Citigroup Place
123 Front Street West
Suite 1610, Toronto, ON
M5J 2M2 Canada
www.tplc.ca

Mr. Joseph Pennachetti
City Manager, City of Toronto
Toronto City Hall
100 Queen Street West
Toronto, Ontario M5H 2N2

26 July, 2012

**City of Toronto Economic Development Corporation,
Operating as Toronto Port Lands Company (TPLC)
2011 Annual Report: Achievements and Results**

Dear Mr. Pennachetti:

It is our pleasure to submit this report for the year 2011, on behalf of the Board of Directors of the City of Toronto Economic Development Corporation operating as Toronto Port Lands Company (TPLC). As you know, TPLC is wholly-owned by the City, operates at arms-length under the *Ontario Business Corporations Act*, and is subject to Shareholder Directions from time-to-time by City Council. TPLC is a self-financing corporation, incorporated in 1986 to pursue real estate development and to promote employment revitalization in the City of Toronto.

With a strong foundation as an urban development corporation and a history of award-winning developments, sustainable development and other initiatives, TPLC continues to evolve according to public policy considerations and changing market conditions.

In 2011, TPLC continued to build value for the City with its strategy to adopt a more proactive role in managing its property portfolio as directed by TPLC's Board of Directors. Within that strategy 2011 targets included increasing revenue and jobs in the port lands, and working with the private sector land owners to achieve new development in the area.

The Port Lands strategic location represents a competitive advantage where many industrial, media and retail service-oriented businesses can effectively gain access to prospective and existing customers in the downtown core. TPLC's advantage is that it is nimble and operates in a commercial setting with a reasonable means of expediting transactions and operations. The success of the central downtown Toronto area will depend in part on TPLC achieving its mandate.

TPLC remains the largest property owner in the Port Lands with roughly 400 acres in its portfolio. Along with day to day activities of managing and leasing its properties, TPLC works closely with a wide range of partners and stakeholders while continuing to prepare for future redevelopment of the Port Lands. This includes managing consolidation of the concrete and aggregate companies to the east side of the Port

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Lands and engaging in the environmental approvals process necessary for redevelopment. TPLC continues to provide environmental stewardship in the area.

2011 Highlights

In 2011 TPLC adopted new international financial reporting standards (IFRS") and restated its comparative 2010 financial results for financial statement presentation purposes. As part of the complex conversion, TPLC developed an innovative approach that will save time internally and over $100,000 per annum on external valuation fees for 2011 and future years.

Increase in Net Property Income – In 2011 the Corporation generated net property income of $19.9 million against net property income of $19.4 million in 2010. Excluding the Corus Quay development, the Corporation increased its license and lease revenues by approximately 19% or a $1.6 million increase to $10.1 million.

Financial Support/Grants – In 2011 TPLC provided a grant of $2.3 million to Invest Toronto Inc. to fund its operations and capital expenditures. The grant is part of a TPLC commitment to Invest Toronto Inc. to provide funding up to specified funding maximums identified in the grant agreement. In addition, TPLC made a payment of $1.5 million in 2011 to support the City of Toronto's Incubator program. TPLC previously carried out these activities and staffing of the Incubator program, that is now part of the City's Economic Development & Culture Division.

Corus Quay development – Corus Quay remains a prime example of successful City Building and a catalyst for the revitalization of the East Bayfront, a critical area of Toronto's new waterfront neighbourhood. City Council approved the first commercial development on the East Bayfront in the spring of 2007. As a result, Corus Entertainment Inc. kept its jobs in Toronto by consolidating its 11 locations and more than 1,100 knowledge-based jobs into a new 500,000 square foot office and broadcast facility built to LEED Gold standard. TPLC, as owner and developer, completed the project on time and on budget in 2010. In April 2011, City council approved TPLC's proposal to sell Corus Quay, the building and its lands. The property was marketed in 2011 to several interested buyers, with Build Toronto Inc. acting as TPLC's consultant in the proposed sale.

TPLC authorized to pay dividends to the City – In April 2011, the City enacted amendments to TPLC's articles of incorporation for TPLC to pay dividends to the City. In addition, City Council also confirmed the provisions of TPLC's articles and purposes as including…" (a) the provision, operation and improvement of sites, buildings and facilities for the establishment and carrying on of industries and of industrial operations and uses incidental thereto, (b) the making of grants or loans to any person for the carrying on of promotional activities in relation to the establishment of industries and of

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industrial operations and uses incidental thereto, and (c) the sale of sites, buildings and facilities."

Port Lands Acceleration Initiative – In September 2011, City Council endorsed a protocol providing a framework for collaboration in the port lands by the City of Toronto, Waterfront Toronto, Toronto and Region Conservation Authority and Toronto Port Lands Company to work together on the initiative and report back to City Council in 2012. One of the key objectives of the initiative is the acceleration of development timetables for the City and owners in the area.

Events – In 2011, TPLC again attracted internationally acclaimed Cirque du Soleil back to the port lands for their fourth year with their big top attracting thousands to the area. This is one of the many examples of maximizing interim use of properties which not only generates revenue for TPLC but offers spin-off benefits in the areas of economic development such as job creation, entertainment and tourism.

Conclusion

Toronto Port Lands Company continues to provide a major contribution to building our City and to the economic development portfolio with our seasoned team of professionals. A small but dedicated staff consists of highly qualified individuals with a long-term commitment and perspective with both private and public sector experience. This short summary provides only a brief review of our activities and successes in 2011. The City of Toronto continues to receive excellent value from its Corporation and can look forward to continued growth for 2012.

Respectfully submitted,

Michael Kraljevic
President & CEO

Mike Williams
Chairman of the Board of Directors

cc: Mayor Rob Ford
Cam Weldon, Deputy City Manager and Chief Financial Officer
John Livey, Deputy City Manager