

Ottawa Congress Centre Redevelopment Project

Plan of Redevelopment *Canada's Congress Centre*



September 12, 2007

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EXECUTIVE SUMMARY

The OCC must be redeveloped to meet its mandate as a world class meeting place in Canada's capital.

The Business Plan sets out the expected cost and funding, illustrating the financial viability and economic benefits of the OCC's redevelopment.

With the appropriate support from its public and private partners, the new OCC will be ready to welcome visitors and delegates in early 2011. The important role the OCC plays in the region's economy and its quality of life will be restored.

The redevelopment will occur on the present site and in concert with the City of Ottawa, the National Capital Commission, Viking Rideau Corporation and its surrounding community. The OCC will revitalize the urban environment and provide the opportunity for linkages to important cultural and recreational centres.

This redevelopment plan has the complete support of its stakeholders.

THE VISION FOR A NEW CONGRESS CENTRE

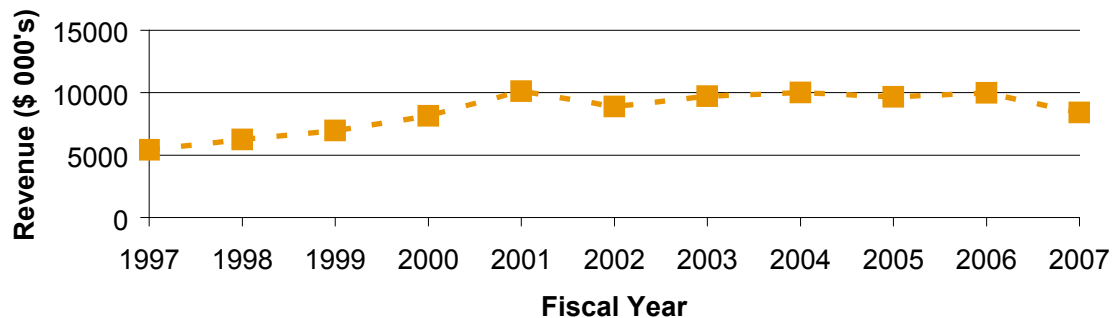
“The Ottawa Congress Centre will be the premier tier 2 convention facility in Canada, offering a world class meeting experience for its clients and stakeholders.”

We will accomplish this by:

- ▣ Having a minimum of 200,000 square feet of rentable space including 100,000 sq ft of contiguous column-free space
- ▣ Being located downtown in close proximity to hotels and cultural attractions, entertainment, dining, retail, and Parliament Hill
- ▣ Utilizing state of the art technology, furnishings and equipment
- ▣ Primarily targeting events that yield the highest economic benefits to the National Capital Region (“NCR”)
- ▣ Promoting Ottawa’s international status as the capital city of a G8 nation
- ▣ Creating an urban landmark befitting our privileged position adjacent to a UNESCO World Heritage Site
- ▣ Urban Design catalyst for the revitalization of the downtown precinct:
 - ◆ Providing spectacular gateway to the core of Canada’s capital working in concert with the NCC and City of Ottawa
 - ◆ Enhancing the pedestrian environment with linkages to other prominent meeting places and cultural institutions
 - ◆ Encouraging the potential expansion of the Rideau Centre and the rejuvenation of Rideau Street and the Arts and Theatre precinct
 - ◆ Improving the quality of life for Ottawa by improving the social and environmental conditions
- ▣ New relationship with Viking Rideau Corporation
 - ◆ Create a partnership with our landlord
 - ◆ Found the relationship with a new long term land lease complete with a Dispute Resolution Mechanism
 - ◆ The interface between the Rideau Centre and OCC will be carefully managed during the redevelopment by a joint steering committee
- ▣ Update Governance Model
 - ◆ During the redevelopment period, the OCC will transform its corporate structure to that similar of an Airport Authority
 - ◆ The OCC will strengthen its partnership relations with Industry Stakeholders so as to ensure economic success for all
- ▣ New relationship with Tourism Industry
 - ◆ Concentrate primarily on Convention and Trade Show events which have the largest positive impact on industry success
- ▣ Fiscally Sustainable
 - ◆ Through operating cash flows and the development of an ancillary revenue stream from the Tourism Industry

THE BUSINESS OPPORTUNITY

EXISTING FACILITY IS OPERATING AT CAPACITY



Occupancy Rate and Revenue per square foot are amongst the highest in the country

DEMONSTRATED MARKET DEMAND FOR EXPANDED OTTAWA CONGRESS CENTRE

- ☐ Due to space limitations, OCC turned away 2,564 events, including conventions, trade shows and consumer shows that would have taken place during the 5-year period of FY 02/03 through 06/07.
- ☐ OCC could have accommodated the requests but could not pursue the opportunities because:
 - ◆ Requested space configurations were not available; and
 - ◆ The events were too large to be accommodated in the existing facility.
- ☐ Historically, OCC "win ratio" has been 66% of inquiries which are converted to confirmed business. However using a conservative win ratio of 50%, 1,282 events would have been accommodated within an expanded centre.
- ☐ Using an average of \$17,000 (average revenue per event in FY 06), the above events could have generated an additional \$22 million in event revenues over a five year period.

"If We Build It They Will Come"

EXISTING TARGET MARKET OPPORTUNITIES

Positioning of the OCC with existing clientele:

- ▣ Maintenance of existing repeat, high-yield convention bookings in low and shoulder-season timeframes
- ▣ High-yield bookings that we have not been able to accommodate on their preferred dates due to demand from existing clients
- ▣ Existing bookings that have pent-up growth potential for an expanded facility
- ▣ Programs that are currently accommodated in the existing building that could take place concurrently with other programs within an expanded facility, thereby maximizing yield

NEW TARGET MARKETS

Positioning of the OCC in new markets not previously accessible:

- ▣ The Canadian large-convention market for both associations and corporate clients
- ▣ The U.S. convention market for both association and corporate business
- ▣ The international convention market (excluding the U.S.A) for associations
- ▣ The North American consumer and trade show market

THE CANADIAN CONVENTION MARKET FOR ASSOCIATIONS AND CORPORATE CLIENTS.

As the national capital, Ottawa has a natural advantage for hosting national meetings, summits, policy sessions and other related events because:

- ▣ The National Capital Region (NCR) is home to over 350 associations, societies and

foundations, many of whom are national in scope, and whose by-laws require them to hold an Annual General Meeting;

- ▣ 14% of OCC revenues can be directly attributed to federal government bookings; and
- ▣ The NCR is home to over 1,800 high tech companies employing some 80,000 people and as such is a key sector in the Ottawa area; steady and consistent growth is forecasted.

To address the above market categories, the OCC intends to:

- ▣ Continue to participate actively and on a national level in industry associations catering to the Canadian meeting planner such as Meeting Professionals International and the Canadian Society of Association Executives, both of whom have vibrant local chapters in the NCR;
- ▣ Identify opportunities within the high technology sector by enhanced awareness and rapport-building with local decision makers and influencers, including members of the Ottawa Centre for Research and Innovation and Ottawa Life Sciences Council; and
- ▣ Identify a target list of key Canadian-based accounts through ongoing database cleansing and prospecting, in addition to a review of business turned away due to lack of available space.

THE U.S. CONVENTION MARKET FOR ASSOCIATION AND CORPORATE BUSINESS

The American market consists of the following principal clients:

- ▣ Convention planners: the US convention market represents the greatest potential for meeting programs that cannot currently be accommodated in the existing facility
- ▣ Large third party planners and association management firms
- ▣ Corporate business, particularly from the high tech sector

To address the above market categories, the OCC intends to:

- ▣ Enhance membership and participation in industry organizations such as the Professional Convention Management Association and the American Society of Association Executives, and heightened participation in tradeshow, sales missions and other in-market face-to-face selling opportunities;
- ▣ Enhance and/or explore new partnership opportunities with destination marketing organizations including Ottawa Tourism, the Canadian Tourism Commission and Ontario Tourism Marketing Partnership; and
- ▣ Review turndown business due to lack of availability and Return on Investment reports from previous direct sales activity to develop a list of target accounts representing new potential; cross reference the target list to identify new geographic target markets, followed by direct contact and sales calls.

THE INTERNATIONAL CONVENTION MARKET (EXCLUDING THE USA) FOR ASSOCIATIONS

The international market consists of the following principal clients:

- ▣ International congresses and other association-based groups who hold regular meetings (55% hold annual meetings, 25% hold biennial meetings) which move between at least 3 countries
- ▣ these are non-governmental organizations located in Europe (60%) or North America (24%); medical science, science and technology are the sectors that host the highest number of international events
- ▣ In 2006, 2,830 international events rotated worldwide while an additional 148 events rotated through Europe and North America representing almost 3,000 potential events for Ottawa

To address the above market category, the OCC intends to:

- ▣ Obtain a credible and current database of international congress activity and integrate this into OCC's existing account database;
- ▣ Analyze and identify target accounts and develop a customized positioning strategy for each; and
- ▣ Nurture ongoing local support by identifying and developing rapport with key decision makers and influencers, with a particular emphasis in the areas of medical science, science and technology.

THE NORTH AMERICAN TRADE AND CONSUMER SHOW MARKET

The trade and consumer show market consists of the following principal clients:

- ▣ Over 13,000 trade and consumer shows produced annually
- ▣ Net square feet is predicted to increase by 3-4% annually for trade and consumer shows combined; Consumer Shows are showing annual average growth of 4.5%

To address the above market category, the OCC intends to:

- ▣ Pursue events that can be accommodated in a larger facility, followed by direct contact and sales calls;
- ▣ Pursue existing shows that have pent-up demand that would grow within an expanded facility; and
- ▣ Enhanced participation in Canadian and American industry associations catering to the exhibitions industry to increase awareness and exposure.

ANCILLARY REVENUE OPPORTUNITIES

Review of ancillary revenue stream opportunities including:

- ▣ Operating contracts, including official supplier revenue opportunities from providers of audio visual services, computer rental, telecommunications, banking, LCD displays, etc;
- ▣ Venue naming rights including building name, lead sponsor, interior naming rights (food court, cyber café, business centre, new or retrofitted hall, etc.); and
- ▣ Retail/advertising opportunities such as:
 - ◆ Advertising on backlit signage; and
 - ◆ New retail opportunities as a result of a new land lease.

REVENUE FORECAST

NUMBER OF EVENTS

- ☐ The total number of events the OCC is expected to host between 2008 and 2015 is summarized below. The number of meetings, weddings and other events is projected to increase by 2% per year between 2015 and 2025. The number of conventions, tradeshow and consumer shows remain constant during that period.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	33	8	-	-	33.25	33.50	33.75	34
Conventions - medium	5	1	-	-	6.75	8.50	10.25	12
Conventions - large	-	-	-	-	1.25	2.50	3.75	5
Tradeshows - small	14	4	-	-	13.50	13.00	12.50	12
Tradeshows - medium	2	1	-	-	3.00	4.00	5.00	6
Tradeshows - large	-	-	-	-	0.75	1.50	2.25	3
Consumer shows - small	8	2	-	-	9.75	11.50	13.25	15
Consumer shows - medium	4	1	-	-	4.25	4.50	4.75	5
Consumer shows - large	-	-	-	-	0.75	1.50	2.25	3
Meetings	216	54	-	-	361	343	329	336
Weddings	53	13	-	-	54	57	59	60
Other, concert, dinner, dance, Rec. etc.	239	60	-	-	400	380	365	372

REVENUE PER EVENT

- ☐ The revenue projected for each type of event is based on historical averages as amended by management to include larger events that the new facility can host. The revenue per event is set out in the table below for years 2008 through 2015. After 2015, the revenue per event is projected to increase at the rate of inflation.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	68.5	70.2	0.0	0.0	59.0	60.4	62.0	63.5
Conventions - medium	195.8	200.7	0.0	0.0	230.8	236.6	242.5	248.6
Conventions - large	0.0	0.0	0.0	0.0	323.2	331.3	339.5	348.0
Tradeshows - small	12.4	12.7	0.0	0.0	11.4	11.7	12.0	12.3
Tradeshows - medium	148.1	151.8	0.0	0.0	174.6	178.9	183.4	188.0
Tradeshows - large	0.0	0.0	0.0	0.0	244.4	250.5	256.8	263.2
Consumer shows - small	23.7	24.3	0.0	0.0	18.2	18.7	19.1	19.6
Consumer shows - medium	109.8	112.6	0.0	0.0	129.4	132.7	136.0	139.4
Consumer shows - large	0.0	0.0	0.0	0.0	194.2	199.0	204.0	209.1
Meetings	10.4	10.7	0.0	0.0	11.5	11.8	12.1	12.4
Weddings	7.9	8.1	0.0	0.0	8.7	9.0	9.2	9.4
Other, concert, dinner, dance, Rec. etc.	13.6	14.0	0.0	0.0	15.0	15.4	15.8	16.2

TOTAL REVENUES

☐ Total revenues for each event type are summarized in the table below for fiscal years 2008-2015.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	2,259.0	578.9	0.0	0.0	1,960.9	2,025.0	2,091.2	2,159.3
Conventions - medium	979.2	250.9	0.0	0.0	1,558.2	2,011.2	2,485.9	2,983.1
Conventions - large	0.0	0.0	0.0	0.0	404.0	828.1	1,273.3	1,740.1
Tradeshows - small	173.1	44.3	0.0	0.0	153.9	151.9	149.8	147.4
Tradeshows - medium	296.2	75.9	0.0	0.0	523.7	715.7	917.0	1,128.0
Tradeshows - large	0.0	0.0	0.0	0.0	183.3	375.8	577.7	789.6
Consumer shows - small	189.5	48.6	0.0	0.0	177.5	214.6	253.5	294.1
Consumer shows - medium	439.3	112.6	0.0	0.0	550.1	597.1	646.0	697.0
Consumer shows - large	0.0	0.0	0.0	0.0	145.6	298.5	459.0	627.3
Meetings	2,259.5	579.0	0.0	0.0	4,165.1	4,055.7	3,990.8	4,172.4
Weddings	417.3	106.9	0.0	0.0	474.5	510.6	539.1	563.6
Other, concert, dinner, dance, Rec. etc.	3,261.9	835.9	0.0	0.0	6,012.9	5,855.1	5,761.4	6,023.5
Total OCC revenue	10,274.9	2,632.9	0.0	0.0	16,309.8	17,639.5	19,144.7	21,325.4

ECONOMIC BENEFITS

CURRENT BENEFITS TO THE REGION¹

Pre-expansion, the OCC attracted 80,000 out-of-town guests to the region in 2006/2007, who:

- ▣ Used 353,000 room nights in local hotels, spending \$58.2M on accommodation, generating 1,266 FT-equivalent jobs;
- ▣ Spent \$10M at various retail stores generating 83FT-equivalent jobs; and
- ▣ Spent \$8M at restaurants and bars generating 100 FT-equivalent jobs.

Out-of-town delegates generated direct and indirect economic benefits and spin offs resulting in:

- ▣ \$18.7M in federal income taxes;
- ▣ \$7.9M in Ontario income taxes;
- ▣ \$10.8M in CPP contributions;
- ▣ \$5.5M in EI contributions;
- ▣ \$2.8M in health taxes;
- ▣ \$5.7M in municipal taxes;
- ▣ \$13.8M in GST; and
- ▣ \$4.9M in Ontario PST.

POST EXPANSION BENEFITS TO THE REGION

It is estimated that, post-expansion, the OCC will attract 113,010 out-of-town guests to the region, who will:

- ▣ Generate 500,000 annual room nights, \$82.4 million in annual revenues and 1,992 FTEs in the local hotel industry;
- ▣ Generate \$14.2 million in sales and 118 FTEs in the local retail industry; and
- ▣ Generate \$11.3 million in revenues and 141 FTEs in local restaurants and bars.

BENEFITS OF AN EXPANDED OCC – TRANSPORTATION

Both out of town and local event delegates use Ottawa taxi services, limousines, car rental and shuttle services. With its expanded operations the OCC will continue to support the local transportation industry by annually:

- ▣ Generating an additional \$500,000 in local Airport Improvement Fees;
- ▣ Generating \$1.929 million in revenues for local taxi companies;
- ▣ Generating \$161,000 in tips for local taxi drivers;
- ▣ Generating 43 FTEs in the local taxi industry;
- ▣ Generating \$1.78 million in revenues for local car rental companies;
- ▣ Generating \$325,000 in revenues for local shuttle companies; and
- ▣ Generating \$1.303 million in gasoline sales.

BENEFITS OF AN EXPANDED OCC – TAXES

One-Time Benefits of the Expansion

- ▣ Federal income taxes and other contributions - \$34.5 million
- ▣ Ontario income taxes and other contributions - \$10.7 million
- ▣ GST - \$2.5 million
- ▣ PST - \$3.3 million

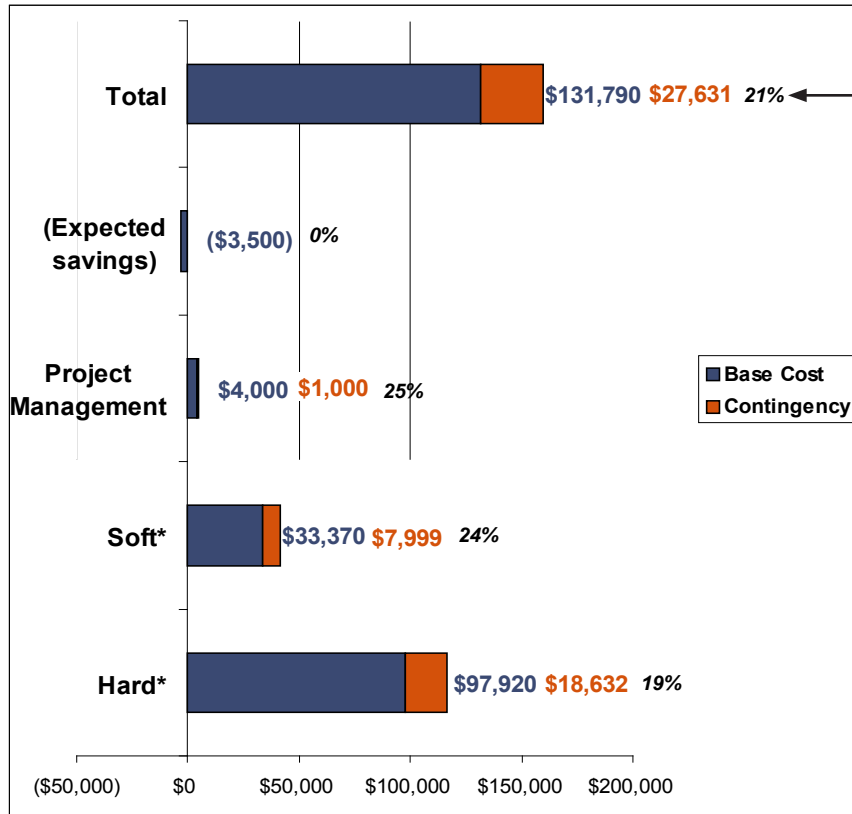
On-going Annual Benefits of the Expansion

- ▣ Federal income taxes and other contributions - \$16.8 million
- ▣ Ontario income taxes and other contributions - \$5.1 million
- ▣ Municipal taxes - \$2.9 million
- ▣ GST - \$1.4 million
- ▣ PST - \$1.8 million

¹ Market Research Corporation (2007). Estimates of the Economic Benefits of the Existing and Expanded Ottawa Congress Centre

CAPITAL EXPENDITURE PLAN

CAPITAL COSTS (\$ - 000's)



Capital expenditures for the new facility will total \$159.4M

Source: Hanscomb Report on Capital Costs (August 2007)

KEY DESIGN REQUIREMENTS

- ☐ Create a world class congress centre
- ☐ Create an outstanding gateway to the nation's capital
- ☐ Provide over 200,000sqft of rentable meeting and convention space
- ☐ Provide 100,000sqft main convention and pre-function space column free
- ☐ Create an urban design solution by realigning Colonel By Drive
- ☐ Be considerate of height limits and zoning requirements
- ☐ Enhance and revitalize the urban environment including pedestrian, bicyclists and accessibility for all
- ☐ Create an environmentally friendly and sustainable congress centre by achieving LEED (Leadership in Energy and Environmental Design) certification
- ☐ Creating opportunities for linkages to the Government Conference Centre and the National Arts Centre

LIFECYCLE

Historically the OCC has not generated sufficient cash flow from operations to fund lifecycle costs of significant facility components. The result is a facility that is currently losing event bookings due to its state of disrepair.

This plan has provided for the setting aside of a portion of cash flow from operations to fund lifecycle costs. The amount set aside will ramp up to approximately 1.25% of the hard capital cost of the facility by 2016 and increasing by 4% annually thereafter.

FUNDING REQUIRED

PARTNER CONTRIBUTIONS

The OCC is projected to receive funding from the Federal, Provincial and Municipal levels of government according to the following schedule:

Expansion project - Capital Contributions	2008-09	2009-10	2010-11	Total
Previous contribution - Ontario	\$15,858,333	\$11,679,365	\$0	\$27,537,698
Province of Ontario	\$0	\$0	\$20,000,000	\$20,000,000
Government of Canada	\$0	\$33,690,667	\$16,309,667	\$50,000,333
City of Ottawa	\$0	\$23,533,333	\$16,466,333	\$39,999,667
Government & Community Contribution	\$15,858,333	\$68,903,365	\$52,776,000	\$137,537,698

BORROWING REQUIRED

Sources and uses of cash from April 1, 2007 to March 31st, 2011 are summarized below:

Opening Cash (April 1st, 2007)	28,400 ¹
Funding Assumed	
Government of Canada	50,000
Government of Ontario ²	20,000
City of Ottawa ³	40,000
Capital Expenditures	(159,400)
Losses to break even (FY 2008-2011)	(10,200)
Peak borrowing	(31,200)

¹ \$30M received from the Ontario Government less capital expenditures to date

² Additional funding requirement

³ \$25M of capital previously committed

IMPLEMENTATION PLAN

NEW VIKING RIDEAU CORPORATION LONG-TERM LAND LEASE

- ▣ New fixed term of 80 years from commencement of the project
- ▣ Rent of \$1 per year remains the same
- ▣ The currently planned redevelopment is consented to and a further 3 redevelopments (of up to 3 years each) are permitted at any time after the first 20 years of the lease
- ▣ Leasehold mortgages are permitted on the interests of OCC
- ▣ Redefined land area includes air rights and subsurface rights
- ▣ Ancillary uses serving OCC patrons are permitted (ie. business centre, coffee shop/cafe, newsstand and sundries convenience outlet)
- ▣ The lands being rented must continue to be operated throughout (save for short term retrofit) for a first class convention centre which has now been more clearly defined
- ▣ Internal renovation and changes do not require Landlord approval unless they touch on the rest of the Rideau Centre lands structure or building systems
- ▣ The only additional rent that would be applicable would be future taxes if they are imposed and any shared operating costs
- ▣ Assignment of the lease is permitted to a wholly owned affiliate
- ▣ A Development and Construction Agreement still has to be completed to cover design and construction issues once the design for the redevelopment is advanced further
- ▣ A dispute resolution process leading to mediation is now included

SCHEDULE

The OCC intends to cease operations and commence demolition on August 31, 2008 which will take no more than 6 months. Construction is planned to take 25 months with the new facility opening on April 1, 2011.

HR PLAN

Communication of the expansion plan to employees and union will be conducted in a timely and appropriate method in a manner that affords the employees the opportunity to raise questions and concerns. The OCC will initiate an outplacement program to assist employees with their job search.

The plan has provided for severance costs consistent with applicable legislation and a contingency plan will be put in place to address service issues if some employees voluntarily terminate their employment early.

Rehiring for resumed operations will commence in January 2011 to allow for a ramp up and training period for new and returning employees.

FINANCING PLAN

The OCC will require commitment for \$110 million (in addition to the \$30 million already received from the Government of Ontario) and up to \$40 million of debt financing to fund the redevelopment project.

Initial discussions with the Ontario Financing Authority suggest that the debt may be structured as follows:

- ▣ Construction financing provided by a commercial lender to fund redevelopment and commissioning costs including (reduced) operating costs during construction. The construction financing may be provided by the builder, or directly to the OCC by a commercial lender; and
- ▣ The construction financing will be replaced with permanent long term debt financing at the end of the construction period. This plan has not attempted to structure the permanent financing.

The OCC will require a Section 28 Authority for the construction financing and a form of takeout guarantee from the Ontario Government.

The permanent financing will also require a Section 28 Authority and Government of Ontario security. The Government security may no longer be required at a point when:

- ▣ The OCC has demonstrated a track record of generating cash flow from operations consistent with this plan; and
- ▣ The support from industry has been initiated and can be directed to the lenders as additional security.

CONSTRUCTION CONTRACT

The Construction Contract will be a Guaranteed Maximum Price contract which will manage the risk of construction cost overruns and provide an "on time and on budget" solution.

COMMUNICATIONS

- ▣ Implement the comprehensive communications strategy (Appendix H of GBA Feasibility Study).
- ▣ Ensure all stakeholders are kept current during the redevelopment.
- ▣ Support all OCC initiatives such as the rebranding of the OCC.

OCC GOVERNANCE

The OCC management and board will begin immediately to develop a governance transformation strategy.

The OCC focus for the new governance model must be areas of high economic impact for the entire region.

The stakeholder and industry partners' support will be crucial to maximizing the economic success and sustainability of the OCC.

The new governance model must ensure that the OCC is always current in all respects in order to support the dynamic tourism and convention market for Ottawa, Canada's capital.

FINANCIAL MODEL

NOTICE TO READERS OF THE FINANCIAL PROJECTIONS



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Notice to Readers of the Financial Projections

We have compiled the financial projections of operating and capital costs for the reconstruction of the Ottawa Congress Center using assumptions and hypotheses set out in Note 1, with an effective date of September 3rd, 2007, and other information provided by management and their operations and architectural costing consultants. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection issued by The Canadian Institute of Chartered Accountants.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

PricewaterhouseCoopers LLP

Chartered Accountants
Ottawa, Canada
September 3rd, 2007

Balance Sheet

OTTAWA CONGRESS CENTRE

BALANCE SHEET

As at March 31st

(in thousands of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ASSETS													
Current													
Cash	2,758	-	-	-	-	-	-	-	-	-	-	-	4,305
Short-term Investments	27,538	11,679	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	749	188	-	-	1,304	1,403	1,514	1,674	1,732	1,791	1,853	1,918	1,985
Inventory	180	46	-	-	292	305	321	350	360	371	381	392	403
Prepaid expenses	82	21	-	-	143	154	166	183	190	196	203	210	217
	31,306	11,935	-	-	1,739	1,862	2,001	2,208	2,282	2,358	2,437	2,520	6,910
Capital Assets	-	15,858	83,958	159,400	153,953	148,506	143,059	137,611	132,164	126,717	121,270	115,823	110,376
Total Assets	31,306	27,793	83,958	159,400	155,692	150,367	145,060	139,819	134,446	129,075	123,707	118,343	117,286
LIABILITIES													
Current													
Operating Loan	-	967	3,662	31,219	29,129	27,003	24,200	20,292	16,338	12,012	7,232	1,818	-
Term Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	1,306	796	306	858	1,710	1,953	2,073	2,252	2,385	2,473	2,564	2,640	2,717
Customer deposits	356	90	-	-	620	666.45	719.29	795.15	822.52	850.93	880.40	910.98	942.71
	1,661	1,852	3,968	32,076	31,459	29,622	26,992	23,339	19,546	15,336	10,677	5,369	3,660
Deferred contribution - capital assets		15,858	84,762	137,538	132,715	127,893	123,070	118,248	113,425	108,603	103,780	98,958	94,135
Deferred contribution - expansion													
Total Liabilities	1,661	17,710	88,730	169,614	164,174	157,515	150,062	141,586	132,971	123,939	114,457	104,327	97,795
NET ASSETS (DEFICIT)													
Net Assets (deficit)	29,645	10,083	(4,771)	(10,214)	(8,481)	(7,147)	(5,002)	(1,767)	1,475	5,137	9,251	14,016	19,491
Total liabilities and net assets	31,307	27,793	83,959	159,400	155,692	150,368	145,060	139,819	134,446	129,075	123,708	118,343	117,286

Statement of Revenues and Expenses

OTTAWA CONGRESS CENTRE

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31,

(in thousand of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	10,933	2,751	-	-	19,044	20,483	22,107	24,439	25,280	26,153	27,059	27,999	28,974
Expenses - Schedule													
Direct	4,634	1,107	-	233	7,202	7,490	7,832	8,418	8,679	8,948	9,227	9,515	9,812
Facilities	2,357	776	80	1,194	3,905	4,551	4,891	5,266	5,550	5,845	6,151	6,314	6,480
Selling, general and administrative	3,600	4,572	2,402	2,003	2,565	3,402	3,489	3,579	3,669	3,762	3,856	3,953	4,052
Facility capital reserve					200	400	600	1000	1447	1505	1565	1628	1693
	10,590	6,455	2,482	3,430	13,872	15,843	16,811	18,264	19,346	20,060	20,800	21,409	22,038
Operating surplus (deficit) before interest	343	(3,704)	(2,482)	(3,430)	5,172	4,640	5,296	6,175	5,935	6,093	6,259	6,590	6,936
Interest expenses	-	-	693	2,013	2,814	2,682	2,526	2,315	2,068	1,807	1,520	1,200	836
Operating surplus (deficit) including interest	343	(3,704)	(3,175)	(5,443)	2,357	1,959	2,770	3,860	3,867	4,286	4,739	5,390	6,100
Amortization of capital assets	(2,365)	-	-	-	(5,447)	(5,447)	(5,447)	(5,447)	(5,447)	(5,447)	(5,447)	(5,447)	(5,447)
Amortization of deferred charges	102	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred contributions	2,594	-	-	-	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Operating Surplus (deficit)	674	(3,704)	(3,175)	(5,443)	1,733	1,334	2,145	3,235	3,242	3,661	4,114	4,765	5,475

Statement of Cash Flows

[illegible]

ASSUMPTIONS

GENERAL ASSUMPTIONS

- ▣ All revenues, operational expenditures, capital expenditures and borrowing are in current dollars.
- ▣ All financial projections were conducted annually and are based on the OCC's fiscal year.
- ▣ Unless otherwise noted, inflationary growth is set to 2.5% per annum and has been applied to all revenues and expenses.
- ▣ The new facility is projected to be 340,000 square feet in size.
- ▣ Unless otherwise stated, all dollar values are in thousands of dollars.

ASSUMPTIONS - STATEMENT OF REVENUES AND EXPENSES

- ▣ Operations Shutdown
 - ◆ The operations at the existing facility will cease on August 31st, 2008 and will resume following completion of the new facility on April 1st, 2011.
 - ◆ During the shutdown period the number of employees and associated expenses will be reduced to include only those required to manage the construction of the new facility and to generate business for the new facility. Staffing for resumed operations will begin 3 months prior to the resumption of operations.
- ▣ Post Expansion
 - ◆ Revenues
 - Projections for revenues from conventions, tradeshow and consumer shows were provided to OCC management by an expert consultant. Projections were provided for both the number of events and the revenue per event in each category.
 - Projections for revenues from meetings, weddings and other events were based on historical number of events increased for additional facility capacity and the historical average revenue per event.
 - ◆ Number of Events - The total number of events the OCC is expected to host between 2008 and 2015 is summarized below. The number of meetings, weddings and other events is projected to increase by 2% per year between 2015 and 2025. The of number conventions, tradeshow and consumer shows remain constant during that period.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	33	8	-	-	33.25	33.50	33.75	34
Conventions - medium	5	1	-	-	6.75	8.50	10.25	12
Conventions - large	-	-	-	-	1.25	2.50	3.75	5
Tradeshows - small	14	4	-	-	13.50	13.00	12.50	12
Tradeshows - medium	2	1	-	-	3.00	4.00	5.00	6
Tradeshows - large	-	-	-	-	0.75	1.50	2.25	3
Consumer shows - small	8	2	-	-	9.75	11.50	13.25	15
Consumer shows - medium	4	1	-	-	4.25	4.50	4.75	5
Consumer shows - large	-	-	-	-	0.75	1.50	2.25	3
Meetings	216	54	-	-	361	343	329	336
Weddings	53	13	-	-	54	57	59	60
Other, concert, dinner, dance, Rec. etc.	239	60	-	-	400	380	365	372

- ◆ Revenue per Event - The revenue projected for each type of event is based on historical averages as amended by management to include larger events than the new facility can host. The revenue per event is set out in the table below for years 2008 through 2015. After 2015, the revenue per event is projected to increase at the rate of inflation.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	68.5	70.2	0.0	0.0	59.0	60.4	62.0	63.5
Conventions - medium	195.8	200.7	0.0	0.0	230.8	236.6	242.5	248.6
Conventions - large	0.0	0.0	0.0	0.0	323.2	331.3	339.5	348.0
Tradeshows - small	12.4	12.7	0.0	0.0	11.4	11.7	12.0	12.3
Tradeshows - medium	148.1	151.8	0.0	0.0	174.6	178.9	183.4	188.0
Tradeshows - large	0.0	0.0	0.0	0.0	244.4	250.5	256.8	263.2
Consumer shows - small	23.7	24.3	0.0	0.0	18.2	18.7	19.1	19.6
Consumer shows - medium	109.8	112.6	0.0	0.0	129.4	132.7	136.0	139.4
Consumer shows - large	0.0	0.0	0.0	0.0	194.2	199.0	204.0	209.1
Meetings	10.4	10.7	0.0	0.0	11.5	11.8	12.1	12.4
Weddings	7.9	8.1	0.0	0.0	8.7	9.0	9.2	9.4
Other, concert, dinner, dance, Rec. etc.	13.6	14.0	0.0	0.0	15.0	15.4	15.8	16.2

- ◆ Post Expansion - Total revenues for each event type are summarized in the table below for fiscal years 2008-2015.

	2008	2009	2010	2011	2012	2013	2014	2015
Conventions - small	2,259.0	578.9	0.0	0.0	1,960.9	2,025.0	2,091.2	2,159.3
Conventions - medium	979.2	250.9	0.0	0.0	1,558.2	2,011.2	2,485.9	2,983.1
Conventions - large	0.0	0.0	0.0	0.0	404.0	828.1	1,273.3	1,740.1
Tradeshows - small	173.1	44.3	0.0	0.0	153.9	151.9	149.8	147.4
Tradeshows - medium	296.2	75.9	0.0	0.0	523.7	715.7	917.0	1,128.0
Tradeshows - large	0.0	0.0	0.0	0.0	183.3	375.8	577.7	789.6
Consumer shows - small	189.5	48.6	0.0	0.0	177.5	214.6	253.5	294.1
Consumer shows - medium	439.3	112.6	0.0	0.0	550.1	597.1	646.0	697.0
Consumer shows - large	0.0	0.0	0.0	0.0	145.6	298.5	459.0	627.3
Meetings	2,259.5	579.0	0.0	0.0	4,165.1	4,055.7	3,990.8	4,172.4
Weddings	417.3	106.9	0.0	0.0	474.5	510.6	539.1	563.6
Other, concert, dinner, dance, Rec. etc.	3,261.9	835.9	0.0	0.0	6,012.9	5,855.1	5,761.4	6,023.5
Total OCC revenue	10,274.9	2,632.9	0.0	0.0	16,309.8	17,639.5	19,144.7	21,325.4

- ◆ Customer service revenues are 5% of food, beverage and space rental revenues.

▣ Operational Expenditures

- ◆ **Direct Expenses** - Direct operational expenditures include the cost of food, beverages, wages and salaries, and direct overheads. Direct costs of food and beverages are generally projected at historical rates relative to revenue. Direct labour costs are projected at historical rates relative to revenue as amended to reflect certain operational efficiencies that are projected to be achieved.
- ◆ **Facilities** - Facilities operational expenditures include full time and part time facilities staff and building operations and maintenance. Facilities purchases and wage costs have been increased proportionally to the size of the new facility relative to the current facility. Facilities salary costs reflect the historical number of management and supervisory staff as modified for the larger facility and historical salaries.
- ◆ **Selling, General and Administrative** - Selling, general and administrative expenditures include full time salaries and other costs not included in direct or facilities expenses. Salary costs are based on projected headcount and historical salaries. Other expenses are based on historical experience for those expenses. Marketing and sales salaries and expenses have been increased from historical levels to reflect the additional expenditures projected to be required to generate the increased revenues of the expanded facility.
- ◆ **Facility Capital Reserve** - A facility capital reserve fund is projected to be established with annual contributions ramping up to

approximately \$1.4 million in 2016 and increasing thereafter at the rate of 4%. The facility reserve fund is intended to fund periodic refurbishments and major repairs to the new facility.

BALANCE SHEET

ASSETS

- ▣ Accounts Receivable
 - ◆ Accounts receivable are projected to be collected in 25 days.
- ▣ Inventories
 - ◆ Inventories are projected to be equal to 40 days of costs of goods sold.
- ▣ Capital Assets
 - ◆ Capital assets are the cumulative demolition costs, hard and soft costs related to construction, and furniture, fixtures and equipment costs after amortization.
 - ◆ The cost of the new facility together with associated furniture and equipment is projected to be approximately \$159 million which will be incurred over fiscal years 2009 through 2011.
 - ◆ Capital assets are amortized straight line over a 35 year period.

LIABILITIES

- ▣ Operating Loan
 - ◆ All cash outflows and inflows from operations and capital expenditures are projected to increase/decrease the operating loan. Interest on the operating loan is assumed to be 6.5% per year.

☐ Customer Deposits

- ◆ Customer deposits are based on historical rates of deposits relative to revenues.

☐ Expansion Project Funding Contributions

- ◆ The OCC is projected receive funding from the Federal, Provincial and Municipal levels of government according to the following schedule:

Expansion project - Capital Contributions¹	2008-09	2009-10	2010-11	Total
Previous contribution - Ontario	\$15,858	\$11,679	\$0	\$27,538
Province of Ontario	\$0	\$0	\$20,000	\$20,000
Government of Canada	\$0	\$33,691	\$16,310	\$50,000
City of Ottawa	\$0	\$23,533	\$16,466	\$40,000
Government & Community Contribution	\$15,858	\$68,903	\$52,776	\$137,538

¹ all contributions are in \$1,000 of dollars

- ◆ Deferred contributions for construction expenditures are amortized straight line over a 35 year period.

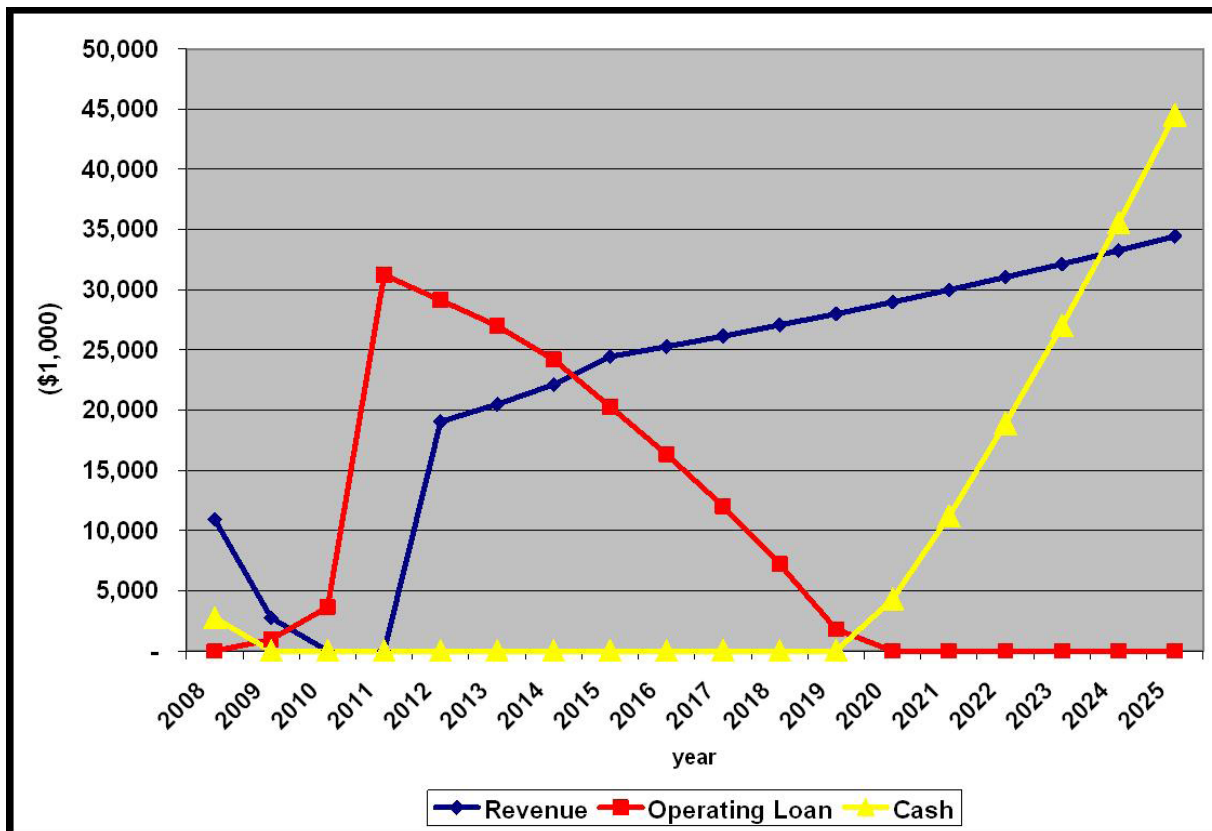
HYPOTHESES

Industry support from local businesses that benefit from the OCC is projected to commence in 2012 in the amount of \$2 million per year increasing at the rate of inflation thereafter.

PLAN OF REDEVELOPMENT CONCLUSIONS

PROJECT ECONOMIC FEASIBILITY

The financing required to fund the new facility is projected to be repaid from operating cash flow together with expected industry support.



- ☐ Post Expansion revenues of \$19million in FY 2012 will produce sufficient cash flow to service project debt.
- ☐ Viking Rideau and the 3 levels of Government will contribute greatly to this initiative but receive much more over time from the investment.
- ☐ The Stakeholders and Ottawa will enjoy a revitalized downtown core and economic rewards as a result of the renewal.
- ☐ Canada's Capital will finally have the meeting place that it requires. The new OCC deserves everyone's support, it's the right thing to do.