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Mr. Joseph Pennachetti  
City Manager, City of Toronto  
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April 28, 2014

**City of Toronto Economic Development Corporation,  
Operating as Toronto Port Lands Company (TPLC)  
2013 Annual Report: Achievements and Results**

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Dear Mr. Pennachetti:

It is our pleasure to submit our financial report for the year 2013, 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 manage real estate assets and to promote employment revitalization in the City of Toronto.

With this 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 2013, TPLC continued to build value for the City with its proactive role in managing its property portfolio as directed by TPLC's Board of Directors. This direction is consistent with the Mayor's objectives as outlined in his 2013 Economic Development Plan, *Collaborating for Competitiveness*. As part of the TPLC strategy, 2013 targets for its ongoing port operations included increasing revenue and jobs in the Port Lands, and working with the private sector land owners and leaseholders 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 preparing lands for development for Pinewood Toronto Studios and managing the relocation and consolidation of the concrete and aggregate companies to the east side of the Port Lands. In addition to engaging in the environmental approvals process necessary for redevelopment, TPLC continues to provide environmental stewardship in the area.

## 2013 Operating Highlights

In 2013 TPLC continued to prudently manage its assets and initiatives in the Port Lands. With more than 70 tenants and hundreds of short term licenses, TPLC's team continues to create jobs and generate revenue for the City by maximizing the value and economic development potential of its properties. Highlights are outlined below.

**Net Property Income** – In 2013 the Corporation generated net property income (before financing) of \$9.1 million against net property income (before financing) of \$10.9 million in 2012. Excluding part-year revenue from the Corus Quay building in 2012, the Corporation increased net property income from \$8.7 million in 2012 to \$9.1 million in 2013 (a 5.2% increase year over year).

**Financial Support/Grants** – In 2013 TPLC provided a grant of \$2.52 million to Invest Toronto Inc. to fund its operations and capital expenditures (2012: \$2.47 million). 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 as directed by City Council in 2009.

**Incubator Funding** – TPLC also made a payment of \$1.36 million in 2013 to support the City of Toronto's Incubator program (2012: \$1.35 million). TPLC previously staffed and carried out the activities of the Incubator program that is now part of the City's Economic Development & Culture Division as directed by City Council in 2009.

**Net Income and Comprehensive Income** – Overall, the Corporation generated net income in 2013 of \$1.9 million compared to \$40.9 million in 2012. Excluding gains on sale of investment properties (which included the sale of the Corus Quay building in 2012), the Corporation earned net income of \$1.8 million compared to \$1.2 million in 2012 (a 44.4% increase year over year).

## **2013 Key Initiatives and Outcomes**

### **Pinewood Studios Expansion – 30,000 sf**

In September 2013, Pinewood Toronto Studios held a groundbreaking event signaling the addition of three new state-of-the-art sound stages to its complex just south of Commissioners Street on adjacent Option lands. This next phase of the film studios continues to attract and retain jobs in the vital film and entertainment production industry, one of the primary drivers of Toronto's economy. TPLC completed a long-term lease agreement with tenant Pinewood Toronto Studios to permit Pinewood's expansion.

### **Essroc Relocation**

The Port Lands remain a functioning port area and will continue to house industrial tenants. As part of the consolidation strategy to relocate concrete and aggregate companies to the eastern Port Lands, TPLC has been working with Essroc as well as the Toronto Port Authority and Waterfront Toronto, to move the global cement producer from its current Cherry Street location to a new site just north of the Ship Channel alongside other like companies. Site preparation was completed in 2012 and construction commenced in 2013 with one terminal put in 2014. In December 2013, TPLC received a one-time payment of \$1.08 million representing the lost rent on termination of the lease at its original Cherry Street location.

### **Property Acquisition**

During the year, the Corporation acquired an investment property at 450 Commissioners Street, Toronto, Ontario from Toronto Hydro for \$234,779 as a strategic investment. This surplus property has been added to the Corporation's portfolio of income-producing properties.

### **Infrastructure Investment**

As part of its strategy to ensure infrastructure capacity in the Port Lands, the corporation negotiated complex cost-sharing and operating agreements with CN, the City of Toronto, and Toronto Port Authority in 2013 to provide and oversee rail service in the Port Lands. This ensures cost-efficient transportation costs to critical users such as the City of Toronto Water division. TPLC owns and oversees operations on approximately four miles of rail lines in the Port Lands.

## **TO 2015 – Pan Am Games**

TPLC continues to work on opportunities to leverage major events such as the Pan Am Games to attract investment to the Portlands. In 2013, the Corporation concluded agreements for utilities and services for the Pan Am Games facilities and is currently working on a memorandum of understanding with respect to property needs and venues.

## **Recognition Award**

Also in 2013, the City of Toronto's Better Buildings Partnership (BBP) recognized TPLC's work in energy conservation at its Corus Quay development. Savings generated by the Corus Quay project totaled \$101,780 for a peak demand kW savings of 291 kW.

## **Conclusion**

Toronto Port Lands Company continues to provide a major contribution to building our City. Our seasoned team of professionals also directly contributes to the City's new economic development strategy and achieving its objectives. A 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 2013. The City of Toronto continues to receive excellent value from its Corporation and can look forward to continued growth for 2013. We would like to thank the balance of the staff and the other Board members for their hard work and positive contributions to the City.

Respectfully submitted,

Michael Kraljevic  
President & Chief Executive Officer

Mike Williams  
Chairman of the Board of Directors

cc: Mayor Rob Ford  
Roberto Rossini, Deputy City Manager and Chief Financial Officer  
John Livey, Deputy City Manager