

2014 Value Add Report to Shareholder

City-Building and Financial Value Created from 14 Projects Sold To Date

While every development project we undertake is viewed through the lens of City-Building, we also recognize that these projects must be financially viable. Our foremost responsibility is to create better value from the assets transferred from the City. We view value in various forms, such as, creating new public realm to enhance the streetscape, affordable housing, new residential space to support our growing City and new commercial space to accommodate employment, but also in the form of revenue. Leveraging underutilized real estate assets enables us to provide financial returns through an annual dividend and by generating additional revenues for the City in the form of development fees and new property taxes. The exciting part for us is seeing the projects become new developments that are starting to rise across the City. These projects will continue to bring in revenue and help grow Toronto, and are presented on the accompanying chart demonstrating the Value Add by BUILD TORONTO.

*To date, BUILD TORONTO has contributed the following **Financial Value** (shown in dark green on the Value Add Report):*

- *Total Revenue of \$182 million from 14 projects sold.*
- *Recognized fair market value of \$ 81 million for the 14 Projects when acquired (transferred) to BUILD TORONTO from the City, which is considered the initial “cost” of the site for BUILD TORONTO.*
- *Direct investment of \$16.4 million into these projects to further development activity and increase value (see below).*
- *Financial Value Created of \$84.6 million, which is the Total Revenue less all our costs, including the imputed Recognized Fair Market Value of the project when received by BUILD TORONTO. (Please see Financial Value Creation Note below)*
- *Total Value Realized by the City and BUILD TORONTO of \$165.6 million, that is BUILD TORONTO’s Fair Value Creation and the Recognized Fair Value from the City, realized when projects are sold.*
- *Other Financial Value received by the City from these projects is the Revenues for Development Charges and Fees of \$11.7 million paid to date from these projects and \$9 million in property tax revenues paid.*

*Forecasted **Financial Value Upon Completion** of these 14 projects (shown in light green on the Value Add Report) that will be realized:*

- *Development Fees and Charges to the City of \$161.1 million.*
- *Future Annual Property Taxes of \$19.7 million per year.*

City-Building Value

*The Added Value that BUILD TORONTO delivers is not only financial, but includes **City-Building Value**, which is reported in orange for these 14 projects:*

- *Secured a commitment for 37 affordable housing units.*
- *Facilitated heritage development on 2 sites.*
- *Initiated environmental remediation on 5 acres of Brownfield sites*
- *Revitalized a total of 205 years of vacant land*
- *Commenced development on 3 adaptive reuse sites*
- *Initiated development to accommodate approximately 2330 Employees*
- *Began development on 3.6 acres around higher Order Transit*

Projects Sold

To maximize created value, BUILD TORONTO will transact on projects at different stages of the development cycle. On certain projects, BUILD TORONTO may engage with the Councillor and the community, conceptualize the project and then transact, while on others, such as 10 York, we have gone through the application process, environmental approvals and have remained a partner in the construction of the project to its ultimate completion and sale. On the Ordnance Project, BUILD TORONTO partnered with the adjacent land owner, and has transacted after achieving zoning approvals, while also being involved in the development and delivery of the future park and the Fort York Pedestrian and Cycle Bridge. The chart under Projects Sold list the 14 projects sold to date, size, use and the Development Phase achieved prior to transacting.

Financial Value Creation

As noted above, BUILD TORONTO reports on “Value Creation”, which is the increase in value of a property, after deducting all of our costs for development, investment and marketing, and after deducting the fair value of the property received from the City. When BUILD TORONTO records a transferred property on our accounting records, it is done based on a third-party appraised value, even though it is actually received at nominal cost. Our Audited Financial Statements reports annually on this amount on the Consolidated Statement of Income, which is the net sales revenue, after deducting cost of sales, which includes the costs noted above, including the fair value of the land received by the City. This is value creation is due in large part, to moving the property through our development cycle, as noted above, to maximize the value at each phase of the cycle.

City-Building and Financial Value Created from 14 Projects Sold

(As of December 31, 2014)

To Date

FINANCIAL VALUE

BUILD TORONTO Total Revenue	\$182M
BUILD TORONTO Fair Market Value upon Acquisition from City	\$81M
BUILD TORONTO Investment in Projects Sold	\$16.4M
Financial Value Created	\$84.6M
Total Value Realized by the City and BUILD TORONTO	\$165.6M
Revenue to the City from Development Charges and Fees	\$11.7M
Revenue to the City from Property Taxes Paid	\$9M

CITY-BUILDING VALUE

- Secured Commitment of 37 Affordable Housing Units
- Facilitated Development on 2 Heritage Sites
- Initiated Remediation on 5 Acres of Brownfield Sites
- Revitalizing a Total of 205 Years of Vacant Land
- Kick-started Development at 3 Adaptive Reuse Sites
- Began Development to Accommodate Approximately 2330 Employees
- Started on 3.6 Acres of Development Around Higher Order Transit

PROJECTS SOLD					Development Achieved Before Sale					
Address	Property Size (acres)	Ward #	Past Use	Proposed Use	BT Agrees to Take Property	Preliminary Staff Support	Preliminary Councillor Support	Application Submission	Application Approval	Environmental Approvals
1. 60 Atlantic Avenue	0.9	14	Heritage-Designated Industrial Building	Mixed-use with Office and Retail	●	●	●	●	●	●
2. 64-70 Cordova Avenue (Islington Terrace)	3.3	5	TTC Commuter Parking Lot	Residential	●	●	●	●	●	●
3. 455 Dovercourt Road	0.4	19	Vacant, Former Office and Daycare Facility	Mixed-use with Primarily Residential and Office Component	●	●	●			
4. 4750 Eglinton Avenue West	8.5	4	Vacant	Residential	●	●	●			
5. 4780-4800 Eglinton Avenue West	3.2	4	Vacant	Residential	●	●	●			
6. 4620 Finch Avenue East	2.3	41	Vacant/Former Police College	Institutional	●	●	●			●
7. 154 Front Street East	0.8	28	Greyhound Bus Terminal	Residential	●	●	●			
8. 120 Grangeway Avenue	4.6	38	Vacant	Residential	●	●	●			
9. 4334-4340 Lawrence Avenue East	1.7	44	Vacant	Residential	●	●	●			
10. 30 Ordnance Street (Garrison Point)	1.8	19	Vacant City Building	Mixed-use with Residential and Retail	●	●	●	●	●	
11. 3650 St. Clair Avenue East	2.2	36	Vacant	Residential	●	●	●			
12. 150 Symes Road	5.5	11	Former Incinerator and Waste Transfer Station	Industrial	●	●	●			
13. 4050 Yonge Street	3.2	16	TTC Commuter Parking Lot	Office with Hotel and Retail	●	●	●	●	●	●
14. 10 York Street	0.6	20	TPA Parking Lot	Residential with Retail	●	●	●	●	●	●
	39.0									

Forecast

FINANCIAL VALUE UPON COMPLETION

Future Development Fees & Charges to the City	\$161.1M
Future Annual Property Taxes to the City	\$19.7 M

CITY-BUILDING VALUE UPON COMPLETION

- 37 New Affordable Housing Units
- 2 Redeveloped Heritage Sites
- 5 Acres of Brownfield Land Remediated
- 205 Years of Vacant Land Revitalized
- 3 Adaptive Reuse Sites
- 1240 Employees Accommodated
- 3.6 Acres of Development Planned Around Higher Order Transit