 95% completion point with the outstanding items to be completed mid March.
- The regular January maintenance for the Johnson Control Building Automation System was completed.
- The investigation and remediation of the outstanding issues regarding the Fire alarm system and P/A system for the Direct Energy Centre and Ricoh Coliseum were completed
- With the assistance of Exhibition Place staff the ground fault failure was discovered and repaired at the Ricoh Coliseum.
- The reassignment of the Preventive Maintenance Program tasks and scheduling changes were carried out and completed in January.
- Re-lamped burnouts in the Automotive Building.
- Replaced damaged twist lock receptacles on show distribution panels.
- Maintenance on show panel disconnect switches, splitters etc.
- Replaced damaged twist locks receptacles on show distribution panels in the Industry Building, 20% completed.
- North Extension show panels completed.

Facility Services

The Facility Services team delivered Cleaning, Labour, I.A.T.S.E., and Sign Shop services to shows, third party clients and tenants throughout Exhibition Place. Through the month of January, we provided Facility Coordination, 24/7, ensuring optimum supervision of our services. The following projects and activities were completed or were on-going over the last month:

- Facility Services has set up a sorting station inside the north-west corner of the Food Building for the sorting of hand towels, co-mingle, plastics and paper to maximize waste diversion.
- Cleaning Services has had frequent meetings with Centerplate and will be implementing compost-able tableware on the event floor in the Direct Energy Centre.
- Scheduled meetings with the 3 major display companies to discuss and implement ways to reduce, reuse and recycle items that they bring to Exhibition Place.
- Cleaning Services has stripped and re-sealed the Galleria corridor
- The Labour Area prioritized and conducted snow removal services as required for the entire Exhibition Place grounds.
- Due to a deteriorating salt storage area by the Press Lot, the Labour Area has constructed a new salt storage area across the General Services Building.
- The Labour Area provided 46 stage platforms for Ricoh Coliseum for the Boat Show.
- Combined and moved the Labour Area tool crib in with Cleaning Services equipment/storage room in an effort to better amalgamate the two service areas.

- Facility Services is in the process of planning a complete audit of Exhibition Place inventories including Technical equipment.
- Provided and installed various barrier lines to divide parking lot "D" as per Parking request.
- Moved the turnstile inventory from the Press Lot storage area to the Food Building and the upper West Annex to make them more accessible when required.
- I.A.T.S.E. provided supplies and professional installation of various sound and video equipment to shows/events as required and continue to provide quotations and technical support for upcoming events.
- The Facility Services team underwent equipment training for our new Kubota vehicles and the riding vacuum.
- Continue to assist Capital Works with fabrication of a retro-plate finish on the floor at the south end of Hall "C" and schedule other floor repairs throughout Hall "G".
- Waiting on an appraisal from Parkdale Green Thumb services to remove and re-plant various plants/trees throughout the Galleria to upgrade the front-end public space.
- Scheduled a meeting with the City's Parks, Forestry & Recreation to discuss and plan soft landscaping priorities.
- The Facility Services team has completed all facility audits prior to Shows and continues to support Operations with the delivery of maintenance services.
- Provided assistance with scheduling of various maintenance work for Centerplate and R.A.W.F. throughout the month of January.
- Our team is in the process of planning and scheduling office relocations to accommodate the changes brought by the re-organization of Exhibition Place.

Service Stars

Arlene Campbell received a phone call from the Vietnamese Tet Festival organizer thanking Exhibition Place for a successful event and in particular commending Jim MacGregor for exceptional customer service.

Centerplate

Retail Department

The year started off well with the Toronto International Boat Show which showed an increase in attendance this year. Again, the show featured the Lake Wow Marina anchored by Henry's Fish & Ships and Centerplate bar operations. Other areas that helped increase sales over projections were Speedorama, The Bridal Show and Franchise and Business Opportunities Show.

Catering Department

The catering department kept busy with events related to the Toronto International Boat Show as well as two other large events, New Years Eve 2007 and The AHL All Star Lunch. Heritage Court was the scene for both of these events. The AHL event was for 800 guests and the New Years Eve event was for 2,000 guests.

January Financials

As noted at the start of this report, once the financial year end is completed (end of March) financial reporting for both the Direct Energy Centre and Exhibition Place will be combined and will be provided to the Board commencing with the April Management Report.

Net Operating Income for the month ending January 31, 2007 was \$722,446 compared to a budget of \$621,533 for a favourable variance of \$100,913.

- Rental income was \$1,182,026 compared to a budget of \$1,180,880 for a favourable variance of \$1,146.
- Electrical services of \$68,311 were higher than budget by \$1,677 due to higher demand from the Boat Show.
- Direct and indirect expenses are favourable to budget by \$115,013 as a result of savings from staff vacancy in the Finance area and lower building operations costs.
- Food & Beverage concessions of \$162,908 are unfavourable to budget by (\$7,464) due to timing in bookings of corporate events.
- Telecommunications income at \$46,783 is favourable to budget by \$4,229 due to higher demand for internet services and additional recovery from Ricoh and the Soccer Stadium.
- Show services from third party billings were down by \$81,570 with corresponding decrease in expenses of \$54,585 for a net unfavourable of (\$26,985) mainly due to lower demand from the Boat Show.

Accounts receivable for the month ending January 31, 2007 was \$2,319,267 consisting mainly of:

- \$621,093 owed as deposits for future events, of which \$415,240 (67%) has been received as of February 16, 2007.
- \$369,114 from Coliseum partners and sub-contractors for Arena-related project and lease costs, of which \$12,500 has been received by February 16, 2007; total periodic payments received since July 2005 is now \$683,646.
- \$703,602 for services on completed events, of which \$284,822 is for the RAWF. The remaining balance is for recent show services provided. Amount received from other customers as of February 16, 2007 is \$198,113.
- \$404,717 of Food & Beverage Concessions is owed by Centerplate, contractually due on the 25th of the following month.
- \$57,251 for accounts with City Legal; amount fully provided for as a bad debt in the statements.
- \$35,775 owed for sponsorship arrangement.

Submitted by:



Arlene Campbell
General Manager, Sales & Events

Submitted by:



Dianne Young
CEO, Exhibition Place

DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
JANUARY 2007 and YEAR TO DATE

	7	4	3	7	4	3
	MONTH ACTUAL	MONTH BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Number of Events	7	4	3	7	4	3
Direct Event Income	1,261,676.03	1,287,515.00	(25,838.97)	1,261,676.03	1,287,515.00	(25,838.97)
Ancillary Income	315,925.37	318,672.00	(2,746.63)	315,925.37	318,672.00	(2,746.63)
Advertising Income	13,100.00	13,976.00	(876.00)	13,100.00	13,976.00	(876.00)
Ricoh & MLSE Recovery	6,533.00	8,002.00	(1,469.00)	6,533.00	8,002.00	(1,469.00)
CNE Recovery	-	-	-	-	-	-
Total Event Income	1,597,234.40	1,628,165.00	(30,930.60)	1,597,234.40	1,628,165.00	(30,930.60)
Direct Expenses	510,266.09	617,644.00	107,377.91	510,266.09	617,644.00	107,377.91
Indirect Expenses	393,761.82	401,397.00	7,635.18	393,761.82	401,397.00	7,635.18
Total Event Expenses	904,027.91	1,019,041.00	115,013.09	904,027.91	1,019,041.00	115,013.09
NET INCOME BEFORE RICOH	693,206.49	609,124.00	84,082.49	693,206.49	609,124.00	84,082.49
RICOH COLISEUM	29,239.98	29,234.00	5.98	29,239.98	29,234.00	5.98
NET INCOME BEFORE PSAB	722,446.47	638,358.00	84,088.47	722,446.47	638,358.00	84,088.47
LESS: ENERGY EFFICIENCY DEBT PMT	-	16,825.00	16,825.00	-	16,825.00	16,825.00
LESS: PSAB ADJUSTMENT	-	-	-	-	-	-
NET INCOME	722,446.47	621,533.00	100,913.47	722,446.47	621,533.00	100,913.47

NOTE: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At January 31, 2007 the markup paid to Exhibition Place was a total of \$ 35,537.74 (\$ 26,631.50 expensed against direct event income and the balance \$ 8,906.24 in direct expense)

**DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AS AT JANUARY 2007 with COMPARISON TO JANUARY 2006**

	2006		2007		2007 YTD VARIANCE	VARIANCE TO	
	YTD ACTUAL	9	YTD ACTUAL	4		YTD JANUARY 2006 ACTUAL	%
Number of Events		9		7	4	3	(2) (22.2%)
Direct Event Income	1,328,721.12		1,287,515.00		1,287,515.00	(25,838.97)	(67,045.09) (5.0%)
Ancillary Income	288,301.18		318,925.37		318,925.37	(2,746.63)	27,624.19 9.6%
Advertising Income	11,567.00		13,100.00		13,976.00	(876.00)	1,533.00 13.3%
Ricoh & MLSE Recovery	8,002.00		6,533.00		8,002.00	(1,469.00)	(1,469.00) (18.4%)
CNE Recovery							
Total Event Income	1,636,591.30		1,597,234.40		1,628,165.00	(30,930.60)	(39,356.90) (2.4%)
Direct Expenses	615,692.47		510,266.09		617,644.00	107,377.91	105,426.38 17.1%
Indirect Expenses	408,383.37		393,761.82		401,397.00	7,635.18	14,621.55 3.6%
Total Event Expenses	1,024,075.84		904,027.91		1,019,041.00	115,013.09	120,047.93 11.7%
NET INCOME BEFORE RICOH	612,515.46		693,206.49		609,124.00	84,082.49	80,691.03 13.2%
Ricoh Coliseum	29,392.14		29,239.98		29,234.00	5.98	(152.16) (0.5%)
NET INCOME BEFORE PSAB	641,907.60		722,446.47		638,358.00	84,088.47	80,538.87 12.5%
LESS: ENERGY EFFICIENCY DEBT PMT					(16,825.00)	16,825.00	-
LESS: PSAB ADJUSTMENT							
NET INCOME	641,907.60		722,446.47		621,533.00	100,913.47	80,538.87 12.5%

Note: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At January 31, 2007 the markup paid to Exhibition Place was a total of \$ 35,537.74 (\$ 26,631.50 expensed against direct event income and the balance \$ 8,906.24 in direct expense)

**DIRECT ENERGY CENTRE
EVENT STATISTICS**

FOR THE MONTH OF JANUARY 2007

	<u>MONTH ACTUAL</u>	<u>YTD ACTUAL</u>	<u>PRIOR YEAR ACTUAL</u>
Attendance [Note:1]	160,170	160,170	156,895

<u>EVENT</u>	<u>ACTUAL # OF PERFORMANCES</u>		<u>(IN THOUSANDS)</u>		<u>REFRESHMENT PER CAP'S ACTUAL [Note: 2]</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>	
Consumers Show	4	6	5	1,339	3.86
Trade Show	1	1	1	7	27.81
Concert	0	0	0	-	
Photo/Film Shoot	0	1	0	2	
Meeting/Corporate	2	1	1	15	441.19
	<u>7</u>	<u>9</u>	<u>7</u>	<u>1,362</u>	
				<u>1,384</u>	

Note: 1 Attendance estimates provided by Show Management.

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

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

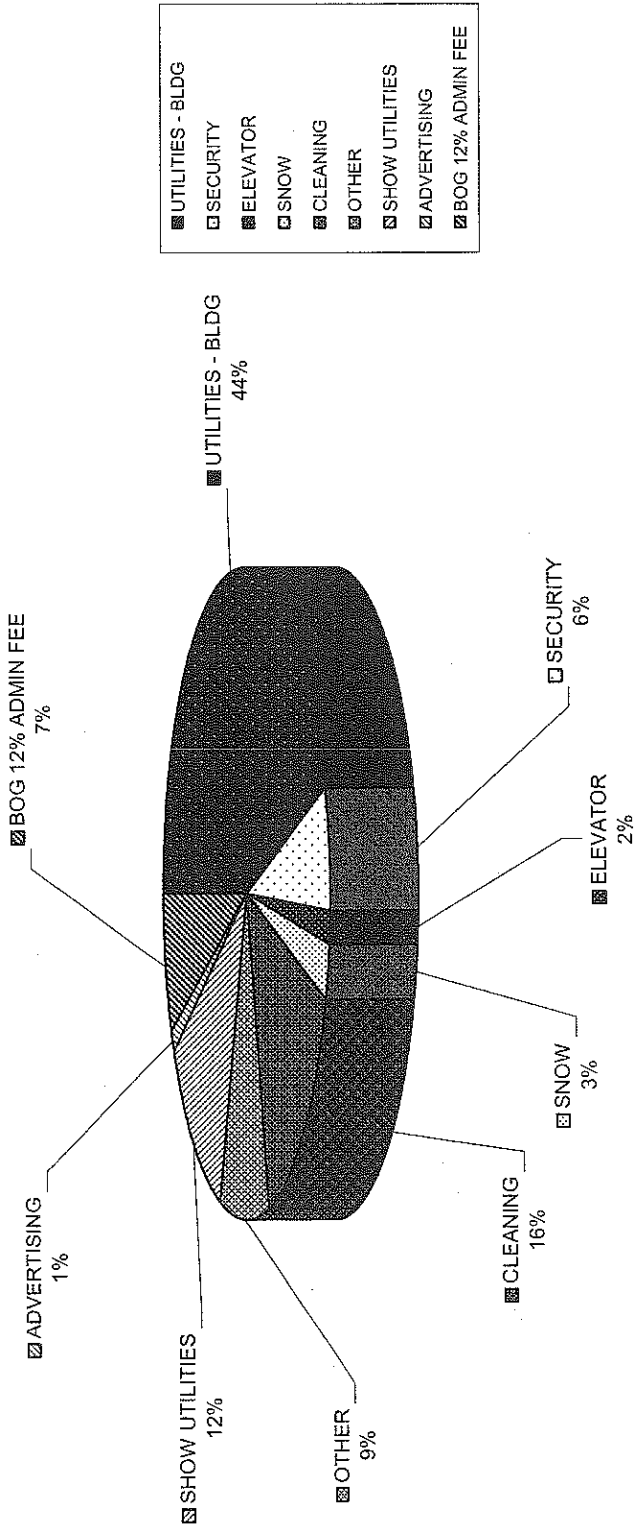
**DIRECT ENERGY CENTRE
BALANCE SHEET
AS AT JANUARY 31, 2007**

ASSETS	2007	2006
CURRENT ASSETS		
CASH	813,779.31	333,966.35
ADVANCE TO EX PLACE	420,000.00	620,000.00
TERM INVESTMENTS	4,650,000.00	3,550,000.00
AMERICAN EXPRESS	1,016.61	157.70
TRADE ACCOUNTS RECEIVABLE	2,317,267.40	
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(71,276.72)</u>	
NET ACCOUNTS RECEIVABLE	2,245,990.68	2,530,056.22
RECEIVABLE FROM EX PLACE		
OTHER RECEIVABLE	94,466.79	60,675.57
PREPAID EXPENSES	30,088.87	115,686.37
TOTAL CURRENT ASSETS	8,255,342.26	7,210,542.21
FIXED ASSETS		
EQUIPMENT - NET	15,659.72	15,824.93
TOTAL ASSETS	8,271,001.98	7,226,367.14
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLES & ACCRUED LIABILITIES	3,322,718.27	
PROVINCIAL & FEDERAL SALES TAX PAYABLE	83,100.80	
RESERVE - ENVIRONMENTAL/GREENING INITIATIVE	(15,656.71)	
RESERVE - ENERGY/LIGHTING INITIATIVES	89,277.00	
DEFERRED REVENUE	<u>3,890,522.38</u>	5,418,921.80
EQUITY		
NET INCOME (LOSS) CURRENT	722,446.47	641,755.44
PRIOR YEAR PSAB ADJUSTMENT	(347,309.46)	(259,300.80)
PRIOR YEAR SURPLUS - 2006	1,125,903.23	
SURPLUS DISTRIBUTION TO EXPLACE	<u>(600,000.00)</u>	1,424,990.70
BALANCE	525,903.23	
	8,271,001.98	7,226,367.14

DIRECT ENERGY CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JANUARY 31, 2007

	MONTH	YTD
CASH FLOW FROM OPERATIONS		
NET INCOME (LOSS)	722,446.47	722,446.47
ADD: EMPLOYEE BENEFITS - VACATIONS/SICK	-	-
SOURCES (USES) OF CASH		
TERM INVESTMENTS	800,000.00	800,000.00
ACCOUNTS RECEIVABLE - TRADE	222,388.48	222,388.48
RECEIVABLE FROM EX PLACE B.O.G	-	-
ACCOUNTS RECEIVABLE - OTHER	26,190.30	26,190.30
PREPAID EXPENSES	12,433.23	12,433.23
DEPOSITS AND OTHER ASSETS	3,406.55	3,406.55
ACCOUNTS PAYABLE & ACCRUED EXPENSES	(129,265.58)	(129,265.58)
OTHER PAYABLES	(34,585.88)	(34,585.88)
RESERVE - ENERGY & ENVIRONMENTAL INITIATIVES	(350,000.00)	(350,000.00)
DEFERRED INCOME	(558,718.54)	(558,718.54)
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	-
NET CASH FROM OPERATIONS	714,295.03	714,295.03
OTHER SOURCES (USES) OF CASH		
CAPITAL EXPENDITURES	-	-
RICOH PRIOR YEAR BALANCE TRANSFER	-	-
PRIOR YEAR SURPLUS ADJUSTMENT	(600,000.00)	(600,000.00)
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	114,295.03	114,295.03
BEGINNING CASH BALANCE	699,484.28	699,484.28
ENDING CASH BALANCE	813,779.31	813,779.31

**COMPONENTS OF DIRECT EXPENSE
YTD JANUARY 31, 2007**



**DIRECT ENERGY CENTRE
CHEQUE DISBURSEMENTS - JANUARY 2007
GREATER THAN \$50,000**

Check No	Date	Amount	DESCRIPTION
022073	1/9/2007	600,000.00	BOARD OF GOVERNORS OF EXHIBITION PLACE 2006 SURPLUS PAYMENT
022077	1/10/2007	546,987.66	BOARD OF GOVERNORS OF EXHIBITION PLACE VARIOUS T&M -RAWF/BOG SALARIES WE DEC23RD
022177	1/31/2007	371,000.00	WAKEHAM & ASSOCIATES MARKETING COMMISSIONS ON NAMING RIGHTS - DIRECT ENERGY
022076	1/10/2007	146,109.11	BOARD OF GOVERNORS OF EXHIBITION PLACE 50% SHARE OF ELEC REVENUES - VARIOUS SHOWS
022060	1/3/2007	101,542.37	BOARD OF GOVERNORS OF EXHIBITION PLACE TIME & MATERIAL - ONE OF A KIND XMAS SHOW '06
022099	1/18/2007	80,004.48	BOARD OF GOVERNORS OF EXHIBITION PLACE WORK ORDERS - MONTH OF DECEMBER
022080	1/11/2007	70,083.96	ENBRIDGE GAS GAS CONSUMPTION - METER#10589
022163	1/19/2007	68,650.45	CANADAD CUSTOMS & REVENUE AGENCY GST REMITTANCE - FOR THE MONTH OF DECEMBER
DISBURSEMENTS OVER \$50,000			1,984,378.03
OTHER DISBURSEMENTS LESS THAN \$50,000.			494,253.87
TOTAL DISBURSEMENT			2,478,631.90