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FIRST IN CANADA: THE COUNTRY'S LARGEST HORSE RACING OPERATION TAKES THE LEAD

Baltimore, Maryland—Woodbine Entertainment Group (WEG) is practically synonymous with horse racing in Canada and now the company is racing ahead with sustainability.

Recognized as one of the most innovative companies in North America, WEG is the largest horse racing operation in Canada—and its achievements don't end there.

The company runs two racetracks – Woodbine in Toronto, Ontario, and Mohawk in Milton, Ontario, about 40 miles west of Toronto. Woodbine is the only racetrack in North America that has the capacity to offer both standardbred and thoroughbred racing on the same day. Woodbine was also the first track in Canada to install a synthetic racing surface for thoroughbred racing. Synthetic surfaces are less affected by weather, making them less dangerous to race on.

“We really strive to be a leader in both the industry and the community,” says Jane Holmes, Vice President, Corporate Affairs for WEG.

Woodbine is clearly an industry leader – it's home to North America's oldest continuously run stakes races, the \$1 million Queen's Plate. It also hosts the \$1 million Woodbine Mile, the \$2 million Pattison Canadian International, the \$1.5 North America Cup for Standardbreds and the Breeders' Stakes, which is the third and final race in Canada's Triple Crown of Thoroughbred Racing.

The stakes are high for such a well-known company, but WEG has grown accustomed to being a leader with more than 125 years of experience.

AND THEY'RE OFF

The WEG name has only been around for eight years but the company was originally incorporated in 1881 as The Ontario Jockey Club (OJC). Prior to the creation of the OJC, horse racing had declined in respectability due to nefarious practices; its lack of a central authority left it plagued with scandal. The purpose of the OJC was to reinvigorate the sport and reorganize it, making it reputable once again. During its early years, the OJC bought up a number of racetracks around Toronto expanding its operations.

In 1947, E.P. Taylor was elected as director of the OJC. “The Ontario Jockey Club was actually the brainchild of E.P. Taylor,” says Holmes. “He was concerned for the long-term future of horse racing.”

To assure the organization's continued prosperity, Taylor brought out the company's stakeholders and transformed the OJC into a non-profit entity, which WEG is to this day.

“Our nonprofit status has had a very significant impact on our business philosophy, but it’s not to be confused with the fact that our core mandate is to maximize revenue to reinvest back into our horse racing operations,” explains Holmes. “Some people perceive a nonprofit as not really business and that’s clearly not what the management team and the operations at Woodbine are about. We’re about running a business.”

The business element was clearly present with the OJC opened the new Woodbine racetrack on June 12, 1956. Woodbine has since undergone numerous multimillion-dollar expansions and upgrades. It’s situated on 650 acres on the outskirts of Toronto with grandstand facilities for 12,000 customers and stables for 2,300 horses.

Continuing the company’s growth, the OJC opened Mohawk racetrack in 1963. Throughout the 1970s and into the early 1980s, the OJC was at the forefront of innovation, introducing the first automated wagering systems in North America in 1976 and simulcast wagering in 1982 when the company broadcast a race occurring at its Fort Erie track at Woodbine

RISE OF THE TELETHEATER

However, in the early 1990s, the horse racing industry was hit by the introduction of lotteries in Ontario. Every new lottery product line impacted horse racing – especially Sport Select. Sport Select allows Ontario residents to place bets on sporting events, primarily professional sports throughout North America. This cannibalized horse racing, pooling from the base of sports fans that the sport relied on.

Fortunately, teletheater legislation had been introduced in the late 1980s, which allowed for easy, off-track wagering to be conducted in licensed bars and restaurants. Starting in late 1993, the OJC opened teletheaters under its Champions network. The company started small with one location and now operates a Champions teletheater network in 29 locations within the greater Toronto area.

“We actually use a portion of the bars and restaurants that are staffed and operated by Woodbine,” says Holmes. “The competition was out in the marketplace, so we need to take our product line out there to compete – we needed to make it easier for people to be able to access the product.”

To focus on the OJC’s long-term sustainability, the company sold Greenwood Racetrack yet maintained what became North America’s premier teletheater on that site – the 42,000-square foot Greenwood. In addition, the company sold its Fort Erie racetrack, but the OJC’s nonprofit status allowed it to include provisions with the sale.

“Our mandate is to reinvest and support horse racing, so we sold For Erie for ten dollars, debt-free on the condition that the new owners would keep operating live racing there for a minimum of five years,” says Holmes.

Yet racetracks faced another challenge. Commercial casinos burst onto the scene in the mid-1990 and nearby racetracks lost approximately 30 percent of their business. Yet in 1999, the horse racing industry turned the market shift into another great opportunity.

“When the government announced an expansion of gaming, the industry lobbied to have that gaming located at the racetracks so we could at least have a share of the revenue,” says Holmes.

That lobbying signaled the beginning of Ontario’s Slots at Racetracks program, in which slot machines would be located at racetracks including Woodbine and Mohawk. Of the net revenue from the machines, 20 percent would go to the site – of that, half would be reinvested in horse racing operations while the other half would be directed to the horsemen’s purse account.

“We recognized that we needed to upgrade our facilities to make them customer-friendly,” says Holmes.

Reflecting its new openness, the OJC finally became WEG. To accommodate its customers, WEG offered telephone account betting and in 2001, online betting with HorsePlay Interactive (HPI). “We’re not the HPI service provider for most of the tracks in Canada,” says Holmes.

TOURIST DESTINATION SITE

Of the Woodbine racetrack’s 650 acres of land, only 330 acres are currently used for existing racing operations – the rest of the land remains farmland or vacant.

“One of the strategic initiatives has been to look at how we can diversity our revenue – and as a nonprofit, that especially includes assets of our property,” says Holmes. “so we decided that, rather than selling off the property for a one-time cash injection, we could partner with a developer to develop that land.”

WEG looked at its extra land at Woodbine for a full decade, but no opportunities stood out. In most cases, the opportunities that were presented to WEG were warehouse-style operations that would fit in well with Woodbine’s proximity to the Toronto Pearson International Airport – but warehouses wouldn’t blend as smoothly with Woodbine’s existing racing and gaming operations.

The company put together a focus group to ask what would make people come to the track more often and stay longer. Most people who had not been exposed to horse racing wondered what else they could do there besides betting on races.

“We wanted something that had action and activity, so people would come to the site and stick around,” says Holmes. “And then we could give them more exposure to the horse racing industry.”

WEG decided to partner with The Cordish Company from Baltimore to develop a 25-acre entertainment and tourism district on Woodbine's property as part of a total 120-acre development.

WEG was familiar with the Baltimore-based Cordish Company from its six Urban Land Institute Awards for Excellence. The highly respected company has been family-run for nearly 100 years, but has never sold one of its developments – something that greatly appealed to WEG.

“Our philosophies matched,” says Holmes. “It wasn't a developer that would come in, do the development, try to flip it and move on to something else—we're going to be long-term partners.”

On July 19, 2007, Toronto approved the partnership's plans for a \$750 million retail, entertainment and tourism development. The development will include a 750-room hotel, a 6,500-square-foot live performance venue and an entertainment district with bars, clubs, retail, restaurants and free concerts on popular nights.

One of the key design features in the development will be a central water feature. In the summer, it will be fountains; in the winter an ice skating rink. As a public amenity, the skating will be free for any visitor.

“There is an important tourism consideration in Toronto,” says Holmes. “You have to put something to attract people during all four seasons, not just the summer months.”

Parking will be on the outside edges of the development, so pedestrians can wander about the development freely. Unique retail, high-end restaurants and a market area will fill out the inside. The market area will feature a facility for food and another for an artisans market with arts, crafts and antiques.

Phase II will add a commercial and office district along with a 2,500-unit residential area, to make the development a true live-work-play environment.

“We really believe that for horse racing to have the exposure it needs and continue to have a place in peoples' entertainment budgets, we need to make this a tourist destination site,” says Holmes.

Construction for Phase I of the site will begin in the spring of 2009.

ABOUT DESIGN COLLECTIVE, INC.:

Design Collective is an award-winning multi-disciplinary design firm headquartered in Baltimore, Maryland, with a branch office in Durham, North Carolina. Founded in 1978, the firm provides innovative solutions nationally and internationally in architecture, planning, landscape architecture, and interior architecture. For additional information, please visit www.designcollective.com.