



Economic Development, Culture & Tourism

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October 2, 2009

Ms. Dianne Young  
Chief Executive Officer  
Exhibition Place  
100 Princes' Boulevard  
Toronto, Ontario  
M6K 3C3

**RE: Exhibition Place Hotel Development Plan**

Dear Ms. Young,

I am writing to offer the City of Toronto Economic Development, Culture and Tourism Division's (EDCT) assessment of the proposed hotel development project and projected market demand for a hotel at Exhibition Place. Please note that comments are limited to the market assessment and do not address the specifics of the Letter of Intent.

EDCT staff have worked closely with Exhibition Place over the last five years on a variety of development initiatives. We have been involved on development proposal review committees for the proposed aquarium and hotel projects and have supported the planning process for the new Allstream Centre. Staff have been directly involved with the acquisition and support of major international events taking place at Exhibition Place. In summary, we have a very good understanding of current capacities and issues with respect to the site.

The lack of hotel facilities connected to the Direct Energy Centre and Allstream Centre has been identified as a barrier to the Direct Energy Centre achieving higher levels of usage. The market analysis report commissioned to support the hotel project concludes that there is sufficient demand from a variety of markets to justify the development of a 300 plus room hotel. EDCT staff reviewed the analysis and support the findings and have highlighted other market segments and users that were not considered in the market analysis that give increased confidence that there would be demand for the hotel project.

The hotel development at Exhibition Place would be an ideal location to hold important international meetings and summits requiring very high levels of security. There would be very limited disruption to neighbouring businesses and residents and a reduction in resources required from Toronto Police Services compared to staging these events elsewhere in Toronto.

A potential source of business which is not referenced is the demand that would potentially be generated from servicing the needs of concerts and other events taking place at the Molson Amphitheatre at Ontario Place.

Another important emerging trend in the meeting, conference and tradeshow market is the desire of corporations and meeting planners to book events in facilities that demonstrate responsible environmental principles. The fact the proposed hotel will be designed to meet LEED building standards gives the Direct Energy Centre a very significant competitive sales advantage over many facilities in Eastern North America and the LEED status could lead directly to event bookings with organizations with environmental codes of responsibility.

The new hotel will support the sports facilities (BMO Field and Ricoh Centre) in attracting World and National championships as there is the demand for accommodation associated with these major events. Future major events in the order of magnitude of a World Youth Days and FIFA U-20 and if successful, the 2015 Pan American Games bid, would benefit from immediate access to hotel facilities. The hotel will be utilized by the organizers of Scotiabank Caribana, CNE and the Honda Indy Toronto.

The revitalization plan for Fort York is anchored by the construction of a new Visitor Centre which will be a much needed new tourism asset for the City. The new developments will enhance the attractiveness of the Exhibition Place area tourism destination. The re-vitalization of Fort York is part of the City of Toronto's War of 1812 Commemoration initiative which leave of legacy of new heritage tourism assets and experiences.

The proposed design will preserve the foundations of the early Fort buildings which are very unique heritage tourism assets and will compliment the re-development of Fort York and the new neighbourhood.

Tourism Toronto fully supports the hotel project and their aggressive sales initiatives and incentives to support the acquisition of meetings and conference business will contribute to the hotel meeting or exceeding the base revenue projections.

The proposal will enhance the overall attractiveness of Toronto for the meetings, convention and tradeshow business. This, in the future, will assist the wider hotel community in the city. The only concern raised by the hotel community in Toronto is that the proposed hotel must operate on the same level financial playing field in terms of development costs and commercial taxation. The original request for expressions of interest was an open process and all organizations and investors in the hotel development community could have submitted proposals.

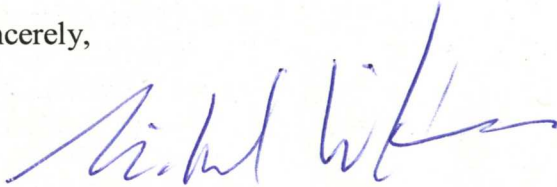
In the past two years, the City of Toronto has completed three major strategic planning initiatives that together, put forward solutions and strategies to enhance Toronto's economic competitiveness and international reputation. These include "The Agenda for Prosperity: A Prospectus for a Great City", "The Culture Plan for the Creative City" and the "Toronto Premier Ranked Tourism Destination Framework Project". The new hotel development at Exhibition Place can be seen as a positive action that supports many of the recommendations and strategic directions of these three plans.



## Conclusion

The proposed hotel development will have a positive economic impact for the City of Toronto and the Economic Development, Culture and Tourism Division looks forward to continuing to assist Exhibition Place fulfill the long term development plan.

Sincerely,



Michael H. Williams  
General Manager

Copies to:     Duncan H. Ross, EDCT  
                   Deputy Mayor Joe Pantalone  
                   Councillor Kyle Rae, Chair – Economic Development Committee

