

## Toronto Port Lands Company – 2012 Audited Financial Statements

<b>Date:</b>	May 13, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer

### Disclosure of Financial Results:

Toronto City Council is the sole shareholder of Toronto Economic Development Corporation (TEDCO), which is now operating as Toronto Port Lands Company (TPLC) as per City Council's direction in August 2009.

Section 8.3 of the Shareholder Direction requires the Corporation to deliver its audited consolidated annual financial statements to the Shareholder within 120 days of its fiscal year end which is December 31. These documents are filed with the City Clerk's office. This report provides a summary of the 2012 Consolidated Financial Statements for TPLC and its wholly owned active subsidiary: Arrowhead New Toronto East Inc

### Consolidated Financial Results

#### TPLC's 2012 financial highlights:

- net income of \$40.9 million, an increase of \$34.0 million or 494% compared with last year
- paid a special dividend to the City of \$40.0 million
- sale of property at 25 Dockside Drive (Corus Quay) contributed \$38.7 million to income, with a related asset reduction of \$149.4 million, liability reduction of \$138.0 million and a \$10.0 million decrease in property income
- transfer of \$2.9 million in properties to Build Toronto
- financial support totalling \$3.8 million provided to Invest Toronto Inc. and the Incubator Program at the City's Economic Development and Culture Division.

### Consolidated Balance Sheet:

The following table summarises TPLC's Consolidated Balance Sheet as at December 31 for the years 2011 and 2012.

	As at December 31		2012 v/s 2011
	2012	2011	Increase/(Decrease)
	(\$ million)		
<b>Assets:</b>			
Current assets	44.677	33.195	11.482
Non-current / asset held for sale	337.584	490.559	(152.975)
<b>Total assets</b>	<b>382.261</b>	<b>523.754</b>	<b>(141.493)</b>
<b>Liabilities:</b>			
Current liabilities	8.468	8.944	(0.476)
Non-current / liabilities related to asset held for sale	8.538	146.625	(138.086)
<b>Total liabilities</b>	<b>17.006</b>	<b>155.569</b>	<b>(138.562)</b>
<b>Shareholder's equity</b>	<b>365.254</b>	<b>368.186</b>	<b>(2.931)</b>
<b>Total liabilities &amp; shareholder's equity</b>	<b>382.261</b>	<b>523.754</b>	<b>(141.494)</b>

Total assets were \$382.3 million, a decrease of \$141.5 million mainly due to the following key items:

- an \$11.5 million increase in current assets mainly as a result of an increase in cash and cash equivalents
- a \$153.0 million decrease in non-current and asset held for sale, mainly as a result of the disposition of the asset held for sale – Corus Quay

Total liabilities were \$17.0 million, a decrease of \$138.6 million mainly due to a reduction in the liability related to the asset held for sale.

Shareholder's equity was \$365.3 million, a decrease of \$2.9 million as a result of the transfer of an investment property at 60 Atlantic Avenue to Build Toronto Inc., a related party.

Statement of Net and Comprehensive Income:

The table below summarizes and compares the results for the years 2011 and 2012:

<b>Summary Statement of Net and Comprehensive Income (Loss)</b>			
	For year ended December 31		2012 v/s 2011
	2012	2011	Increase/(Decrease)
(\$ millions)			
Revenue from investment properties	19.021	35.741	(16.720)
Investment property operating expense	8.123	15.887	(7.764)
<b>Net property income</b>	<b>10.898</b>	<b>19.854</b>	<b>(8.956)</b>
<b>Expenses</b>			0.000
General & administrative, environmental	3.751	3.182	0.569
Amortization	1.580	1.627	(0.047)
<b>Operating expenses</b>	<b>5.331</b>	<b>4.809</b>	<b>0.522</b>
<b>Income before the following</b>	<b>5.567</b>	<b>15.045</b>	<b>(9.478)</b>
<b>Other income/(expense)</b>			0.000
Property tax rebate	0.000	1.458	(1.458)
Incubator program funding	(1.346)	(1.548)	0.202
Invest Toronto Inc. grant	(2.472)	(2.272)	(0.200)
Interest, net	(0.508)	(5.856)	5.348
Gain on sale of investment properties	39.632	0.060	39.572
<b>Net income &amp; comprehensive income</b>	<b>40.873</b>	<b>6.887</b>	<b>33.986</b>
Retained earnings – beginning of year	368.186	372.073	(3.887)
Contributed Surplus	0.000	0.000	(0.000)
Distribution to Shareholder	(40.000)	0.000	(40.000)
Transfer of assets to Build Toronto Inc. (BTI)	(2.904)	(10.774)	7.870
Reserve for future transfer of assets to BTI	(0.900)	0.0	(0.900)
<b>Retained earnings – end of the year</b>	<b>365.254</b>	<b>368.186</b>	<b>(2.931)</b>

- The disposition of the asset held for sale (Corus Quay) had a significant impact on the TPLC's income and expenses
  - Net property income was \$10.9 million, a decrease of \$9.0 million as compared to 2011, resulting from a reduction in lease revenues and investment property operating expense following the sale of Corus Quay
  - Net interest expense was \$0.5 million, a decrease of \$5.3 million as compared to 2011
- TPLC recorded a gain of \$39.6 million from property sales – \$38.7 million on the sale of Corus Quay, and \$0.9 million based on additional proceeds received relating to the sale of the Midland and St. Clair property (sold in 2008)
- General and administrative expenses including environmental monitoring were \$3.8 million, an increase of \$0.6 million, resulting from a \$1.1 million increase in salary and expenses and office services, which was offset partially by a \$0.6 million decrease in professional fees and environmental monitoring expenses
- Included in other income/(expense) are:
  - \$1.3 million paid to the City's Economic Development and Culture Division as a grant towards its incubator program,

- \$2.5 million provided as a grant to Invest Toronto Inc. pursuant to a five-year grant agreement to provide operational and capital funding until 2013
- Net income for the year was \$40.9 million, an increase of \$34.0 million over 2011
- The shareholder (the City) was paid a special dividend of \$40.0 million

## **CONTACT**

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## **SIGNATURE**

A handwritten signature in black ink, appearing to read "Roberto Rossini", written over a horizontal line.

Roberto Rossini  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENT**

Appendix A: City of Toronto Economic Development Corporation c.o.b. Toronto Port  
Lands Company Consolidated Financial Statements, December 31, 2012