

REPORT FOR ACTION

2027 Operating Budget

Date: September 29, 2026

To: The Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All Wards

SUMMARY

Toronto, North America's 4th largest City is home to Exhibition Place. The site currently hosts more than 2,000 events annually with approximately 5.50 million visitors per year for exhibitions, conventions, events, entertainment, sports and other activities.

Exhibition Place is evolving into a year-round destination, offering a broad range of events and experiences. The location is accessible and pedestrian-friendly, attracting visitors from local neighborhoods, across Canada, and internationally.

The Exhibition Place Strategic Plan is transitioning from the 2022–2026 framework to a comprehensive, multi-year Exhibition Place Vision Plan, endorsed in principle by the Board of Governors. The Vision Plan will provide a new strategic framework to collaborate with clients, tenants, stakeholders, partners, residents, and visitors to transform Exhibition Place into a more connected, accessible, and vibrant year-round destination.

2027 Budget

On June 1, 2026, Mayor Chow and Budget Chief Councillor Carroll issued budget directions to all City divisions, agencies, boards, and commissions, emphasizing the effective delivery of priority services, long-term financial sustainability, and the identification of operating efficiencies to support a balanced 2027 budget. Accordingly, all divisions and agencies are required to develop their 2027 operating budget submissions based on a 0% net budget increase.

After accounting for a \$2.200 million surplus remittance to the City for general use purposes and assuming a \$5.000 million lump-sum payment to be made to City of Toronto on December 1, 2026, to reduce the Conference Centre City loan principal. The Exhibition Place Conference Centre Reserve Fund is projected to have a balance of \$5.940 million at year-end 2026. The reserve fund serves as a key funding source for both state-of-good-repair capital requirements and Conference Centre loan repayments.

The latest findings from the Global Exhibition Barometer research concluded in June 2026 by UFI, with respects to the Global Association of the Exhibition highlights the continued resilience of the global exhibition industry despite geopolitical uncertainty. At the time of the survey, 90% of companies outside the Gulf Cooperation Council (GCC) reported little to no anticipated impact from developments in the Middle East. The industry outlook remains positive, with 27% of companies expecting annual revenue growth above 5% and 38% forecasting stable revenues. Strong 2025 performance is reflected in 37% of companies reporting operating profit growth exceeding 10%, while 50% maintained stable profits. Looking ahead, domestic economic conditions remain the primary short-term concern, while global economic trends are viewed as the key medium-term challenge. Meanwhile, AI adoption continues to accelerate across the industry, driving innovation and operational efficiency.

Despite all the challenges from bouncing back after the pandemic and the current state of home economy, our operation is progressing very well; our events revenue, optimistically continues to grow, following same trends as other businesses in the same industry.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board approve the 2027 Operating Budget attached as Appendix 'A'.
2. The Board direct the Chief Executive Officer to submit the 2027 Operating Budget to the City Financial Planning Division as part of the 2027 Budget Process.
3. The Board approve a one-time principal repayment of the conference centre loan of up to \$5.000 million on December 1, 2026.

FINANCIAL IMPACT

Schedule A

The proposed 2027 Operating Budget will result in a net loss (i.e. net expenditure) of \$0.700 million.

Operating Budget								
	2025 Actual	2026 Budget	2026 Projection *	2027 Budget	Change from 2026 Budget		Outlook	
(In \$000s)					\$	%	2028	2029
Revenues	\$83,037	\$82,099	\$93,273	\$73,527	(\$8,572)	(10.4%)	\$76,187	\$78,893
Gross Expenditures	\$80,948	\$79,899	\$91,073	\$74,227	(\$5,672)	(7.1%)	\$76,687	\$79,193

Net Expenditures***	(\$2,089)	(\$2,200)	(\$2,200)	\$700	\$2,900	(131.8%)	\$500	\$300
Approved Positions**	356.0	391.0	391.0	357.0	(34.0)	(8.7%)	357.0	357.0

*Projection based on 9-Month Variance. 2026 forecast includes contribution from FIFA World Cup 2026 and other one-off large events.

**YOY comparison based on approved positions. The reduction YOY is due to FIFA.

*** 2025 actual net expenditures exclude 0.45 million fundings support received from City post pandemic

The 2027 Operating Budget submission for Exhibition Place is aligned with recent operating performance and prior year experience. As of September 30, 2026, Exhibition Place has projected a year-end net surplus of \$2.200 million, which is consistent with the approved 2026 Operating Budget. The projected net surplus is primarily attributable to incremental revenues from one-time large-scale events, partially offset by lower net naming rights revenue. In addition, \$9.192 million has been allocated to address critical priorities, including \$4.192 million for the replacement of aging equipment and backlog repairs, and \$5.000 million for anticipated Conference Centre loan principal repayments to City.

Management has made every effort to minimize 2027 base budget pressures while maintaining current service levels and advancing strategic objectives. The budget incorporates all available revenue opportunities, including fee increases and volume-based adjustments, to support a balanced and sustainable financial plan.

DECISION HISTORY

The Exhibition Place 2022 – 2026 Strategic Plan has goals to ensure competitively priced services and sustainable operations and to invest in our people and culture and strive to be recognized as an employer of choice, attracting top talent within the industry.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EP24.12>

At its meeting of March 5, 6, 7, and 8, 2007, Council adopted the report entitled "Financial Assessment of Proposed Conference Centre Development at Exhibition Place" which included the recommendation that the Board be directed to place the revenues from the Enercare Centre naming rights agreement and any revenues from any future naming rights agreement for the new conference centre into a single-purpose interest bearing City reserve account from which any shortfalls in the City loan payments can be directly funded.

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-6995.pdf>

At its meeting of November 5, 2012, City Council approved of a recommendation to expand the purpose of the Exhibition Place Conference Centre Reserve Fund to provide a source of funding for both Automotive Building (Conference Centre) loan repayments, and also for maintaining Enercare Centre and Automotive Building (Conference Centre) in a state of good repair.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX24.19>

At its meeting on September 9, 2013, City Council recommended that Exhibition Place use its funds from the Conference Centre reserve to fund the cost for the disposal of pre-existing contaminated soil dating from the early 1900's which expenditures are keeping with the terms of the lease agreement between Exhibition Place and Princes Gates Hotel LLP.

<http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-61392.pdf>

On December 13, 14, and 15, 2016, City Council adopted the extension of the repayment term of the capital loan to the Exhibition Place for the conference centre, by an additional five years, with a revised amortization period ending in 2040 for the full loan balance amount.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.16>

COMMENTS

Exhibition Place staff have worked closely with City Financial Planning Division and researched with industry experts and used benchmarking in preparing our 2027 Operating Budget. Our main assumptions used were:

- **Strategic Resource Allocation:** Ongoing post-pandemic fiscal constraints require the prioritization of limited resources to support strategic objectives and address deferred state-of-good-repair requirements.
- **Information Technology Costs:** Increasing cybersecurity, system reliability, and operational requirements continue to drive higher costs for third-party support, cloud services, and core technology infrastructure.
- **Compensation Costs:** Salary and wage pressures reflect negotiated collective agreement increases for unionized staff and cost-of-living, step, and performance-related increases for non-unionized staff.
- **Honda Indy Event Relocation:** The relocation of the Honda Indy event to Markham beginning in 2026 is expected to result in an ongoing annual financial pressure.
- **Evolving Customer Expectations:** Changes in customer expectations and service requirements continue to increase operating and service delivery costs.
- **Parking and Traffic Impacts:** Ongoing construction activity is expected to reduce parking capacity, increase traffic congestion, and result in lower parking revenues and higher traffic management costs. Loss of the City Gore Lot for the development of the WNBA Tempo Training Facility in September 2026 is expected to result in an ongoing annual financial pressure.
- **Infrastructure Funding Constraints:** Limited funding capacity for major infrastructure renewal and development projects may impact Exhibition Place's ability to advance the Vision Plan.

Next Steps for 2027

2027 will create many opportunities for us to develop even stronger alliances with our venue partners within the industry. Specifically, as relating to the meetings business at the Automotive Building (Conference Centre), as we design a series of meeting formats, equipment packages, and recommendations that address how to reduce risk, increase confidence, and promote health within the meeting space. Meeting design, room layout, traffic flow, technology considerations, and enhanced hygiene measures are at the heart of this offering with the goal to make the meetings and events industry strong and healthier than ever.

A. Prior Year's Results and 2027 Issues

Although the trade, consumer show, and conferences industry is heavily dependent on global and home economy and consumers spending behaviours and expectation that had been changed after the pandemic, staff have confidence to follow the same trends of other businesses in the same industry in North America and the globe to estimate our 2027 event revenue. Staff prepared our preliminary 2027 operating budgets on a "budget-to-budget" basis so that it will not create additional financial pressure to the taxpayers of the City of Toronto.

Since 1998, the Board has set budget targets to maximize net income remitted to the City. From 2007 the Board consistently delivering annual surpluses to City except during the pandemic. Achieving these targets has required ongoing efforts in service reviews, cost containment, discretionary spending restraint, operational efficiencies, and pursuing new business opportunities.

B. 2027 Operating Budget by Program Area

The following section provides information on the proposed level for 2027 operating budget revenues and expenditures for all of Exhibition Place programs: Exhibition Place, Enercare Centre, and the Automotive Building (Conference Centre). 2027 budget net loss of \$0.700 million which is a decrease of \$(2.900) million over 2026 approved budget net profit of 2.200 million. The \$(2.900) million decrease is primarily due to the reasons as summarized in the chart below:

1. **Events Net Revenue:** Decrease of \$3.695 million, primarily reflecting the removal of the one-time revenue contribution from the FIFA World Cup 2026 and the normalization of event activity to our typical annual levels.
2. **Salaries and Benefits:** Increase of \$1.728 million due to an estimated of 2.75% COLA for unionized staff, 2.0% COLA for non-unionized staff, approximately 3.5% step increases and financial rewards, and volume adjustments to direct labour costs based on anticipated 2027 business activity.
3. **Departmental Overhead (Non-Labour):** Increase of \$0.485 million driven by inflationary pressures, higher cloud base service subscription costs, and increased expenditures for system security, maintenance, and technology support.

4. **Savings from Increase Efficiency:** Reduction in non-labour overhead expenditures of \$0.539 million to support achievement of the City's budget reduction target.
5. **Other Revenue:** Increase of \$0.516 million from inflationary adjustments to long-term lease revenues, interest and other miscellaneous revenues.
6. **Naming Rights Revenue:** Decrease of \$0.086 million in net naming sponsorship revenue.
7. **Parking and Traffic Management Operations:** Increase in net parking revenue of \$1.420 million, attributable to parking rate increases (\$0.520 million) and volume adjustments to pre-FIFA activity levels (\$1.980 million), partially offset by the loss of Gore Fleet Street Lot 859 revenues (\$0.491 million) and higher direct operating costs (\$0.588 million).
8. **Equipment Reserve Funding:** Reduction of \$0.200 million in withdrawals from the Equipment Reserve Fund.
9. **Noventa Wastewater Thermal Energy System:** Removal of budgeted expenditures and corresponding City funding related to the Noventa Wastewater Thermal Energy System.
10. **Conference Centre Loan:** Estimated annual savings resulting from a proposed \$5.0 million one-time principal repayment on the Conference Centre loan on December 1, 2026.

	DESCRIPTIONS	TOTAL PRESSURE POSITIVE (NEGATIVE)
1	PRESSURE FROM SHOWS EXCLUDES PARKING REVENUE	(3,694,945)
2	SALARY AND BENEFITS CHANGES	
2.1	TOTAL SALARY AND BENEFITS CHANGES: FOR NON-UNIONIZED STAFF- 2.00% COLA, APPROXIMATELY 3.5% STEP INCREASE AND FINANCIAL REWARD; FOR UNIONIZED/CASUAL STAFF - APPROXIMATELY 2.75% COLA INCREASE,VOLUME ADJUSTMENT	(1,728,295)
3	DEPARTMENTAL OVEHEAD EXPENSES (NON-LABOUR)	
3.1	NON-LABOUR OVERHEAD EXPENSES - CPI INCREASE AND VOLUME CHANGE	(560,482)
3.2	OVERHEAD BUDGET SAVINGS TO MEET TARGET	539,306
4	INCREMENTAL REVENUE	
4.1	INTEREST AND OFFICER SUPPLIER REVENUE; CPI INCREASE FROM COLISEUM NEW LEASES, CNE FAIR RENT AND ADMIN SERVICE, TENANT LEASE	516,395
4.2	LOWER NET NAMING FEE REVENUE RECOGNIZED (LOST OF AUTOMOTIVE BUILDING NAMING SPONSORSHIP, LOWER REVENUE RECOGNIZED FROM ECC NAMING SPONSORSHIP EXTENSION)	(86,380)
4.3	NET PARKING REVENUE INCREASE: REVENUE INCREASE FROM RATES INCREASE AND ADJUSTED TO NON-FIFA LEVEL; OFFSET BY LOSS REVENUE FROM LOT 859 AND NON-LABOUR DIRECT EXPENSES INCREASE	1,420,499
4.4	WITHDRAW FROM EQUIPMENT RESERVE IN 2027 (\$0 BUDGET IN 2026)	200,000
	SUBTOTAL - INCREMENTAL REVENUE	2,050,514
5	OTHER INITIATIVES	
5.1	ESTIMATED ANNUAL SAVINGS ON CONFERENCE CENTRE LOAN ASSUMING WE PAY \$5M ON DEC1, 2026	493,901
5.2	REMOVED FROM 2027 BUDGET - NOVENTA'S WASTEWATER THERMAL ENERGY (WTE) - CAPACITY CHARGE AND OPERATING EXPENSE NET OF ENERGY SAVING	748,749
5.3	REMOVED FROM 2027 BUDGET - WTE - EXPENSES REIMBURSEMENT RECEIVED FROM CITY	(748,749)
	SUBTOTAL - OTHER INITIATIVES	493,901
	TOTAL PRESSURE (NET CHANGES) COMPARED TO 2026 APPROVED BUDGET - (NEGATIVE) POSITIVE	(2,900,000)

Exhibition Place and Enercare Centre Program

This program includes the service areas of Exhibition and Events, Asset Management, and Parking Access. These programs provide a focus for public celebrations and events, such as the Toronto's Caribbean Carnival, CNE, Royal Agricultural Winter Fair, Toronto International Boat Show, National Home Show, and One-of-a-Kind Shows while preserving the architecturally and historically significant structures on the ground. The Enercare Centre is the largest trade and consumer show facility in Canada, and the sixth (6th) largest in North America with over 1.1 million square feet of contiguous space. It is also a leader and a world-class site for advanced "green" energy technology.

The Exhibition Place Program area carries most of the costs associated with the 192-acre grounds as a "public park" including:

- Maintaining the grounds, parks, historic buildings, structures, roadways, and physical services of Exhibition Place.
- Providing parking services and various skilled trades to support the many shows and events on the grounds.

The budgetary objective for this Program is to stabilize or decrease the net loss year-over-year for the care and maintenance of the 192-acre park site. One direction has been the redevelopment and rental of the underutilized buildings and other business opportunities, and each year this objective is actively being pursued to offset the annual non-controllable budget pressures.

Exhibition Place serves as the primary hub for the Toronto Sceptres Professional Women's Hockey League (PWHL) and the Toronto Tempo Women's National Basketball Association (WNBA). The historic venue Coliseum is used to host the teams regular-season home matches. A dedicated 60,000-square-foot training facility at 701 Fleet Street is planned on the Exhibition Place grounds for WNBA future operations. The expanded seating at BMO Field continues to have a positive effect on parking revenues with the success of TFC and Toronto Argonauts.

Exhibition Place and Enercare Centre is not only operating in a very competitive market in Toronto and the GTA but also continues to strive to generate new business and to maximize profitability. The 2027 Exhibition Place and Enercare Centre operating budget with total net deficit of \$(1.310) million (\$2.050 million surplus in 2026) represents an decrease net profit from the 2026 approved budget of \$(3.360) million or 164%.

Automotive Building (Conference Centre) Program

This program includes the service areas of Conventions, Conferences, and Meetings. The Conference Centre opened in October 2009 and the financial proforma supporting the construction of this project were completed by Horwath in 2006. The 2012 to 2016 budget for this program were based on this 2006 Study. In 2015, Horwath was retained to complete an updated Market Analysis and Revenue Projection. The updated 2015 financial proforma has been used for the 2018, 2019 operating budgets and then it is adjusted for specific revenue and expenditure items from the 2019 -2026 operations history.

Automotive Building (Conference Centre) is a LEED Silver certified conference facility in the renovated historic Automotive Building. The facility compliments the event activities at Enercare Centre by attracting more international conferences, consumer and trade shows, exhibits, festivals, and conventions to Toronto.

Corporate bookings for the Automotive Building (Conference Centre) continue to be short-term from 2 weeks to 3 months and are seldom booked, unlike trade shows, many months or years in advance. However, since the opening of the hotel, Exhibition Place has been able to bid for future self-contained conferences to our site.

The 2027 Operating Budget for Automotive Building (Conference Centre) before interest, amortization, and transfers is \$2.170 million profit (\$2.353 million in 2026).

Related to the construction of the Automotive Building (Conference Centre), the Board has two (2) loans. There is an outstanding loan of \$38.675 million with the City at a 5% interest rate, which is amortized over 30 years (including the interest on the advance payments during its construction). In addition to the City construction loan, as approved at the Board at its meeting held July 10, 2009, the Federation of Canadian Municipalities (FCM) provided a \$2.0 million loan for energy upgrades and LEED certification at a 2.375% interest rate amortized over 20 years.

Annual debt servicing costs for the Automotive Building (Conference Centre) loans, including principal and interest, are forecast at \$7.218 million in 2026 and \$1.724 million in 2027, assuming a \$5.000 million one-time principal repayment on December 1, 2026. By year-end 2026, Exhibition Place will have repaid \$24.071 million in principal and \$25.034 million in interest across both loans, with an outstanding balance of \$16.604 million, comprising \$16.183 million owed to the City and \$0.421 million owed to FCM.

Other Issues

City Conference Centre Reserve Fund (CCRF) for the Benefit of Exhibition Place

As noted in the Decision History, the City and the Board agreed on the establishment of an obligatory interest-bearing reserve fund to be called the "Exhibition Place Conference Centre Reserve Fund" (CCRF). From the establishment of the CCRF in 2007 to 2025, the Board has contributed a budget surplus of \$34.043 million to the City. The balance in the Conference Centre Reserve Fund at the end of 2026 is forecasted to be \$ 5.940 million. This reserve is a source of funding for both state of good repair, as well as, for the loan repayment of the Automotive Building (Conference Centre).

Some of the significant directions taken with respect to the annual surplus for Exhibition Place and contribution and/or withdrawals from the CCRF are as follows:

- 2007 – year-end surplus of \$3.1 million was not added to this Reserve but used by the City for general operating purposes.
- 2008 – the surplus of \$2.4 million was allocated for Allstream Centre masonry restoration.
- 2009 – \$1.4 million of the CCRF was allocated to fund the Horse Palace roofing in addition to ISF Funding from the operating surplus of \$2.0 million.

- 2011 / 2012 – the surplus of \$1.854 million (2012) and \$1.320 million (2011) for a total of \$3.174 million was transferred to the CNEA as part of the independence of the CNEA.
- 2014 – \$474 million as budgeted was withdrawn for the renovation of the Enercare Centre washrooms.
- In the years 2013 (\$1.633 million), 2014 (\$.621 million) and 2015 (\$.345 million) amounts totaling \$2.6 million were withdrawn to fund for the disposal of pre-existing contaminated soil on the hotel lands in accordance with the lease agreement.
- In 2020 \$2.346 million were withdrawn to pay City loans due to cash flow constraints caused by the pandemic
- In 2021 staff withdrew \$3.600 million to pay City loans due to cash flow constraints caused by the pandemic

Greening and Energy Projects

One of the Board's strategic directives is to ensure advanced sustainable and green practices are built into our infrastructure and processes to service the grounds in a responsible way and continue to establish new commitments for sustainability target. To fund these environmental projects the Board has agreements with the City of Toronto, Toronto Atmospheric Fund (TAF), and the Federation of Canadian Municipalities (FCM) for repayable loans and accordingly, all savings/incentives generated from these environmental initiatives are used to fund current and future debt payment.

The following savings and incentives revenue are reported on 2027 operating budget:

- Enercare Centre LED lighting retrofit for Halls A, B, C, D, and Heritage Court was completed in 2015, and provides annual savings of \$120,000. The loan was fully paid in 2025.
- The five-building retrofit project (Queen Elizabeth, General Services, East Annex, Horse Palace, and Better Living Centre) completed early in 2008 and was providing annual savings of approximately \$195,000. The City loan was fully paid in 2018, and capitalized building improvement costs were fully amortized in 2023.
- Press Building Geothermal project completed in 2008 provides an annual savings of \$20,000.
- Underground Lighting Control Retrofit for Enercare Centre underground parking was completed in 2008 and provides an annual savings of \$40,000.
- LED Pathway lighting project completed in 2011 with an annual savings of \$2,000.
- Installation of the east Horse Palace photovoltaic (PV) system (100Kwh) realizes annual electricity savings of \$10,000 annually, and FIT incentives of \$45,000.
- The East Annex PV Roofing (150Kwh), West Horse Palace PV Roofing (100Kwh), and other smaller energy projects were completed in 2011 with annual savings of \$40,000, and FIT incentives of \$180,000. The loan was fully paid in 2022.
- The PV - Better Living Centre will generate \$6,000 in rent and royalties annually from Toronto Hydro; and,

- District Energy System – City Council approved a \$4.5M capital expenditure from recoverable debt to redesign and connect existing energy generation assets at Exhibition Place to supply heating, cooling, and water heating to Hotel X, Enercare Centre Complex, and Coca-Cola Coliseum. Hotel X opened in March of 2018. It is budgeted this will generate capacity charge revenue of \$432,000 and \$1,125,136 net profit in 2027. The loan was fully paid in January 2026.

The total loan advance received by the Board to-date for all of the above energy projects is \$14.948 million. By the end of 2026 Exhibition Place would have paid \$16.775 million in interest and principal. The remaining interest and principal balances at the end of 2026 for the above energy projects is \$2.185 million.

CONTACT

Hardat Persaud, Chief Financial Officer & Corporate Secretary, 416-263-3031,
hpersaud@explace.on.ca

Steven N. Nushis, Director of Accounting Services, 416-263-3039,
snushis@explace.on.ca

SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - 2027 Operating Budget