



REPORT FOR ACTION

SMG Canada ULC Change of Ownership

Date: September 5, 2019
To: Board of Governors of Exhibition Place
From: Chief Executive Officer
Wards: All

SUMMARY

Exhibition Place entered into a marketing alliance agreement with SMG Canada ULC (SMG Canada) dated August 3, 2018 (the "Marketing Agreement") which expires on December 31, 2022. On June 14, 2019, Exhibition Place received a communication from SMG Executive Vice President Convention Centers & Business Development advising that SMG US Parent, Inc., which owns SMG Canada, together with AEG Facilities, LLC ("AEG") (a subsidiary of Anschutz Entertainment Group) have agreed to contribute all of their ownership interests in their respective entities to form a merged venue management company to be called ASM Global ("ASM") (the "Transaction") including SMG Canada pursuant to a merger agreement. This report seeks the Board's approval of the assignment of the Agreement due to the change in ownership structure, as required pursuant to the Marketing Agreement.

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board:

(1) Consent to the assignment of the Marketing Agreement between of SMG Canada ULC and the Board to ASM Global subject to the parties entering into an Assignment Agreement on terms and conditions satisfactory to the Chief Executive Officer and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

There are no financial implications from the adoption of this report.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan had a Public Space and Infrastructure goal to define the longer-term vision for Exhibition Place and a strategy to support this goal we will identify opportunity for private sector involvement.

At its meeting of November 7, 2014, the Board adopted a report authorizing a marketing alliance agreement with SMG to provide marketing and consulting services for a period of 4 years commencing on January 1, 2015 and expiring December 31, 2018.
[https://www.explace.on.ca/files/file/58c9a35281380/Item-7-SMG\(2\).pdf](https://www.explace.on.ca/files/file/58c9a35281380/Item-7-SMG(2).pdf)

At its meeting of January 30, 2018 the Board adopted a report consenting to the assignment of the Marketing Agreement between SMG Canada ULC and the Board to Onex Corporation
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EP8.11>

At its meeting of July 19, 2018, the Board adopted a report authorizing a marketing alliance agreement with SMG to provide marketing and consulting services for a period of 4 years commencing on January 1, 2019 and expiring December 31, 2022.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EP13.11>

COMMENTS

On June 14, 2019, Exhibition Place received a letter from the Executive Vice-President, Convention Centers and Business Development of SMG advising that SMG US Parent, Inc., which owns SMG Canada, together with AEG Facilities, LLC ("AEG") (a subsidiary of Anschutz Entertainment Group) have agreed to contribute all of their ownership interests in their respective entities to form a merged venue management company to be called ASM Global ("ASM") (the "Transaction") including SMG Canada under a Merger Agreement.

Clause 15.1 of the Marketing Agreement between the Board and SMG requires the written consent of the Board to assign this agreement pursuant to a transaction that is deemed to include any transfer in the majority ownership or controlling interest in SMG, whether through the sale of shares, direct acquisition of assets or otherwise. The merger and transaction between SMG Holdings Inc. and AEG falls within this definition with the Consent to Change in Control to be effective on or around July 31, 2019 with the SMG / AEG transaction (the "Transaction") expected to close in August 2019.

AEG, as the new ownership group, has indicated that after the Transaction closing SMG will continue to operate as an independent stand-alone company with no changes in SMG's local or corporate management team and SMG Canada will remain as the service provider under the agreement.

AEG Facilities owns, manages, and books sports and entertainment facilities. The Company provides event and tour management, marketing, public relations, ticketing, digital, programming, sponsorship, and procurement services. AEG Facilities consults with preeminent venues worldwide.

AEG is the world's leading sports and live entertainment company with worldwide offices that span five continents with its head quarter in the United States. For more than 20 years, AEG has played a pivotal role in transforming the live entertainment industry. Through their global network of venues, powerful sports franchises, music brands, integrated entertainment districts, ticketing platforms and global

sponsorship activations, they deliver innovative experiences that give the world reason to cheer.

AEG quick facts on an annual basis -100+ Million Guests Entertained;10,000 + Shows promoted; 22,000+ Live Events; 150+ Venues Owned, Operated or Affiliated with AEG; 40+ Music Festivals; 50+ Sports Franchises Owned or Hosted at AEG-Affiliated venues; 50% Of Tickets Sold Worldwide in Top 10 Arenas; 20+ Of the Top 100 Arenas Are Affiliated with AEG.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS
