Consolidated Financial Statements of

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION c.o.b. TORONTO PORT LANDS COMPANY

And Independent Auditors' Report thereon

Year ended December 31, 2020

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Shareholder of City of Toronto Economic Development Corporation
c.o.b. Toronto Port Lands Company

Opinion

We have audited the consolidated financial statements of City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company and its subsidiaries (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in shareholder's equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 24, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 11, 2021

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 9)	$ 25,214,904	$ 36,273,685
Short-term investments (note 8)	3,980,000	3,895,000
Amounts receivable and other assets (note 7)	6,679,576	2,974,113
Due from related parties (notes 12(a) and 12(c))	2,111,682	302,196
Total current assets	37,986,162	43,444,994
Non-current assets:		
Restricted cash and investments	17,217,128	16,771,473
Investment properties (note 5)	355,351,264	353,798,922
Other non-current assets (note 6)	7,036,398	6,398,257
Total non-current assets	379,604,790	376,968,652
Total assets	$ 417,590,952	$ 420,413,646
Liabilities and Shareholder's Equity		
Current liabilities:		
Amounts payable and accrued liabilities (note 10)	$ 12,615,890	$ 11,259,863
Due to related party (note 12(b))	11,069	98,850
Current portion of tenants' deposits and prepaid rents (note 11)	493,114	727,163
Current portion of City of Toronto loan (note 12(a))	293,459	283,451
Total current liabilities	13,413,532	12,369,327
Non-current liabilities:		
City of Toronto loan (note 12(a))	6,649,305	6,942,764
Tenants' deposits and prepaid rents (note 11)	7,280,933	7,459,499
Total non-current liabilities	13,930,238	14,402,263
Total liabilities	27,343,770	26,771,590
Shareholder's equity	390,247,182	393,642,056
Commitments and contingencies (note 20)		
Total liabilities and shareholder's equity	$ 417,590,952	$ 420,413,646

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Income and Comprehensive Income

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Rental income:		
Rental revenue (note 14)	$ 15,801,674	$ 18,225,203
Rental expense (note 16)	5,241,326	5,324,243
	10,560,348	12,900,960
Other income (expenses):		
Interest and investment income	819,993	1,267,530
Interest expense (note 12(a))	(247,154)	(256,929)
Amortization (note 18)	(1,427,863)	(1,688,797)
Impairment loss due to the Flood Protection Project (note 19)	(3,024,950)	(4,152,360)
General and administrative expenses (notes 12(c) and 17)	(4,394,454)	(4,612,176)
Restructuring costs	–	8,606
Non-recurring income (note 15)	–	1,654,592
	(8,274,428)	(7,779,534)
Income before gain on sale or expropriation of investment properties	2,285,920	5,121,426
Gain on sale or expropriation of investment properties (note 5)	937,717	9,994,651
Net income and comprehensive income	$ 3,223,637	$ 15,116,077

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Changes in Shareholder's Equity

Year ended December 31, 2020, with comparative information for 2019

	Common share	Contributed surplus	Retained earnings	Total shareholder's equity
Balance, December 31, 2018	$ 1	$ (5,000,000)	$ 392,563,000	$ 387,563,001
Net income	–	–	15,116,077	15,116,077
Dividends	–	–	(9,037,022)	(9,037,022)
Balance, December 31, 2019	1	(5,000,000)	398,642,055	393,642,056
Net income	–	–	3,223,637	3,223,637
Dividends	–	–	(6,618,511)	(6,618,511)
Balance, December 31, 2020	$ 1	$ (5,000,000)	$ 395,247,181	$ 390,247,182

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Net income	$ 3,223,637	$ 15,116,077
Interest income	(819,993)	(1,267,530)
Interest received	972,355	1,243,589
Interest expense	247,154	256,929
Items not involving cash (note 13(a))	2,848,668	(8,287,079)
Change in non-cash working capital (note 13(b))	(3,900,857)	(3,516,903)
	2,570,964	3,545,083
Financing activities:		
Decrease in City of Toronto loan (note 12(a))	(283,451)	(273,785)
Payment of dividends	(6,618,511)	(12,037,022)
Land improvement grant (note 10)	1,800,000	3,400,000
Interest paid	(250,459)	(260,125)
	(5,352,421)	(9,170,932)
Investing activities:		
Decrease (increase) of short-term investments	(85,000)	7,026,400
Increase in restricted cash and investments	(445,655)	(374,400)
Increase in other non-current assets	(3,539,005)	(2,913,263)
Net proceeds from sale or expropriation investment properties (note 5)	3,234,684	18,881,388
Additions to investment properties (notes 5)	(7,442,348)	(1,368,977)
	(8,277,324)	21,251,148
Increase (decrease) in cash and cash equivalents	(11,058,781)	15,625,299
Cash and cash equivalents, beginning of year	36,273,685	20,648,386
Cash and cash equivalents, end of year	$ 25,214,904	$ 36,273,685

See accompanying notes to consolidated financial statements.

1. Organization:

The City of Toronto Economic Development Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on March 21, 1986. The number of shares authorized and the number of shares issued and outstanding is one common share. The Corporation's share capital is all held by the City of Toronto (the "City"). The Corporation now operates as Toronto Port Lands Company ("TPLC"). The Corporation supports CreateTO ("CTO") in the implementation of the City's real estate strategy, develops City buildings and lands for municipal purposes and delivers client-focused real estate solutions to City Divisions, agencies and corporations; as well as supporting the efforts of the City and Waterfront Toronto in the revitalization of the central waterfront areas. As a municipal corporation under Section 149(1) of the Income Tax Act (Canada), the Corporation is exempt from income taxes. The address of its registered office is 200 King Street West, Suite 200, Toronto, Ontario, Canada.

Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economic environment due to the government imposed lockdowns and social distancing requirements. The COVID-19 pandemic has also impact the operations of the Corporation as work was performed remotely; however, the full extent of the impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.

2. Significant accounting policies:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of presentation:

The Corporation has been identified as an other government organization and, accordingly, prepares its consolidated financial statements in accordance with IFRS. The consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the Corporation's functional currency. The consolidated financial statements have been prepared under the historical cost convention. All values are rounded to the nearest dollar, unless otherwise indicated.

2. Significant accounting policies (continued):

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(c) Basis of consolidation:

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries at December 31, 2020:

Arrowhead New Toronto East Inc.
Arrowhead New Toronto West Inc.
Arrowhead New Toronto South Inc.

Arrowhead New Toronto East Inc. held title to the properties formally and municipally known as 260 8th Street and 124 Birmingham Street, Etobicoke, Ontario as a nominee corporation pursuant to TPLC's shareholder's direction. These properties were sold in 2019.

Arrowhead New Toronto West Inc. and Arrowhead New Toronto South Inc. are inactive corporations with no assets and have been since their incorporation in 2005.

Subsidiaries are fully consolidated from the date of inception, which is the date on which the Corporation obtains control and continue to be consolidated until the date such control ceases. Control exists when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany balances and transactions between these subsidiaries and the Corporation have been eliminated.

2. Significant accounting policies (continued):

(d) Real estate assets:

(i) Investment properties:

Investment properties include land, office and other commercial properties held to earn rental income or for capital appreciation or for which future use is uncertain.

The Corporation categorizes its investment properties as income-producing properties. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below.

Investment properties are initially recorded at cost. Cost of investment property includes the acquisition cost of the property, related transaction costs in connection with an asset acquisition, assessment of environmental conditions, site survey, appraisals, direct development and construction costs and property taxes during development.

The Corporation estimates the value of significant components based on the actual cost of the component where available, otherwise on an amortized replacement cost basis. These components are amortized over their respective useful lives. Residual values and useful lives of all components are reviewed and adjusted, if appropriate, at least at each financial year end. The significant components of investment properties and their related useful lives are:

Base building and structures	8 - 44 years
Roof	4 - 40 years
Heating, ventilation, air conditioning and cooling systems ("HVAC")	3 - 18 years
Elevators	21 - 40 years
Paving	5 - 38 years
Land improvement	19 - 40 years
Yard work	5 years
Dockwalls	40 years

2. Significant accounting policies (continued):

(ii) Additions to investment properties:

Extensions and improvements to the productive capacity of leasable area of existing income-producing properties owned by the Corporation require significant ongoing capital expenditures. The Corporation considers its productive capacity maintenance expenditures to be the following:

(a) Major maintenance costs: Maintenance and repair costs are expensed against operations, while major maintenance costs, which are major items of repair or replacement incurred pursuant to a capital plan that improve productive capacity, are capitalized to income-producing properties. Each item is amortized over the useful life of the significant component to which it relates.

(b) Tenant improvements: Amounts expended to meet the Corporation's lease obligations are characterized as either tenant improvements, which are owned by the landlord, or tenant incentives. An expenditure is determined to be a tenant improvement when it primarily benefits and/or is owned by the landlord. In such circumstance, the Corporation is considered to have acquired an asset which is accounted for as a component of income-producing properties. Each tenant improvement is amortized over its useful life, which is generally between five and ten years.

(c) Leasing commissions: Direct third party brokerage fees incurred in the successful negotiation of a lease are amortized on a straight-line basis over the expected terms of the respective leases. The unamortized balance is expensed in full in the event the associated property is sold or the lease is terminated prior to its contractual expiration date. Leasing commissions are included in the carrying value of the investment property.

As a component of an income-producing property is replaced, the net book value of such replaced component is expensed in full, with amortization, to the extent a balance remains.

2. Significant accounting policies (continued):

(iii) Impairment:

At the end of each reporting period, management reviews the Corporation's investment properties to determine whether there is an event or change in circumstance that indicates a possible impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the effect of the impairment loss, if any.

An impairment loss is present if the recoverable amount (determined as the higher of fair value, less costs to sell, and value in use) is less than its carrying value and is measured as the difference between such amounts.

Fair value is determined based on:

(a) consideration of recent prices of similar properties in similar markets;

(b) a discounted cash flow analysis, which is based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions on the valuation date, less future cash outflows in respect to such leases, discounted generally over a term of ten years; and

(c) a direct capitalization method, which is based on the conversion of normalized earnings into an expression of fair value. The normalized net income for the year is divided by an overall capitalization rate.

Costs to sell include legal fees, transaction taxes and direct incremental costs to bring an asset to a condition for its sale.

The value in use is calculated as the discounted present value of estimated future cash flows expected to arise from the Corporation's planned use of an asset and from its disposal at the end of its useful life.

2. Significant accounting policies (continued):

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of the impairment loss is recognized in the consolidated statement of income and comprehensive income immediately.

For the year ended December 31, 2020, impairment losses were recognized on the Corporation's investment properties as listed in note 19.

(e) Other non-current assets:

Other non-current assets include project development costs, rail lines and infrastructure, fencing, furniture, fixtures, straight-line rent receivable, free rent, and office equipment, computer equipment and property maintenance equipment. Other non-current assets, except project development costs, are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided on a basis designed to amortize the costs of the assets over their expected useful lives as follows:

Furniture, fixtures and office equipment	5 years
Computer equipment	3 years
Rail lines and infrastructure	10 - 25 years
Fencing	5 years
Property maintenance equipment	5 years

Residual values and useful lives of all assets are reviewed and adjusted, if appropriate, at least at each financial year end. Straight-line rent receivable and free rent cost are amortized into income on a straight-line basis.

2. Significant accounting policies (continued):

Cost of other non-current assets includes expenditures that are directly attributable to the acquisition and expenditures for replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. All repairs and maintenance are charged to comprehensive income during the financial year in which they are incurred.

Rail lines and infrastructure, fencing, furniture, fixtures and office equipment, computer equipment and property maintenance equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. The amount of the loss is recognized in profit or loss. The carrying amount is reduced by the impairment loss directly.

Other non-current assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income and comprehensive income in the year the asset is derecognized.

Project development costs consist of direct costs relating to the commercial development of land owned by the Corporation. These costs are transferred to the appropriate investment property accounts on substantial completion. Amortization of the costs transferred to investment property commences with the commercial use of the property. For projects that are abandoned, costs are immediately expensed.

2. Significant accounting policies (continued):

(f) Revenue from contracts with customers:

Revenue is recognized at a point in time or over time, depending on when the Corporation has satisfied its performance obligation(s) to its customers. Where the Corporation has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance to date, revenue is recognized in an amount to which the Corporation has a "right to invoice". The right to invoice represents the fair value of the consideration received or receivable. The following provides a summary of the nature of the various performance obligations within contracts with customers and when performance is recognized on those obligations:

Rental revenue:

The Corporation accounts for tenant leases as operating leases, given that it has retained substantially all of the risks and benefits of ownership of its investment properties. Rental revenue includes base rents, property tax recoveries, lease termination fees, and other rental revenue including recoveries for landlord work and tenant improvement allowances. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in other non-current assets, is recorded for the difference between the rental revenue recognized and the contractual amount received. Property tax recoveries are recognized as revenues in the period in which the corresponding obligation arises and collectability is reasonably assured. The Corporation recognizes recoveries revenue for operating expenses based on actual costs incurred in accordance with the terms of related leases. Recoveries revenue is billed monthly to tenants based on budgeted estimates and adjusted to reflect the actual costs incurred, if necessary, on an annual basis.

2. Significant accounting policies (continued):

Revenue from investment properties during free rent periods represents a tenant incentive and is reflected in the consolidated statement of financial position in other non-current assets and recognized as a reduction of rental revenue in the consolidated statement of income and comprehensive income on a straight-line basis over the initial term of the lease. The Corporation accounts for stepped rents on a straight-line basis. Rents recorded in advance of cash received are included in amounts receivable. All other rental revenue is recognized in accordance with each lease.

The Corporation recognizes recoveries revenue for capital expenditures over the asset's expected useful life in accordance with the terms of the related leases. The amount of recoveries revenue is determined by the actual costs incurred and any restrictions in lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the service rendered, a payable is recognized.

(g) Environment costs:

The Corporation owns and controls lands with varying degrees of environmental contamination. The costs to remediate these lands depend on the timing and final approved use of the sites. Where costs cannot be reasonably determined at this time, a contingent liability exists. The Corporation recognizes a provision for the part of the obligation when a reliable estimate can be made.

The lands are periodically assessed to determine whether an outflow of resources has become probable and can be reliably measured. If it becomes probable that an outflow of resources will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the year in which the change in probability occurs.

2. Significant accounting policies (continued):

(h) Property tax rebate programs:

The Corporation is eligible to receive rebates for remediation costs incurred and future property taxes as part of various City incentive programs for new property developments. On successful application and execution of a rebate agreement with the City, the Corporation recognizes these grants annually in income unless the timing of receipt is uncertain.

(i) Financial instruments - classification:

Fair value measurement:

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1 - This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date;

- Level 2 - This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs; and

- Level 3 - This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments fair value.

2. Significant accounting policies (continued):

The following table summarizes the Corporation's classification and measurement of financial assets and financial liabilities:

	Classification and measurement
Financial assets	
Restricted cash and investments	Amortized cost
Due from related party	Amortized cost
Amounts receivable	Amortized cost
Short-term investments	Amortized cost
Cash and cash equivalents	Fair value through profit and loss
Financial liabilities	
City of Toronto loan	Amortized cost
Tenants' deposits	Amortized cost
Due to related party	Amortized cost
Amounts payable and accrued liabilities	Amortized cost

The Corporation classifies its financial instruments as follows:

(i) Financial assets:

The Corporation classifies its financial assets that give rise to specified payments of principal and interest as amortized costs, unless the Corporation plans to sell the financial asset, which is then classified as fair value through other comprehensive income ("FVOCI"). All other financial assets are classified as fair value through profit and loss ("FVTPL").

Accounts receivable is recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. Provision for impairment of accounts receivable is established based on previous experience and its assessment of current economic environment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that a trade receivable is impaired. When a trade receivable is uncollectible, it is written off and it recognized in the statement of income and comprehensive income. Subsequent recoveries of amounts previously written off are credited in the statement of income and comprehensive income.

2. Significant accounting policies (continued):

Financial assets are derecognized only when the contractual rights to the cash flows from the financial assets expired or the Corporation transfers substantially all risks and rewards of ownership.

(ii) Financial liabilities:

The Corporation classifies its financial liabilities on initial recognition as either FVTPL or as amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as amortized cost are measured using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income in the consolidated statement of income and comprehensive income over the expected life of the debt. Modifications of financial liabilities carried at amortized costs that do not result in derecognition give rise to a revaluation gain or loss equal to the change in discounted contractual cash flows using the effective interest rate method. This revaluation gain or loss is recognized in the consolidated statement of income and comprehensive income. The Corporation's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently remeasured at fair value each reporting period, with changes in the fair value recognized in the consolidated statement of income and comprehensive income.

(iii) Transactions costs:

Direct and indirect financing costs that are attributable to the issue of financial liabilities classified as other financial liabilities are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the terms of the related debt. These costs include: interest; amortization of discounts or premiums relating to borrowings; fees and commissions paid to lenders, agents and brokers.

2. **Significant accounting policies (continued):**

(j) Fair value of financial instruments:

The fair value of financial instruments is based upon discounted future cash flows using estimated market rates that reflect current market conditions for instruments with similar terms and risk.

(k) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, short-term deposits and Guaranteed Investments Certificates ("GICs") with maturities at the time of acquisition of three months or less. Bank borrowings are considered to be financing activities.

(l) Short-term investments:

Short-term investments recorded in the consolidated financial statements include GICs with maturities at the time of acquisition between three months and one year.

(m) Restricted cash and investments:

Restricted cash and investments include balances with bank, short-term deposits and GICs. Pursuant to a direction from City Council, these funds, and all accumulating investment income, are to be utilized for the environmental remediation of certain Port Land properties when it undertakes redevelopment at those sites.

(n) Provisions:

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value for the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Provisions are re-measured at each consolidated statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as an interest expense.

2. **Significant accounting policies (continued):**

(o) Critical accounting estimates and assumptions:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting years. The full extent of the impact that COVID-19 pandemic, including government and regulatory responses to the pandemic, will have on the Canadian economy and the Corporation's business remains uncertain and difficult to predict at this time. Actual results could differ from the estimate.

(i) Fair value of investment properties:

In determining fair value and the recoverable amount for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

(ii) Fair value of financial instruments:

Assessing fair value of financial instruments requires significant estimates of future cash flows and appropriate discount rates.

The Corporation's financial instruments, consisting of due from related party, amounts receivable, short-term investments, cash and cash equivalents, restricted cash and investments, amounts payable and accrued liabilities, tenants' deposits, and due to related party are measured at amortized cost which approximates fair value due to their short-term nature. Management has concluded that the carrying amount approximates fair value at December 31, 2020.

(iii) Other:

The estimates also include: (i) useful lives of investment properties and the significant components thereof and of infrastructure, furniture, fixtures and equipment used in the calculation of amortization.

2. Significant accounting policies (continued):

(p) Critical judgments in applying accounting policies:

The following are the critical judgments that have been made in applying the Corporation's accounting policies that have the most significant effect on amounts in the consolidated financial statements:

(i) Selection of accounting standards: The Corporation has been identified as an other government organization since 2018 when the shareholder direction was amended. Management considered various criteria applicable to the Corporation's business in selecting the appropriate accounting standards to follow. These criteria include whether the Corporation: (a) is a separate legal entity with powers to contract in its own name and sue and be sued; (b) has been delegated the financial and operational authority to carry on a business; (c) sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and (d) can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government. The Corporation meets all the above criteria and, therefore, follows IFRS.

(ii) The Corporation's accounting policies relating to investment properties are described in note 2(d)(i). In applying these policies, judgment has been applied in determining whether certain costs are additions to the carrying amount of the property, in distinguishing between tenant incentives and tenant improvements and, for properties under development, identifying the point at which practical completion of the property occurs, identifying the directly attributable borrowing costs to be included in the carrying value of the development property, and determining if there are indications of impairment for non-financial assets.

(iii) The Corporation feels that in absence of reliable comparable market data, and alternative reliable estimates of fair value, it is not presently possible to reliably measure its investment properties at fair value on a continuing basis and as a result has elected to use the cost basis model (note 5).

2. Significant accounting policies (continued):

(iv) The Corporation makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases, are operating or finance leases. The Corporation has determined that all of its tenant leases and long-term ground leases are operating leases.

(v) An asset retirement obligation for environment contamination has not been recognized for accounting purposes as the Corporation has determined that the amount of such obligation cannot be reliably measured at this time (note 20(b)).

3. New accounting standards adopted in 2020:

The Corporation adopted the following accounting standards for the year ended December 31, 2020. The implementation of these standards did not have a significant impact on the consolidated financial statements.

(a) International Accounting Standard ("IAS") 1, Presentation of Financial Statements ("IAS 1"):

Amendments to IAS 1 have been made to provide clarification on the definition of materiality. Materiality depends on the nature or magnitude of the information or both. IAS 1 now defines the information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. IAS 1 provides some examples of circumstances that may result in material information being obscured. The Corporation's adoption of the amendment did not result in a material impact on the consolidated financial statements.

(b) IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"):

Amendments to IAS 8 have been made by reference to the definition of materiality in IAS 1. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Corporation's adoption of the amendment did not result in a material impact on the consolidated financial statements.

4. Future accounting policy changes:

Certain new accounting standards and interpretations that have been published but are not mandatory for implementation as at December 31, 2020 have not been early adopted in these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements:

- COVID-19 related rent concessions (Amendment to IFRS 16, Leases);
- Proceeds before intended use (Amendments to IAS 16, Property Plant and Equipment);
- Onerous contracts, cost of fulfilling a contract (Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10, IAS 28);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1); and
- Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9).

5. Investment properties:

Investment properties consist of the following:

2020	Cost	Accumulated amortization	Net book value
Land	$ 329,131,576	$ –	$ 329,131,576
Base building and structures	21,402,994	5,082,065	16,320,929
Elevator	100,641	26,987	73,654
HVAC	1,019,377	501,963	517,414
Roof	2,145,141	866,101	1,279,040
Land improvement	6,573,426	471,947	6,101,479
Paving	1,060,680	281,571	779,109
Dockwall repairs	1,162,596	14,533	1,148,063
	$ 362,596,431	$ 7,245,167	$ 355,351,264

5. Investment properties (continued):

2019	Cost	Accumulated amortization	Net book value
Land	$ 329,925,370	$ –	$ 329,925,370
Base building and structures	26,337,495	6,432,377	19,905,118
Elevators	100,641	22,041	78,600
HVAC	1,421,390	816,615	604,775
Roof	2,458,636	887,094	1,571,542
Land improvement	1,337,338	414,414	922,924
Paving	1,007,497	216,904	790,593
Dockwalls	1,047,772	1,047,772	–
	$ 363,636,139	$ 9,837,217	$ 353,798,922

Reconciliation of the carrying amount for investment properties is set out below:

2020:

Balance, December 31, 2019	$ 353,798,922
Additions and disposals:	
Capital expenditure	7,442,348
Government grant received	(899,517)
Transfer from project development costs	1,590,050
Impairment loss due to the Flood Protection Project (note 19)	(3,024,950)
Disposal	(2,296,967)
Amortization	(1,258,622)
Balance, December 31, 2020	$ 355,351,264

5. Investment properties (continued):

2019:

Balance, December 31, 2018	$ 365,558,005
Additions and disposals:	
Capital expenditure	1,368,977
Disposals	(7,470,846)
Impairment loss due to the Flood Protection Project (note 19)	(4,152,360)
Amortization	(1,504,854)
Balance, December 31, 2019	$ 353,798,922

Gain on sale or expropriation of investment properties consist of the following:

	2020	2019
Proceeds from sale or expropriation	$ 3,249,003	$ 23,690,000
Cost of sale:		
Book costs on disposal	(2,296,967)	(7,470,846)
Book costs on disposal of non-current assets	–	(1,575)
Closing costs	(14,319)	(4,808,612)
Provision for site remediation costs for 675 Commissioners Street	–	(1,414,316)
	(2,311,286)	(13,695,349)
	$ 937,717	$ 9,994,651

On August 15, 2019, the Corporation sold an investment property at 260 8th Street for $23,690,000, after netting costs of sale (note 12(b)), resulting in a gain of $11,408,967. Unrelated to this transaction, additional remediation costs of $1,414,316 were incurred in 2019 related to a transaction from 2018 whereby the Corporation purchased 915 and 945 Lakeshore Boulevard East and sold 675 Commissioners Street. The remediation costs pertain to 675 Commissioners Street and relate to a condition of sale obligation. The Corporation had also set up a business disruption provision of $2,000,000 for 675 Commissioners Street in 2018 which was reversed in 2019 as a non-recurring income item (note 15).

6. Other non-current assets:

Other non-current assets consist of the following:

	2020	2019
Project development costs	$ 3,636,063	$ 3,504,749
Straight-line rent receivable	1,629,495	988,412
Free rent cost	117,860	92,515
Furniture, fixtures and equipment (a)	48,708	74,366
Rail lines and infrastructure (a)	1,604,272	1,738,215
	$ 7,036,398	$ 6,398,257

(a) Infrastructure, furniture, fixtures and equipment consist of the following:

			2020			2019
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Rail lines and infrastructure	$ 2,114,919	$ 510,647	$ 1,604,272	$ 2,114,919	$ 376,704	$ 1,738,215
Fencing	72,814	42,599	30,215	822,356	788,421	33,935
Furniture, fixtures and office equipment	72,034	57,660	14,374	408,099	380,388	27,711
Computer equipment	33,996	32,478	1,518	459,727	453,611	6,116
Property maintenance equipment	20,016	17,415	2,601	51,873	45,269	6,604
	$ 2,313,779	$ 660,799	$ 1,652,980	$ 3,856,974	$ 2,044,393	$ 1,812,581

7. Amounts receivable and other assets:

	2020	2019
Tenants	$ 2,055,823	$ 693,087
HST refund	–	146,654
Non-tenant accounts receivables	3,432,230	489,335
Prepaid expenses	–	50,000
Property tax receivable from the City	1,638,976	1,668,486
Allowance for doubtful accounts	(447,453)	(73,449)
	$ 6,679,576	$ 2,974,113

8. Short-term investments:

Short-term investments consist of the following:

	2020	2019
GICs	$ 3,980,000	$ 3,895,000

The GICs are maturing on July 27, 2021.

9. Cash and cash equivalents:

Cash and cash equivalents consist of the following:

	2020	2019
Cash	$ 1,838,880	$ 2,540,353
Flexible GICs	15,000,000	–
High interest savings accounts	8,376,024	33,733,332
	$ 25,214,904	$ 36,273,685

The flexible GICs are maturing on June 28, 2021.

10. Amounts payable and accrued liabilities:

Amounts payable and accrued liabilities consist of the following:

	2020	2019
Trade payable	$ 922,594	$ 2,445,560
Accrued liabilities	4,676,502	1,126,665
Property tax related	1,146,062	1,442,087
HST payable	45,515	–
Construction holdbacks	608,236	121,052
Rail relocation and improvement cost accrual (note 20(c))	4,371,498	4,371,498
Unapplied government grants	845,483	1,753,001
	$ 12,615,890	$ 11,259,863

10. Amounts payable and accrued liabilities (continued):

During the year, the Corporation received grants from government entities in the amount of $1,800,000 (2019 - $3,400,000) to assist with tenant relocation and park improvements in the Port Lands. The advances are being applied against eligible costs incurred.

11. Tenants' deposits and prepaid rents:

Tenants' deposits and prepaid rents consist of the following:

	2020	2019
Tenants' deposits	$ 412,721	$ 416,489
Prepaid rents	7,361,326	7,770,173
	7,774,047	8,186,662
Less current portion	493,114	727,163
	$ 7,280,933	$ 7,459,499

Included in prepaid rents is $7,043,010 (2019 - $7,217,809) deferred rental revenue from the Toronto Hydro Electric Commission for two 99-year leases expiring in 2094 and one from St. Mary's Cement Corporation for a 20-year lease expiring in 2028.

12. Related party transactions:

In addition to related party transactions and balances discussed elsewhere in the notes, the relationship and transactions with the related parties are discussed below:

Related party	Relationship
CTO	Same parent
City	Parent and shareholder
Build Toronto Inc. ("BTI")	Same parent

12. Related party transactions (continued):

(a) City:

The consolidated statement of financial position include the following balances related to the City:

	2020	2019
Due from related parties	$ 67,313	$ –
City of Toronto loan	6,942,764	7,226,215

The City provided the Corporation a 20-year loan of $7.5 million on May 30, 2018 to finance the purchase of 915 and 945 Lakeshore Boulevard East (note 5) at 3.5% interest per annum. Principal repayment commenced in February 2019, six months after the Corporation entered into a lease with a tenant for the property. The repayment is by semi-annual blended payments of principal and interest of $266,955 until maturity of the loan on May 30, 2038 when any remaining principal is to be fully repaid. Interest expense to the City during the year was $247,154 (2019 - $256,929).

(b) BTI:

The consolidated statement of financial position include the following balances related to BTI:

	2020	2019
Due to related parties	$ 11,069	$ 98,850

Due to related party represents an amount payable for BTI for expense reimbursement and consulting fees payable. There is no set term of repayment and no interest is being paid to BTI.

12. Related party transactions (continued):

The Corporation had transactions with BTI in 2019. Transactions which passed through the consolidated statement of income and comprehensive income were as follows:

	2020	2019
Gain on sale or expropriation of investment properties	$ –	$ 4,864,556

Pursuant to a consulting agreement entered by the Corporation with BTI in January 2014, in connection with the sale of 260 8th Street and 124 Birmingham Street, the Corporation was to pay BTI all reasonable third party expenses of a sale. Net proceeds, after deducting all third party expenses and BTI's out-of-pocket expenses were then distributed, with the Corporation receiving 80% and BTI 20%. BTI sold the remaining parcel on August 15, 2019 (note 5). The Corporation reimbursed BTI for out-of-pocket expenses of nil (2019 $292,658) and paid BTI a project management fee of nil (2019 - $4,571,898) in connection with the sale.

(c) CTO:

The consolidated statement of financial position include the following balances related to CTO:

	2020	2019
Due from related party	$ 2,044,369	$ 302,196

Pursuant to an agreement between CTO and the Corporation entered into in 2017, (note 17(a)), effective January 1, 2018, CTO provides the Corporation services in return for management fees. Due from related parties represents advance service fees to CTO. There is no set term of repayment and no interest is being paid to the Corporation. There is no set term of repayment and no interest is being paid to the Corporation.

12. Related party transactions (continued):

For the year ended December 31, 2020, allocations from CTO, which passed through the consolidated statement of income and comprehensive income were as follows:

	2020	2019
General and administrative expenses	$ 4,236,539	$ 4,192,538

13. Consolidated statement of cash flows:

(a) Items not affecting cash and other adjustments:

	2020	2019
Amortization of investment properties and non-current assets	$ 1,427,863	$ 1,688,797
Amortization of free rent cost	(25,345)	6,044
Gain on sale or expropriation of investment properties (note 5)	(937,717)	(11,408,967)
Impairment loss due to the Flood Protection Project (note 19)	3,024,950	4,152,360
Reversal of business disruption provision on non-recurring income	–	(2,000,000)
Straight-line rent receivable	(641,083)	(725,313)
	$ 2,848,668	$ (8,287,079)

(b) Net change in operating assets and liabilities:

	2020	2019
Due from related parties	$ (1,809,486)	$ 698,001
Due to related party	(87,781)	94,460
Amounts receivable and other assets	(3,857,825)	(269,195)
Amounts payable and accrued liabilities	2,266,850	(4,151,818)
Tenants' deposits and prepaid rents	(412,615)	111,649
	$ (3,900,857)	$ (3,516,903)

14. Rental revenue:

Rental revenue comprises the following:

	2020	2019
Leases	$ 9,137,485	$ 10,095,565
Realty taxes recovery	2,940,648	3,753,645
Licences	2,964,356	3,484,535
Other revenue	8,277	13,654
Operating costs recovery	750,908	877,804
	$ 15,801,674	$ 18,225,203

Future minimum rents receivable are as follows:

2021	$ 9,325,489
2022	6,258,227
2023	5,102,991
2024	3,521,198
2025	3,114,795
Thereafter	153,481,185
	$ 180,803,885

15. Non-recurring income:

	2020	2019
Reversal of 2018 business disruption provision on 915 and 945 Lakeshore Boulevard East property purchase (note 5)	$ –	$ 2,000,000
Reversal of restoration costs provision of 2017 on 242 Cherry Street fire	–	170,934
Settlement and other costs for vacating tenant for flood proofing project	–	(516,342)
	$ –	$ 1,654,592

16. Rental expense:

Rental expense comprises the following:

	2020	2019
Property taxes	$ 3,085,946	$ 3,848,370
Repairs and maintenance	872,871	727,695
Utilities	692,484	787,957
Bad debts (recovery)	394,564	(211,938)
Administrative	101,454	96,966
Environmental monitoring	94,007	75,193
	$ 5,241,326	$ 5,324,243

17. General and administrative expenses:

General and administrative expenses comprise the following:

	2020	2019
Management fees to CTO (a)	$ 4,236,539	$ 4,192,538
Director's fees and cyber insurance	44,669	59,833
Professional fees	113,246	359,805
	$ 4,394,454	$ 4,612,176

(a) Pursuant to a service agreement established between CTO and the Corporation, effective January 1, 2018, the Corporation engaged CTO to provide management services for a mutually agreed upon fee. The services include accounting, risk management, tax, finance, record keeping, financial statement preparation and audit support, legal services; treasury functions; regulatory compliance; information systems; executive management, corporate and other centralized services, and any other services mutually agreed between the two parties. This is an annual arrangement which will be automatically renewed on each anniversary date unless either party terminates it.

18. Amortization:

	2020	2019
Investment properties	$ 1,258,622	$ 1,492,518
Other non-current assets	147,303	153,107
Equipment	21,938	30,836
	1,427,863	1,676,461
Leasing commission	–	12,336
	$ 1,427,863	$ 1,688,797

19. Impairment loss due to the Flood Protection Project:

Pursuant to a license agreement entered between the Corporation and Toronto Waterfront Revitalization Corporation ("TWRC") dated July 1, 2018, the Corporation granted temporary use and access to certain properties ("handover properties") in accordance to a handover and handback schedule in the license agreement. TWRC will construct certain improvements and works in connection with the Flood Protection Project over the license period from July 1, 2018 to March 31, 2024. The improved properties will then be handed back to the Corporation.

In accordance with the terms in the license agreement, the Corporation has to deliver the handover properties to TWRC with vacant possession which necessitates terminating the leases and licenses on those properties. TWRC has the right to remove and demolish buildings, structures or improvements on the handover properties as may be required by its work plan.

As a result, the Corporation has written off the structures on the handover properties, including buildings, dockwall improvements, paving, HVAC and fencing that were demolished due to the Flood Protection Project. As at December 31, 2020, the Corporation has recognized a loss on impairment of properties handed over to TWRC, being costs less accumulated amortization on the demolished structures as follows:

	2020	2019
Impairment loss on investment properties for buildings, structures and paving	$ 3,024,950	$ 4,152,360

20. Commitments and contingencies:

(a) The Corporation is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time. However, the Corporation's management believes the ultimate resolution of these matters will not have a material adverse effect on these consolidated financial statements.

(b) The Corporation may be required to satisfy an asset retirement obligation for environmental contamination left by tenants or former owners of certain properties in the Port Lands. The obligation to remediate the contamination is contingent on uncertain future events, including contamination levels exceeding acceptable levels, as prescribed by the Ontario Ministry of the Environment. The obligation to remediate the contamination may also result from the Corporation and its parent, the City, agreeing to development plans for the lands. The amount of the asset retirement obligation has been determined to not be reliably measurable given the uncertainty of when or how remediation will take place and the total costs that will be incurred, and accordingly has not been recognized for accounting purposes.

(c) As part of the site remediation at 675 Commissioners Street, Corporation removed a section of rail from the site and is obligated to relocate and construct a new and improved rail line along an adjacent street. As at December 31, 2020, the railroad relocation and improvement accrual was $4,371,498 (2019 - $4,371,498) (note 10).

21. Key management and director compensation:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. As a result of the City-wide real estate initiative, effective January 1, 2018, the Corporation no longer has its own key management personnel and employees but is managed by CTO for a service fee (note 12(c)).

22. Financial instruments - risk management:

The Corporation's investment and operating activities expose it to a range of financial risks. There has been no significant changes in the risk exposures from prior year. These risks include credit risk, liquidity risk and interest rate risk, which are described as follows:

(a) Credit risk:

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligation to the Corporation. The carrying value of the assets as presented in the consolidated statement of financial position represents the maximum credit risk exposure as at the date of the consolidated financial statements.

The Corporation, in the normal course of business, is exposed to credit risk from its tenants. This risk is mitigated by the fact that management believes the Corporation has thorough and rigorous credit approval procedures. The Corporation provides for an allowance for doubtful accounts to absorb potential credit losses.

Cash and cash equivalents, short-term investments and restricted cash and investments consist of deposits with major commercial banks. It is management's assessment that the credit risk associated with these balances is negligible.

Management believes the Corporation's credit risk is low.

(b) Interest rate risk:

Interest rate risk refers to the effect on the fair value or future cash flows of an investment due to fluctuations in interest rates. The Corporation's interest rate exposure arises from its investments in Guaranteed Investment Certificates and high interest savings accounts (notes 8 and 9). The fixed rate nature of GICs reduces the risk of interest rate fluctuations over the term of the investments and, therefore, a change in interest rates at the year-end would not impact income. The City of Toronto loan payable is not subject to interest rate fluctuation as the interest rate is fixed for the entire term of the loan. Management believes the Company's interest rate risk is low.

22. Financial instruments - risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. The Corporation has $13,413,532 of current liabilities, including amounts payable and accrued liabilities, due to related party and current portion of City of Toronto loan, that are due within one year. The Corporation has cash and cash equivalents, short-term investments and amounts receivable that are sufficient to satisfy these liabilities. Management believes that the liquidity risk of the Corporation is low.

23. Capital management:

The Corporation's capital is comprised of a loan from the City and shareholder's equity. The following table summarizes the carrying value of the Corporation's capital as at December 31, 2020 and 2019:

	2020	2019
Shareholder's equity	$ 390,247,182	$ 393,642,056
City of Toronto loan	6,942,764	7,226,215
	$ 397,189,946	$ 400,868,271

The Corporation manages its capital by taking into account its long-term business objectives and its mandate of generating revenue for the City and maximizing the value and economic development potential of properties under its management. In managing capital, the Corporation focuses on liquid resources available for operations. The Corporation's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose.

As at December 31, 2020, the Corporation has met its objective of having sufficient liquid resources and financing facilities to meet its current obligations.

24. Effects of the COVID-19 pandemic:

The Corporation took the following actions to respond to COVID-19:

The Corporation granted rent deferrals to certain tenants whose operations were severely curtailed by COVID-19 mandated closures.

25. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on May 11, 2021.

26. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.