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May 28, 2018

RE: Lakeshore Arena Corporation 2017 Audited Financial Statements and Annual Report of the Board of Directors

Lakeshore Arena Corporation Board of Directors are excited to present the December 31, 2017 Audited Financial Statements, 2017 achievements and future plans pursuant to the requirements of the Unanimous Shareholder Declaration.

Lakeshore Arena Corporation was incorporated on July 19, 2011 and assumed control of operations of the MasterCard Centre for Hockey Excellence, on September 15, 2011 to prevent the default of the former operator Lakeshore Lions Arena, which had a loan guarantee of \$35.5 million from the City.

The Arena, which operates as "Master Card Centre" for hockey excellence continues to be a high demand facility and the utilization rates are at an exceptional level for the industry. The Corporation has closed 2017 with a net deficiency of \$301,059 after interest and amortization, compared to a net deficiency of \$742,735 in the previous year.

In 2017, Lakeshore Arena Corporation completed the refinancing of its long term debt through two credit facilities from Ontario Infrastructure and Lands Corporation (Infrastructure Ontario) totaling \$26.7 million. The Infrastructure Ontario credit facility bears an interest of 3.48%, payable in monthly principal and interest installments commencing November 2017 and maturing October 31, 2042. Lakeshore Arena continues to hold a \$4.0 M general interest only loan from City of Toronto at 3% maturing on October 2020. Any outstanding balances will be refinanced through Infrastructure Ontario.

Lakeshore Arena Corporation's capital maintenance needs are addressed through Parks, Forestry and Recreation (PFR) Capital Budget. In order to minimize the pressure to the PFR capital budget, lakeshore Arena contributes 50% of its net Operating Income before amortization to a Reserve Fund set up for Lakeshore Arena's Capital needs. The reserve for 2016 and 2017 distributions total 456,061.

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In 2017, the Arena generated revenues of \$5 million and expenditures before interest and amortization of \$2.9 million resulting in earnings before interest and amortization (EBITDA) of \$2.1 million or 42% of the gross revenues, which is an increase from the previous year's 33%. Total expenditures of \$5.3 million in 2017 have remained in line with the \$5.4 million in 2016. The Arena is working on a new lease to generate revenues from the unused second floor space.

The Board of Directors would like to thank the shareholder for its ongoing support and look forward to continuing to deliver exceptional value to the community and the City.

A handwritten signature in black ink, appearing to read "Ann Ulusoy". The signature is written in a cursive, flowing style.

Ann Ulusoy, Chair

Members of the Board (December 2017): Ann Ulusoy, Chair; Bruce Hetherington, Vice Chair; Mike St. Amant, Secretary-Treasurer; Josie Scioli; Bob Hunter; Jack Lawrence.