Ville de Québec

Québec Amphitheatre - Naming Rights Assessment

November 25, 2010

Contents

Background

- The Ville de Québec (the "City") has completed significant background research and business case planning relating to a proposed 18,000-seat arena / amphitheatre (the "Amphitheatre"). This Amphitheatre is to serve as the home venue for a new or relocated National Hockey League ("NHL") franchise as well as serve as a key venue for a future Winter Olympics Games bid.
- As part of the background analysis completed to date, the Quebec Government commissioned Ernst & Young to prepare a business case profiling the opportunity which such a venue presents within the broader Quebec City region and how this region could derive lasting social and economic benefit. In addition, we understand that the City has completed an assessment of the Amphitheatre's naming rights potential.
- While having completed such a review, the City retained Samson Bélair / Deloitte & Touche to prepare an independent assessment of the naming rights and sponsorship potential of the Amphitheatre.
- In completing this assessment, Deloitte completed the following:
  - Reviewed the July 2010 report prepared by Ernst & Young;
  - Reviewed the stadium sponsorship and naming rights landscape in Canada and reviewed sponsorship trends in the broader North American market;
  - Identified the range of sponsorship opportunities that may exist within the new Amphitheatre (including, for example, concourses, lounges, etc.);
  - Completed a comparative review of the Quebec City marketplace against other Canadian NHL cities with respect to businesses, incomes, growth prospects, etc.;
  - Identified, at a high level, the range of local / broader regional and other corporations who could potentially become sponsors within the venue (including the venue's naming sponsor);
  - Based on the foregoing, identified the approximate range of building and naming sponsorships; and
  - Prepared this Summary Report, in PowerPoint format, summarizing our review and providing our opinion on the naming rights and other sponsorship potential of the new Amphitheatre.

Naming rights

Background

- Most sports venues in Canada, including most venues housing professional teams, semi-professional and minor league teams have sold naming rights.
- According to industry publications and information provided to Deloitte, the annual value of these sponsorships are highest among buildings which house NHL teams. Buildings which primarily house AHL or other lower-level professional hockey teams generally rank second in terms of annual sponsorship value.
- Open air stadiums, whether for football, soccer or baseball, generally rank below AHL facilities, but significantly above arenas housing Canadian Hockey League teams (i.e., teams playing in the WHL, OHL or QMJHL).

Determinants of value

- According to industry publications and other literature, the amount a venue can secure from building sponsorships will be dependent upon a number of factors, including but not limited to:
  - the size and nature of the market the venue is located within;
  - the building’s physical location within that market;
  - the venue’s visibility (i.e., its external “signage value”);
  - the number and range of events and spectators it attracts;
  - national / international TV exposure;
  - on-site and in-arena exposure to attendees (i.e., its internal “signage value”);
  - the success and longevity of the team;
  - media coverage (ad campaigns, local TV / radio), editorial coverage (print and online); and
  - the venue’s positioning and image, including from a social media perspective.
- Additional factors which serve to impact sponsorship viability and pricing include:
  - the presence of a professional sports franchise;
  - the type of events that take place in the building;
  - the nature of corporate entities in the city / region where the venue is located;
  - the nature of the sponsorship package purchased by the entity; and
  - the “newness” of the venue.

Naming rights

Why corporations purchase naming rights

- While a common reason explaining why an entity would sponsor a facility is for pure “advertising” purposes, the reality is a variety of corporations, representing a myriad of industries will sponsor a facility for multitude of reasons.
- Increasingly, corporations are looking at the strategic value of being associated with a building / team, and how that relationship can help further the overall corporate direction of the company, particularly with respect to growing its business.
- By way of example, in early 2010 Sun Life Financial Inc., Canada's third-largest insurer, entered into a five-year, $20.0 million agreement to purchase the naming rights of the stadium used by the National Football League's Miami Dolphins and Major League Baseball’s Florida Marlins (formerly known as Joe Robbie Stadium, Pro Player Park, Pro Player Stadium, Dolphins Stadium, and most recently, Land Shark Stadium). In addition, the stadium is used by the University of Miami and is the home of U.S. College Football’s Orange Bowl.

  As we understand it, Sun Life agreed to this sponsorship in order to heighten its presence in the U.S., determining that naming a prominent sports facility will help build brand awareness and enhance its business (where it already generates one-third of its business). The physical naming of this facility happened immediately and allowed the stadium to be called “Sun Life Stadium” in time for the NFL Pro Bowl (held on January 31, 2010) and Super Bowl XLIV (held on February 7, 2010).

  From an advertising perspective, the name “Sun Life Stadium” was mentioned on multiple occasions during both the Pro Bowl and Super Bowl telecasts, and was mentioned in numerous newspaper and sports journal articles and on sport highlight shows across North America. In comparison, the cost of one 30-second ad during the Super Bowl ranged between $2.5 million and $3.0 million, whereas for $4.0 million (per year) Sun Life’s name and logo were seen or mentioned countless times throughout two separate telecasts; in addition, Sun Life’s name and logo will be seen and heard during an additional 100 events (minimum) annually (covering the Major League Baseball, NFL and U.S. college football seasons).

  Sun Life joins other Canadian financial-services companies that have purchased the naming rights to U.S. sports venues, including the Royal Bank of Canada (naming rights for the Raleigh, North Carolina, RBC Center, home arena of the NHL’s Carolina Hurricanes) and Toronto-Dominion Bank (Boston’s TD Garden, home arena of the NHL’s Boston Bruins and the Boston Celtics of that National Basketball League). As we understand it, the business rationale for each entity’s sponsorship was similar to that reported for Sun Life (i.e., to enhance name and brand recognition in the United States).

Naming rights

Why corporations purchase naming rights

The Sun Life example is similar to a recent naming rights transaction where Toronto- based telecommunications company Rogers Communications entered into a multi-year, multi-million dollar naming rights deal to rename the NHL's Vancouver Canuck's home arena "Rogers Arena" (formerly GM Place). While originally agreeing to a 20-year title sponsorship, General Motors opted out of its agreement after 15 years; the title sponsorship arrangement now provides Rogers with a significant presence in the Vancouver / British Columbia / Western Canada marketplace, a market which has traditionally been dominated by Telus. According to press reports, the deal also provides Rogers with category exclusivity in both the arena and with the Canucks; previously Telus held the telecommunications sponsorship rights with both the team and building.

- In more limited cases, naming rights can also (in conjunction with a more traditional advertising rationale) be a function of an entity's philanthropic / sense of belonging / linkage with the local community. Examples include Mosaic Stadium at Taylor Field (Regina, Saskatchewan), MTS Centre (Winnipeg), John Labatt Centre (London), Saputo Stadium (Montreal), Tim Hortons Event Centre (Cochrane, Ontario), and the Strathcona Paper Centre (Napanee, Ontario). The value associated with these latter two examples were almost exclusively a function of the sponsor's linkage to the community and its desire to financially contribute to the realization of the sports facility.
- Factors including the type and number of events that occur within a venue, the number of spectators the venue attracts, the marketing value / exposure of the venue and the teams that play therein on a local, regional and national scale, and the size and nature of the local market will most greatly influence the value an entity would be willing to commit. Depending on the entity, the relative importance of each factor, amongst others, will differ. For example:
  - Entities with a more regional focus would likely pay more for a location with high visibility to passing traffic, than they would to a lesser profile location (i.e., their sponsorship will be highly dependent upon the local advertising component / "number of eyes" that will see the company logo on the building).
  - Similarly, entities with a strong local / regional presence may pay an equivalent or greater amount for a "lesser profile location" in order to seen as achieving broader community development objectives.
  - Finally, a sponsor may be willing to commit to a broader sponsorship, involving multiple properties, in order to secure cross-promotion opportunities (examples of which include the Bank of Montreal's sponsorship of Toronto FC and its stadium, along with the Air Canada Centre, Toronto Maple Leafs and Toronto Raptors, and Bell Canada Enterprises' sponsorship of the Ottawa Senators, ScotiaBank Place and the "Sensplex" community sports facility).

Naming rights

Why corporations purchase naming rights

- In some cases, the "newness" of a venue can affect its naming rights value, as teams and venues generally realize a "honeymoon" period when the venue is first opened, generating higher than average attendance and attracting an increased number of events compared to their previous venue / home. In such instances, prospective sponsors may be willing commit higher amounts to sponsor the facility.

Deal terms / structure

- Naming rights agreements are generally comprised of a number of contractual provisions including ownership rights, amount, payment timing and escalation, term and renewal options, exclusive rights and non-compete covenants, first options and rights of first refusal, intellectual property related clauses, etc.
- **Payment Terms.** In most instances, payment terms consist of an initial up-front payment, followed by a series of annual payments. Such payments can and have been structured in a number of ways. For example,
  - The full amount of the sponsorship could be paid upfront (and used by the stadium owner to support a portion of the building's capital cost). Examples including BMO Field (Toronto), Saputo Stadium (Montreal) and numerous other smaller facilities (Cochrane, Sault Ste. Marie, etc.);
  - The full amount of the sponsorship could be paid in equal annual installments over the term of the agreement. Examples include the majority of professional sports NHL venues in North America, including most NHL venues in Canada; or
  - Payment could also be structured as increasing annual amounts over the term of the agreement. Examples include Ricoh Coliseum (Toronto), whose first three annual payments were fixed, while payment in subsequent three year periods were subject to a predefined inflation rate increase. Two U.S. NHL arena deals we are aware of call for annual "bumps" in value equal to 5.00%, while a U.S. NFL stadium deal calls for predefined fixed rates with bumps every year.
- **Deal Length.** In terms of deal length, when naming rights deals were first negotiated, arrangements were generally for a term covering 10 to 30 years. More recently, naming rights transactions have tended to become shorter in length, typically covering a 10-year team or less (deals as short as five years, similar to the above discussed Sun Life deal, have also occurred).

Naming rights

Deal terms / structure

- **Signage Costs.** In a number of cases, the cost associated with making and installing / affixing signage with the corporate logo of the building sponsor is the responsibility of the stadium (and paid for out of initial / Year 1 sponsorship advance(s)). In other cases, such costs comprise an additional payment / obligation of the building sponsor (as was the case in one NHL venue, and as occurred in two Ontario Hockey League facilities). In other cases, there are shared costs.
- **Inclusions.** In most instances, the building sponsor is provided with a number of amenities / extras, the value of which is factored into the overall valuation of the deal. In addition to corporate signage on the exterior and interior of the building (including, for example, on the ice surface), the naming rights holder is also provided with a corporate suite and the free use of the facility (generally for a fixed number of times) for corporate events. Depending on the sponsor's industry, they may also be provided with category exclusivity / product rights (for example, if naming rights are sold to a beverage or food company, the would also be provided with "pouring" / "food" rights within that building).

  Additional inclusions could include the following:

  - tickets to all stadium events
  - corporate logo on all facility communications
  - reserved parking spaces
  - corporate logo of stadium employee uniforms
  - category exclusivity
  - corporate logo on all event tickets
  - corporate logo on stadium concession cups, serviettes, etc.
  - exclusive use of sponsor products
  - in-stadium product display areas
  - contact and photo opportunities with visiting teams / celebrities
- **In-Kind Services.** In a limited number of cases, the building sponsor may also agree to provide various in-kind services to the facility. As we understand it, K-Rock FM, a local Kingston radio station, agreed to a $1.9 million, 10-year building sponsorship deal that included approximately $200,000 of in-kind services for advertising and event promotion. Similarly, Sleeman Breweries' building sponsorship agreement in Guelph includes an additional amount for event marketing and advertising.
- **Additional Teams.** In some cases, a building will reserve the right to increase the annual naming rights fee should an additional tenant take up residence in the facility. In one example, the additional amount was predefined in the agreement at a fixed amount, while in another, we understand that the value was dependent upon the number of games the new team would play in the venue and the team's expected average attendance in relation to the main lead tenant.

Naming rights

Summary

- While the reasons an entity would agree to sponsor a stadium are many and diverse (and the relative importance of those reason similarly vary among corporations), we conclude that the factors that most greatly influence value are:
    - the type and number of events that occur within a venue;
    - the newness of the venue and the popularity of the main sports team tenant;
    - the number of spectators the venue attracts;
    - the marketing value / exposure of the venue (and the teams that play therein) on a local, regional and national scale; and
    - the size and nature of the local market.
- Naming rights deal terms and payment structures vary considerably, but appear to be most dependent upon the scope and range of the sponsorship and the nature of “inclusions” brought into the deal.

Naming rights landscape in Canada

Overview

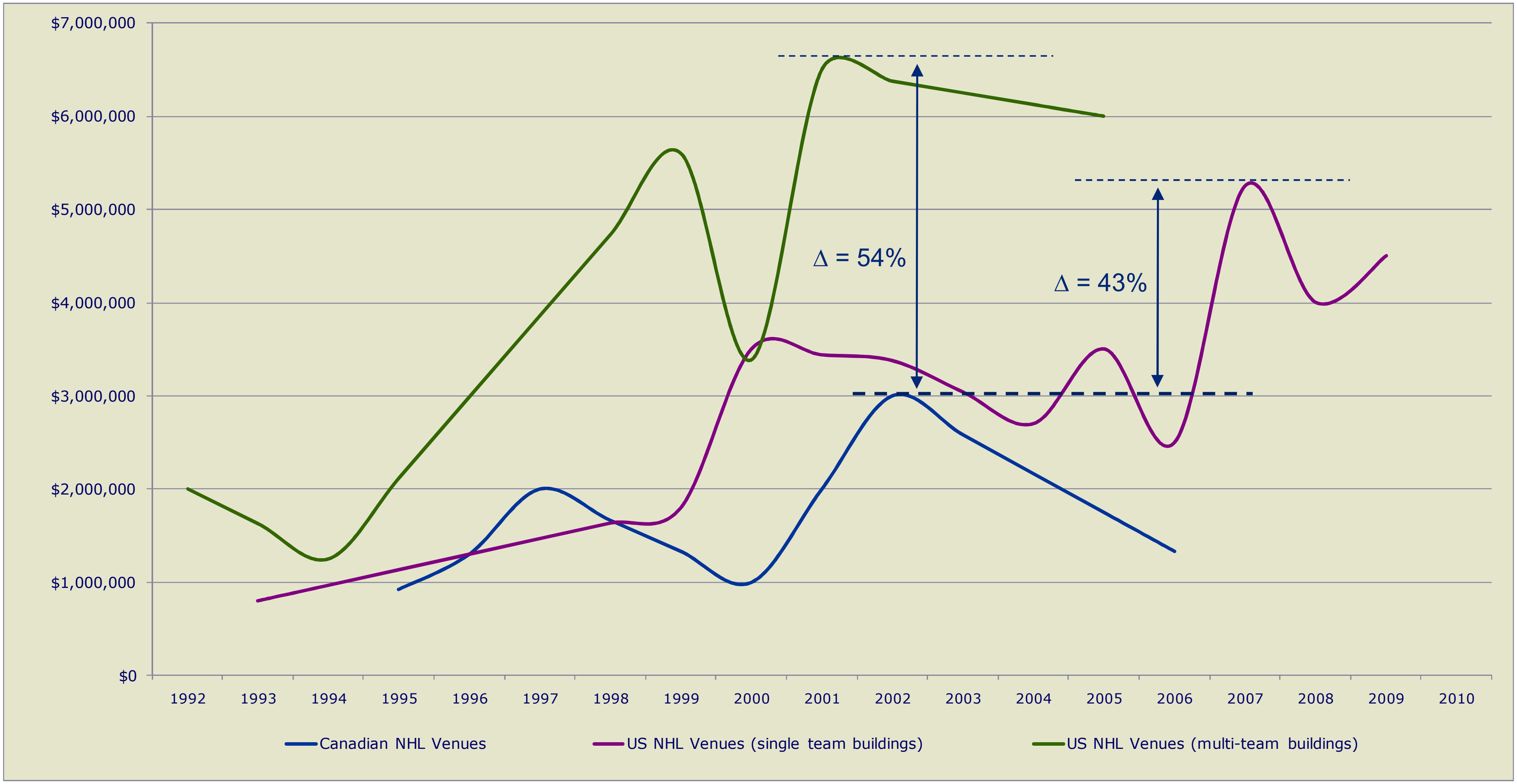
- The vast majority of stadiums and arenas housing professional sports teams in Canada have secured naming sponsorships. In addition to these "professional" sports facilities, a number of stadiums and arenas housing semi-professional, minor league and amateur teams and leagues have also sold naming rights.

National Hockey League buildings

- 28 of the 30 arenas housing NHL teams, including all six buildings in Canada, have secured multi-year naming sponsorships (only Madison Square Garden in New York City, home of the New York Rangers, and Nassau Veterans Memorial Coliseum, home of the New York Islanders) have not sold naming rights.
- Annual sponsorship values vary directly with the size of the market the team / building is located within, the date when the sponsorship was secured, and with the number of professional sport teams that play within that building. For examples,
    - Buildings that have more recently secured naming sponsorships will generate a higher average annual value compared to venues who secured their naming sponsorship in years past;
    - Buildings located in larger markets will generate a higher average annual value compared to venues located in smaller markets; and
    - Venues with multiple sport teams tenants (particularly in different sports) will generate higher average annual values compared to venues with only one sport team tenant.
- In general, NHL venues located in the United States have generated higher average annual values compared to NHL venues located in Canada – prior to the recent arena naming deals announced in Vancouver and Calgary, peak annual values in Canada average approximately 57% of peak values of single-tenant US buildings, and approximately 46% of peak values of multi-tenant US buildings.
- Canadian NHL buildings which have secured naming sponsors include the following:
    - **Vancouver:** sold the naming rights to their arena to General Motors in 1995. This 20-year, $18.5 million agreement ($925,000 per year) was to have expired in 2015; in 2010, GM elected to opt out of the agreement and in June 2010, the Vancouver Canucks announced that it had given naming rights to Rogers Communications as part of a multi-year, multi-million dollar agreement (terms of the deal including length and total dollar amount have not been publicly released). The arrangement also includes Rogers becoming the exclusive telecommunications partner of the Vancouver Canucks.

Naming rights landscape in Canada

NHL Venues – Average Annual Naming Sponsorship Value (by date of origination)



Excludes Rogers Arena and ScotiaBank Saddledome deals

Naming rights landscape in Canada

NHL Venue Naming Rights (Canadian and single-tenant U.S. venues)

City	Sport Team Tenant(s)	Naming Sponsor	Total Naming Rights	Term	Expiry	Annual Value	Year Signed
Canada							
Vancouver	Vancouver Canucks	General Motors	$18,500,000	20 years	2015	$925,000	1995
Ottawa	Ottawa Senators	Corel Corporation	$26,000,000	20 years	2016	$1,300,000	1996
Toronto	Toronto Maple Leafs (NHL) Toronto Raptors (NBA)	Air Canada	$40,000,000	20 years	2017	$2,000,000	1997
Calgary	Calgary Flames	Pengrowth Enterprises Lrd.	$20,000,000	20 years	2020	$1,000,000	2000
Montreal	Montreal Canadiens	Bell Canada	$60,000,000	20 years	2022	$3,000,000	2002
Edmonton	Edmonton Oilers	Rexall	n/a	10 years	2013	n/a	2003
Ottawa	Ottawa Senators	Bank of Nova Scotia	$20,000,000	15 years	2021	$1,333,333	2006
Calgary	Calgary Flames	Bank of Nova Scotia	n/a	10 years	2020	n/a	2010
Vancouver	Vancouver Canucks	Rogers Communications	n/a	n/a	n/a	n/a	2010
U.S. (Single Tenant Building)							
Buffalo	Buffalo Sabres	Marine Midland Bank (HSBC Corp.)	$24,000,000	30 years	2023	$800,000	1993
Pittsburgh	Pittsburgh Penguins	Mellon Financial Corp.	$18,000,000	10 years	2009	$1,800,000	1999
Minnesota	Minnesota Wild	Xcel Energy Co	$75,000,000	25 years	2025	$3,000,000	2000
San Jose	San Jose Sharks	Compaq Computer	$72,000,000	18 years	2018	$4,000,000	2000
St. Louis	St. Louis Blues	Scottrade Inc.	$52,500,000	15 years	2020	$3,500,000	2005
Carolina	Carolina Hurricanes	Royal Bank of Canada	$80,000,000	20 years	2022	$4,000,000	2002
Tampa Bay	Tampa Bay Lightning	St. Petersburg Times	$33,000,000	12 years	2014	$2,750,000	2002
Florida	Florida Panthers	BankAtlantic	$27,000,000	10 years	2014	$2,700,000	2004
Phoenix	Phoenix Coyotes	Jobing.com	$25,000,000	10 years	2016	$2,500,000	2006
New Jersey	New Jersey Devils	Prudential Financial	$105,000,000	20 years	2027	$5,250,000	2007
Anaheim	Mighty Ducks of Anaheim	Honda	$60,000,000	15 years	2023	$4,000,000	2008
Pittsburgh	Pittsburgh Penguins	Consol Energy Inc.	$94,500,000	21 years	2030	$4,500,000	2009
Columbus	Columbus Blue Jackets	Nationwide Insurance	n/a	n/a	n/a	n/a	n/a
Detroit	Detroit Red Wings	n/a	n/a	n/a	n/a	n/a	n/a
Nashville	Nashville Predators	Bridgestone Tire	n/a	n/a	n/a	n/a	n/a
New York	New York Islanders	n/a	n/a	n/a	n/a	n/a	n/a

Naming rights landscape in Canada

NHL Venue Naming Rights (multi-tenant U.S. venues)

City	Sport Team Tenant(s)	Naming Sponsor	Total Naming Rights	Term	Expiry	Annual Value	Year Signed
U.S. (Multiple Tenant Building)							
Philadelphia	Philadelphia Flyers (NHL) Philadelphia 76ers (NBA)	Wells Fargo	$40,000,000	31 years	2023	$2,000,000	1992
Chicago	Chicago Blackhawks (NHL) Chicago Bulls (NBA)	United Airlines	$25,000,000	20 years	2014	$1,250,000	1994
Atlanta	Atlanta Trashers (NHL) Atlantra Hawks (NBA)	Royal Philips Electronics	$168,000,000	20 years	2019	$8,400,000	1999
Colorado	Colorado Avalanche (NHL) Colorado Nuggets (NBA)	Pepsi	$68,000,000	20 years	2019	$3,400,000	1999
Los Angeles	Los Angeles Kings (NHL) Los Angeles Clippers (NBA) Los Angeles Sparks (WNBA) Los Angeles Lakers (NBA)	Staples, Inc.	$100,000,000	20 years	2019	$5,000,000	1999
Washington	Washington Capitals (NHL) Washington Wizards (NBA) Washington Mystics (WNBA)	MCI	$44,000,000	13 years	2013	$3,384,615	2000
Dallas	Dallas Stars (NHL) Dallas Mavericks (NBA)	American Airlines	$195,000,000	30 years	2031	$6,500,000	2001
Boston	Boston Bruins Boston Celtics	TD Banknorth Inc.	$120,000,000	20 years	2025	$6,000,000	2005
New York	New York Rangers (NHL) New York Knicks (NBA) New York Liberty (WNBA)	n/a	n/a	n/a	n/a	n/a	n/a

Naming rights landscape in Canada

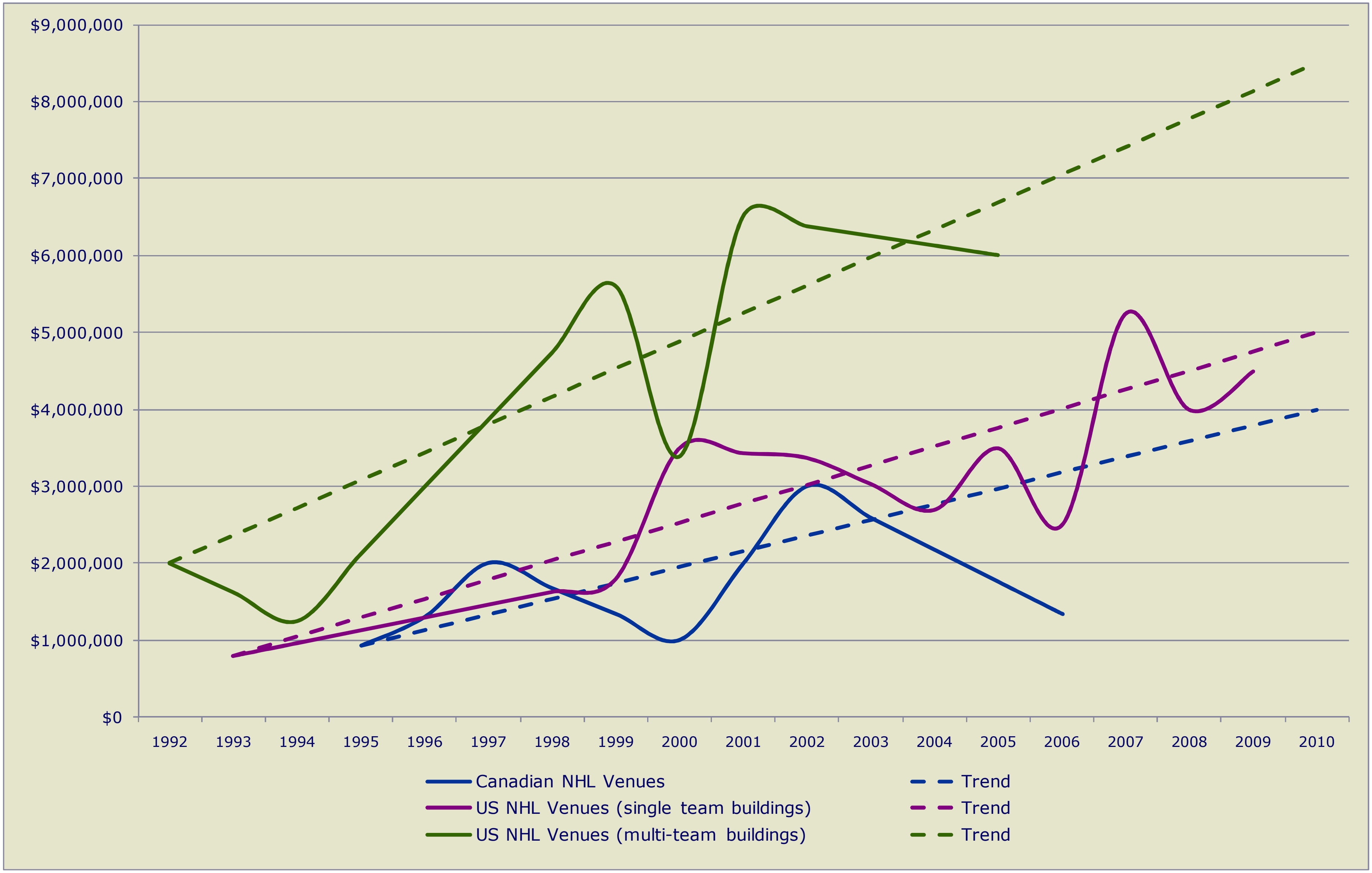
National Hockey League buildings

- **Calgary:** sold the naming rights to their arena to Pengrowth Enterprises Ltd. in 2000 when the former naming sponsor, Canadian Airlines was acquired by Air Canada. At the time, the deal was widely reported as a 20-year, $20.0 million agreement ($1.0 million per year) expiring in 2020. In October 2010, upon expiry of the arrangement with Pengrowth, the Calgary Flames announced that it had signed a sponsorship agreement with the Bank of Nova Scotia to rename their venue the ScotiaBank Saddledome. Similar to the new sponsorship agreement in Vancouver, terms of the multi-million, multi-year agreement (length and total dollar amount) have not been publicly released.
- **Edmonton:** sold the naming rights to Rexall Pharmacies in 2003 upon expiry of a five-year, $6.0 million naming rights deal with Skyreach Equipment Ltd. ($1.2 million per year). Rexall is part of Katz Group Inc., owner of the Edmonton Oilers. Rexall's naming rights deal is to expire in 2013; financial terms have not been publicly disclosed.
- **Toronto:** sold naming rights to their new venue to Air Canada Enterprises in 1997. This 20-year arrangement is valued at $40.0 million ($2.0 million per year) and will expire in 2017.
- **Ottawa:** sold naming rights to the Bank of Nova Scotia in 2006 upon expiry of the building's original sponsorship with Corel Corporation. Published reports indicate the original arrangement with Corel was a 20-year, $26.0 million deal ($1.3 million per year), with Corel opting out of the arrangement after year 10. The current arrangement with the Bank of Nova Scotia is reported at $20.0 million for 15 years (expiring in 2015) and paying the Ottawa Senators approximately $1.33 million per year.
- **Montreal:** naming rights to the Montreal Canadien's new building were sold to Bell Canada Enterprises in 2002. This 20-year arrangement is valued at $60.0 million ($3.0 million per year) and is to expire in 2022.

- Based on historic trending in naming rights values in both the United States and Canada (and factoring in values of the most recently completed transactions not yet made public), average market values have grown by average annual rates approximating 5%, with longer-term historic growth rates slightly higher for single-tenant NHL buildings in the United States and slightly lower for multi-tenant NHL buildings in the United States.
- Based on a linear extrapolation of these trends, current average values are estimated to approximate:
  - $4.0 million per year for Canadian NHL venues;
  - $5.0 million per year for single-tenant NHL venues in the United States; and
  - $8.5 million per year for multi-tenant NHL venues in the United States.

Naming rights landscape in Canada

NHL Venues – Trends in Average Annual Naming Sponsorship Value



Acknowledges Rogers Arena naming rights sponsorship

Building sponsorships

Corporate Support

- In additional to naming / building title sponsorships, sports venues also regularly secure sponsorships associated with building components and features, including concourses, lounges / restaurants, food & beverage / concession operations, pouring rights, digital media / telecommunications, etc. In the vast majority of instances, these sponsorships are secured in associated with or by the sport team tenant and the revenue derived there from accrue to the benefit of the team. Among the corporations who are most commonly associated with professional sport franchises and, by extension their arena, include the following (corporate partners of the Vancouver Canucks and, previously, GM Place are also illustrated below):
  - Beer: Molson Breweries, Labatt Breweries, Sleeman Breweries, etc.
  - Telecommunications: Bell, Telus, Rogers, etc.
  - Technology: Cisco, IBM, Nortel Networks, Sony, etc.
  - Financial Institutions: RBC, TD Bank, Bank of Montreal, ScotiaBank, HSBC, Desjardins, MasterCard, VISA, etc.
  - Automotive: General Motors, Ford, Honda, Toyota, etc.
  - Soft Drinks: Coca-Cola, Pepsi, etc.
  - Spirits: Daigeo, Smirnoff, etc.
  - Insurance: Sun Life Financial, State Farm, etc.
  - Restaurants / Fast Food: McDonalds, Subway, Tim Hortons, Boston Pizza, Prime Restaurants, etc.
  - Sports Equipment and Apparel: Nike, RBK, etc.
  - Airlines: Air Canada, WestJet, etc.
  - Couriers: Purolator, Federal Express, UPS, etc.
  - Energy: Petro Canada, Imperial Oil, Direct Energy, etc.
  - Gaming: individual casinos, provincial lottery and gaming corporations, etc.
  - Consumer Products: Best Buy, Home Depot, Home Hardware, Canadian Tire, etc.

VANCOUVER CANUCKS CORPORATE PARTNERS

Building sponsorships

Corporate Support

- Like other Canadian NHL franchises and buildings, it is expected that some of these companies, in addition to other local / Quebec-based entities, would agree to become formally associated with, and become a corporate sponsor of both the new Amphitheatre and an NHL franchise should one locate / relocate to Quebec City. As stated above, the majority of revenue derived from such sponsorships would normally accrue to the benefit of the NHL team unless the team and building specifically negotiate an acceptable revenue sharing arrangement.
- Sponsorship categories would likely include the following, with sponsors in each category offered exclusivity (i.e., the team / building would grant only one beer, soft drink, water, insurance, telecommunications, etc. company sponsorships rights). Such sponsorships could be linked to a physical feature of the building (i.e., an individual concourse or suite level, the media room, club lounge, in-arena restaurant, etc.) or as an "official" supplier / professional services firm / company of the team / building. Such arrangements would also provide the sponsor with advertising within the building (whether on the ice surface, the rink boards, on halo video boards, back-lits, other in-arena advertising positions, etc.).
  - Beer
  - Spirits
  - Financial Institutions / Banks
  - Telecommunications
  - Automotive
  - Restaurants / Fast Food
  - Consumer Products
  - Freight Forwarding
  - Gaming
  - Pharmaceuticals
  - Soft Drinks
  - Wine
  - Insurance
  - Technology
  - Airlines
  - Sports Equipment and Apparel
  - Couriers
  - Energy
  - Professional services / Real Estate
  - Local newspapers / media
- Our understanding, gleaned from prior assignments is that such level of sponsorship, including naming rights, will total several millions of dollars per year for the average NHL team; as stated previously, most NHL teams retain 100% of building and team sponsorship revenue (including in some cases naming rights sponsorship revenues) unless other arrangements are specifically negotiated.

Comparative market assessment

Socio-economic profile

- Quebec City is the tenth largest city and seventh largest urban area in Canada. With an estimated 2010 regional population of almost 760,000 people, Quebec City is the largest urban area in eastern Quebec, commanding a large regional trade area and supporting significant visitation by tourists.
- Although economic growth was relatively flat in 2009, it outperformed all but one other Canadian metropolitan area (Halifax). The Conference Board of Canada reports that with the recession over, local economic activity is projected to have accelerated sharply in 2010, and growth in the manufacturing sector coupled with stronger growth in the construction and service sectors are projected to allow the regional economy to expand by 3.4% in 2010 and by a further 2.4% in 2011.
- Similar to the overall state of the economy in Quebec City, total employment in the region grew by 0.5% in 2009 (in comparison with most other markets where total employment declined) and is expected to further expand by between 1.1% and 1.4% per year through 2012. This level of economic expansion and employment growth has fueled retail spending in the region at rates some 5% to 13% above the national average, despite average household incomes being approximately 15% below the national average.
- As the provincial capital, Quebec City enjoys greater economic stability because of the presence of Québec government ministries and corporations. Quebec City's regional economy is broad and encompasses:
  - applied technologies (including optics, photonics, electronics, software, computer services, geomatics, video games, defense, security, etc.);
  - life sciences, health and nutrition (including biotechnologies, biomedicine, pharmaceuticals, nutraceuticals, functional foods, agri-food processing, etc.); and
  - processed materials (plastics, composite materials, secondary wood processing, etc.).
- Major public and private sector employers include the following:

Public Sector	Private Sector
Centre Hospitalier de l'Université Laval (CHUL)	Beenox
Centre Hospitalier Robert Giffard	BPR
Centre Hospitalier Universitaire de Québec	CGI
Commission scolaire des Premières-Seigneuries	Exfo
Gouvernement du Québec	Fairmont Château Frontenac
Hydro-Québec	Frima Studio
Hôtel-Dieu de Québec	GlaxoSmithKline
Institut de réadaptation en déficience physique de Québec (IRDPQ)	Industrielle Alliance
Université Laval	La Maison Simons
Ville de Québec	Papier White Birch

Comparative market assessment

Socio-economic profile

- In addition to the above noted companies, the Quebec City region is home to a number of smaller established companies and emerging entities. Generally, such entities can also be the source of building and team sponsorships. Such entities include:

Sector	Companies		
Applied Technology	ABB Process Analytics EO	EXFO Gentec	Telops
Defence & Security	DAP Technologies	DMR Consulting	Thales
Electronics	Comlab Telecommunications Gecko	Labcal Technologies	Multitel
Information Technology	BMR Beenox	Frima Studio	Ubisoft
Geomatics	Groupe ALTA Innovision Plus	Korem	XEOS Imaging
Life Sciences	Medicago	SFBC Anapharm	
Insurance / Financial Services	Industrial Alliance	LaCapitale	SSQ Financial Group

- In summary, while global economic growth is expected to be moderate, real GDP in the Quebec City region is projected to accelerate sharply before moderating through 2014. General economic growth is forecast to stimulate employment growth and in turn generate strong retail sales growth.

Comparison with other Canadian NHL markets

- The following slide profiles Quebec City (city and region) against the six Canadian NHL centres (city and region), noting:
  - 2006 population and population rank;
  - 2010 population and population rank;
  - median population age and proportion over the age of 20 and between 20 and 54;
  - average household income;
  - retail sales growth; and
  - various economic indicators, including GDP growth, employment growth and business composition.

Comparative Market Assessment

Socio-economic indicators – Canadian NHL cities and Quebec City

	Vancouver		Edmonton		Calgary		Toronto		Ottawa		Montréal		Québec	
	City	CMA	City	CMA	City	CMA	City	CMA	City	CMA	City	CMA	City	CMA
2006 Population[1]	578,041	2,116,581	730,372	1,034,945	988,193	1,079,310	2,503,281	5,113,149	812,129	1,130,761	1,620,693	3,635,571	491,142	715,515
2006 Population Rank	*8*	*3*	*5*	*6*	*3*	*5*	*1*	*1*	*4*	*4*	*2*	*2*	*10*	*7*
Estimated July 1, 2010 Population[2]	632,495	2,329,999	805,915	1,149,611	1,110,181	1,219,747	2,670,359	5,667,093	878,040	1,220,609	1,661,005	3,850,472	512,350	756,305
2010 Population Rank	*8*	*3*	*5*	*6*	*3*	*5*	*1*	*1*	*4*	*4*	*2*	*2*	*10*	*7*
2006-2010 Growth Rate (CAGR)	2.3%	2.4%	2.5%	2.7%	3.0%	3.1%	1.6%	2.6%	2.0%	1.9%	0.6%	1.4%	1.1%	1.4%
Median Age (2006)[1]	38.6	39.1	36.1	36.4	35.7	35.7	38.4	37.5	38.4	38.4	38.8	39.3	42.7	41.7
% over 20	*82.1%*	*77.2%*	*76.3%*	*74.7%*	*75.3%*	*74.8%*	*77.8%*	*74.8%*	*75.7%*	*75.3%*	*79.7%*	*76.7%*	*80.8%*	*79.1%*
% 20 to 54 years	*58.3%*	*53.1%*	*54.9%*	*53.5%*	*56.5%*	*56.1%*	*53.4%*	*52.7%*	*52.2%*	*52.5%*	*53.7%*	*51.6%*	*50.9%*	*51.1%*
Average Household Income (2010)[2]	$80,544	$86,071	$90,870	$98,857	$118,654	$122,459	$89,519	$99,268	$95,462	$91,159	$59,016	$72,155	$65,208	$69,323
% over / (under) Canadian Average ($80,750)	*-0.3%*	*6.6%*	*12.5%*	*22.4%*	*46.9%*	*51.7%*	*10.9%*	*22.9%*	*18.2%*	*12.9%*	*-26.9%*	*-10.6%*	*-19.2%*	*-14.2%*
Retail Sales *(% above / below Canadian Average)* [2]	-5.0%	-8.0%	34.0%	29.0%	25.0%	20.0%	-19.0%	-17.0%	-10.0%	-13.0%	-8.0%	-6.0%	5.0%	13.0%
Real GDP (2010)[3]	$83,551		$50,412		$63,064		$227,863		$47,295		$126,205		$25,743	
Economic Outlook[3]														
GDP Growth 2009	-1.7%		-5.1%		-4.5%		-2.3%		-0.7%		-0.9%		0.1%	
GDP Growth 2010	4.3%		3.8%		3.5%		4.7%		3.7%		3.2%		3.4%	
GDP Growth 2011	3.3%		3.5%		3.8%		3.6%		2.5%		2.3%		2.4%	
GDP Growth 2012	3.6%		4.3%		4.4%		3.9%		2.3%		2.7%		2.4%	
Employment Growth[3]														
2009	-0.2%		-0.6%		-0.9%		-1.0%		-1.5%		-1.0%		0.5%	
2010	1.1%		10.0%		-0.6%		2.0%		2.8%		3.3%		1.4%	
2011	2.7%		2.0%		3.7%		3.2%		0.4%		1.1%		1.3%	
2012	2.2%		2.5%		2.4%		3.1%		1.1%		1.7%		1.1%	
Business Composition[4]														
> $50 million in sales	543		287		402		868		109		746		146	
> $100 million in sales	195		106		169		340		40		296		52	
> $500 million in sales	15		9		34		49		6		39		6	
> $1.0 billion in sales	2		1		17		27		2		16		2	

Source:
1. *Statistics Canada (2006 Census)*
2. *FP Markets – Canadian Demographics 2010*
3. *Conference Board of Canada (Metropolitan Outlook – August 2010). Gross Domestic Product (“GDP”) is expressed in $ millions (2002 base year)*
4. *InfoCanada.com*

Comparative market assessment

Comparison with other Canadian NHL markets

- Based on this review, we note the following:
  - The Quebec City region is the largest region in Canada currently without an NHL franchise. Its regional population ranks approximately 35% below that of the sixth largest region (Edmonton), and its regional population has grown proportionally as fast as Montreal's. Quebec City's demographic composition is similar to other Canadian NHL cities.
  - While average family incomes are lower than those in Vancouver, Edmonton, Calgary, Toronto and Ottawa, they approximate those in Montreal; retail spending per capita in Quebec City is, however, significantly higher than in some of these centres, including Montreal, Ottawa, Toronto and Vancouver.
  - From an economic perspective, Quebec City appears to be more stable having recently emerged from the recent economic downtown with positive (albeit slight) GDP and employment growth, a situation in direct contrast to each of the Canada's other NHL cities. The overall size and depth of the regional economy of these six markets is, however, greater, with the total size of the Quebec City economy being approximately 50% to 55% of the size of the two smallest NHL city economies (Ottawa and Edmonton).
  - With respect to overall business composition, the Quebec City region would appear to be similar in size to Ottawa, with each metropolitan region having a reported six entities headquartered in the area with annual sales in excess of $500 million and two entities with annual sales in excess of $1.0 billion; Quebec City has more reported firms with sales in excess of $50 million than does Ottawa.
  - Not reported in these figures is, however, the myriad of corporations not headquartered in Quebec City but are nonetheless heavily entrenched in the Quebec spirit. Much like local entities that have agreed to sponsor buildings "in their own community's backyard", these entities, among them Banque Laurentienne du Canada, Banque Nationale, Bombardier, Caisse de dépôt et placement du Québec ("SITQ"), Caisses Desjardins du Québec, Couche-Tard, Quebecor and SNC-Lavalin, also need to be considered for both naming and other building sponsorships.

Venue activity

- The Figure on the following slide summarizes various Canadian NHL venue vital statistics, including building size (total capacity), number of suites, date opened, number and type of sport team tenant, and number of events, by type, which have occurred in the building in both 2009 and 2010.

Comparative market assessment

Venue activity

- Based on this review, we note the following:
  - NHL venues in Canada generally attract between 100 and 150 events per year, with buildings located in Edmonton, Calgary Toronto and Montreal generally securing a minimum of 135 events annually, whereas GM Place / Rogers Arena generally secures 105 to 110 events annually. Only ScotiaBank Place in Ottawa appears to secure less than 80 events annually (the reader should note, however, that this brief survey was based on calendar references taken from each facility's web site; if event dates were erased there from, they would be excluded from these event counts).
  - Based on Ernst & Young's assessment, the proposed 18,000 Amphitheatre is envisioned to secure slightly more events than Vancouver secured in 2009 and 2010, but slightly less than the Bell Centre over this same period.
  - Despite the small sample size, it would appear that event potential and timing are positively correlated with sponsorship values. In this regard, older naming rights deals generally have lower "sponsorship values per event", while more recent deals have higher values.

	Vancouver		Edmonton		Calgary		Toronto		Ottawa		Montreal		Quebec City
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	
Building Size	18,630		17,100		19,289		18,819		19,153		21,273		18,000
Year Opened	1995		1974		1983		1999		1996		1996		t.b.d.
Number of Suites	75		55		72		153		148		135		t.b.d.
Sport Teams	Vancouver Canucks NHL)		Edmonton Oilers (NHL) Edmonton Oil Kings (WHL) Edmonton Rush (NLL)		Calgary Flames (NHL) Calgary Roughnecks (NLL) Calgary Hitmen (WHL)		Toronto Maple Leafs (NHL) Toronto Raptors (NBA) Toronto Rock (NLL)		Ottawa Senators (NHL)		Montreal Canadiens (NHL)		t.b.d.
Number of Events													
NHL	55	47	58	43	51	38	49	47	47	43	49	49	48
Other Sports	8	3	60	64	54	50	61	58	0	18	12	12	10
Concerts	40	36	28	30	36	34	35	33	26	0	46	53	45
Other Events	4	24	11	14	29	19	9	13	1	2	34	20	18
Total	**107**	**110**	**157**	**151**	**170**	**141**	**154**	**151**	**74**	**63**	**141**	**134**	**121**
Annual Naming Rights Value	**$925,000**		**n/a**		**$1,000,000**		**$2,000,000**		**$1,333,333**		**$3,000,000**		**n/a**
Value per event (2010)	*$8,400*		*n/a*		*$7,100*		*$13,200*		*$21,200*		*$22,400*		*n/a*
Date of Sponsorship	*1995*		*2003*		*2000*		*1997*		*2006*		*2002*		*n/a*

Comparative market assessment

Summary

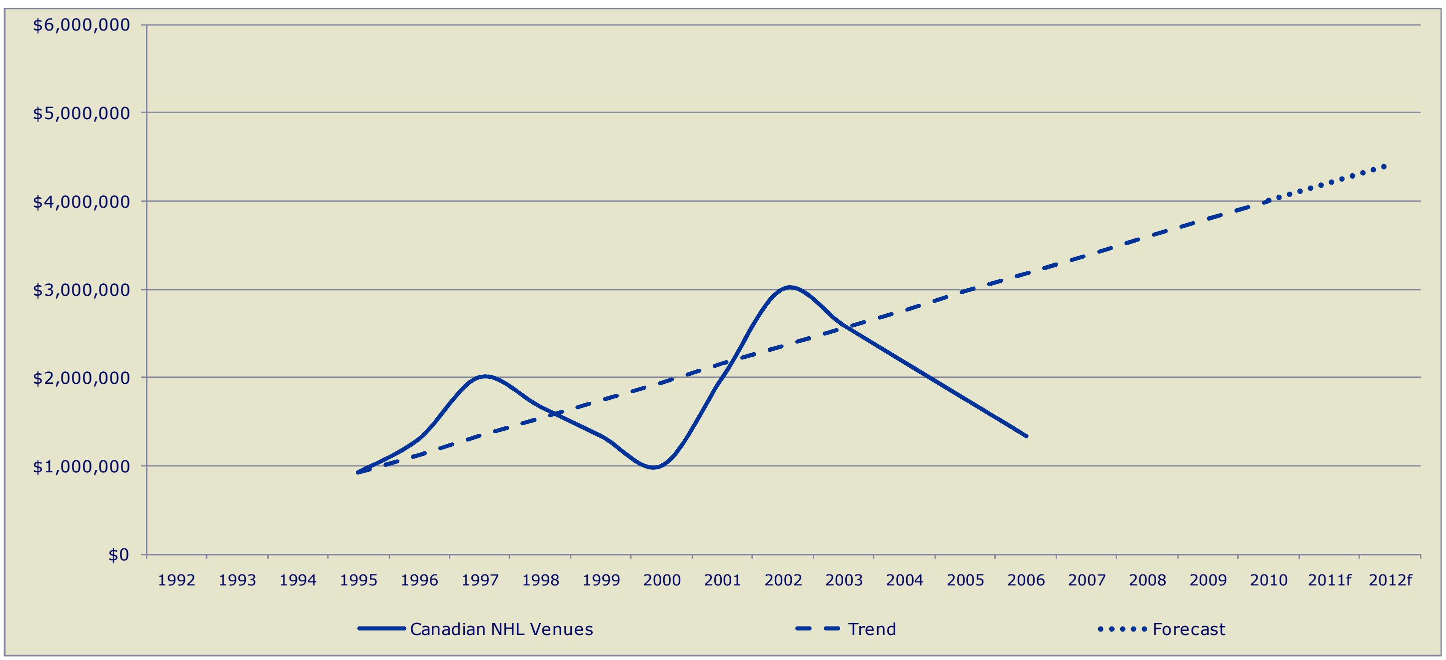
- As Canada's seventh largest region, Quebec City enjoys greater economic stability because of the presence of Québec government ministries and corporations. While the overall size of the economy pales in comparison to other NHL markets in Canada, the presence of a number of businesses in the local market and in the broader provincial economy suggest a possible ready market for naming and sponsorship opportunities.
- The proposed 18,000-seat Amphitheatre is projected to secure 121 events annually if an NHL teams were to play in the building. At this level, the Amphitheatre's event profile would approximate those of other major arena venues in Canada.

Summary and Conclusions

Estimated Value

- Based on our review of the Quebec City market vis-à-vis other Canadian NHL markets, we note the following:
  - As Canada's seventh largest region, Quebec City enjoys greater economic stability because of the presence of Québec government ministries and corporations. While the overall size of the economy pales in comparison to other Canadian NHL markets, the presence of a number of businesses in the local and broader provincial economy suggest a possible ready market for naming and sponsorship opportunities.
  - The proposed 18,000-seat Amphitheatre is projected to secure 121 events annually if an NHL team were to play in the building. At this level, the Amphitheatre's event profile would approximate that of other major arena venues in Canada.
  - Naming right values for NHL arenas in Canada have escalated significantly over the past 15 years; extrapolating these trends to estimate current values (and acknowledging values of recent sponsorship transactions), current average annual values are estimated to approximate \$4.0 million per year (\$2010) and grow to almost \$4.5 million per year by 2012.

Canadian NHL Venues – Forecasted Growth in Annual Naming Sponsorship Values



Summary and Conclusions

Estimated Value

- Acknowledging that this figure reflects the extrapolated 2010 average annual naming sponsorship value across six different Canadian markets and involving nine separate transactions between 1005 and 2010, our opinion is that this average represents an appropriate starting point from which to assess the naming rights potential of the new 18,000-seat Amphitheatre. Adjustments to this figure would then be made based on the following factors previously identified as comprising some of the key determinants of sponsorship value.

Sponsorship Factor	Impact on Value	Comments
Size and nature of local market	*negative*	7th largest market in Canada
Physical location of the Amphitheatre	*t.b.d.*	to be determined / finalized
Venue visibility and "signage value"	*t.b.d.*	to be determined / finalized; can be maximized through the location decision and design process
Internal "signage value" potential	*t.b.d.*	to be determined / finalized; can be maximized through the design process
Number and type of events taking place	*neutral*	120+ events - similar to the event profile of other major Canadian venues
National / international media exposure	*positive*	new facility with a new NHL team will create positive brand awareness and notoriety
Venue's positioning and image	*positive*	venue will be seen as catalyst to NHL returning to Quebec City
Nature of venue tenant	*positive*	renewal of NHL hockey in Quebec will maximize marketing value of any potential building sponsorship
Nature / number of potential corporate sponsors	*positive*	multiple potential sponsors ranging from beer, telecommunications, media, soft drinks, financial institutions to advanced manufacturing
Newness of the venue	*positive*	new state-of-the-art facility
Nature of sponsorship package offered	*t.b.d.*	to be determined

Summary and Conclusions

Estimated Value

- In our opinion is that a new 18,000-seat Amphitheatre built in Quebec City and housing a new or relocated NHL franchise should therefore be able to generate a minimum of $4.0 million in annual naming right value. We base this opinion on the following:
  - The Amphitheatre would comprise a new, state-of-the-art sports and entertainment facility which, combined with the cache of a new or relocated NHL franchise, would increase the attractiveness and marketing value of the Amphitheatre and therefore the marketing appeal of the building for its naming sponsor (positive);
  - Moreover, a new or relocated franchise would mark the return of NHL hockey to Quebec City, a situation which has been eagerly anticipated and which could not occur without a new venue. As such, the return of the NHL would constitute a situation that would receive significant fanfare and notoriety locally, provincially and nationally and across North America (positive).
  - The Amphitheatre would attract some 120 events annually, a level of activity consistent with other major arenas in Canada (neutral).
  - While the number of major corporations with headquarters in Quebec City is below that of other Canadian NHL markets (negative) and the size of the local market is less than that of other Canadian NHL cities (negative), there does exist a myriad of Quebec-based corporations that are heavily entrenched in the Quebec spirit and which could potentially agree to sponsor the facility for philanthropic as well as corporate marketing / branding reasons (positive). Such entities could include, among others, Banque Laurentienne du Canada, Banque Nationale, Bombardier, Caisse de dépôt et placement du Québec ("SITQ"), Caisses Desjardins du Québec, Couche-Tard, Quebecor and SNC-Lavalin.
  - Finally, in addition to these Quebec-based firms, there may also be opportunities for the Amphitheatre to secure a naming sponsorship from a company wanting to establish a presence in Quebec City / the province of Quebec while at the same time usurping a prominent Quebec-based firm (similar to Rogers Communications sponsorship of the Vancouver Canucks Arena). Examples of such entities could include Labatt's Breweries (vis-à-vis Molson Breweries and their historic relationship in Quebec and with the Montreal Canadiens) and Coke (vis-à-vis Pepsi's existing sponsorship of Le Colisee), among others (positive).

Summary and Conclusions

Estimated Value

- Based on the above factors, we believe that a 10-year deal, averaging $4.0 million per year ($40 million in total) would constitute an appropriate minimum threshold. For a 20-year term, our opinion is that the average value should be somewhat higher, reflecting the fact that naming rights sponsorships have historically increased significantly over time.
- Prepaid upfront, such an agreement would be valued at a minimum of $32.5 million for 10 years (discounted at 5.00% per annum and assuming $4.0 million is paid up-front and $4.0 million is paid annually on the anniversary of the agreement). Over a 20-year term, the prepaid upfront value would approximate $65.0 million.

Term	Minimum Annual Rights Fee	Minimum Amount if Prepaid Upfront
10 years	$4.0 million	$32.5 million
20 years	$5.0 million	$65.0 million

- In our opinion, a Quebec-based corporation may be willing to secure the naming sponsorship rights to the Amphitheatre for an amount in excess of this estimate, given that this entity would be viewed locally, provincially and nationally as a key facilitator in the NHL's return to Quebec City, thereby generating heightened positive goodwill and hence marketing value from their sponsorship affiliation.
- If, however, an NHL franchise is not awarded or relocated to Quebec City, our opinion is that naming sponsorship rights for the Amphitheatre would be significantly less.

Summary and Conclusions

Enhancing Value

- While we believe $4.0 million per year (over a 10-year term) is an achievable threshold for the proposed Amphitheatre, we also believe there may also be opportunities to enhance the sponsorship arrangement to extract additional value. Such opportunities could include:
  - Obtaining additional marquees / pylon signage along area highways;
  - Increasing the number of sports teams and entertainment events playing in the venue, in particular the QMJHL Québec Remparts (in a number of cases, a building will reserve the right to increase the annual naming rights fee should an additional tenant take up residence in the facility; in one example we are aware of, the additional amount was predefined in the agreement at a fixed amount, while in another, we understand that the value was dependent upon the number of games the new team would play in the venue and the team's expected average attendance in relation to the main lead tenant);
  - Broadening the sponsorship opportunity to include food / drink / concession rights (applicable to food and beverage companies), telecommunications and media rights, etc. (similar to Rogers Communications which, in addition to securing the naming rights of the Vancouver Canucks arena, also obtained the exclusive telecommunications sponsorship of the team and arena); and
  - Structuring the deal to include periodic or regularly scheduled increases in the annual building sponsorship rights fee.

Appendix

General Assumptions and Limiting Conditions

1. The use of any Projections made in conjunction with this Report may not be appropriate for use outside of their intended purpose. These Projections, which will not reflect actual financial results, may reflect a possible scenario for the Project for the Projection Period, given Deloitte's judgment as to a probable set of economic conditions, together with the hypotheses which are consistent with the purpose of the Projections. Each of the financial scenarios produced in conjunction with our analysis may contain hypotheses and assumptions which are based on a set of economic conditions or anticipated courses of action that are reasonable and appropriate in Deloitte's judgment, are consistent with the purpose of the projections, but which may not materialize as set out therein. The hypotheses represent plausible circumstances, but need not be, and may not have been fully supported.

   Since future events are not subject to precise projections, some assumptions will not materialize in the exact form presented by our analysis. In addition, other unanticipated events and circumstances may occur which could influence the future outcome and performance of the Project. Therefore, the results achieved in future operating periods will vary from the analysis of prospective market and financial conditions set out therein. While there is no recourse to predicting these matters with certainty apart from informed and reasoned judgments, it must be stated that future events may lead to variations in Project performance which may materially alter Project results. Deloitte does not warrant that actual results achieved during the Projection Period will be the same, in whole or in part, as those shown in the Projection. The Projection is based on hypotheses and there is a significant risk that actual results will vary, perhaps materially, from the results projected.

2. Responsible ownership and competent property management are assumed.
3. Information furnished by others upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
4. Our report and work product cannot be included, or referred to, in any prospectus, securities and exchange commission filing or other public or investment document.
5. The intended use of this report is as a high level examination of the potential naming sponsorship value of a proposed 18,000-seat Amphitheatre in Quebec City. A detailed feasibility review / business plan analysis has not been undertaken, nor should one infer that such a study has been undertaken.
6. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the estimates provided in this report are based.
7. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. The property is assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated.
8. Full compliance with all applicable federal, provincial and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
9. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the effective date of this report.
10. Any financial structure cities within this report is predicated on the market conditions prevailing as of the date of this report.
11. Areas and dimensions of the property were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
12. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

General Assumptions and Limiting Conditions

13. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
14. Neither Deloitte nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereof have been made.
15. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Deloitte or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Deloitte.
16. We have not been engaged nor are qualified to detect the existence of hazardous material which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The estimates presented herein are predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.
17. We have not audited or otherwise verified the capital cost estimates associated with this Project.

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