Introduction – Value Add Chart
City-Building and Financial Value Created from 19 Projects Sold

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 value from the underutilized assets transferred from the City. We view value not only in dollars and cents but also in such various forms as new public realm, affordable housing, new residential space to support our growing City and new commercial space to accommodate employment. 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, which will continue to bring in revenue and help grow Toronto, are presented on the accompanying chart, demonstrating Build Toronto’s value add by focusing on the 19 projects sold to date.

The following describes the components of the accompanying Value Add Chart:

- The financial value contributed to the City to date through Build Toronto’s development work for the 19 projects
- How far along the development cycle we took the 19 projects before selling to the private sector
- The City-Building value that has been facilitated through the development work of each of these 19 projects before a sale is completed
- The forecasted financial value that will be realized for these 19 projects upon completion by the private sector
PROJECTS SOLD

To maximize created value, Build Toronto will transact on projects at different stages of the development cycle. As the “Projects Sold” column demonstrates, Build Toronto has moved the 19 projects through varying stages of the development cycle, depending on which stage we have determined maximizes the financial value. On certain projects, we may engage with the Councillor and the community, conceptualize the project and then execute on a transaction; on others, such as 10 York Street, we go through the application process and environmental approvals and remain a partner in the construction of the project up to its completion and sale. On the Ordnance project, Build Toronto partnered with the adjacent land owner and completed a transaction 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. For each project sold, we have listed its size, ward, past use, proposed use and the development phase achieved prior to transacting.

FINANCIAL VALUE

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 report annually on this amount on the Consolidated Statement of Income, which is the net sales revenue, after deducting cost of sales. This includes the costs noted above, including the fair value of the land received by the City. This value creation is due, in large part, to moving the property through our development cycle, as noted above, to maximize its value at each phase of the cycle.

Both the “To Date” and “Forecast” of value creation reveal the financial value that is accruing to the City from Build Toronto’s transaction on these 19 projects. In addition to the $95 million in dividends to the City, the financial contribution to the City also includes $22.7 million in development charges and other fees, the generation of $15.7 million in Section 37 fees, and $14.7 million to date in property taxes. When these 19 projects are completed, we forecast an estimated $24.3 million in annual property taxes from these sites per year, and a total of over $147 million in development charges and other fees.

CITY-BUILDING VALUE

As noted above, Build Toronto adds value not only financially but also through City-Building results. As demonstrated in the “City-Building Value” column, Build Toronto performs extensive community consultation throughout the projects, employs environmental risk management measures, encourages adaptive reuse and incentivizes developers to provide space for employment. Please see the accompanying Build Toronto Value Add Chart for more details.
As of December 31, 2016

Community meetings held: 30
Community members engaged with in person: 1,280
New mixed-use development: 27.9 acres
New parks and open space planned: 3.6 acres
Affordable housing secured: 284 units
Adaptive reuse: 4 projects
Heritage-designated properties preserved: 3
Investigation and risk management measures undertaken: 22 acres, 9 sites
Total investment in investigations and risk management measures: $1.5M
Total years of vacant land unlocked: 316 years
Commercial space: 1.17M sq. ft.
Employees to be accommodated: 3,400
Development around higher-order transit: 16.7 acres

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FINANCIAL VALUE

<table>
<thead>
<tr>
<th>Address</th>
<th>Property Size (acres)</th>
<th>Ward</th>
<th>Past Use</th>
<th>Proposed Use</th>
<th>Build Toronto Agrees to Take Property</th>
<th>Preliminary Staff Support</th>
<th>Preliminary Councillor Support</th>
<th>Application Submission</th>
<th>Application Approval</th>
<th>Environmental Approvals</th>
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</thead>
<tbody>
<tr>
<td>1. 60 Atlantic Avenue</td>
<td>0.9</td>
<td>14</td>
<td>Heritage-Designated Industrial Building</td>
<td>Mixed-Use with Office and Retail Component</td>
<td>●</td>
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<tr>
<td>2. 2 Bicknell Avenue</td>
<td>1.2</td>
<td>12</td>
<td>Vacant</td>
<td>Residential</td>
<td>●</td>
<td>●</td>
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<td>3. 64-70 Cordova Avenue</td>
<td>3.3</td>
<td>5</td>
<td>TTC Commuter Parking Lot</td>
<td>Residential</td>
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<td>4. 455 Dovercourt Road</td>
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<td>Vacant, Former Office and Daycare Facility</td>
<td>Mixed-Use with Primarily Residential and Office Component</td>
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<td>5. 4750 Eglington Avenue West</td>
<td>3.6</td>
<td>4</td>
<td>Vacant</td>
<td>Residential</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
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</tr>
<tr>
<td>6. 4780-8800 Eglington Avenue West</td>
<td>7.5</td>
<td>4</td>
<td>Vacant</td>
<td>Residential</td>
<td>●</td>
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<td></td>
<td>●</td>
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<tr>
<td>7. 4620 Finch Avenue East</td>
<td>2.3</td>
<td>41</td>
<td>Vacant/Former Police College</td>
<td>Institutional</td>
<td>●</td>
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<td></td>
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<td>8. 154 Front Street East</td>
<td>0.8</td>
<td>28</td>
<td>Greyhound Bus Terminal</td>
<td>Residential</td>
<td>●</td>
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<td>9. 120 Grangeway Avenue</td>
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<td>Vacant</td>
<td>Residential</td>
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<tr>
<td>10. 4334-4340 Lawrence Avenue East</td>
<td>1.7</td>
<td>44</td>
<td>Vacant</td>
<td>Residential</td>
<td>●</td>
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<td>11. 30 Ordnance Street</td>
<td>1.8</td>
<td>19</td>
<td>Industrial Building</td>
<td>Mixed-Use with Residential and Retail</td>
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<td>12. 11 &amp; 25 Ordnance Street, 45 Strachan Avenue (Ordnance Phase 2)</td>
<td>2.75</td>
<td>19</td>
<td>Municipal Building &amp; Below-Market rate tenants</td>
<td>Mixed Use with Residential and Retail</td>
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<td>13. 505 Richmond Street West</td>
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<td>20</td>
<td>Vacant Waterworks Building and Former City Office</td>
<td>Mixed-Use with Residential and Retail</td>
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<td>14. 3650 St. Clair Avenue East</td>
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<td>Vacant</td>
<td>Residential</td>
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<td>15. 190 Symes Road</td>
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<td>11</td>
<td>Former Incinerator and Waste Transfer Station</td>
<td>Industrial</td>
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<td>16. 30 Tippett Road</td>
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<td>TTC Commuter Parking Lot</td>
<td>Residential</td>
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<tr>
<td>17. 36 Tippett Road</td>
<td>2.3</td>
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<td>TTC Commuter Parking Lot</td>
<td>Residential</td>
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<td>●</td>
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<td>18. 4050 Yonge Street</td>
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<td>Office with Hotel and Retail</td>
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<td>19. 10 York Street</td>
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<td>Former TPA Lot and Impound Lot</td>
<td>Residential with Retail Component</td>
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</tbody>
</table>

CITY-BUILDING VALUE

FINANCIAL VALUE UPON COMPLETION

Future Development Fees & Charges to the City: $147.8M
Future Annual Property Taxes to the City: $24.3M

FINANCIAL VALUE

Build Toronto Total Revenue: $254.5M
Build Toronto Fair Market Value upon Acquisition from City: $110.4M
Build Toronto Investment in Projects Sold: $32.5M
Financial Value Created: $111.5M
Total Value Realized by the City and Build Toronto: $221.9M
Revenue to the City from Development Charges and Fees: $22.7M
Revenue to the City from Property Taxes Paid: $14.7M
Section 37 Fees Generated: $15.7M

CITY-BUILDING VALUE

Forecast