

8

EXHIBITION PLACE

REPORT FOR INFORMATION

October 30, 2007

To: Board of Governors of Exhibition Place

From: Dianne Young, CEO

Subject: **Preliminary Implementation Timetable for the Hotel**

Summary:

This report provides information with respect to the proposed timetable for development and construction of a hotel by HKHotels LLC ("HKH").

Financial Implications and Impact Statement:

There are no immediate financial implications to this proposed implementation schedule.

Decision Background:

Meeting Date	Decision
June 1998/Jan 1999	Approval of 1998 Exhibition Place Program & Development Concept Plan for Exhibition Place with the development of a hotel/conference centre complex a first priority
May 2000	Engagement of hotel consultant for marketing of hotel opportunity
March 2003	Authority to negotiate an LOI with the National Hotel Corporation (NHC) for development of hotel
April 2004	Approval of terms of LOI with NHC
September 2006	Directed development of REOI for hotel development
November 2006	Terminated LOI with NHC and public release of REOI for hotel
March 2007	Approved two successful proponents of REOI (Carleton Hotels Inc. and HKH) and directed release of RFP to these two proponents
September 24, 2007	Approved of entering into of a Letter Agreement with HKH to commence exclusive negotiations for a Letter of Intent setting out the substantial terms and conditions for the development and construction of a hotel at Exhibition Request and report back to the Board on such terms and conditions no later than its meeting of January 2008 and further to report on a detailed Implementation Timetable to the November Board meeting.

- a) Finalized and executed a Letter Agreement providing for the exclusive negotiations of the parties of a Letter of Intent ("LOI") with a timeframe no later than January 15, 2008;
- b) First draft of LOI completed by City Legal and sent to HKH;
- c) Meeting with Exhibition Place staff and City Planning to brief them on the proposal with second meeting scheduled for November 9th between City Planning, Exhibition Place, HKH and HKH's architect, NORR;
- d) Engagement by Exhibition Place of financial consultant, Cameron Hawkins & Associates, to provide financial advice to the Board on the fair market rental rates for lands leased to hotel developers and provide a report on standard industry rates which will be provided to City Finance Department in its review of this proposal. The first meeting has been held with HKH, Exhibition Place CFO and Mr. Cameron Hawkins and a second meeting is to be scheduled.

With respect to an implementation timetable, the following one was included in the draft LOI. This is just a preliminary proposal only as it will be a point of negotiations with HKH.

(a) Report & Approval of LOI by Board of Governors	January 25, 2008
(c) Report & Approval of LOI by Council	March 4, 2008
(d) Approval by Board/City of Development Plan including size of project, market positioning, footprint, conceptual hotel ground floor, guest floor & guest room, building elevations, exterior rendering, preliminary budget including FF&E, EBITDA	Report to Planning and Growth Management Committee meeting of April 10, 2008, and on to City Council's meeting of April 28, 2008
(e) Developer satisfied on soil/environmental conditions, title, and all other due diligence	June 30, 2008
(f) Parties negotiate and finalize all legal agreements & approval, if necessary, by Board/City of lease terms	June 30, 2008
(g) Building permit application	Fall, 2008
(h) 24-month construction period	Fall, 2008 to Fall, 2010
(i) Opening of Hotel	Fall, 2010

Given this is just the start of the process, I would suggest an update report to the Board at each meeting outlining actions taken and any issues of concern.

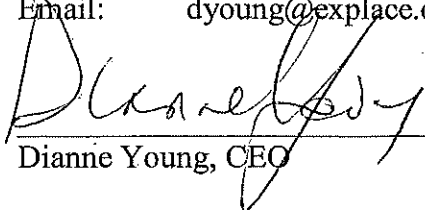
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