



Katz Group Comments on Status of Arena Negotiations

Edmonton, September 29, 2011 – The Katz Group today released the following statement from John Karvellas, Executive Vice President and General Counsel:

We appreciate the time and effort City Council and City Administration have devoted to the proposed downtown arena project, and want to offer some context on a number of points that have been the subject of recent discussion.

It is important for Edmontonians to understand why we have set a deadline of October 31, 2011 to have a firm agreement with the City.

The expiry of our purchase rights on the downtown land is one important factor, but it is not the only one. The Oilers' lease at Rexall Place expires in less than 33 months, and we are already well past the point of being able to have a new arena in place when the Oilers' 2014 season opens. Soon we will lose the opportunity to be in a new arena for the 2015 season. And construction costs are rising, as we have feared they would. These and other factors create a real and unavoidable urgency to get something done.

As we have exhausted our rights to extend the closing date on the land needed for the downtown arena, we must make a very significant investment by no later than October 31, 2011 to keep the project alive.

This would be in addition to the more than \$25 million we have invested since the City asked us to lead this project more than three years ago, in the spring of 2008.

To be absolutely clear, the Katz Group remains firmly committed to getting a deal done with the City. Under the May 18 Agreement Framework, Daryl Katz is to invest \$100 million into the arena, which the City would own, and to contribute a further \$125 million from ticket sales, the proceeds from which would otherwise go to the Katz Group. In addition, subject to commercial viability, he intends to invest at least an additional \$100 million in the private sector development around the arena, and to have the Oilers sign a location agreement that will keep the team in Edmonton for 35 years. Added to the value of the team itself, this represents a total commitment to this project and the City of Edmonton of more than \$525 million.

This is significantly greater than the commitments made by owners of NHL franchises operating in comparable or even larger markets that are much better able than Edmonton to sustain an NHL franchise. NHL Commissioner Gary Bettman has called Daryl Katz's proposed investment in this case "unprecedented".

This project has enormous potential to transform our city and create jobs, opportunity and other benefits for the entire region – and to ensure the Oilers' long-term sustainability in Edmonton. By City Administration's own estimate, a new downtown arena can be the driver for \$1.2 billion in new municipal revenues that the City could use to fund a host of exciting civic projects.

The challenge is that the City has not yet been able to resolve certain fundamental elements of the Agreement Framework. These include closing a \$100 million funding gap and obtaining a non-compete agreement from Northlands, which we have always understood to be the City's responsibility and without which the new arena is not economically viable. We are seeking fair and reasonable solutions to these issues so that we can continue to move this project forward.

It has been more than three years since the Mayor's Leadership Committee called a new downtown arena "Edmonton's greatest opportunity". We have seen what has been accomplished since that time in Winnipeg, where government support was key to bringing the NHL back to that city; in Quebec City, where two orders of government committed \$400 million in public funding towards a

new arena to attract the NHL; and with the publicly-funded \$500 million refurbishment of BC Place in Vancouver. We have every confidence Edmonton can realize a similar opportunity – especially given Daryl Katz’s proposal and the considerable public support that exists for the project.

We have great respect for the City’s process and its need to achieve an agreement that is fair for all concerned. But ultimately this is not just a debate over a funding model - it is a question of what kind of city Edmonton wants to become.

About Katz Group

Founded by Daryl Katz in 1990 and headquartered in Edmonton, the Katz Group is one of Canada’s largest privately-owned companies with operations in the pharmacy, sports & entertainment, and real estate development sectors. In addition to the company’s North American pharmacy operations, which operate primarily under the Rexall, PharmaPlus, Guardian, IDA and Medicine Shoppe banners, the Katz Group owns the Edmonton Oilers (NHL), Edmonton Oil Kings (WHL), Oklahoma City Barons (AHL) and the Edmonton Capitals (NAL), as well as Aquila Productions, one of Canada’s leading entertainment and event companies. Through its wholly-owned C&H group of companies, the Katz Group is involved in land assembly, site and building development, and the operation of multiple development projects in Canada and the US.

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