EX16.14

Build Toronto Inc.

Consolidated Financial Statements

December 31, 2019

Independent auditor's report

To the Shareholder of Build Toronto Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Build Toronto Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of income and comprehensive income for the year then ended;
- the consolidated statement of shareholder's equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is

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necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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.
- 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
April 24, 2020

Build Toronto Inc.
Consolidated Statements of Financial Position

(Canadian $)	Notes	**December 31, 2019**	December 31, 2018
		$	$
ASSETS			
Current assets			
Real estate inventory	5	**80,915,447**	111,881,154
Pre-acquisition costs	6	**4,343,881**	4,423,268
Due from related parties	7	**5,321,938**	6,396,669
Amounts receivable	8	**981,151**	1,685,880
Deferred costs	9	**-**	1,542,654
Prepaid expenses		**13,586**	146,021
Loans receivable	10	**948,226**	919,843
Cash and cash equivalents	11	**117,492,479**	81,020,954
Short term investments	12	**65,750**	-
Restricted cash	13	**24,668**	364,209
Current assets		**210,107,126**	208,380,652
Non-current assets			
Investment property	14	**21,000,000**	15,528,000
Investment in equity accounted investments	15	**4,524,202**	3,542,569
Investment in joint venture	16	**5,340,575**	33,278,663
Amounts receivable	8	**513,083**	404,958
Loans receivable	10	**32,317,098**	33,124,011
Non-current assets		**63,694,958**	85,878,201
Total assets		**273,802,084**	294,258,853
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Amounts payable and other liabilities	17	**2,933,968**	4,372,811
Environmental provision	18	**7,462,111**	7,521,585
Debt	19	**948,226**	13,226,333
Current liabilities		**11,344,305**	25,120,729
Non-current liabilities			
Amounts payable and other liabilities	17	**1,086,075**	1,086,075
Debt	19	**28,458,582**	29,364,750
Non-current liabilities		**29,544,657**	30,450,825
Total liabilities		**40,888,962**	55,571,554
Shareholder's equity	20	**232,913,122**	238,687,299
Total liabilities and shareholder's equity		**273,802,084**	294,258,853
Commitments and contingencies	35		

The accompanying notes are an integral part of these consolidated financial statements.

Approved by board:

(Signed by) "Dino Chiesa"
Director

(Signed by) "Ron Carinci"
Director

Build Toronto Inc.
Consolidated Statements of Income and Comprehensive Income
Years ended December 31, 2019 and 2018

(Canadian $)	Notes	**2019**	2018
		$	$
Development income			
Development revenue	21	**37,925,675**	28,922,458
Cost of sales	22	**(25,241,305)**	(13,672,111)
Net development income		**12,684,370**	15,250,347
Rental income			
Rental revenue	23	**1,999,209**	3,647,526
Rental expenses	24	**(1,330,620)**	(1,949,835)
Net rental income		**668,589**	1,697,691
		13,352,959	16,948,038
Other income and (expenses)			
Project management fees	25	**4,945,148**	583,672
Interest income	26	**3,358,072**	2,929,254
Other income	27	**166,000**	826,307
Income from equity accounted investments	28	**9,089,455**	11,613,372
Fair value gains on investment property	14	**5,472,000**	622,000
General and administrative expenses	29	**(7,957,604)**	(7,634,306)
Project investigative costs	30	**(387,325)**	(24,184)
Amortization and depreciation	31	**(16,250)**	(56,931)
Interest expense	32	**(1,144,429)**	(1,523,412)
Total other income and (expenses)		**13,525,067**	7,335,772
Net income and comprehensive income		**26,878,026**	24,283,810

The accompanying notes are an integral part of these consolidated financial statements.

Build Toronto Inc.
Consolidated Statements of Shareholder's Equity
Years ended December 31, 2019 and 2018

(Canadian $)	Notes	Common shares	Contributed surplus	Retained earnings	Total Shareholder's equity
		$	$	$	$
Balance - January 1, 2018		1	227,973,763	14,185,725	242,159,489
Net income for the year		-	-	24,283,810	24,283,810
Transfer of promissory note to the shareholder	10c	-	(2,756,000)	-	(2,756,000)
Dividend paid	20b	-	-	(25,000,000)	(25,000,000)
Balance - December 31, 2018		1	225,217,763	13,469,535	238,687,299
Net income for the year		**-**	**-**	**26,878,026**	**26,878,026**
Transfer of a property to the shareholder	5a	**-**	**(7,652,203)**	**-**	**(7,652,203)**
Dividend paid	20b	**-**	**-**	**(25,000,000)**	**(25,000,000)**
Balance - December 31, 2019		**1**	**217,565,560**	**15,347,561**	**232,913,122**

The accompanying notes are an integral part of these consolidated financial statements.

Build Toronto Inc.
Consolidated Statements of Cash Flows

Years ended December 31, 2019 and 2018

(Canadian $)	Notes	**2019**	2018
Cash provided by (used in)		**$**	$
OPERATING ACTIVITIES			
Net income		**26,878,026**	24,283,810
Items not involving cash and other adjustments:			
Straight-line rent	9	**(18,500)**	(68,646)
Deferred lease inducement amortization		**19,306**	41,120
Net income from sale of equity accounted investments	27	**-**	(493,317)
Income from equity accounted investments	28	**(9,089,455)**	(11,613,372)
Project investigative costs	30	**387,325**	24,184
Fair value gains on investment property	14	**(5,472,000)**	(622,000)
Non-cash interest income	26	**(29,014)**	(29,014)
Amortization and depreciation	31	**16,250**	56,931
Real estate inventory			
Additions	5b	**(576,769)**	(2,644,918)
Cost of sales	22	**23,787,234**	13,672,111
Pre-acquisition costs	6	**(7,106)**	(1,454,914)
Leasing costs and incentives			
Additions (net)	9	**(28,492)**	(571,740)
Cost of sales	22	**1,554,091**	-
Changes in other working capital items	33	**376,959**	13,119,500
Total operating activities		**37,797,855**	33,699,735
INVESTING ACTIVITIES			
Joint venture equity and income distribution	16	**36,045,910**	-
Purchase of property, equipment and intangible assets		**-**	(6,820)
Sale of tangible and intangible assets		**-**	385,664
Repayment of loan receivable	10a, 15	**876,530**	1,567,861
Sale of shares in equity accounted investments	27	**-**	605,173
Purchase of short-term investment	12	**(65,750)**	-
Total investing activities		**36,856,690**	2,551,878
FINANCING ACTIVITIES			
Repayment of loan payable	19a	**(876,530)**	(847,861)
Repayment of construction loan	19b	**(12,306,490)**	-
Payment of dividend	20b	**(25,000,000)**	(25,000,000)
Total financing activities		**(38,183,020)**	(25,847,861)
Change in cash and cash equivalents		**36,471,525**	10,403,752
Cash and cash equivalents, beginning of year		**81,020,954**	70,617,202
Cash and cash equivalents, end of year	11	**117,492,479**	81,020,954

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION

Build Toronto Inc. (the Company) was incorporated under the Ontario Business Corporations Act on November 13, 2008 and is a wholly-owned subsidiary of the City of Toronto (the City). The Corporation supports CreateTO 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 a municipal corporation under Section 149(1) of the Income Tax Act (Canada), the Company is exempt from income taxes. The address of its registered office is 200 King Street West, Suite 200, Toronto, Ontario, Canada.

The consolidated financial statements include the accounts of the Company and all of its subsidiaries at December 31, 2019.

The wholly owned subsidiaries and their activities are shown in the table below:

Name of the Holding Company Subsidiaries	Development of real property	Joint arrangement for real estate development	Investment in film studios
Build Toronto Holdings One Inc. (BTHOI)			√
Build Toronto Holdings (Harbour) Inc. (BTHHI)		√	
Build Toronto Holdings (Ordnance) Inc.		√	
Build Toronto Holdings (York Mills) Inc.	√		
Build Toronto Holdings (Victoria Park) Inc.	√		
Build Toronto Holdings (Tippett) Inc.	√		
Build Toronto Holdings (Dunelm) Inc.	√		
Build Toronto Holdings (Billy Bishop) Inc.	√		
Build Toronto Holdings (Richmond) Inc.	√		
Build Toronto Holdings (Bicknell) Inc.	√		
Build Toronto Holdings (Westwood) Inc.	√		

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 Company 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.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties as explained in the accounting policies below. The accounting policies set out below have been applied consistently in all material respects. Changes in standards effective for the current year as well as for future accounting periods are described in Note 3 New Accounting Standards Adopted in 2019 and Note 4 Future Accounting Policy Changes.

c) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Build Toronto Inc. and entities controlled by the Company (its subsidiaries). All intercompany balances resulting from intercompany transactions are eliminated.

d) **Real estate assets**

I. **Real estate inventory**

Commercial development properties and land held-for-sale in the ordinary course of business are held as real estate inventory and measured at the lower of cost and net realizable value.

Capitalized costs include all expenditures incurred in connection with the acquisition of the property, assessment of environmental conditions, site surveys, appraisals, direct development and construction costs, and property and environmental insurance and taxes. For real estate inventory transferred by the City, the fair value of the property less costs to sell is deemed to be its cost at the date the transfer is recorded. General and administrative costs and selling and marketing costs are expensed as incurred.

The carrying value of properties held as real estate inventory, including capitalized costs, is adjusted to the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at the date of the consolidated statement of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Cost of sales of real estate inventory is based on actual costs incurred or to be incurred. Selling costs are expensed as incurred.

II. **Investment property**

Investment property comprises land held to earn rentals or for future development as investment property, or capital appreciation, or both.

Investment property is initially recorded at cost. Cost of investment property includes the acquisition cost of the property, including related transaction costs in connection with an asset acquisition, assessment of environmental conditions, site surveys, appraisals, direct development and construction costs and property insurance and taxes during development. For property transferred by the City, the fair value of the property is deemed to be its cost at the date the transfer is recorded. Subsequent expenditures are capitalized to the investment property’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Subsequent to initial recognition, investment property is carried at fair value, determined based on available market evidence, at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

The fair value of investment property is estimated internally by the Company at the end of each reporting period. In addition to these internal property valuations, the Company will review the fair value of material investment property using an independent third party appraiser on a rolling basis over a period of three years or less, as determined by management. The internal property valuations prepared by the Company are based primarily on a discounted cash flow (DCF) model where the property generates rental income, which estimates fair value based on the present value of the property's estimated future cash flows. Estimated fair values are determined on a property by property basis. The Company's current investment property is film studio land and land improvements. The fair value of the film studio land and land improvements is estimated using DCF over a long term land lease (>90 years). Assumptions for inflation and discount rates are part of the calculation.

III. **Transfers of property between inventory and investment property**

A property is transferred from inventory to investment property only when the Company has a lease with a tenant and the lease has commenced. The investment property is measured at its fair value on transfer and any gain or loss is recorded consistent with sales of inventory.

A property is transferred from investment property to inventory only when the Company determines there has been a change in use supported by objective evidence of a change in intention to now develop the property for sale in the ordinary course of business and development activities contributing to the sale have commenced or are underway. The investment property is measured at its fair value before transfer, and such fair value becomes the deemed cost of the inventory after transfer.

IV. **Pre-acquisition costs**

Pre-acquisition costs include costs incurred in the investigative and pre-transfer stage. Pre-acquisition costs and project investigative costs, which will not benefit future periods or for a project which has been abandoned, are expensed as soon as it becomes evident there is no future value.

Pre-acquisition costs capitalized to-date related to a specific property are transferred to real estate inventory at the date of acquisition or the date the transfer is recorded.

e) **Equity accounted investments**

The Company accounts for its investments in associates using the equity method of accounting. An associate is an entity over which the Company has significant influence, but not control.

The financial results of the Company's equity accounted investments are included in the Company's consolidated financial statements using the equity method, whereby the Company recognizes its proportionate share of earnings or losses.

The Company assesses, at least annually, whether there is objective evidence that its interests in equity accounted investments are impaired. If impaired, the carrying value of the Company's equity accounted investment is written down to its estimated recoverable amount, which is the higher of fair value less costs to sell and value in use, with any difference charged to net income.

f) Investment in joint arrangements

A joint arrangement is a contractual arrangement between the Company and other parties to undertake economic activities that require the unanimous consent of the parties sharing control in strategic financial and operating policy decisions relating to the activities of the joint arrangement. Joint arrangements that involve the establishment of a separate vehicle in which each party has an interest are considered to be joint ventures and are accounted for using the equity method as outlined above.

For joint arrangements where the Company undertakes its activities through a direct interest in a joint arrangement's assets, rather than through the establishment of a separate entity, the arrangement is considered to be a joint operation and the Company's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flows are recognized in the consolidated financial statements and classified according to their natures.

g) Revenue recognition

I. Rental revenue

The Company 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 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 deferred costs, 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. Other revenues are recorded as earned.

II. Revenue from contracts with customers

Revenue from contracts with customers primarily includes sales of developed sites and land to third parties, recoveries of operating expenses and recoveries of capital expenditures from tenants in accordance with their leases ("recoveries revenue").

The company recognizes revenue when it transfers control over a property to a customer. The Company expenses all commissions related to the sales of developed sites and land paid to an intermediary at the time of the transfer of the control and capitalizes all commissions related to rental activities as a cost to obtain a contract when they are expected to be recovered. The latter type of commissions are amortized consistently with the pattern of recognition for the related revenue.

Revenue relating to sales of developed sites and land is recognized when control over the property has been transferred to the customer - typically when the ownership of the property is registered in the customer's name and the customer can begin construction on the property. Until this criterion is met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract and is typically recognized upon the receipt of it.

Revenue relating to sales of condominiums is recognized when control of the property has been transferred to the customer - typically when the customer occupies the property. Until this criterion is met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract.

Other income includes guarantee fee, management fees and interest income. Interest income is recognized as earned. Guarantee fee and management fees are recorded as the services are provided.

h) Dividends

Dividends to the shareholder are recognized as a liability in the period in which the dividend is approved by the Board of Directors and are recorded as a reduction of retained earnings.

i) Financial instruments - Classification

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

	Notes	**Classification and measurement**
Financial assets		
Due from related parties	7	**Amortized cost**
Amounts receivable	8	**Amortized cost**
Loans receivable	10	**Amortized cost**
Cash and cash equivalents	11	**Fair value through profit and loss**
Short term investments	12	**Fair value through profit and loss**
Restricted cash	13	**Fair value through profit and loss**
Financial liabilities		
Amounts payable and other liabilities	17	**Amortized cost**
Debt	19	**Amortized cost**

The Company classifies its financial instruments as follows:

I. Financial assets

The Company classifies its financial assets that give rise to specified payments of principal and interest as amortized cost, unless the company 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).

Loans receivable are recognized initially at fair value, plus any directly attributable transaction costs. The Company classifies all loans receivable that give rise to specified payments of principal and interest as amortized cost. All other loans receivable are classified as FVTPL. For those loans receivable classified as amortized cost, subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method, less any provision for impairment, if applicable. A provision for impairment on the loans receivable is established based on the general approach Expected Credit Loss (ECL) model. Under the general approach ECL model, the Company estimates possible default scenarios for the next 12 months on its loans receivable. The Company established a provision matrix that considers various factors including the borrower's credit risk, term to maturity, status of the underlying project and market risk. The results of the general approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statements of comprehensive income (loss). If a significant increase in credit risk occurs on a loan receivable, an estimate of default is considered over the entire remaining life of the assets. In circumstances when the Company acquires a loan receivable that is credit impaired at the date of initial recognition the credit adjusted approach ECL model will be applied. The credit adjusted approach ECL model results in expected credit losses calculated considering an estimate of default over the life of the asset.

Amounts receivable are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment on amounts receivable is established based on the ECL model. Under the ECL model, the Company estimates lifetime expected losses for its amounts receivable at each balance sheet date based on available information to determine if there is the need to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statements of income and comprehensive income within operating expenses. Bad debt write-offs occur when the Company determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of income and comprehensive income.

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

II. Financial liabilities

The Company 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 statements 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 de-recognition 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 statements of comprehensive income (loss). The Company's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently re-measured at fair value each reporting period, with changes in the fair value recognized in the consolidated statements of income and comprehensive income.

j) **Fair value of financial instruments**

The Company classifies the fair value of its financial instruments based on the amount of observable inputs used to value the instrument. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company uses observable inputs, and when all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

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, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. The asset is cash or a cash equivalent unless the asset is restricted.

l) **Restricted cash**

Restricted cash is cash or a cash equivalent that is strictly held for a specific purpose determined by the funder and is expected to be used to settle a liability within twelve months after the reporting period.

m) **Government grants and government assistance**

From time to time the Company applies for government assistance programs where these are offered to offset the costs of remediation. The Company offsets the capitalized cost(s) where the grant is related to an asset or if the grant is related to income it is deducted from the related expense. The grant is not recognized until all conditions attached to receiving the grant have been met and there is reasonable assurance that the grant will be received.

n) **Deferred costs**

Leasing costs such as legal fees and legal commissions, tenant allowances and free rent associated with tenant leases are classified as deferred costs and amortized over the entire term of leases. Step-up rent are straight-lined and the adjustment is spread over the term of the leases.

o) **Environmental provision**

The cost of the Company's obligation to remediate land is recognised when the asset is transferred. A provision is made for environmental remediation costs based on the net present value of estimated future costs with, where appropriate, probability weighting for the different remediation or closure outcomes which could realistically arise. The ultimate cost of remediation is uncertain and Management uses its judgment and experience to provide for these costs.

p) **Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

I. **Fair value of real estate investment property at transfer date and period end**

Determining the fair value of investment property involves significant estimates of the highest and best use of the property, discount rates, capitalization rates, market rental rates and growth rates, vacancy rates, inflation, structural allowances, lease terms and start dates, leasing costs, costs of environmental remediation requirements if any, and costs of pre-development, active development and construction activities, where applicable. The valuation inputs are derived from various sources of information, including third party sources such as independent appraisals, environmental assessment reports, internal budgets and management's experience and expectations. Judgment is also applied in adjusting independent appraisals for the impact of any differences between the date of the appraisal and the date of measurement.

II. **Fair value of real estate inventory at the date a transfer is recorded**

The fair value of real estate inventory involves significant estimates of the highest and best use of the property, maximum density achievable, potential zoning changes, costs of environmental remediation requirements, if any, and costs of pre-development, active development and construction activities, where applicable. The valuation inputs are derived from various sources of information, including third party sources such as independent appraisals, environmental assessment reports, internal budgets and management's experience and expectations. Judgment is also applied in adjusting independent appraisals for the impact of any differences between the date of the appraisal and the date of measurement.

III. **Net realizable value of real estate inventory at period end**

Commercial development properties and land held-for-sale in the ordinary course of business are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of the assets based on prevailing market prices at the date of the consolidated statements of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

IV. **Impairment of equity accounted investments**

At each reporting date, management is required to assess whether its equity accounted investments are impaired. The criteria used to determine whether there is objective evidence of impairment include: (a) significant financial difficulty of the investee; (b) the probability the investee will enter bankruptcy or other financial reorganization; and (c) the underlying financial position and financial performance of the investee.

V. **Impairment of financial assets**

Management uses judgment in determining whether the Company's financial assets require a provision for impairment. The Company's financial assets are subject to the ECL model whereby the Company's estimates on a forward looking basis possible default scenarios and establishes a provision matrix that considers various factors including industry and sector performance, economic and technological changes and other external market indicators.

VI. **Fair value of financial instruments**

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

The Company's financial instruments, consisting of due from related parties, amounts receivable, certain short-term fixed-rate loans receivable, cash and cash equivalents, restricted cash, amounts payable and other liabilities, and variable-rate debt, have a carrying value which approximates fair value due to their short-term nature.

The estimated fair value of the long-term loan receivable and the long-term fixed-rate debt was $24,947,368 at December 31, 2019 (2018 - $24,874,774), determined by discounting the carrying value of the instrument using an assessment of the market interest rate ranging from 3.76% to 5.05% (2018 – 3.76% to 5.04%) for the loan receivable and debt. The market interest rates were determined using the effective interest rate method adjusted for the Company's assessment of credit risk. In determining the adjustment for credit risk, the Company considered market conditions, the value of the properties that the mortgages are secured by, where applicable, and other indicators of the borrower's creditworthiness.

The estimated fair value of the long-term loan receivable and long-term fixed-rate debt is identical as they are structured as a flow-through instrument.

VII. **Carrying value of the environmental provision**

The Company is required to make estimates and assumptions relating to its environmental provision, including estimates of future remediation requirements, timing and related costs.

q) **Critical Judgements**

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

I. **Determination of initial classification of property as inventory or investment property**

In assessing the initial classification of an acquired property, the Company prepares a strengths-weaknesses-opportunities-threats analysis using certain assumptions and inputs to develop a preliminary business plan in order to determine the intended use of the property. When the Company has the intention to hold an acquired property specifically to earn rental income and/or capital appreciation, the property is classified as an investment property; if the intention is to develop and sell the property in the ordinary course of business, it is classified as inventory. Significant judgment is applied in deriving the assumptions and in applying the inputs, and different assumptions could result in the change in the classification of the acquired property.

II. **Determination of transfer of property to/from inventory and investment property**

The Company assesses internally, at each reporting date, whether there is any objective evidence indicating significant changes in the assumptions and inputs used in the preliminary business plan in determining the initial classification of the acquired property. Where there are many differences affecting the original intentions for the use of the property, the business plan is revised to reflect those changes and the acquired property will be reclassified, if necessary, to align with the revised business plan.

III. Assessment of classification of associates

The Company's accounting policies relating to the equity accounted investments are described in Note 2(e). In assessing that the Company has significant influence over its associates, management considers the rights and obligations of the various investors and whether the Company has the power to participate in the financial and operating policy decisions of the investees, but not control or joint control over those policies.

IV. Assessment of classification of joint arrangements

The Company's accounting policies relating to the joint arrangements are described in Note 2(f). In applying this policy, judgment is applied in determining whether the Company has control or joint control over another entity. Once joint control is established it is then assessed whether a joint arrangement should be classified as either a joint operation or a joint venture. As part of this assessment, the Company considers the contractual rights and obligations, voting rights, board representation and the legal structure of the joint arrangement, along with other facts and circumstances present in the contractual agreement.

V. Timing of recognition of properties transferred from related parties

Critical judgments are made by management in determining when to recognize properties transferred from related parties. Properties transferred from the City and other City controlled entities are recognized at the point at which it is considered probable that the future economic benefits associated with the property will flow to the Company, which is considered to be the point when the City commits to the transfer to the Company and the Company accepts the transfer. At this point, transfer of legal title from the City or other City controlled entity to the Company is considered to be an administrative process and virtually certain to occur.

VI. Determining approach and frequency of external appraisals for investment property

Management uses judgment in its approach to determining fair values of investment property. The fair values of these properties are reviewed regularly by management with reference to independent property appraisals and market conditions existing at the reporting date. The Company selects independent appraisers who are nationally recognized and qualified in the professional valuation of investment property and experienced in the geographic areas of the properties held by the Company. Judgment is also applied in determining the extent and frequency of obtaining independent appraisals, after considering market conditions and circumstances and the time since the last independent appraisal.

3. NEW ACCOUNTING STANDARDS ADOPTED IN 2019

a) IFRS 16, Lease (IFRS16)

IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16 lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. There was no material impact to the financial statements with the implementation of IFRS 16.

4. FUTURE ACCOUNTING POLICY CHANGES

a) 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 amendments are effective for annual reporting periods beginning on or after January 1, 2020.

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 amendments are effective for annual reporting periods beginning on or after January 1, 2020.

The Company does not expect the adoption of these amendments to have a material impact to the consolidated financial statements.

5. REAL ESTATE INVENTORY

Real estate inventory, including investment in co-ownerships, is as follows:

	Notes	**2019**	2018
		$	$
Balance - Beginning of year		**111,881,154**	123,682,575
Transfer from pre-acquisition costs	6	**-**	2,356
Transfer to the shareholder (a)		**(7,652,203)**	-
Development costs – capital expenditures		**213,051**	2,033,158
Development costs – sale closing costs (b)	22	**304,244**	541,516
Costs recorded in statement of income (c)		**(23,830,799)**	(14,378,451)
Balance - End of year		**80,915,447**	111,881,154

a) During the year ended December 31, 2019, a property with total value of $7,652,203 (2018 – nil) was transferred to the City.

b) Development costs of $517,295 (2018 - $2,574,674), together with remediation costs of $59,474 (2018 - $70,244) utilized against the environmental provision, are recorded as a cash outflow for the operating activities in the consolidated statements of cash flows.

	Notes	**2019**	2018
		$	$
Development costs		**517,295**	2,574,674
Utilization of environmental provision	18	**59,474**	70,244
		576,769	2,644,918

c) The Company recorded cost of sales of $23,787,234 (2018 - $14,378,451) during the year ended December 31, 2019, comprised of the costs of the inventory property sold in the year and minor cost adjustments relating to other properties that were sold in prior years. Breakdown of the costs recorded in the consolidated statements of income and comprehensive income is as follows:

	Notes	**2019**	2018
		$	$
Real estate inventory cost of sales	22	**(23,787,234)**	(14,378,451)
Project investigative costs	30	**(43,565)**	-
		(23,830,799)	(14,378,451)

6. PRE-ACQUISITION COSTS

	Notes	**2019**	2018
		$	$
Balance - Beginning of year		**4,423,268**	2,994,894
Additions		**7,106**	1,454,914
Transfer to real estate inventory	5	**-**	(2,356)
Costs recorded in statement of income (a)		**(86,493)**	(24,184)
Balance - End of year		**4,343,881**	4,423,268

a) During the year ended December 31, 2019, the Company wrote off aborted project costs of $86,493 (2018 - $24,184) to the consolidated statement of income and comprehensive income.

	Notes	**2019**	2018
		$	$
Project investigative costs	30	**(86,493)**	(24,184)
		(86,493)	(24,184)

7. DUE FROM RELATED PARTIES

	Notes	**2019**	2018
		$	$
Due from City	34a	**3,152,486**	2,844,817
Due from Toronto Transit Commission (TTC)	34b	**1,708,860**	1,636,575
Due from CreateTO	34c	**361,742**	1,664,311
Due from Toronto Port Lands Company (TPLC)	34d	**98,850**	250,966
Due from related parties		**5,321,938**	6,396,669

8. AMOUNTS RECEIVABLE

	Notes	**2019**	2018
		$	$
Recoverable financing costs and loan interest		**-**	139,972
Interest differential loan (a)		**433,971**	404,958
Total due from PT Studios Inc. (PTSI)	34e	**433,971**	544,930
Trade receivables		**92,343**	77,510
HST refund		**20,235**	370,948
Interest receivable (b)		**220,692**	123,151
Holdback and other recoverable amounts (c)		**694,564**	938,401
Other		**32,429**	35,898
Total amounts receivable		**1,494,234**	2,090,838
Less: Current portion		**(981,151)**	(1,685,880)
Non-current amounts receivable		**513,083**	404,958

a) The balance of $433,971 (2018 - $404,958) represents the present value of deferred interest loan, due on March 18, 2034.

b) The interest receivable of $220,692 (2018 - $123,151) relates to interest receivable on the short-term deposit and premium interest account investment

c) The change from 2019 balance of $694,564 (2018 $938,401) is related to a tenant chargeback of $300,000 for a leasehold improvement which was collected in 2019, and an accrual for consulting fees earned from the joint arrangement.

9. DEFERRED COSTS

The Company constructed a retail shopping centre which became operational on October 1, 2017. During the year ended December 31, 2019, the Company incurred leasing costs and tenant allowance payments totalling $28,492 (2018 - $571,740). The property was sold April 1, 2019 and the deferred cost balance was written off to cost of sales on the income statement.

	Notes	**2019**	2018
		$	$
Balance - Beginning of year		**1,542,654**	997,860
Additions - leasing costs and incentives		**28,492**	571,740
Additions - free rent		**-**	23,541
Amortization of leasing costs	31	**(16,250)**	(54,472)
Amortization of tenant allowance		**(17,698)**	(57,458)
Free rent adjustment		**(1,607)**	(7,203)
Straight-line rent adjustment		**18,500**	68,646
Recorded in cost of sales	22	**(1,554,091)**	-
Total - End of year		**-**	1,542,654

	Cost	Accumulated amortization and straight-line rent adjustment	2018
	$	$	$
Leasing costs	718,625	(62,629)	655,996
Tenant allowance	818,940	(59,112)	759,828
Subtotal	1,537,565	(121,741)	1,415,824
Free rent and straight-line rent adjustment	64,411	62,419	126,830
Total	1,601,976	(59,322)	1,542,654

10. LOANS RECEIVABLE

	Notes	2019	2018
		$	$
Loan receivable - PTSI (a)	19a, 34e	**29,406,808**	30,284,593
Vendor-take-back mortgage (VTB) (b)		**3,102,486**	3,003,231
Promissory note (c)		**756,030**	756,030
Total		**33,265,324**	34,043,854
Less: Current portion		**(948,226)**	(919,843)
Non-current loan receivable		**32,317,098**	33,124,011

a) In 2011, the Company assisted TWSI in restructuring debt by obtaining a new long-term facility with a government agency (Note 19(a)). The new facility was interest-only for the first three years of the term (matured on December 23, 2014) and was available to a maximum of $34,500,000; the Company drew $33,406,788 and advanced $33,403,778 to PTSI. On March 10, 2017, the agreement was renewed and PTSI repaid $1,700,000 and the balance was adjusted by $3,010 to match the amount drawn by the Company. The new facility for $31,706,788 was then converted to a 10-year mortgage with a 25-year amortization period at an interest rate of 3.33% effective March 15, 2017 maturing on March 15, 2027.

During the year ended December 31, 2019, PTSI made total principal repayments of $876,530 (2018 - $847,861). The balance includes accrued interest of $42,058 (2018 - $43,313).

The loan is secured by a leasehold mortgage, shareholder guarantees, and a first charge against the assets of PTSI.

b) The VTB mortgage of $3,000,000, issued in connection with a property sale transaction in December 2018, has an interest rate of 3.25% per annum, compounded semi-annually not in advance, and matures the earlier of the final closing of the dwelling units within the first phase of the development, and December 20, 2023. The balance includes accrued interest earned of $102,486 (2018 - $3,231), payable on maturity.

c) The promissory note was issued in connection with a property sale transaction in September 2016. This note is non-interest bearing until the maturity date which cannot be determined accurately at this stage. The note has an interest rate of prime plus 5% per annum, payable in arrears, from and after the maturity date, and secures the obligation of the purchaser to construct the contracted space for affordable housing.

During the year ended December 31, 2018, the Company assigned a promissory note of $2,756,000 to the City as the purchaser fulfilled its obligation regarding the future community recreational facility. This transfer was reflected in the contributed surplus.

11. CASH AND CASH EQUIVALENTS

	2019	2018
	$	$
GICs maturing in 12 months	**-**	301,000
Short-term deposits	**32,753,147**	-
Premium interest account	**82,022,138**	68,609,441
Cash	**2,717,194**	12,110,513
Cash and cash equivalents	**117,492,479**	81,020,954

The Company has $3,265,751 (2018 - $1,488,955) in outstanding letters of credit issued by financial institutions to securitize a tripartite development obligation to install infrastructure upgrades and minor residual construction work at a shopping centre sold in 2019.

12. SHORT TERM INVESTMENTS

	2019	2018
	$	$
Short term investments	**65,750**	-

The balance represents a 1-year GIC which earns 1%, annually and was issued to secure Letters of Credit (to complete construction at the shopping mall), including $58.7k in landscaping; $3k in driveways; $4k in sidewalk. The work is expected to be completed and the Letters of Credit, released in the second quarter of 2020.

13. RESTRICTED CASH

	2019	2018
	$	$
Restricted cash	**24,668**	364,209

The balance represents a funded amount restricted for use for a project that the Company acts as an agent for the City.

14. INVESTMENT PROPERTY

	2019	2018
	$	$
Balance - Beginning of year	**15,528,000**	14,906,000
Net gain in fair value	**5,472,000**	622,000
Balance - End of year	**21,000,000**	15,528,000

The film studio land and land improvements are leased to PTSI under a 99-year lease. The film studio land is included in the security for the loan payable to a government agency (Note 19(a)).

Investment property measured at fair value in the consolidated statements of financial position is categorized by level according to the significance of the inputs used to calculate their fair values. The Company uses significant unobservable inputs to adjust the fair values of its investment property and accordingly the fair values are classified as Level 3 fair values. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The fair value of the film studio land and land improvements is estimated using discounted cash flows over a long term land lease (>90 years). The residual land value increased in 2019 as a result of greater certainty around future development potential. Assumptions for inflation and discount rates are part of the calculation. Inflation is assumed to be at 2% for the first 40 years and 4% beyond 40 years. The discount rate used is 5.5% (2018 - 5.5%). If the discount rate were to increase by 25 basis points (bps), the value of investment property would decrease from $21,000,000 to $20,016,000. If the discount rate were to decrease by 25 bps, the value of the investment property would increase from $21,000,000 to $22,209,000.

a) **Valuation processes**

Management is responsible for reviewing the fair value measurements included in the consolidated financial statements, including Level 3 fair values of the investment property.

Periodically, the Company obtains an external valuation for the investment property. The external valuation is prepared by an independent professionally qualified valuator. .

In 2019, the Company utilized an external valuation prepared at December 31, 2019 for the film studio investment property.

Changes in Level 3 fair values are reviewed annually by the CFO.

15. INVESTMENT IN TORONTO WATERFRONT STUDIO INC. AND TORONTO WATERFRONT STUDIOS DEVELOPMENT INC.

On May 14, 2018, Bell Media Inc. exercised the option to increase its ownership in TWSI and Toronto Waterfront Studios Development Inc. (TWSDI) to 50.01% and 49.99% respectively, and to achieve that the Company sold 1,567 of its Class A common shares in TWSI and 14,192 of its common shares in TWSDI to one of their shareholders for resale to Bell Media. After the transaction, the Company's interests in TWSI and TWSDI, held through BTHOI, reduced to 18.57% and 18.58% respectively (Note 27).

The Company classifies its interests in TWSI and TWSDI as investments in associates as it has significant influence but does not have control or joint control over their operations. The investments in associates are accounted for using the equity method.

		TWSI		**TWSDI**	
	Notes	**2019**	2018	**2019**	2018
		$	$	**$**	$
Balance - Beginning of year		**3,657,918**	3,957,184	**(115,349)**	(89,840)
Transfer of shareholder loan		**-**	(29,041)	**-**	29,041
Shareholder loan repayment		**-**	(720,000)	**-**	-
Sale of interest	27	**-**	(129,645)	**-**	17,789
Share of net income (loss)	28	**1,030,514**	579,420	**(48,881)**	(72,339)
Balance - End of year	34e	**4,688,432**	3,657,918	**(164,230)**	(115,349)

For the years ended December 31, 2019 and December 31, 2018, TWSI and TWSDI's financial positions are as follows:

	TWSI		TWSDI	
	2019	2018	**2019**	2018
	$	$	**$**	$
Current assets	**11,807,305**	9,270,548	**247,365**	345,036
Non-current assets	**63,876,456**	47,060,502	**10,086,942**	6,260,953
Current liabilities	**16,061,234**	14,837,229	**8,839,876**	7,641,153
Non-current liabilities	**45,239,962**	30,079,167	**3,350,847**	558,170
Revenue	**18,252,038**	16,575,392	**567,194**	-
Net income (loss) from continuing operations	**5,549,347**	3,120,199	**(263,082)**	(389,342)
Net income (loss) and total comprehensive income (loss)	**5,549,347**	3,120,199	**(263,082)**	(389,342)

The Company's share of income from TWSI and TWSDI for 2019 is $981,633 (2018 - $507,081).

The ground lease for the film studio land with PTSI is for a term of 99 years and was executed on August 25, 2005. On June 22, 2009, PTSI was granted a deferral of 50% of the basic rent for a term of five years ended in June 2014.Annual rent adjustments start June 22, 2027 and every subsequent 20-year anniversary thereafter. No dividends can be paid from PTSI unless and until any and all amounts due to the landlord have been paid. Rent until the next annual rent adjustment date is $517,115 per annum.

The outstanding balance of shareholder advances included in the investment in equity accounted investments from TWSI is $ 1,890,940 (2018 - $1,890,940). The rate of interest and the repayment for this advance is subject to approval of the Board of Directors of TWSI.

From time to time, BTHOI receives cash funding calls from the operations of TWSI and TWSDI for the construction of film studios and office premises, which it is obligated to fund, at an amount equivalent to its equity ownership of the cash requirements. The Company's future commitments are determined through ongoing negotiations with the investees and investors.

16. JOINT ARRANGEMENTS

a) Investment in joint venture

	Notes	**2019**	2018
		$	$
Balance - Beginning of year		**33,278,663**	22,172,372
Cash Distribution relating to capital investment		**(22,750,000)**	-
Cash Distribution of income earned		**(13,295,910)**	-
Share of net income	28	**8,107,822**	11,106,291
Balance - End of year		**5,340,575**	33,278,663

BTHHI has a 35% ownership of a general partnership (the Partnership) for the development of the property at 10 York Street.

The Company has classified its 35% interest in the Partnership as a joint venture. In doing so, the Company considered the terms and conditions of the partnership agreement and the purpose and design of the joint arrangement and accounts for its interest using the equity accounting method. The purpose of the joint venture is to develop and construct a condominium project on the site, and distribute the returns to the partners once these are sold. The property was registered on March 27, 2019.

			Ownership interest (%)	
Name	**Principal activity**	**Location**	**2019**	2018
120-130 Harbour Street Partnership	Development	Toronto, Ontario	**35**	35

For the years ended December 31, 2019 and December 31, 2018, the Partnership reported the following financial positions and results from operations:

	2019	2018
	$	$
Cash and cash equivalents	**14,276,316**	998,200
Other assets	**13,298,984**	322,784,745
Total liabilities	**10,914,240**	228,572,946
Income from continuing operations	**28,001,061**	42,011,121
Net income and total comprehensive income	**28,001,061**	42,011,121

Losses are allocated to the other partner of the Partnership until the first advance date of construction financing. Subsequent to the first advance date of construction financing, which occurred on July 3, 2015, losses are allocated in proportion to the aggregate capital contributions of the partners. Income is allocated first to the other partner of the Partnership to the extent of previously allocated losses prior to the first advance date of construction financing. In 2018, the net income was first allocated to the partners to the extent of previously allocated losses, and the remainder has been allocated 32% to the Company and 68% to the other partner based upon the terms of the partnership agreement. The cash distribution received from the partnership in 2019 was $36,045,910 (2018 - $nil) , including return of capital of $22,750,000 (2018 - $nil), and distribution of income of $13,295,910 (2018 - $nil).

b) **Investment in joint operation**

The Company had classified its 50% interest in the property at Ordnance and Strachan as a joint operation. In doing so, the Company considered the terms and conditions of the co-ownership agreements and the purpose and design of the joint arrangement. The purpose of the arrangement was to co-develop the residential site with each group having direct rights to its share of assets and direct obligations for its share of liabilities. As a result the Company recorded its share of the asset as inventory along with its share of liabilities and revenues and expenses in its consolidated financial statements.

On October 29, 2015, the joint operation disposed of the co-owned inventory properties, which were previously accounted for by recognizing the Company’s share of the assets, liabilities, revenues and expenses on a line-by-line basis.

			Ownership interest (%)	
Name	**Principal activity**	**Location**	**2019**	2018
Ordnance/ Strachan	Development	Toronto, Ontario	**50**	50

With the sale of the final phase of the site on October 29, 2015, the financial obligations related to the park and the Section 37 requirements were assumed by the purchasers; however, the Company remains responsible to oversee and ensure that the trailing obligations are met.

The Company recorded a consulting fee of $50,000 (2018- $100,000) from the joint operation for management and achieving the milestone of the execution of the municipal infrastructure agreement. The remaining milestones are the park conveyance to the City and the issuance of an above-grade building permit. The specific requirements were met in the first quarter of 2020 and the Company received the remaining balance project management fees of $225,000. The Company accrued an amount of $72,715 for environmental consulting costs related to the park, and which are recoverable from the co-owners.

As part of the trailing obligations, the Company is also required to assist in the provision of a certain number of affordable housing units by providing financial assistance to the purchasers of those units. The Company estimates total costs of $1,500,000 to be incurred in the future.

17. AMOUNTS PAYABLE AND OTHER LIABILITIES

	2019	2018
	$	$
Trade payables - general	**1,279,810**	1,455,587
Accruals (a)	**2,740,233**	3,842,512
Total payables and accrued liabilities	**4,020,043**	5,298,099
Unearned revenue (b)	**-**	97,504
Security deposit (b)	**-**	63,283
Total	**4,020,043**	5,458,886
Less: Current portion	**(2,933,968)**	(4,372,811)
Non-current amounts payable and other liabilities	**1,086,075**	1,086,075

a) Amount includes accruals of $2,023,103 (2018 - $2,230,786) in connection with properties sold in prior years.

b) Unearned revenue and security deposits relate to the property which was sold April 1st, 2019. The unearned revenue was applied on closing fully in 2019 and the security deposits were paid to the purchaser.

18. ENVIRONMENTAL PROVISION

The environmental provision is calculated using management's best estimate, based on third-party engineering reports, of the likely costs to remediate or mitigate current known site conditions. Costs are assessed on a site by site basis and range from full removal of historic fills to risk assessment and management measures to reduce remedial requirements.

The risks inherent in calculating the future environmental provision are: the timing of expenditures to remediate, potential changes in environmental legislation and the identification of all known issues and end use of the property.

	Notes	2019	2018
		$	$
Balance - Beginning of year		**7,521,585**	8,298,169
Utilized in year (a)	5b	**(59,474)**	(70,244)
Costs recorded in statement of income	22	**-**	(706,340)
Total - End of year		**7,462,111**	7,521,585

a) During the year ended December 31, 2019, environmental remediation costs of $59,474 (2018 - $70,244) were incurred.

19. DEBT

	Notes	2019	2018
		$	$
Government agency mortgage(a)	10a	**29,406,808**	30,284,593
Construction financing (b)		**-**	12,306,490
Total debt		**29,406,808**	42,591,083
Less: Current portion		**(948,226)**	(13,226,333)
Non-current debt		**28,458,582**	29,364,750

a) As mentioned in Note 10(a), the facility from a government agency was drawn on in June 2013 to provide financing assistance for PTSI. The loan facility agreement provided for conversion of the facility to a 25-year amortizable debenture on the maturity date of December 2014 and this interest only facility was extended to the beginning of March 2017. On March 10, 2017, the agreement was renewed with a repayment of $1,700,000 to the government agency, and the remaining facility was then converted into a 10-year term mortgage with a 25-year amortization period at an interest rate of 3.33% effective March 15, 2017 and matures on March 15, 2027.

During the year ended December 31, 2019, the Company made total principal repayments of $876,530 (2018 - $847,861). The balance includes accrued interest of $42,058 (2018 - $43,313).

The loan is secured by the assets and corporate guarantees of BTHOI, an assignment of all of the Company's security from PTSI (note 10(a)), and leasehold charges related to the land lease on certain additional expansion lands leased by PTSI.

b) In November 2016, the Company obtained a loan facility, comprised of an interim construction loan and an operating loan at prime plus 0.50% per annum, for up to $16.8 million for the construction of a property for commercial use. The Company repaid the loan, in the amount of $12,306,490 (2018 - $nil), when the commercial property was sold on April 1, 2019.

For the year ended December 31, 2019, the Company incurred interest of $151,538 (2018 - $502,206) which it fully expensed.

20. SHAREHOLDER'S EQUITY

a) Common share - As at December 31, 2019, one (2018 - one) common share is authorized, issued and outstanding.

b) Dividends - A dividend of $25 million was declared and paid during the year ended December 31, 2019 (2018 - $25 million).

21. DEVELOPMENT REVENUE

	2019	2018
	$	$
Development revenue	**37,925,675**	28,922,458

During the year ended December 31, 2019, the Company sold two inventory properties for $37,925,675 (2018 – three properties for $28,858,658).

22. COST OF SALES

	Notes	2019	2018
		$	$
Land		**7,874,398**	12,742,763
Capitalized costs		**15,608,592**	1,094,172
Legal and commissions		**304,244**	541,516
Subtotal	5c	**23,787,234**	14,378,451
Deferred costs	9	**1,554,091**	-
Adjustment to provisions		**(100,020)**	-
Reversal of environmental provision	18	**-**	(706,340)
Total cost of sales		**25,241,305**	13,672,111

23. RENTAL REVENUE

	Notes	2019	2018
		$	$
Rental revenue			
Leases		**821,096**	1,822,614
Recoveries related to property taxes		**1,042,277**	1,391,623
		1,863,373	3,214,237
Revenue from contracts with customers			
Recoveries related to operating costs (a)		**81,714**	301,941
Licenses and other		**54,122**	131,348
Total rental revenue		**1,999,209**	3,647,526

a) The recoveries related to operating costs are further broken down as follows:

	2019	2018
	$	$
Maintenance	**26,547**	76,001
Service	**22,138**	145,482
Utilities	**33,029**	80,458
Recoverable operating costs	**81,714**	301,941

24. RENTAL EXPENSES

	2019	2018
	$	$
Utilities, repairs and maintenance and security	**74,969**	287,275
Insurance	**26,854**	20,316
Property taxes	**1,094,248**	1,424,213
Other recoverable operating costs	**68,000**	71,715
Other non-recoverable operating costs	**66,549**	146,316
Total rental expenses	**1,330,620**	1,949,835

25. PROJECT MANAGEMENT FEES

	Notes	**2019**	2018
		$	$
City projects (a)	34a	**273,250**	83,672
Property consulting (b)	34b,34d	**4,621,898**	400,000
Joint operation project management (c)		**50,000**	100,000
Total project management fees		**4,945,148**	583,672

a) Pursuant to an agreement entered into in June 2014 between the City and the Company, the Company has been appointed as the City's agent to oversee the design/build process and construction of a pedestrian and cycling bridge and path on certain lands. To fulfil its obligations, the Company engages third-party suppliers to manage the execution and performance of the work, and the related costs are fully funded by the City through periodic draw requests; in return, the Company receives project management fees. In 2017, the City engaged the Company as a team member of the Rail Deck Park project to provide support for the implementation of the project work plan, in return, the Company received management fees.

b) In 2019, the Company billed Toronto Transit Commission a property consulting fee of $50,000 (2018 - $400,000). In addition, pursuant to an agreement entered into in January 2014 between TPLC and the Company, the Company assisted in the management and sale of a property in return for 20% of the net proceeds. On August 15, 2019, the remaining parcel was sold and the Company received consulting fees of $4,513,146 (2018 - $Nil). Additional net proceeds adjustment of $58,752 (2018 -$Nil) were received for a parcel that was sold in 2017, related to a building improvement refund.

c) On November 1, 2015, the co-owners of the joint venture operation entered into a consulting agreement with a purchaser for certain work and services required relating to the inventory properties sold on

October 29, 2015. A fee of $50,000 (2018 - $100,000) was earned by each co-owner for assistance in achieving milestones related to the trailing obligations of the purchaser.

26. INTEREST INCOME

	2019	2018
	$	$
Investments	**153,204**	22,288
Mortgage receivable interest	**1,091,736**	1,593,870
Loan interest	**29,846**	29,899
Bank interest income	**2,083,286**	1,283,197
Total interest income	**3,358,072**	2,929,254
Add (less):		
Amortization of interest differential loan discount (a)	**(29,014)**	(29,014)
Change in accrued mortgage receivable interest	**(99,254)**	1,049,669
Change in accrued loans receivable interest	**1,255**	1,214
Change in GIC ,short-term deposits, and investment interest accrued	**(97,548)**	(44,696)
Cash interest received	**3,133,511**	3,906,427

a) Certain amounts receivable have been adjusted to fair value using the estimated market interest rate at the time they were assumed or issued. These fair value adjustments were amortized to interest income over the expected life of the receivable using the effective interest rate method. Non-cash adjustments to interest income have been recorded as items not involving cash in the consolidated statements of cash flows.

27. OTHER INCOME

	Notes	**2019**	2018
		$	$
Proceeds		-	605,173
Cost of equity accounted investments	15	-	(111,856)
	34e	-	493,317
Legal and accounting fees on disposal		-	(10,000)
Net income from sale of investments (a)		-	483,317
Guarantee fee (b)	34e	**166,000**	166,000
Cancellation fee (c)		-	176,990
Total other income		**166,000**	826,307

a) On May 14, 2018, the Company earned a net income of $483,317 as the result of Bell Media Inc. exercising the option to increase its ownership of TWSI and TWSDI.

b) On March 10, 2017, the interest-only loan facility was amended to become an amortizing loan to PTSI. Concurrently, the Company entered into an amended and extended loan from the government agency.

PTSI pays the Company a guarantee fee of $166,000 per annum, calculated as 0.50% of the appraised studio lands value of $33,200,000 which were pledged as security for the Company's loan.

c) Amount represents cancellation fee received on a signed lease agreement that did not materialize in 2018.

28. INCOME FROM EQUITY ACCOUNTED INVESTMENTS

	Notes	**2019**	2018
		$	$
TWSI	15	**1,030,514**	579,420
TWSDI	15	**(48,881)**	(72,339)
	34e	**981,633**	507,081
120-130 Harbour Street Partnership	16	**8,107,822**	11,106,291
Income from equity accounted investments		**9,089,455**	11,613,372

29. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	**2019**	2018
		$	$
Management fee charged by CreateTO (a)	34c	**7,786,143**	7,634,306
Directors fees		**43,333**	-
Office services (b)		**68,533**	-
Professional fees (c)		**59,595**	-
General and administrative expenses		**7,957,604**	7,634,306

a) Pursuant to a service agreement established between CreateTO and the Company, effective January 1, 2018, the Company engaged CreateTO 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.

b) Amount represents cyber liability insurance in 2019.

c) Amount represents the external professional services used in 2019, including audit, and legal services.

30. PROJECT INVESTIGATIVE COSTS

	Notes	**2019**	2018
		$	$
Costs written off from real estate inventory(I)	5c	**43,565**	-
Costs written off from pre-acquisition costs(I)	6a	**86,493**	24,184
Costs written off from Due from related party (II)		**257,267**	-
Project investigative costs		**387,325**	24,184

I. Amounts represent costs which were written off due to no future benefit

II. Amount represents historical costs incurred for a related party, under common control which were unrecoverable.

31. AMORTIZATION AND DEPRECIATION

	Notes	2019	2018
		$	$
Amortization of leasing costs	9	**16,250**	54,472
Depreciation		**-**	2,459
Amortization and depreciation		**16,250**	56,931

32. INTEREST EXPENSE

	Notes	2019	2018
		$	$
Interest expense incurred on debt		**1,144,429**	1,523,412
Add (less):			
Change in debt accrued interest		**1,255**	(94,646)
Cash interest paid		**1,145,684**	1,428,766

33. SUPPLEMENTAL CASH FLOW INFORMATION

	2019	2018
	$	$
(Increase) decrease in restricted cash	**339,541**	(360,401)
(Increase)decrease in due from related parties	**817,465**	(2,847,840)
(Increase) decrease in amounts receivable	**625,617**	2,911,716
Decrease (Increase) in prepaid expenses	**132,435**	142,523
(Increase) decrease in loans receivable	**(97,999)**	14,916,374
Increase (decrease) in amounts payable and other liabilities	**(1,438,845)**	(1,642,872)
Increase (decrease) in loans payable	**(1,255)**	-
Changes in non-cash working capital	**376,959**	13,119,500

a) Supplementary information

	Notes	2019	2018
		$	$
Interest received during the year	26	**3,133,511**	3,906,427
Interest paid during the year	32	**1,145,275**	1,428,766

34. RELATED PARTIES

In addition to related party transactions and balances discussed elsewhere in the notes, the relationship and transactions with the Company's shareholder, the City, and other related parties are detailed below:

Related parties	Relationship
CreateTO	Same parent
City of Toronto Economic Development Corporation (operating as Toronto Port Lands Company (TPLC))	same parent
Toronto Transit Commission (TTC)	same parent
Toronto Hydro-Electric Systems Limited (THSL)	same parent
Toronto Waterfront Studios Inc. (TWSI)	investee, tenant, debtor
Toronto Waterfront Studios Development Inc. (TWSDI)	Investee, debtor

a) The City

During the year ended December 31, 2019, there was one property transferred to the City (Note 5(a)).

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

	Notes	2019	2018
		$	$
Real estate inventory (I)		**3,872,444**	3,538,023
Pre-acquisition costs (I)		**738,068**	737,869
Due from related parties (II)	7	**3,152,486**	2,844,817
Amounts payable and other liabilities (III)		**(756,030)**	(929,167)

I. Amounts relate to capitalized application and permit fees, development charges and realty taxes.

II. Amounts related to all the Housing initiatives and city projects underway.

	Notes	2019	2018
		$	$
Security deposit (i)		**30,000**	30,000
Recoverable costs from the City (ii)		**550,168**	568,523
City projects (iii)		**1,356,130**	1,667,044
Housing Now Initiatives (iv)		**1,211,558**	-
Property tax refund (v)		**4,630**	579,250
	7	**3,152,486**	2,844,817

There is no set term of repayment of this account balance and no interest is being paid to the Company.

i. The balance is a deposit of $30,000 (2018 - $30,000) held by the City in lieu of a letter of credit for a site.

ii. In 2019, the Company was reimbursed by the City for $611,131 (2018 - $1,266,577), where the reimbursement in 2018 was related to a property that was returned to the City in prior year.

iii. The balance represents recoverable costs incurred on projects of which the Company acts as an agent for the City and Waterfront Secretariat, a division of the City.

iv. On January 31, 2019, City Council approved "the Housing Now Initiative", to leverage City-owned land for the purpose of creating new mixed-use, mixed-income communities. Through the initiative, 11 properties were identified for development with the potential to create a total of 10, 000 new residential units. Costs incurred in 2019 were reimbursed by the Housing Secretariat for the properties included in the Housing Now portfolio. The balance represents the balance of costs to be reimbursed for the Housing Now sites during the period of December 2019.

v. Balance represents estimated realty tax recovery upon successful tax appeal.

III. The balance includes affordable housing second mortgage of $756,030 (2018 - $756,030) payable to the City on a property that was sold in 2016, accrued project costs of $229,976 and estimated accrued realty tax of $4,800 (2018 - estimated accrued realty tax of $173,137) owed to the City.

The Company had transactions with the City in its ordinary course of business throughout the year ended December 31, 2019. Transactions, both revenue and (expenses) with the City, which passed through the consolidated statements of net income and comprehensive income during the year were as follows:

	Notes	**2019**	2018
		$	$
Project management fees	25	**273,250**	83,672
Cost of sales (i)		**(980,983)**	(194,063)
Property operating expenses (ii)		**(1,037,298)**	(541,995)
General and administrative expenses (iii)		**(26,883)**	-

i. The balance comprised of municipal taxes, building permit and planning approval fees.

ii. The balance comprised of license fee, municipal taxes and utilities paid to the City.

iii. Represents the change in insurance coverage provided by the City for 2019.

In addition, the Company declared and paid dividends of $25 million to the City during the year (2018 - $25 million) (Note 20).

b) Toronto Transit Commission

The consolidated statements of financial position include the following balances related to TTC:

	Notes	**2019**	2018
		$	$
Due from related parties	7	**1,708,860**	1,636,575

The Company assists in the development of a property of which the TTC is the occupant and the Company receives property consulting fee as well as cost reimbursements for developing the property. The balance represents the consulting fee and development costs due to the Company as at December 31, 2019 (2018 - $1,636,575). The Company received payment in the amount of $1,451,593 in January and wrote off $257,267 related to historical costs to project investigative costs. There is no set term of repayment of this account balance and no interest is being paid to the Company.

For the year ended December 31, 2019, property consulting income from TTC, which passed through the consolidated statements of net income and comprehensive income were as follows:

	Notes	**2019**	2018
		$	$
Project management fees	25	**50,000**	400,000

c) CreateTO

The consolidated statements of financial position include the following balances related to CreateTO:

	Notes	**2019**	2018
		$	$
Due from related parties	7	**361,742**	1,664,311

Pursuant to an agreement between CreateTO and the Company entered into in 2017, effective January 1, 2018, CreateTO provides the Company services in return for management fees. The balance represents an advance on 2020 management fees.

There is no set term of repayment of this account balance and no interest is being paid to the Company.

For the year ended December 31, 2019, allocations from CreateTO, which passed through the consolidated statements of net income and comprehensive income were as follows:

	Notes	**2019**	2018
		$	$
General and administrative expenses	29	**(7,786,143)**	(7,634,306)

d) Toronto Port Lands Company

The consolidated statements of financial position include the following balances related to TPLC:

	Notes	**2019**	2018
		$	$
Due from related parties	7	**98,850**	250,966

Pursuant to an agreement between TPLC and the Company entered into in 2014, the Company assisted TPLC in the management and sale of a property in return for 20% of the net proceeds, in addition to costs reimbursement. On August 15, 2019, the remaining parcel was sold and the Company received costs reimbursement of $292,658 (2018 - $Nil) and consulting fees of $4,513,146 (2018 - $Nil). (Note 25(b)). Additional net proceeds adjustment of $58,752 for a parcel sold in 2017 was received in August 2019. The outstanding balance represents a provision for legal fees to be finalized in 2020.

There is no set term of repayment of this account balance and no interest is being paid to the Company.

The Company had transactions with TPLC in its ordinary course of business throughout the year ended December 31, 2019. Revenue from TPLC which passed through the consolidated statements of net income and comprehensive income during the year was as follows:

	Notes	**2019**	2018
		$	$
Project consulting fees	25b	**4,571,898**	-

e) Pinewood Toronto Studios Inc., Toronto Waterfront Studios Inc. and Toronto Waterfront Studios Development Inc.

The consolidated statements of financial position include the following balances related to PTSI, TWSI and TWSDI:

	Notes	**2019**	2018
		$	$
Amounts receivable	8	**433,971**	544,930
Loans receivable	10a	**29,406,808**	30,284,593
Investment in equity accounted investments (I)	15	**4,524,202**	3,542,569

I. At the beginning of 2018, the Company, through BTHOI, held 20% equity interests in TWSI and TWSDI. The original investment was held by TPLC and transferred to the Company to facilitate debt restructuring on behalf of TWSI as part of the Company's city-building mandate.

Land, land improvements, shares and a shareholder loan receivable were transferred from TPLC in 2009.

On May 14, 2018, the Company's equity interests in TWSI and TWSDI were reduced to 18.57% and 18.58% respectively as a result of Bell Media Inc. exercising the option to increase its ownership of TWSI and TWSDI to 50.01% and 49.99% respectively (Notes 15 and 27).

The Company had transactions with PTSI and TWSI during the year ended December 31, 2019 and the transactions which passed through the consolidated statements of net income and comprehensive income were as follows:

	Notes	**2019**	2018
		$	$
Rental revenue		**1,475,619**	1,551,674
Other income	27	**166,000**	659,317
Share of net income from equity from equity accounted investments	28	**981,633**	507,081
Interest income		**1,021,495**	1,021,191

f) Key management and director compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. As a result of the City-wide real estate initiative, effective January 1, 2018, the Company no longer has its own key management personnel and employees but is managed by CreateTO for a service fee. (Note 29(a)).

35. COMMITMENTS AND CONTINGENCIES

a) Trailing obligations

On December 19, 2017, the Company sold a property to a third-party developer. Conditional to the sale, the purchaser has to enter into an affordable housing reconveyance agreement with a non-profit organization by delivering to the latter a part of the property for the development of affordable housing. As consideration for the assignment, the Company will receive an amount of $600,000 from the non-profit organization.

b) Future assignment of loans receivable

On September 8, 2016, the Company sold a property to a third-party developer. Conditional to the sale was a requirement of the purchaser to include in the project a community recreational centre and 15 condominium units of affordable housing. As a result of the sale, the Company holds a promissory note related to the affordable housing units, in the amount of $756,030. The promissory note from the vendor will be forgiven on completion of the units. If the affordable housing units are not delivered, the Company will collect the loan and contribute this to the City for affordable housing.

c) Litigation

In the normal course of its operations, the Company from time to time, may be named in legal actions seeking monetary damages. While the outcome of these matters cannot be estimated with certainty, management does not expect they will have a material effect on the Company's business, financial condition or operations.

36. CAPITAL MANAGEMENT

The Company's capital is comprised of debt and shareholder's equity. The following table summarizes the carrying value of the Company's capital as at December 31, 2019 and 2018.

	Notes	**2019**	2018
		$	$
Shareholder's equity		**232,913,122**	238,687,299
Debt	19	**29,406,808**	42,591,083
		262,319,930	281,278,382

The Company manages its capital, taking into account the long-term business objectives of the Company and the Company's mandate of delivering a financial dividend to the shareholder and to achieving its city-building objectives.

37. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company's investing, financing and operating activities expose it to a range of financial risks. These risks include credit risk, interest rate risk and liquidity 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 Company. The carrying value of the financial assets as presented in the consolidated statements of financial position represents the maximum credit risk exposure at the dates of the consolidated financial statements.

The Company, in the normal course of business, is exposed to credit risk from its customers. This risk is mitigated by the fact that management believes the Company has thorough and rigorous credit approval procedures. The Company provides for an allowance for doubtful accounts to absorb potential credit losses when required. During the year ended December 31, 2019, no allowance for doubtful accounts was recorded (2018 - $nil) and no bad debt (2018 - $nil) was written off to the consolidated statements of net income and comprehensive income.

The credit risk exposure related to VTB mortgage receivables are collateralized on the sold properties. The mortgage receivable due from TWSI is collateralized with a leasehold mortgage and $4.0 million in guarantees from the shareholders of TWSI. The cash and cash equivalents and short-term investments consist of deposits with major commercial banks. It is management's assessment that the credit risk associated with these balances is negligible.

b) Interest rate risk

Interest rate risk is borne by an interest bearing asset or liability as a result of fluctuations in interest rates. The Company is not subject to interest rate risk on the government agency mortgage as the interest is fixed at 3.33%.(Note 19(a)). The Company is subject to interest rate risk on premium saving account, the interest rate of which is set at prime minus 1.58% per annum as at December 31, 2019, a 1% change in the variable interest rate on the average balance for the year would have resulted in an annualized change in interest income of approximately $698,000

The amortizable loan receivable due from PTSI is not subject to interest rate risk as the interest rate is fixed at 3.33%. The VTB mortgage receivable from the purchaser is not subject to interest rate risk as the interest rates are fixed at 3.25%.

c) Liquidity risk

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Management believes the liquidity risk of the Company is low.

An analysis of the Company's contractual maturities of its material financial liabilities is set out below:

	Payments Due by Year				
	2020 to 2021	**2022 to 2023**	**2024 to 2025**	**Thereafter**	**Total**
	$	**$**	**$**	**$**	**$**
Debt	1,842,976	1,969,716	2,105,172	23,488,944	29,406,808

In addition, the Company has contractual commitments with respect to outstanding accounts payable and other liabilities, certain existing and sold real estate inventory, and investment properties.

38. SUBSEQUENT EVENTS

a) Declaration of dividend

On April 24, 2020, the Board of Directors declared a dividend of $25 million to be paid in 2020.

b) Outbreak of Coronavirus

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on April 24, 2020.