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TO:	CHAIR AND MEMBERS BOARD OF CONTROL MEETING ON MARCH 23, 2005
FROM:	V. A. COTÉ GENERAL MANAGER OF FINANCE AND CORPORATE SERVICES
SUBJECT	2004 ANNUAL UPDATE ON THE JOHN LABATT CENTRE

RECOMMENDATION

That, on the recommendation of the General Manager of Finance and Corporate Services, this report be received for information purposes.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

John Labatt Centre – 6 Month Performance Update – February 3, 2004

BACKGROUND

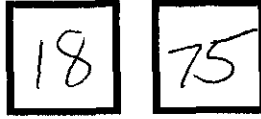
The John Labatt Centre operates as a public private partnership and is designated as a municipal capital facility under the Municipal Act. The Centre completed its first full year of operation in June 2004 and is now in its third year. The London Civic Centre Corporation (LP) is the City's partner on this project having provided \$9.5 million in private sector funding. The City's contribution to the project is \$32 million, plus the land valued at \$10 million of which approximately one third serves as a municipally operated public parking lot.

The Financial Deal

The City's contribution to the John Labatt Centre was based upon an anticipated pro forma shown in Appendix A attached. The pro forma anticipated that the gross revenue from the Centre would average \$6.3 million over the first five years and that net proceeds to the City would average \$97,000. The pro formas in the agreement were proposed by Lauridon, which was replaced by Global Spectrum as manager of the facility when Lauridon made a bid for the London Knights. Global Spectrum has been able to produce far more gross revenues in the facility than anticipated by Lauridon (in excess of \$12 million in 2004). Correspondingly, the cost of operating the facility has also been higher. The pro formas anticipated average annual attendance in the first five years of 350,000 to 400,000. The London Civic Centre Corporation (LP) holds a fifty year ground lease to the facility subject to detailed agreements on performance and maintaining the building at a high quality level. The London Civic Centre Corporation (LP) is responsible for capital improvements to the building and has put in place a ticket surcharge to fund capital improvements which starts to accumulate in a capital reserve account after year three of the agreement.

The City's share of the net proceeds varies over the life of the lease. In years one to five the City's share is 20%, years six to ten 45%, and years eleven to fifty 70%.

The private sector return on investment in the pro formas was anticipated to be about 12%. This return recognizes that the private sector assumes all operating and capital repair risk. The City's return on investment was estimated to be between 1% and 2% over the fifty years, plus the economic spin-offs from the Centre. The City compared this rate of return with other centres in Ontario at the time of the developing the agreements and found that compared to Guelph, Brampton and Sarnia, three other public private partnerships at the time, the City's rate of return was higher. Brampton and Guelph have both defaulted and are effectively now public facilities. All municipally operated centres operate at a loss (when capital costs are included), meaning there is no return on investment other than the economic spin-offs.



Centres such as the John Labatt Centre have a private sector value based on cash flow and profit potential, not construction value. The private sector investment in the John Labatt Centre was based on an agreed to pro forma of cash flow which provided a reasonable return on investment to the private sector given the project's risks. The expectation by some that this Centre should now provide a market return on investment for the City's investment, would simply mean that this Centre would never have been built under these expectations. There are two examples to draw upon to underscore this point. The Corel Centre in Ottawa was built with private sector money at a cost approaching \$200 million. It sold in bankruptcy for \$25 million. Similarly, the SKY DOME was built for \$600 million and recently sold for \$27 million. Both buildings sold based upon anticipated cash flow going forward, not construction value. The City's investment in the John Labatt Centre anticipated a low cash flow return on City investment and a high economic spin-off return on investment.

So How Are We Doing?

The John Labatt Centre continues to outperform pre-build expectations. Over 600,000 people attended events last year at the John Labatt Centre, more than 50% higher than pre-build expectations. The John Labatt Centre has ascended to world ranking amongst event centres. The Centre was ranked # 7 in the world by Venues Today in their annual ranking of venues of similar size. Pollstar, the industry leader in entertainment news rated the John Labatt Centre #44 in their top 100 facilities in the world regardless of size.

The John Labatt Centre has hosted a wide range of shows and events since it opened, living up to the multi-purpose function that the City invested in when it built the facility.

- The Centre has hosted both a National Hockey League and NBA exhibition game it's first two seasons.
- World class entertainers such as Shania Twain, Rod Stewart, Josh Groban, David Bowie, Bryan Adams and Nickleback performed to sold out concerts.
- Broadway plays such as Fame, Cats, Grease, and Saturday Night Fever have performed at the Centre.
- Family shows have been abundant, including Lord of the Dance, David Copperfield, Disney on Ice and the Harlem Globetrotters.
- The London Knights hockey team plays to sell out crowds.
- This year the Centre hosted the 2005 Canadian Figure Skating Championships and in May will host the Memorial Cup.

On the finance side, the John Labatt Centre received a national gold medal award for financing on the business deal between the City and the London Civic Centre Corporation (LP) from the Canadian Centre for Public Private Partnerships. Gross revenues last year topped \$12,290,780, double what was anticipated in the pro forma. Total net profit in 2004 for the Centre was \$750,000, of which the City's share was \$150,000. Appendix C (attached) provides a comparison of the actual performance of the John Labatt Centre to the anticipated pro formas.

All of the 38 suites in the Centre are leased and there is a considerable waiting list for the 1,000 club seats. The naming rights for the facility have been sold for ten years to Labatt Brewing Company and the small theatre seating naming rights have been sold to RBC Dominion.

The Centre continues to attract interest from other municipalities and countries trying to duplicate the success of the John Labatt Centre. The Cities of Oshawa, Windsor, Kingston and Niagara Falls have visited the Centre on several occasions. Visitors from a project in Florida and another in Lithuania have also come to the Centre.

The Management and Operation of the Centre

The Centre is managed by Global Spectrum on behalf of the partnership London Civic Centre Corporation (LP). Global is responsible for the sale of naming rights, advertising, attractions, sale of suites and club seats, and the operation of the Centre. Global receives a management fee for its services, which in 2004 amounted to \$467,589.

A large part of the success of the John Labatt Centre has to be credited to the management services provided by Global Spectrum. They continue to bring in world class entertainment, create the cash flow necessary to support the facility and maintain the facility at a high quality. They also participate in the community through fund raising and last year raised over \$150,000 to support local charities and non-profit organizations.



The Community Suite

The City continues to make available a suite to local non-profit groups through a draw system. Last year 43 groups used the suite. A list of the groups is attached as Appendix B. The suite is made available to non-profit groups in the City of London.

City of London Days

The agreements with the London Civic Centre Corporation and the City provide for community days which are for major community events which are primarily for not for profit. In the past year community events were held for the following events:

- . March 11, 2004, Opening of the Ontario Winter Games
- . March 27, 2004, Ontario High School Championships
- . Skate Canada: Skate with the Stars

The Audited Financial Statements

Appendix C (attached) provides a summary of the 2004 audited financial statements for the John Labatt Centre showing gross revenue, operating expenses and available cash flow.

The City retained KPMG to undertake certain procedures and report its findings in connection with certain practices and processes of Global Spectrum in managing the John Labatt Centre to determine compliance with the agreements between the City and the London Civic Centre Corporation (LP). The agreements between the parties contemplate the City undertaking reviews periodically to determine compliance with agreements. KPMG completed its work in February 2005 and determined London Civic Centre Corporation (LP) has comprehensive accounting procedures in place, that the available cash is calculated in accordance with the agreements, that partnership related expenses were consistent with the agreements, that the management fee paid is in accordance with the agreements, and the concession commissions earned were found to be in accordance with the license agreement. There were no areas of concern raised by KPMG with respect to compliance with the agreements and accounting practices.

Agreements Between Global Spectrum and Related Companies

The agreements with the London Civic Centre Corporation (LP), the City of London and Global Spectrum require City concurrence of agreements between the London Civic Centre Corporation (LP) and non-arms-length related businesses. The City's concurrence is based on whether the agreement is competitive and represents good value. The City's concurrence cannot be withheld unreasonably. Global Spectrum has entered into an agreement with Ovation Foods, a related company. The City has reviewed that agreement based on competitive market data and found the agreement for food services to be competitive. Global Spectrum has also entered into an agreement with Front Row Marketing to assist in the sale of suites, club seats, advertising and naming rights. While owned independently and separate from LCC (LP) and Global Spectrum initially, that company was subsequently purchased by Global Spectrum. The Civic Administration retained an independent consultant to assist in the evaluation of this contract which concluded the contract was market competitive. Both contracts meet the terms of the agreement with the City and have been concurred in, as per our agreements with LCC (LP).

Ticket Surcharge

What Are Ticket User Charges and How Are They Used?

Ticket user charges are in place in many City funded facilities across Canada to defray some of the capital cost for ongoing maintenance costs to these facilities and to offset the capital investment made by municipalities for the construction of these facilities. Based upon a survey of facilities, we found that:

- Most facilities have user charges.
- User charges are often applied at a sliding scale on the basis of the price of the tickets.
- Tickets under \$20 often have no or a minimal ticket surcharge of \$.50 or less than \$1.00. Ticket surcharges on tickets over \$20 are often in the \$1.00 to \$2.00 range, with a few centres above this amount.
- In all cases, the ticket surcharges are used for a capital improvement and replacement fund which is attached to the building.

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- The revenue generated from user charges can vary from \$10,000 to as high as \$300,000.

What is the Current Practice in London?

The JLC and Centennial Hall are the only facilities with user charges. The facility user charge for the JLC has been set at \$1.25. The facility user fee has been set up to provide revenues to a capital maintenance fund beginning in year four of the building. In the first three years of the building, the user fee is applied to general revenues. The 2004 revenue from the facility user fee at the JLC was \$291,193.

The surcharge at the JLC applies to all events except London Knights Hockey games. These games are excluded by an agreement with the London Knights which was negotiated at the time the Knights entered into a lease as the prime tenant. This exclusion is normal for hockey teams in most facilities.

The ticket surcharge at Centennial Hall ranges from \$1.00 to \$3.25, depending on the price of the concert and whether the ticket purchase is direct or by phone. The ticket surcharge goes towards the cost of operating the ticketing system.

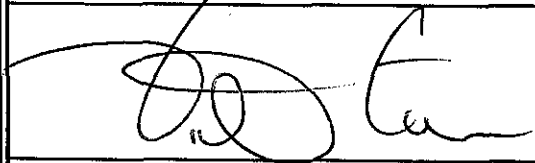
The London Convention Centre and the Wolf Performance Hall at the Central Library have no surcharges. The City has provided or is expected to provide the necessary capital to fund building improvements and changes at these facilities.

How Much Does the City Contribute Annually to Capital Repairs?

The City's 2003 capital budget contributed \$250,000 to Centennial Hall repairs and \$626,000 to the London Convention Centre Reserve Fund for capital repairs. Both facilities will require similar contributions in future years to maintain the building adequately. The Wolf Performance Hall is a new facility and the City has not made any contributions to capital repairs. The City makes no contribution to capital repairs at the JLC as this is funded from the existing ticket surcharges and operating revenue and is the responsibility of the London Civic Centre Corporation (LP).

What is the Appropriate User Charge for City Facilities?

The JLC charge of \$1.25 is in line with other similar facilities. Should the City wish to impose a higher user charge, the charge should be for a specific purpose (eg. support for the arts and culture community) and it would have to apply to all City owned capital facilities. The maximum additional charge for events would be in the range of \$1.00. This surcharge applied to all non-hockey events over \$20 at the JLC would produce about \$300,000 in revenue, at Centennial Hall about \$50,000 to \$75,000 annually and at the London Convention Centre, about \$5,000 to \$10,000 annually. There should be no ticket surcharge at the Wolf Performance Hall as there are no concerts above \$20 per ticket.

RECOMMENDED BY:

V. A. COTÉ GENERAL MANAGER OF FINANCE & CORPORATE SERVICES

Att.

March 16, 2005
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APPENDIX 'A'

Cash Flow Projections (See Note)

	Fiscal Period 1	Fiscal Period 2	Fiscal Period 3	Fiscal Period 4	Fiscal Period 5	Fiscal Period 6	Fiscal Period 7	Fiscal Period 8	Fiscal Period 9	Fiscal Period 10	Fiscal Periods 1-10
GROSS REVENUE											
Gate	\$ 960,255	\$ 1,089,401	\$ 1,181,875	\$ 1,201,791	\$ 1,222,408	\$ 1,246,856	\$ 1,271,794	\$ 1,297,229	\$ 1,323,174	\$ 1,349,637	\$ 12,124,421
Food services	1,922,410	2,116,649	2,317,105	2,378,973	2,426,552	2,475,083	2,524,585	2,575,077	2,626,578	2,679,110	24,042,123
Novelty & interactive	212,018	239,220	267,324	273,311	278,351	283,918	289,597	295,389	301,296	307,322	2,747,746
Seating & advertising	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,836,000	1,872,720	1,910,174	1,948,378	1,987,345	18,554,618
Ice rentals	168,345	160,290	162,245	178,413	182,437	186,086	189,808	193,604	197,476	201,425	1,820,129
Retail	42,042	46,267	50,510	54,182	55,266	56,371	57,498	58,648	59,821	61,018	541,625
Ice activities	164,200	213,366	250,002	273,812	297,123	303,066	309,127	315,310	321,616	328,048	2,775,668
Facility rent	82,500	84,150	85,833	87,550	89,301	91,087	92,908	94,767	96,662	98,595	903,352
Event ticket surcharge	243,125	270,000	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	2,888,125
	5,594,894	5,999,343	6,411,770	6,544,907	6,648,314	6,775,343	6,904,912	7,037,073	7,171,877	7,309,377	66,397,807
OPERATING EXPENSES											
Gate	474,875	533,280	593,245	601,547	610,015	622,216	634,660	647,353	660,300	673,506	6,050,998
Food services	1,544,026	1,697,337	1,855,567	1,904,478	1,942,568	1,981,419	2,021,047	2,061,468	2,102,698	2,144,752	19,255,360
Novelty & interactive	164,359	185,706	207,790	212,266	216,299	220,625	225,037	229,538	234,129	238,812	2,134,562
Seating & advertising	342,500	343,500	344,520	345,560	346,622	353,554	360,625	367,838	375,194	382,698	3,562,611
Retail	33,634	37,014	40,408	43,346	44,213	45,097	45,999	46,919	47,857	48,814	433,300
Ice activities	60,585	79,155	88,775	100,758	112,444	114,693	116,987	119,327	121,713	124,148	1,038,585
Facility expenses	1,060,125	1,124,527	1,147,018	1,169,958	1,193,357	1,217,224	1,241,569	1,266,400	1,291,728	1,317,563	12,029,469
Management fees	307,719	320,000	320,000	326,400	332,928	339,587	346,378	353,306	360,372	367,579	3,374,269
Minimum Base Rent (includes Minimum Annual Contribution)	-	-	125,000	127,500	130,050	132,651	135,304	138,010	140,770	143,586	1,072,871
Trustee fees & disbursements	20,000	21,000	22,050	23,153	24,310	25,526	26,802	28,142	29,549	31,027	251,558
Income tax, estimated	267,849	204,682	258,216	308,672	346,295	306,849	345,876	381,987	416,077	448,891	3,285,395
	4,275,671	4,546,200	5,002,590	5,163,638	5,299,101	5,359,440	5,500,285	5,640,288	5,780,388	5,921,376	52,488,978
AVAILABLE CASH FLOW											
Division of Available Cash Flow	1,319,223	1,453,142	1,409,180	1,381,269	1,349,212	1,415,902	1,404,627	1,396,785	1,391,488	1,388,001	13,908,829
Senior Loan Payment	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,919	7,469,191
Landlord's Minimum Annual Payment	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	400,000
Repayment to Tenant, Global or the Manager, pursuant to Section 5.4(iii) of the Lease **	-	-	-	-	-	-	-	-	-	-	-
Lessor of Excess Annual Amount and 50% of Super Profit **	-	-	-	-	-	-	-	-	-	-	-
Landlord's Share of Available Cash Flow, net of Landlord's Minimum Annual Payment	114,461	141,245	82,452	76,870	70,459	251,042	245,968	242,439	240,056	238,487	1,703,479
remaining balance (to Tenant)	\$ 457,843	\$ 564,979	\$ 529,809	\$ 507,480	\$ 481,835	\$ 367,941	\$ 361,739	\$ 357,426	\$ 354,513	\$ 352,595	\$ 4,336,159

** - assumed to be zero in the Cash Flow Projections

Note - Details in following pages of this Schedule

APPENDIX 'A'

Cash Flow Projections (See Note)

	Fiscal Period 11	Fiscal Period 12	Fiscal Period 13	Fiscal Period 14	Fiscal Period 15	Fiscal Period 16	Fiscal Period 17	Fiscal Period 18	Fiscal Period 19	Fiscal Period 20	Fiscal Periods 11-20
GROSS REVENUE											
Gate	\$ 1,376,630	\$ 1,404,163	\$ 1,432,246	\$ 1,460,891	\$ 1,490,109	\$ 1,519,911	\$ 1,550,309	\$ 1,581,315	\$ 1,612,942	\$ 1,645,201	\$ 15,073,717
Food services	2,732,892	2,787,346	2,843,093	2,899,955	2,957,954	3,017,113	3,077,455	3,139,004	3,201,784	3,265,820	29,922,216
Novelty & interactive	313,469	319,738	326,133	332,656	339,309	346,095	353,017	360,077	367,279	374,624	3,432,397
Seating & advertising	2,027,092	2,067,634	2,108,987	2,151,167	2,194,190	2,238,074	2,282,835	2,328,492	2,375,062	2,422,563	22,196,086
Ice rentals	205,454	209,563	213,754	218,029	222,390	226,838	231,375	236,002	240,722	245,537	2,249,664
Retail	62,238	63,483	64,763	66,048	67,369	68,716	70,090	71,492	72,922	74,380	681,491
Ice activities	334,609	341,301	348,127	355,090	362,192	369,435	376,824	384,361	392,048	399,889	3,663,875
Facility rent	100,567	102,578	104,630	106,723	108,857	111,034	113,255	115,520	117,830	120,187	1,101,181
Event ticket surcharge	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	2,968,750
	7,449,627	7,592,682	7,738,598	7,887,432	8,039,243	8,194,091	8,352,035	8,513,138	8,677,464	8,845,075	81,289,386
- OPERATING EXPENSES											
Gate	686,976	700,716	714,730	729,025	743,605	758,478	773,647	789,120	804,902	821,000	7,522,201
Food services	2,187,647	2,231,400	2,276,028	2,321,548	2,367,979	2,415,339	2,463,645	2,512,918	2,563,177	2,614,440	23,954,121
Novelty & interactive	243,588	248,460	253,429	258,497	263,667	268,941	274,319	279,806	285,402	291,110	2,667,218
Seating & advertising	390,352	398,159	406,122	414,245	422,530	430,980	439,600	448,392	457,360	466,507	4,274,248
Retail	49,791	50,786	51,802	52,838	53,895	54,973	56,072	57,194	58,338	59,504	545,193
Ice activities	126,631	129,163	131,747	134,381	137,069	139,810	142,607	145,459	148,368	151,335	1,386,570
Facility expenses	1,343,914	1,370,792	1,398,208	1,426,172	1,454,696	1,483,790	1,513,465	1,543,795	1,574,609	1,606,102	14,715,484
Management fees	374,931	382,430	390,078	397,880	405,837	413,954	422,233	430,678	439,291	448,077	4,105,390
Minimum Base Rent (includes Minimum Annual Contribution)	146,457	149,387	152,374	155,422	158,530	161,701	164,935	168,234	171,598	175,030	1,603,668
Trustee fees & disbursements	32,578	34,207	35,917	37,713	39,599	41,579	43,657	45,840	48,132	50,539	409,761
Income tax, estimated	379,682	411,984	444,597	477,980	512,565	548,732	586,849	627,272	670,351	716,440	5,376,452
	5,962,546	6,107,484	6,255,032	6,405,702	6,559,972	6,718,276	6,881,031	7,048,647	7,221,529	7,400,086	66,560,305
AVAILABLE CASH FLOW											
Division of Available Cash Flow	1,487,080	1,485,198	1,483,565	1,481,730	1,479,271	1,475,815	1,471,005	1,464,491	1,455,935	1,444,990	14,729,081
Senior Loan Payment	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,919	746,923	7,469,195
Landlord's Minimum Annual Payment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Repayment to Tenant, Global or the Manager, pursuant to Section 5.4(iii) of the Lease **	-	-	-	-	-	-	-	-	-	-	-
Lessor of Excess Annual Amount and 50% of Super Profit **	-	-	-	-	-	-	-	-	-	-	-
Landlord's Share of Available Cash Flow, net of Landlord's Minimum Annual Payment	468,113	466,795	465,652	464,368	462,646	460,227	458,860	452,300	446,311	438,647	4,581,920
remaining balance (to Tenant)	\$ 222,048	\$ 221,484	\$ 220,994	\$ 220,443	\$ 219,706	\$ 218,669	\$ 217,226	\$ 215,272	\$ 212,705	\$ 209,420	\$ 2,177,966

** - assumed to be zero in the Cash Flow Projections

Note - Details in following pages of this Schedule

APPENDIX 'A'

Cash Flow Projections (See Note)

	Fiscal Period 21	Fiscal Period 22	Fiscal Period 23	Fiscal Period 24	Fiscal Period 25	Fiscal Period 26	Fiscal Period 27	Fiscal Period 28	Fiscal Period 29	Fiscal Period 30	Fiscal Periods 21-30
GROSS REVENUE											
Gate	\$ 1,678,105	\$ 1,711,667	\$ 1,745,900	\$ 1,780,818	\$ 1,816,434	\$ 1,852,763	\$ 1,889,818	\$ 1,927,615	\$ 1,966,167	\$ 2,005,490	\$ 18,374,777
Food services	3,331,136	3,397,759	3,465,714	3,535,029	3,605,729	3,677,844	3,751,401	3,826,429	3,902,957	3,981,016	36,475,014
Novelty & interactive	382,117	389,759	397,554	405,505	413,616	421,888	430,326	438,932	447,711	456,665	4,184,072
Seating & advertising	2,471,014	2,520,435	2,570,843	2,622,260	2,674,705	2,728,199	2,782,763	2,838,419	2,895,187	2,953,091	27,056,917
Ice rentals	250,447	255,456	260,565	265,777	271,092	276,514	282,044	287,685	293,439	299,308	2,742,328
Retail	75,888	77,385	78,933	80,512	82,122	83,764	85,440	87,149	88,891	90,669	830,734
Ice activities	407,887	416,044	424,365	432,852	441,509	450,340	459,346	468,533	477,904	487,462	4,466,243
Facility rent	122,591	125,042	127,543	130,094	132,696	135,350	138,057	140,818	143,634	146,507	1,342,334
Event ticket surcharge	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	2,968,750
	9,016,039	9,190,423	9,368,294	9,549,722	9,734,779	9,923,537	10,116,070	10,312,454	10,512,766	10,717,084	98,441,168
OPERATING EXPENSES											
Gate	837,420	854,169	871,252	888,677	906,451	924,580	943,071	961,933	981,172	1,000,795	9,169,520
Food services	2,666,729	2,720,064	2,774,465	2,829,954	2,886,553	2,944,284	3,003,170	3,063,233	3,124,498	3,186,988	29,199,940
Novelty & interactive	296,932	302,871	308,928	315,107	321,409	327,837	334,394	341,082	347,903	354,861	3,251,324
Seating & advertising	475,837	485,354	495,061	504,962	515,061	525,363	535,870	546,587	557,519	568,669	5,210,284
Retail	60,694	61,908	63,146	64,409	65,698	67,012	68,352	69,719	71,113	72,535	684,587
Ice activities	154,362	157,449	160,598	163,810	167,086	170,428	173,837	177,313	180,860	184,477	1,690,221
Facility expenses	1,638,224	1,670,988	1,704,408	1,738,496	1,773,266	1,808,731	1,844,906	1,881,804	1,919,440	1,957,829	17,938,092
Management fees	457,039	466,180	475,503	485,013	494,713	504,608	514,700	524,994	535,494	546,204	5,004,447
Minimum Base Rent											
(includes Minimum Annual Contribution)	178,531	182,101	185,743	189,458	193,247	197,112	201,055	205,076	209,177	213,361	1,954,862
Trustee fees & disbursements											
Income tax, estimated	424,421	432,686	440,934	449,199	457,516	465,906	474,350	482,985	491,704	500,561	4,620,303
	7,190,190	7,333,770	7,460,040	7,629,067	7,781,002	7,935,861	8,093,744	8,254,727	8,418,881	8,586,281	78,703,582
AVAILABLE CASH FLOW											
Division of Available Cash Flow	1,825,850	1,856,653	1,888,254	1,920,635	1,953,777	1,987,676	2,022,326	2,057,727	2,093,885	2,130,803	19,737,586
Senior Loan Payment											
Landlord's Minimum Annual Payment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Repayment to Tenant, Global or the Manager, pursuant to Section 5.4(iii) of the Lease **											
Lessor of Excess Annual Amount and 50% of Super Profit **											
Landlord's Share of Available Cash Flow, net of Landlord's Minimum Annual Payment	1,228,095	1,249,657	1,271,778	1,294,445	1,317,644	1,341,373	1,365,628	1,390,409	1,415,720	1,441,562	13,316,310
remaining balance (to Tenant)	\$ 547,755	\$ 556,996	\$ 566,476	\$ 576,191	\$ 586,133	\$ 596,303	\$ 606,698	\$ 617,318	\$ 628,166	\$ 639,241	\$ 5,921,276

** - assumed to be zero in the Cash Flow Projections

Note - Details in following pages of this Schedule

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APPENDIX 'A'

Cash Flow Projections (See Note)

	Fiscal Period 31	Fiscal Period 32	Fiscal Period 33	Fiscal Period 34	Fiscal Period 35	Fiscal Period 36	Fiscal Period 37	Fiscal Period 38	Fiscal Period 39	Fiscal Period 40	Fiscal Periods 31-40
GROSS REVENUE											
Gate	\$ 2,045,600	\$ 2,086,512	\$ 2,128,242	\$ 2,170,807	\$ 2,214,223	\$ 2,258,508	\$ 2,303,678	\$ 2,349,751	\$ 2,396,747	\$ 2,444,681	\$ 22,398,750
Food services	4,060,637	4,141,849	4,224,686	4,309,180	4,395,364	4,483,271	4,572,936	4,664,395	4,757,683	4,852,837	44,462,838
Novelty & interactive	465,798	475,114	484,617	494,309	504,195	514,279	524,564	535,056	545,757	556,672	5,100,361
Seating & advertising	3,012,153	3,072,396	3,133,844	3,196,520	3,260,451	3,325,660	3,392,173	3,460,017	3,529,217	3,599,801	32,982,231
Ice rentals	305,294	311,400	317,628	323,980	330,460	337,069	343,810	350,687	357,700	364,854	3,342,882
Retail	92,483	94,332	96,219	98,143	100,106	102,108	104,151	106,234	108,358	110,525	1,012,660
Ice activities	497,211	507,156	517,299	527,645	538,198	548,962	559,941	571,140	582,562	594,214	5,444,326
Facility rent	149,437	152,426	155,475	158,584	161,756	164,991	168,291	171,657	175,090	178,591	1,636,297
Event ticket surcharge	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	2,968,750
	10,925,488	11,138,060	11,354,884	11,576,044	11,801,627	12,031,722	12,266,419	12,505,810	12,749,989	12,999,051	119,349,095
OPERATING EXPENSES											
Gate	1,020,811	1,041,227	1,062,052	1,083,293	1,104,959	1,127,058	1,149,599	1,172,591	1,196,043	1,219,963	11,177,594
Food services	3,250,728	3,315,742	3,382,057	3,449,698	3,518,692	3,589,066	3,660,848	3,734,065	3,808,746	3,884,921	35,594,563
Novelty & interactive	361,959	369,198	376,582	384,113	391,795	399,632	407,624	415,777	424,092	432,574	3,963,346
Seating & advertising	580,043	591,644	603,477	615,546	627,857	640,414	653,222	666,287	679,613	693,205	6,351,308
Retail	73,986	75,466	76,975	78,515	80,085	81,687	83,320	84,987	86,687	88,420	810,128
Ice activities	188,166	191,930	195,768	199,684	203,677	207,751	211,906	216,144	220,467	224,876	2,060,370
Facility expenses	1,996,986	2,036,925	2,077,664	2,119,217	2,161,601	2,204,833	2,248,930	2,293,909	2,339,787	2,386,583	21,866,434
Management fees	557,128	568,270	579,636	591,228	603,053	615,114	627,416	639,965	652,764	665,819	6,100,393
Minimum Base Rent											
(includes Minimum Annual Contribution)	217,628	221,981	226,420	230,949	235,568	240,279	245,085	249,986	254,986	260,086	2,382,966
Trustee fees & disbursements											
Income tax, estimated	509,562	518,720	528,043	537,535	547,203	557,058	567,101	577,336	587,771	598,415	5,528,742
	8,756,996	8,931,103	9,108,673	9,289,778	9,474,491	9,662,891	9,855,051	10,051,045	10,250,955	10,454,862	95,835,846
AVAILABLE CASH FLOW	2,168,492	2,206,957	2,246,210	2,286,266	2,327,136	2,368,831	2,411,368	2,454,765	2,499,034	2,544,189	23,513,249
Division of Available Cash Flow											
Senior Loan Payment											
Landlord's Minimum Annual Payment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Repayment to Tenant, Global or the Manager, pursuant to Section 5.4(iii) of the Lease **											
Lessor of Excess Annual Amount and 50% of Super Profit **											
Landlord's Share of Available Cash Flow, net of Landlord's Minimum Annual Payment	1,467,944	1,494,870	1,522,347	1,550,386	1,578,995	1,608,182	1,637,958	1,668,335	1,699,324	1,730,932	15,959,274
remaining balance (to Tenant)	\$ 650,548	\$ 662,087	\$ 673,863	\$ 685,880	\$ 698,141	\$ 710,649	\$ 723,410	\$ 736,429	\$ 749,710	\$ 763,257	\$ 7,053,975

** - assumed to be zero in the Cash Flow Projections

Note - Details in following pages of this Schedule

APPENDIX 'A'

Cash Flow Projections (See Note)

	Fiscal Period 41	Fiscal Period 42	Fiscal Period 43	Fiscal Period 44	Fiscal Period 45	Fiscal Period 46	Fiscal Period 47	Fiscal Period 48	Fiscal Period 49	Fiscal Period 50	Fiscal Periods 41-50	Fiscal Periods 1-50
GROSS REVENUE												
Gate	\$2,493,575	\$2,543,447	\$2,594,316	\$2,646,202	\$2,699,126	\$2,753,108	\$2,808,171	\$2,864,334	\$2,921,621	\$2,921,621	\$27,245,519	\$ 95,217,183
Food services	4,949,893	5,048,891	5,149,869	5,252,866	5,357,924	5,465,082	5,574,384	5,685,870	5,799,589	5,799,589	54,083,960	188,986,151
Novelty & interactive	567,805	579,162	590,745	602,560	614,611	626,903	639,441	652,230	665,275	665,275	6,204,006	21,668,582
Seating & advertising	3,671,797	3,745,233	3,820,138	3,896,541	3,974,471	4,053,961	4,135,040	4,217,741	4,302,096	4,302,096	40,119,113	140,908,974
Ice rentals	372,151	379,594	387,186	394,930	402,829	410,885	419,103	427,485	436,035	436,035	4,066,234	14,221,236
Retail	112,796	114,991	117,290	119,636	122,029	124,470	126,959	129,498	132,088	132,088	1,231,785	4,298,293
Ice activities	606,098	618,220	630,584	643,196	656,060	669,181	682,565	696,216	710,140	710,140	6,622,400	22,972,513
Facility rent	182,163	185,807	189,523	193,313	197,179	201,123	205,145	209,248	213,433	213,433	1,990,368	6,973,532
Event ticket surcharge	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	296,875	2,968,750	14,763,125
	13,253,095	13,512,219	13,776,526	14,046,119	14,321,104	14,601,588	14,887,683	15,179,499	15,477,151	15,477,151	144,532,135	510,009,590
OPERATING EXPENSES												
Gate	1,244,363	1,269,250	1,294,635	1,320,528	1,346,938	1,373,877	1,401,355	1,429,382	1,457,969	1,457,969	13,586,266	47,516,579
Food services	3,962,619	4,041,872	4,122,709	4,205,163	4,289,266	4,375,052	4,462,553	4,551,804	4,642,840	4,642,840	43,296,717	151,300,700
Novelty & interactive	441,226	450,050	459,051	468,232	477,597	487,149	496,892	506,829	516,966	516,966	4,820,957	16,937,408
Seating & advertising	707,069	721,210	735,635	750,347	765,354	780,661	796,275	812,200	828,444	828,444	7,725,640	27,124,091
Retail	90,189	91,992	93,832	95,709	97,623	99,576	101,567	103,598	105,670	105,670	985,428	3,438,635
Ice activities	229,374	233,961	238,641	243,413	248,282	253,247	258,312	263,478	268,748	268,748	2,506,205	8,681,952
Facility expenses	2,434,314	2,483,001	2,532,661	2,583,314	2,634,980	2,687,680	2,741,433	2,796,262	2,852,187	2,852,187	26,598,018	93,147,497
Management fees	679,136	692,718	706,573	720,704	735,118	749,821	764,817	780,113	795,716	795,716	7,436,345	26,020,845
Minimum Base Rent												
(includes Minimum Annual Contribution)	265,287	270,593	276,005	281,525	287,156	292,899	298,757	304,732	310,826	317,043	2,904,822	9,919,190
Trustee fees & disbursements												661,319
Income tax, estimated	609,263	620,329	631,613	643,123	654,859	666,828	679,038	691,491	704,192	699,978	6,600,713	25,411,606
	10,662,839	10,874,976	11,091,354	11,312,058	11,537,173	11,766,789	12,000,998	12,239,890	12,483,559	12,501,476	116,471,112	410,059,822
AVAILABLE CASH FLOW												
Division of Available Cash Flow	2,590,256	2,637,243	2,685,172	2,734,061	2,783,931	2,834,799	2,886,685	2,939,608	2,993,593	2,975,676	28,061,023	99,949,768
Senior Loan Payment												
Landlord's Minimum Annual Payment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000	14,938,386
Repayment to Tenant, Global or the Manager, pursuant to Section 5.4(iii) of the Lease **												
Lessor of Excess Annual Amount and 50% of Super Profit **												
Landlord's Share of Available Cash Flow, net of Landlord's Minimum Annual Payment	1,763,179	1,796,070	1,829,620	1,863,843	1,898,751	1,934,360	1,970,680	2,007,726	2,045,515	2,032,973	19,142,716	54,703,700
remaining balance (to Tenant)	\$ 777,077	\$ 791,173	\$ 805,552	\$ 820,218	\$ 835,179	\$ 850,440	\$ 866,006	\$ 881,883	\$ 898,078	\$ 892,703	\$ 8,418,307	\$ 27,907,682

** - assumed to be zero in the Cash Flow Projections

Note - Details in following pages of this Schedule

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APPENDIX 'B'

2004 COMMUNITY SUITE USERS

Alice Saddy Association
Audio Tactile Network Inc
Children's Aid Society of London Middlesex
Cornerstone Clubhouse
Easter Seals Society
Forest City Diving Club
Girl Guides
Habitat for Humanity London Inc
Hospice of London Inc
Homes Unlimited (London) Inc
Hutton House
Investing in Children Inc
Junior Achievement of London
Knights of Columbus St Pius
London Abused Women's Centre
London Children's Connection Inc
London Community Resource Centre
London District Distress Centre
London Health Sciences Foundation
London Regional Children's Museum
London South Rotary
London Sports Council
Multiple Sclerosis Society
NoKee Kwe Occupational Skill Development Inc
North London Soccer Club
North London Sports Association
Ontario Lung Association
Optimist Club of London Inc
Optimist Club of Middlesex London
Optimist Club of North London
Optimist Club of River East
Original Kids Theatre
Participation House Support Services
Rotary Club of London South
Royal Astronomical Society
Royal Canadian Army Cadet-Sponsoring Committee
Saunders Secondary School Council
Special Ability Riding Institute
St. Francis Catholic School
Street Connection
Thames River Anglers Association
United Way of London and Middlesex
VON - Middlesex Elgin

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APPENDIX 'C'

JOHN LABATT CENTRE
FY 2004
Comparison: Budget v. Actual
Occupancy Lease Format
June 30, 2004

	Pro Forma (Year 2)	FY2004 Budget	FY2004 Actual	Variance Fav/(Unfav)
GROSS REVENUE				
Gate	1,069,401	2,826,127	4,008,772	1,182,645
Food Service	2,116,649	2,961,015	3,915,648	954,633
Novelty & Interactive	239,220	550,624	597,066	46,442
Seating & Advertising	1,800,000	3,042,864	3,229,573	186,709
Ice Rentals	160,290	18,715	21,984	3,269
Retail	46,267	0	0	0
Ice Activities (Leagues, camps, training)	213,366	0	0	0
Facility Rent (Fitness Centre/Talbot St.)	84,150	0	0	0
Event Ticket Surcharge	270,000	228,563	291,193	62,630
Miscellaneous (Interest, etc)		201,405	226,544	25,139
TOTAL GROSS REVENUES	5,999,343	9,829,313	12,290,780	2,461,467
OPERATING EXPENSES				
Gate	533,280	1,691,757	2,359,859	668,102
Food Service	1,697,337	2,395,314	3,204,606	809,292
Novelty & Interactive	185,706	438,093	498,691	60,598
Seating & Advertising - All Costs	343,500	1,190,259	1,319,852	129,593
Ice Rentals		0	0	0
Retail	37,014	0	0	0
Ice Activities (Leagues, camps, training)	79,155	0	0	0
Facility Expenses	1,124,527	2,831,636	3,082,704	251,068
Management Fees	320,000	328,640	467,589	138,949
Minimum Base Rent	0	0	0	0
Trustee Fees & Disbursements	21,000	0	25,000	25,000
Income Tax	204,682	0	0	0
Miscellaneous (Interest, etc)		0	0	0
EXPENSES	4,546,201	8,875,699	10,958,301	2,082,602
AVAILABLE CASH FLOW (ACF)	1,453,142	953,614	1,332,479	378,865
Division of Available Cash Flow				
Senior Loan Payment	746,919	582,313	582,313	0
Landlord's Min. Annual Payment		0	0	0
Landlord's Share of ACF	141,245	74,260	150,033	75,773
Remaining Balance to Tenant	564,978	297,041	600,133	303,092
	0	0	0	

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APPENDIX 'C'

JOHN LABATT CENTRE
FY04
Comparisons: Budget/Actuals
Global Spectrum Format
June 30, 2004

	BUDGET	PRO FORMA	ACTUAL	PRO FORMA/ACT.	BUDGET/ACTUAL
	FY04	(Occ Lease) (Year 2)	FY04	VARIANCE FAV/(UNFAV)	VARIANCE FAV/(UNFAV)
# OF EVENTS	114	80	121	41	7
ATTENDANCE - PAID	\$07,618	\$62,504	\$612,546	\$250,042	\$104,928
ATTENDANCE - DROP	\$09,723	\$62,504	\$602,066	\$239,562	\$92,343
F&B PER CAPS	\$5.81	\$4.83	\$6.50	\$1.88	\$0.69
NOVELTY PER CAPS	\$1.08	\$0.58	\$0.99	\$0.41	(\$0.09)
EVENT INCOME					
DIRECT NET EVENT INCOME	\$1,134,370	\$536,121	\$1,648,913	\$1,112,792	\$514,543
SURCHARGE	\$228,563	\$270,000	\$291,193	\$21,193	\$82,630
TOTAL NET EVENT INCOME	\$1,362,933	\$806,121	\$1,940,106	\$1,133,985	\$577,173
ANCILLARY INCOME					
FOOD & BEVERAGE	\$565,701	\$419,312	\$711,042	\$291,730	\$145,341
NOVELTY INCOME	\$112,531	\$53,514	\$98,375	\$44,861	(\$14,156)
TOTAL ANCILLARY INCOME	\$678,232	\$472,826	\$809,417	\$336,591	\$131,185
EVENT OPERATING INCOME	\$2,041,165	\$1,278,947	\$2,749,523	\$1,470,576	\$708,358
OTHER INCOME					
PREMIUM SEATING	\$1,203,591	\$1,456,500	\$1,278,896	(\$177,604)	\$75,305
SPONSORSHIPS/SALES	\$744,338	\$0	\$724,063	\$724,063	(\$20,275)
COMMISSIONS	(\$129,074)	\$0	(\$152,891)	(\$152,891)	(\$23,817)
RENTALS (SUITES/ETC)	\$33,750	\$0	\$59,653	\$59,653	\$25,903
ICE RENTALS	\$18,715	\$294,501	\$21,984	(\$272,517)	\$3,269
INTEREST INCOME	\$71,400	\$0	\$66,237	\$66,237	(\$5,163)
OTHER INCOME	\$130,005	\$93,403	\$160,307	\$66,904	\$30,302
TOTAL OTHER INCOME	\$2,072,725	\$1,844,404	\$2,158,249	\$313,845	\$85,524
TOTAL INCOME (EVENT & OTHER)	\$4,113,890	\$3,123,351	\$4,907,772	\$1,784,421	\$793,882
INDIRECT EXPENSES					
EXECUTIVE	\$241,993		\$229,553	(\$229,553)	\$12,440
MARKETING	\$200,250		\$168,917	(\$168,917)	\$31,333
CORPORATE SALES	\$279,086		\$275,405	(\$275,405)	\$3,681
FINANCE	\$153,005		\$138,617	(\$138,617)	\$14,388
BOX OFFICE	\$138,787		\$135,360	(\$135,360)	\$3,427
GROUP SALES	\$6,448		(\$7,996)	\$7,996	\$14,444
OPERATIONS	\$1,445,644		\$1,591,955	(\$1,591,955)	(\$146,311)
OVERHEAD (INCLUDES ADD'L RENT)	\$689,063	\$1,670,209	\$1,099,744	\$570,465	(\$410,681)
RENT (Sr. Loan Payment)	\$582,313	\$746,919	\$582,313	\$164,606	\$0
TOTAL INDIRECT EXPENSES	\$3,736,589	\$2,417,128	\$4,213,868	(\$1,796,740)	(\$477,279)
NET INCOME FROM OPERATIONS	\$377,301	\$706,223	\$693,904	(\$12,319)	\$316,603
BAD DEBT	\$6,000		\$93,771		(\$87,771)
DEPRECIATION	\$82,613	\$0	\$69,868	(\$69,868)	(\$7,255)
NET INCOME	\$308,688	\$706,223	\$630,265	(\$175,958)	\$221,577
ADJUSTMENTS FOR CASHFLOW					
ADDITIONAL RENT			\$150,033		\$150,033
DEPRECIATION	\$62,613	\$0	\$69,868	\$69,868	(\$7,255)
OPERATING CASH FLOW	\$371,301	\$706,223	\$750,166	\$43,943	\$378,865
Cash Distribution					
City of London	\$74,260	\$141,245	\$150,033	\$8,789	\$75,773
Available for LCCLP	\$297,041	\$564,978	\$600,133	\$35,154	\$303,092
	\$371,301	\$706,223	\$750,166	\$43,943	\$378,865