Attachment #1 – 2023 Audited Financial Statements for Toronto Port Lands Company

Consolidated Financial Statements of

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION C.O.B. TORONTO PORT LANDS COMPANY

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of City of Toronto Economic Development Corporation
c.o.b. Toronto Port Lands Company

Opinion

We have audited the consolidated financial statements of City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company and its subsidiaries (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in shareholder's equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Financial Statements"*** section of our auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 22, 2024

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 9)	$ 55,992,002	$ 45,959,743
Amounts receivable (note 8)	2,962,772	2,770,679
Due from related parties (notes 13(a))	2,500,619	22,455
Total current assets	61,455,393	48,752,877
Non-current assets:		
Restricted cash and investments (note 10)	17,600,391	12,427,051
Investment properties (note 4)	355,828,879	356,101,649
Property and equipment (note 5)	1,237,951	1,386,982
Project development costs (note 6)	21,791,038	4,959,403
Other non-current assets (note 7)	3,022,005	2,759,258
Total non-current assets	399,480,264	377,634,343
Total assets	$ 460,935,657	$ 426,387,220
Liabilities and Shareholder's Equity		
Current liabilities:		
Amounts payable and accrued liabilities (note 11)	$ 15,289,386	$ 10,923,116
Due to related party (note 13(b))	433,903	299,687
Current portion of tenants' deposits and deferred revenue (note 12)	570,850	557,421
Current portion of City of Toronto loan (note 13(a))	325,652	314,546
Total current liabilities	16,619,791	12,094,770
Non-current liabilities:		
Deferred capital improvement and repair liability (note 11)	10,810,711	–
City of Toronto loan (note 13(a))	5,705,288	6,030,940
Tenants' deposits and deferred revenue (note 12)	10,175,362	9,760,923
Total non-current liabilities	26,691,361	15,791,863
Total liabilities	43,311,152	27,886,633
Shareholder's equity	417,624,505	398,500,587
Commitments and contingencies (note 20)		
Total liabilities and shareholder's equity	$ 460,935,657	$ 426,387,220

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Income and Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Rental income:		
Rental revenue (note 15)	$ 19,505,278	$ 18,691,286
Rental expense (note 16)	4,620,063	5,200,202
	14,885,215	13,491,084
Other income (expenses):		
Interest and investment income	3,735,633	1,313,629
Interest expense (note 13(a))	(215,694)	(226,546)
Amortization (note 18)	(1,933,166)	(1,693,166)
Impairment loss (note 19)	(301,296)	–
General and administrative expenses (note 17)	(5,490,200)	(4,873,755)
	(4,204,723)	(5,479,838)
Income before gain on expropriation of investment property	10,680,492	8,011,246
Gain on expropriation of investment property (note 4)	8,443,426	1,865,877
Net income and comprehensive income	$ 19,123,918	$ 9,877,123

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Changes in Shareholder's Equity

Year ended December 31, 2023, with comparative information for 2022

	Common share	Retained earnings	Total shareholder's equity
Balance, December 31, 2021	$ 1	$ 388,623,463	$ 388,623,464
Net income		9,877,123	9,877,123
Balance, December 31, 2022	1	398,500,586	398,500,587
Net income		19,123,918	19,123,918
Balance, December 31, 2023	$ 1	$ 417,624,504	$ 417,624,505

See accompanying notes to consolidated financial statements.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
c.o.b. TORONTO PORT LANDS COMPANY

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net income	$ 19,123,918	$ 9,877,123
Items not involving cash (note 14(a))	2,218,157	(234,065)
Change in working capital (note 14(b))	13,068,808	4,952,466
	34,410,883	14,595,524
Financing activities:		
Repayment of City of Toronto loan (note 13(a))	(314,546)	(303,820)
Cost recovery from tenant	–	28,539
Project development costs - grants and recoveries (note 6)	4,730,314	858,867
Interest paid	(219,363)	(230,090)
	4,196,405	353,496
Investing activities:		
Decrease in restricted cash and investments	(5,173,340)	(272,794)
Project development costs - additions (note 6)	(22,457,509)	(3,607,390)
Net proceeds from expropriation of investment property (note 4)	–	2,761,066
Investment properties – additions (note 4)	(944,180)	(3,994,471)
	(28,575,029)	(5,113,589)
Increase in cash and cash equivalents	10,032,259	9,835,431
Cash and cash equivalents, beginning of year	45,959,743	36,124,312
Cash and cash equivalents, end of year	$ 55,992,002	$ 45,959,743

See accompanying notes to consolidated financial statements.

The City of Toronto Economic Development Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on March 21, 1986. The number of shares authorized and the number of shares issued and outstanding is one common share. The Corporation's share capital is all held by the City of Toronto (the "City"). The Corporation now operates as Toronto Port Lands Company ("TPLC"). The Toronto Port Lands (the "Port Lands") represents a significant urban renewal opportunity for the City. As the largest landowner in the Port Lands, TPLC continues to advance the long-term vision for a sustainable new community in the heart of the City by acting as a responsible steward and property manager of the City's assets in the Port Lands, supporting the ongoing flood protection work by Waterfront Toronto, actively managing tenants and supporting the further development of the film industry in the Port Lands. As a municipal corporation under Section 149(1) of the Income Tax Act (Canada), the Corporation is exempt from income taxes. The address of its registered office is 61 Front Street West, Union Station, East Wing, 3rd Floor, Toronto, Ontario, Canada.

1. Material accounting policies:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 22, 2024.

(b) Basis of presentation:

The Corporation 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, which is the Corporation's functional currency. The consolidated financial statements have been prepared under the historical cost convention. All values are rounded to the nearest dollar, unless otherwise indicated.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

1. Material accounting policies (continued):

(c) Basis of consolidation:

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries at December 31, 2023:

Arrowhead New Toronto East Inc.
Arrowhead New Toronto West Inc.
Arrowhead New Toronto South Inc.

Arrowhead New Toronto East Inc. is inactive. Historically it held title to the properties formally and municipally known as 260 8th Street and 124 Birmingham Street, Etobicoke, Ontario as a nominee corporation pursuant to TPLC's shareholder's direction. These properties were sold in 2019.

Arrowhead New Toronto West Inc. and Arrowhead New Toronto South Inc. are inactive corporations with no assets and have been since their incorporation in 2005.

Subsidiaries are fully consolidated from the date of inception, which is the date on which the Corporation obtains control and continue to be consolidated until the date such control ceases. Control exists when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany balances and transactions between these subsidiaries and the Corporation have been eliminated.

1. Material accounting policies (continued):

(d) Real estate assets:

(i) Investment properties:

Investment properties include land, office and other commercial properties held to earn rental income or for capital appreciation or for which future use is uncertain.

The Corporation categorizes its investment properties as income-producing properties. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below.

Investment properties are initially recorded at cost. Cost of investment property includes the acquisition cost of the property, related transaction costs in connection with an asset acquisition, assessment of environmental conditions, site survey, appraisals, direct development and construction costs and property taxes during development.

The Corporation estimates the value of significant components based on the actual cost of the component where available, otherwise on an amortized replacement cost basis. These components are amortized over their respective useful lives. Residual values and useful lives of all components are reviewed and adjusted, if appropriate, at least at each financial year end. Amortization is provided on a straight-line basis designed to amortize the costs of the assets over their expected useful lives as follows:

Base building and structures	8 - 44 years
Elevators	20 years
Heating, ventilation, air conditioning and cooling systems ("HVAC")	15 years
Roof	20-25 years
Land improvement	20-40 years
Paving	20-25 years
Dock walls	40 years
Corridor improvement	20 years
Leasing commissions & Tenant improvement	Over lease term

1. Material accounting policies (continued):

(ii) Additions to investment properties:

Extensions and improvements to the productive capacity of leasable area of existing income-producing properties owned by the Corporation require significant ongoing capital expenditures. The Corporation considers its productive capacity maintenance expenditures to be the following:

(a) Major maintenance costs: Maintenance and repair costs are expensed against operations, while major maintenance costs, which are major items of repair or replacement incurred pursuant to a capital plan that improve productive capacity, are capitalized to income-producing properties. Each item is amortized over the useful life of the significant component to which it relates.

(b) Tenant improvements: Amounts expended to meet the Corporation's lease obligations are characterized as either tenant improvements, which are owned by the landlord, or tenant incentives. An expenditure is determined to be a tenant improvement when it primarily benefits and/or is owned by the landlord. In such circumstance, the Corporation is considered to have acquired an asset which is accounted for as a component of income-producing properties. Each tenant improvement is amortized over its useful life, which is generally between five and ten years.

(c) Leasing commissions: Direct third party brokerage fees incurred in the successful negotiation of a lease are amortized on a straight-line basis over the expected terms of the respective leases. The unamortized balance is expensed in full in the event the associated property is sold or the lease is terminated prior to its contractual expiration date. Leasing commissions are included in the carrying value of the investment property.

As a component of an income-producing property is replaced, the net book value of such replaced component is expensed in full, with amortization, to the extent a balance remains.

1. Material accounting policies (continued):

(iii) Impairment:

At the end of each reporting period, management reviews the Corporation's investment properties to determine whether there is an event or change in circumstance that indicates a possible impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the effect of the impairment loss, if any.

An impairment loss is present if the recoverable amount (determined as the higher of fair value, less costs to sell, and value in use) is less than its carrying value and is measured as the difference between such amounts.

Fair value is determined based on:

(a) consideration of recent prices of similar properties in similar markets;

(b) a discounted cash flow analysis, which is based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions on the valuation date, less future cash outflows in respect to such leases, discounted generally over a term of ten years; and

(c) a direct capitalization method, which is based on the conversion of normalized earnings into an expression of fair value. The normalized net income for the year is divided by an overall capitalization rate.

Costs to sell include legal fees, transaction taxes and direct incremental costs to bring an asset to a condition for its sale.

The value in use is calculated as the discounted present value of estimated future cash flows expected to arise from the Corporation's planned use of an asset and from its disposal at the end of its useful life.

1. Material accounting policies (continued):

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of the impairment loss is recognized in the consolidated statement of income and comprehensive income immediately.

(e) Property and equipment:

Property and equipment include rail lines and infrastructure, fencing, and property maintenance equipment. They are stated at cost less accumulated amortization and accumulated impairment losses.

Rail lines and infrastructure, fencing, and property maintenance equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. The amount of the loss is recognized in profit or loss. The carrying amount is reduced by the impairment loss directly.

Amortization is provided on a basis designed to amortize the costs of the assets over their expected useful lives as follows:

Rail lines and infrastructure	10 - 25 years
Fencing	5 years
Property maintenance equipment	5 years

(f) Project development costs:

Project development costs consist of direct costs relating to the commercial development of land owned by the Corporation. These costs are transferred to the appropriate investment property accounts on substantial completion. Amortization of the costs transferred to investment property commences with the commercial use of the property. For projects that are abandoned, costs are immediately expensed.

1. Material accounting policies (continued):

(g) Other non-current assets:

Other non-current assets include capitalized straight-line rent and free rent. These costs are amortized against the rental revenue according to the respective lease clauses.

(h) Revenue from contracts with customers:

Revenue is recognized at a point in time or over time, depending on when the Corporation has satisfied its performance obligation(s) to its customers. Where the Corporation has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance to date, revenue is recognized in an amount to which the Corporation has a "right to invoice". The right to invoice represents the fair value of the consideration received or receivable. The following provides a summary of the nature of the various performance obligations within contracts with customers and when performance is recognized on those obligations:

Rental revenue:

The Corporation 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, lease termination fees, 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 other non-current assets, is recorded for the difference between the rental revenue recognized and the contractual amount received. Property tax recoveries are recognized as revenue in the period in which the corresponding obligation arises and collectability is reasonably assured. The Corporation recognizes recoveries revenue for operating expenses based on actual costs incurred in accordance with the terms of related leases. Recoveries revenue is billed monthly to tenants based on budgeted estimates and adjusted to reflect the actual costs incurred, if necessary, on an annual basis.

1. Material accounting policies (continued):

Revenue from investment properties during free rent periods represents a tenant incentive and is reflected in the consolidated statement of financial position in other non-current assets and recognized as a reduction of rental revenue in the consolidated statement of income and comprehensive income on a straight-line basis over the initial term of the lease. The Corporation accounts for stepped rents on a straight-line basis. Rents recorded in advance of cash received are included in amounts receivable. All other rental revenue is recognized in accordance with each lease.

The Corporation recognizes recoveries revenue for capital expenditures over the asset's expected useful life in accordance with the terms of the related leases. The amount of recoveries revenue is determined by the actual costs incurred and any restrictions in lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the service rendered, a payable is recognized.

(i) Environment costs:

The Corporation owns and controls lands with varying degrees of environmental contamination. The costs to remediate these lands depend on the timing and final approved use of the sites. Where costs cannot be reasonably determined at this time, a contingent liability exists. The Corporation recognizes a provision for the part of the obligation when a reliable estimate can be made.

The lands are periodically assessed to determine whether an outflow of resources has become probable and can be reliably measured. If it becomes probable that an outflow of resources will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the year in which the change in probability occurs.

1. Material accounting policies (continued):

(j) Property tax rebate programs:

The Corporation is eligible to receive rebates for remediation costs incurred and future property taxes as part of various City incentive programs for new property developments. On successful application and execution of a rebate agreement with the City, the Corporation recognizes these grants annually in income unless the timing of receipt is uncertain.

(k) Financial instruments - classification:

Fair value measurement:

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1 - This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date;

- Level 2 - This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs; and

- Level 3 - This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments fair value.

1. Material accounting policies (continued):

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

	Classification and measurement
Financial assets	
Restricted cash and investments	Amortized cost
Due from related parties	Amortized cost
Amounts receivable	Amortized cost
Cash and cash equivalents	Amortized cost
Financial liabilities	
City of Toronto loan	Amortized cost
Capital repairs and improvements reserve	Amortized cost
Tenants' deposits and advance rent payments	Amortized cost
Due to related party	Amortized cost
Amounts payable and accrued liabilities	Amortized cost

The Corporation classifies its financial instruments as follows:

(i) Financial assets:

The Corporation classifies its financial assets that give rise to specified payments of principal and interest as amortized costs, unless the Corporation 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").

Accounts receivable is recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. Provision for impairment of accounts receivable is established based on previous experience and its assessment of current economic environment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that a trade receivable is impaired. When a trade receivable is uncollectible, it is written off and it recognized in the consolidated statement of income and comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income and comprehensive income.

1. Material accounting policies (continued):

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

(ii) Financial liabilities:

The Corporation 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 statement 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 derecognition 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 statement of income and comprehensive income. The Corporation's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently remeasured at fair value each reporting period, with changes in the fair value recognized in the consolidated statement of income and comprehensive income.

(iii) Transactions costs:

Direct and indirect financing costs that are attributable to the issue of financial liabilities classified as other financial liabilities are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the terms of the related debt. These costs include: interest; amortization of discounts or premiums relating to borrowings; fees and commissions paid to lenders, agents and brokers.

1. Material accounting policies (continued):

(l) Fair value of financial instruments:

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.

(m) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, short-term deposits and Guaranteed Investments Certificates ("GICs") with maturities at the time of acquisition of three months or less. Bank borrowings are considered to be financing activities.

(n) Short-term investments:

Short-term investments recorded in the consolidated financial statements include GICs with maturities at the time of acquisition between three months and one year.

(o) Restricted cash and investments:

Restricted cash and investments include balances with bank, short-term deposits and GICs. Pursuant to a direction from City Council, these funds, and all accumulating investment income, are to be utilized for the environmental remediation of certain Port Land properties when it undertakes redevelopment at those sites.

(p) Provisions:

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value for the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Provisions are re-measured at each consolidated statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as an interest expense.

1. Material accounting policies (continued):

(q) Critical accounting estimates and assumptions:

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

(i) Fair value of investment properties:

In determining fair value and the recoverable amount for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

(ii) Fair value of financial instruments:

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

The Corporation's financial instruments, consisting of due from related party, amounts receivable, short-term investments, cash and cash equivalents, restricted cash and investments, amounts payable and accrued liabilities, tenants' deposits, and due to related party are measured at amortized cost which approximates fair value due to their short-term nature. Management has concluded that the carrying amount approximates fair value at December 31, 2023.

(iii) Other:

The estimates also include useful lives of investment properties and the significant components thereof and of infrastructure, furniture, fixtures and equipment used in the calculation of amortization.

1. Material accounting policies (continued):

(r) Critical judgments in applying accounting policies:

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

(i) Selection of accounting standards: The Corporation has been identified as an other government organization since 2018 when the shareholder direction was amended. Management considered various criteria applicable to the Corporation's business in selecting the appropriate accounting standards to follow. These criteria include whether the Corporation: (a) is a separate legal entity with powers to contract in its own name and sue and be sued; (b) has been delegated the financial and operational authority to carry on a business; (c) sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and (d) can, in the normal course of its operations, maintain its operations and meet its liabilities from revenue received from sources outside of the government. The Corporation meets all the above criteria and, therefore, follows IFRS.

(ii) The Corporation's accounting policies relating to investment properties are described in note 1(d)(i). In applying these policies, judgment has been applied in determining whether certain costs are additions to the carrying amount of the property, in distinguishing between tenant incentives and tenant improvements and, for properties under development, identifying the point at which practical completion of the property occurs, identifying the directly attributable borrowing costs to be included in the carrying value of the development property, and determining if there are indications of impairment for non-financial assets.

(iii) The Corporation feels that in absence of reliable comparable market data, and alternative reliable estimates of fair value, it is not presently possible to reliably measure its investment properties at fair value on a continuing basis and as a result has elected to use the cost basis model (note 4).

1. Material accounting policies (continued):

(iv) The Corporation makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases, are operating or finance leases. The Corporation has determined that all of its tenant leases and long-term ground leases are operating leases.

(v) An asset retirement obligation for environment contamination has not been recognized for accounting purposes as the Corporation has determined that the amount of such obligation cannot be reliably measured at this time (note 20(b)).

2. New accounting standards adopted in 2023:

The new accounting standards listed below came into effect in 2023 and management has assessed them and determined that there is no material impact on the financial statements:

- IFRS 17, Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

3. Future accounting policy changes:

Impacts of amendments to accounting standards issued but not yet effective:

The following amendments have been issued by the IASB but are not yet effective and have not been early adopted in these consolidated financial statements. Management has assessed that the expected impact of adopting these amendments is not significant.

Effective date: January 1, 2024:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16, Leases);

- Disclosures regarding Supplier Finance arrangements (Amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures); and

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements).

4. Investment properties:

Investment properties consist of the following:

2023	Cost	Accumulated amortization	Net book value
Land	$ 323,328,731	$ –	$ 323,328,731
Base building and structures	20,161,100	6,439,631	13,721,469
Elevators	216,241	45,919	170,322
HVAC	821,445	503,355	318,090
Roof	2,205,784	1,320,532	885,252
Land improvement	11,822,713	1,174,408	10,648,305
Paving	1,079,690	563,765	515,925
Unwin corridor improvements	559,414	13,985	545,429
Dock walls	4,843,374	287,843	4,555,531
Leasing commissions	405,710	51,093	354,617
Leasing cost	195,435	19,137	176,298
Tenant inducement/allowance	650,000	41,090	608,910
	$ 366,289,637	$ 10,460,758	$ 355,828,879

4. Investment properties (continued):

2022	Cost	Accumulated amortization	Net book value
Land	$ 323,323,692	$ –	$ 323,323,692
Base building and structures	20,836,172	6,056,857	14,779,315
Elevators	100,641	36,879	63,762
HVAC	917,295	495,585	421,710
Roof	2,293,175	1,189,470	1,103,705
Land improvement	11,613,277	850,525	10,762,752
Paving	1,048,340	404,206	644,134
Dock walls	4,401,554	152,418	4,249,136
Leasing commissions	405,710	29,951	375,759
Leasing cost	195,435	9,365	186,070
Tenant inducement/allowance	200,000	8,386	191,614
	$ 365,335,291	$ 9,233,642	$ 356,101,649

Reconciliation of the carrying amount for investment properties is set out below:

2023:

Balance, December 31, 2022	$ 356,101,649
Additions and disposals:	
Capital expenditure additions, net of grants received	944,180
Transfer from project development costs	863,480
Impairment write-down building - future park site (note 19)	(296,296)
Amortization	(1,784,134)
Balance, December 31, 2023	$ 355,828,879

4. Investment properties (continued):

2022:

Balance, December 31, 2021	$ 354,092,119
Additions and disposals:	
Capital expenditure additions	3,994,471
Transfer from project development costs	275,692
Disposal	(720,635)
Amortization	(1,539,998)
Balance, December 31, 2022	$ 356,101,649

Gain on expropriation of investment property consists of the following:

	2023	2022
Gross proceeds from expropriation of investment property (a)	$ 8,477,828	$ 2,778,600
Closing costs	(34,402)	(17,534)
Net cash proceeds	8,443,426	2,761,066
Cost of sale:		
Book costs on disposal of non-current assets	–	(895,189)
Net proceeds from expropriation of investment property	$ 8,443,426	$ 1,865,877

(a) Included in the proceeds received, was interest in the amount of $1,296,531 earned on the amount due.

5. Property and equipment:

Property and equipment consist of the following:

	Rail lines and infrastructure	Fencing	Furniture, fixtures and office equipment	Computer equipment	Property maintenance equipment	Total
Cost						
Balance, December 31, 2021	$ 2,114,919	$ 139,217	$ 59,151	$ 33,996	$ 20,016	$ 2,367,299
Disposals/retirements/recovery	–	(33,085)	(22,177)	(33,996)	(17,016)	(106,274)
Balance, December 31, 2022	2,114,919	106,132	36,974	–	3,000	2,261,025
Disposals/retirements/recovery	(18,892)	(8,855)	(27,823)	–	(3,000)	(58,570)
Balance, December 31, 2023	$ 2,096,027	$ 97,277	$ 9,151	$ –	$ –	$ 2,202,455
Accumulated amortization						
Balance, December 31, 2021	$ 644,591	$ 60,563	$ 54,390	$ 33,996	$ 19,716	$ 813,256
Amortization	132,999	16,022	3,847	–	300	153,168
Disposals/retirements	–	(19,192)	(22,177)	(33,996)	(17,016)	(92,381)
Balance, December 31, 2022	777,590	57,393	36,060	–	3,000	874,043
Amortization	132,054	16,063	915	–	–	149,032
Disposals/retirements	(18,892)	(8,855)	(27,824)	–	(3,000)	(58,571)
Balance, December 31, 2023	$ 890,752	$ 64,601	$ 9,151	$ –	$ –	$ 964,504
Carrying amount						
As at December 31, 2022	$ 1,337,329	$ 48,739	$ 914	$ –	$ –	$ 1,386,982
As at December 31, 2023	1,205,275	32,676	–	–	–	1,237,951

6. Project development costs:

Reconciliation of the carrying amount for project development costs is set out below:

	2023	2022
Opening balance:	$ 4,959,403	$ 2,675,773
Additions, recoveries and transfers:		
Capital expenditure additions	22,457,509	3,607,390
Transfer to investment properties	(863,480)	(275,692)
Disposal	–	(174,554)
Transfer to property and equipment	–	(14,647)
Grants and recoveries received	(4,730,314)	(858,867)
Write-off to statement of income and comprehensive income	(32,080)	–
Ending balance	$ 21,791,038	$ 4,959,403

7. Other non-current assets:

	2023	2022
Straight-line rent receivable	$ 2,719,736	$ 2,447,522
Free rent cost	302,269	311,736
	$ 3,022,005	$ 2,759,258

8. Amounts receivable:

	2023	2022
Tenants	$ 1,428,899	$ 1,898,232
Harmonized sales tax refund	1,333,912	–
Non-tenant accounts receivable	670,806	269,573
Property tax receivable from the City	135,810	990,559
	3,569,427	3,158,364
Less expected credit losses (note 22(a))	606,655	387,685
	$ 2,962,772	$ 2,770,679

9. Cash and cash equivalents:

Cash and cash equivalents consist of the following:

	2023	2022
High interest savings accounts	$ 52,645,142	$ 44,440,050
Cash	2,615,144	1,519,693
GICs	731,716	–
	$ 55,992,002	$ 45,959,743

10. Restricted cash and investments:

	2023	2022
Restricted cash and investments	$ 17,600,391	$ 12,427,051

Funds are restricted for remediation, repairs and city building at specific sites**.** As these sites are remediated, funds are transferred to operating cash.

In 2023, a tenant had a change in ownership, and as part of the negotiations, a sum of $10,000,000 was contributed to the Corporation for future city building Investments. These funds are restricted in their future prescribed use. During the year, $5,376,643 (2022 – nil) was transferred to operating cash to reimburse the operating account for completed remediation work. The use of these funds in 2023 is in accordance with the prescribed use of these restricted funds.

11. Amounts payable and accrued liabilities:

Amounts payable and accrued liabilities consist of the following:

	2023	2022
Trade payables	$ 3,483,286	$ 1,050,141
Accrued liabilities	3,638,505	3,279,518
Property tax payables and accruals	1,127,731	1,018,144
Harmonized sales tax payable	–	60,013
Construction holdbacks	2,668,366	1,143,802
Rail relocation and improvement cost accrual (note 20(c))	4,371,498	4,371,498
Deferred capital improvement and repair liability	10,810,711	–
Total amounts payable and accrued liabilities	26,100,097	10,923,116
Less current portion	15,289,386	10,923,116
	$ 10,810,711	$ –

During the year ended 2023, the Corporation received $10,810,711 from tenants which is to be used to offset the cost of future prescribed capital improvements, and for remediation and dockwall repairs specific to tenant sites, in compliance with related tenant leases.

12. Tenants' deposits and deferred revenue:

Tenants' deposits, reserve for capital repairs and improvements and prepaid rents consist of the following:

	2023	2022
Tenants' deposits	$ 1,323,321	$ 649,368
Deferred revenue	9,422,891	9,668,976
	10,746,212	10,318,344
Less current portion	570,850	557,421
	$ 10,175,362	$ 9,760,923

Included in deferred revenue is $6,343,817 (2022 - $6,518,616) of advance rental payments received from a utility tenancy for two 99-year leases expiring in 2094 and advance rental payments from a tenant for a 20-year lease expiring in 2028. In 2022, an advance rental payment in the amount of $2,600,000 from an assignment transaction was added and will be allocated over a remaining lease term from December 1, 2022 with expiry date in August 2053.

13. Related party transactions:

In addition to related party transactions and balances discussed elsewhere in the notes, the relationship and transactions with the related parties are discussed below:

Related party	Relationship
CreateTO	Common control
The City	Parent and shareholder
Build Toronto Inc. ("BTI")	Common control

(a) The City:

The consolidated statement of financial position includes the following balances related to the City:

	2023	2022
Due from related parties	$ 2,500,619	$ 22,455
City of Toronto loan	6,030,940	6,345,486

The City provided the Corporation a 20-year loan of $7.5 million on May 30, 2018 to finance the purchase of 915 and 945 Lakeshore Boulevard East (note 4) at 3.5% interest per annum. Principal repayment commenced in February 2019, six months after the Corporation entered into a lease with a tenant for the property. The repayment is by semi-annual blended payments of principal and interest of $266,955 until maturity of the loan on May 30, 2038 when any remaining principal is to be fully repaid. Interest expense to the City during the year was $ 215,694 (2022 - $226,546).

(b) CreateTO:

The consolidated statement of financial position includes the following balances related to CreateTO:

	2023	2022
Due to related party	$ 433,903	$ 299,687

13. Related party transactions (continued):

Pursuant to an agreement between CreateTO and the Corporation entered into in 2017, (note 17), effective January 1, 2018, CreateTO provides the Corporation services in return for management fees. Due to related parties represents amounts owing to CreateTO. There is no set term of repayment and no interest is being paid to the CreateTO.

For the year ended December 31, 2023, allocations from CreateTO, which passed through the consolidated statement of income and comprehensive income were as follows:

	2023	2022
General and administrative expenses	$ 5,020,418	$ 4,595,015

14. Consolidated statement of cash flows:

(a) Items not affecting cash and other adjustments:

	2023	2022
Amortization of investment properties, and property and equipment	$ 1,933,166	$ 1,693,166
Amortization of free rent cost	9,467	(176,871)
Gain on expropriation of investment property (note 4)	–	(1,865,877)
Project development costs written off to income (note 6)	32,080	–
Impairment loss (note 19)	296,296	–
Straight-line rent receivable	(272,215)	(114,573)
Interest paid	219,363	230,090
	$ 2,218,157	$ (234,065)

14. Consolidated statement of cash flows (continued):

(b) Net change in non-cash operating assets and liabilities:

	2023	2022
Due from related parties	$ (2,478,164)	$ 1,679,334
Due to related party	134,216	297,185
Amounts receivable	(192,093)	(1,103,482)
Amounts payable and accrued liabilities	15,176,981	1,622,496
Tenants' deposits and deferred revenue	427,868	2,456,933
	$ 13,068,808	$ 4,952,466

15. Rental revenue:

Gross rentals comprise the following:

	2023	2022
Leases	$ 13,272,974	$ 11,360,170
Licenses	2,867,140	3,499,904
Realty taxes recovery	2,941,117	3,193,623
Operating costs recovery	385,754	624,551
Other rental revenue	38,293	13,038
	$ 19,505,278	$ 18,691,286

16. Rental expense:

Rental expense comprises the following:

	2023	2022
Property taxes	$ 2,995,381	$ 3,742,889
Repairs and maintenance	1,018,710	739,534
Utilities	292,929	569,515
Environmental monitoring	23,286	32,651
Loss on tenants amounts receivable	220,395	36,684
Administrative	69,362	78,929
	$ 4,620,063	$ 5,200,202

17. General and administrative expenses:

General and administrative expenses comprise the following:

	2023	2022
Management fees to CreateTO (note 13(b))	$ 5,020,418	$ 4,595,015
Director's fees and insurance	80,172	79,329
Professional fees	389,610	199,411
	$ 5,490,200	$ 4,873,755

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

18. Amortization:

	2023	2022
Investment properties (note 4)	$ 1,784,134	$ 1,539,998
Property and equipment (note 5)	149,032	153,168
	$ 1,933,166	$ 1,693,166

19. Impairment loss:

In 2023, the Corporation wrote off the historic book cost of a building in the amount of $296,296, which was removed to facilitate the creation of a new park.

20. Commitments and contingencies:

(a) The Corporation is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time. However, the Corporation's management believes the ultimate resolution of these matters will not have a material adverse effect on these consolidated financial statements.

(b) The Corporation may be required to satisfy an asset retirement obligation for environmental contamination left by tenants or former owners of certain properties in the Port Lands. The obligation to remediate the contamination is contingent on uncertain future events, including contamination levels exceeding acceptable levels, as prescribed by the Ontario Ministry of the Environment. The obligation to remediate the contamination may also result from the Corporation and its parent, the City, agreeing to development plans for the lands. The amount of the asset retirement obligation has been determined to not be reliably measurable given the uncertainty of when or how remediation will take place and the total costs that will be incurred, and accordingly has not been recognized for accounting purposes.

(c) As part of the site remediation at 675 Commissioners Street, Corporation removed a section of rail from the site and is obligated to relocate and construct a new and improved rail line along an adjacent street. As at December 31, 2023, the railroad relocation and improvement accrual was $4,371,498 (2022 - $4,371,498) (note 11).

21. Key management and director compensation:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. As a result of the City-wide real estate initiative, effective January 1, 2018, the Corporation no longer has its own key management personnel and employees but is managed by CreateTO for a service fee (note 13(b)).

22. Financial instruments - risk management:

The Corporation's investment and operating activities expose it to a range of financial risks. There has been no significant changes in the risk exposures from 2022. 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 Corporation. The carrying value of the financial assets as presented in the consolidated statement of financial position, represents the maximum credit risk exposure as at the date of the consolidated financial statements.

The Corporation, in the normal course of business, is exposed to credit risk from its tenants. This risk is mitigated by the fact that management believes the Corporation has thorough and rigorous credit approval procedures. The Corporation provides for an allowance for doubtful accounts to absorb potential credit losses.

Cash and cash equivalents, short-term investments and restricted cash and investments consist of deposits with major commercial banks. It is management's assessment that the credit risk associated with these balances is negligible.

Expected credit losses	2023	2022
Opening balance	$ 387,685	$ 583,626
Add provision	606,655	387,685
Less collection received	(387,685)	(365,916)
Less write-off	–	(217,710)
Ending balance	$ 606,655	$ 387,685

22. Financial instruments - risk management (continued):

Amounts receivable aging buckets	2023	2022
Less than 30 days	$ 2,627,009	$ 1,649,651
30 - 60 days	762,363	(30,052)
60 - 90 days	85,658	47,437
Greater than 90 days	94,396	1,491,328
	3,569,426	3,158,364
Less expected credit losses	606,655	387,685
Ending balance	$ 2,962,771	$ 2,770,679

The balance with aging greater than 90 days relates to property tax vacancy rebates receivable from the City and property tax recovery from tenants. Management believes the Corporation's credit risk is low.

(b) Interest rate risk:

Interest rate risk refers to the effect on the fair value or future cash flows of an investment due to fluctuations in interest rates. The Corporation's interest rate exposure arises from its investments in high interest savings accounts (note 9). The City of Toronto loan payable is not subject to interest rate fluctuation as the interest rate is fixed for the entire term of the loan. Management believes the Company's interest rate risk is low.

(c) Liquidity risk:

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. The Corporation has $16,619,791 of current liabilities, including amounts payable and accrued liabilities, due to related party and current portion of City of Toronto loan, that are due within one year. The corporation has $26,291,361 of non-current liabilities, including City of Toronto loan, tenant's deposits and deferred revenue. The City of Toronto loan has a fixed term of 20 years at an interest rate of 3.5% per annum, and the deferred revenue relates to advance rental payments and does not require cash to settle. The new category: Deferred capital improvement and repair liability, in the amount of $10,810,711 is backed with the same amount in cash on deposit in the assets, and represents a provision for future repairs and improvements. The Corporation has cash and cash equivalents, short-term investments and amounts receivable that are sufficient to satisfy these liabilities. Management believes that the liquidity risk of the Corporation is low.

22. Financial instruments - risk management (continued):

An analysis of the Corporation's contractual maturities for its liabilities is set out below:

	2024	2025	2026	2027	2028	Thereafter	Total
Accounts payable and accrued liabilities	$ 15,289,386	$ –	$ –	$ –	$ -	$ –	$ 15,289,386
Due to related party	433,903	–	–	–	–	–	433,903
City of Toronto loan	325,651	337,149	349,053	361,376	374,135	4,283,576	6,030,940
Capital repair reserve	–	575,000	–	–	–	10,235,711	10,810,711
Tenants' deposits and deferred revenue	570,850	523,500	338,159	442,625	309,348	8,561,730	10,746,212
Total liabilities	$ 16,619,790	$1,435,649	$ 687,212	$ 804,001	$ 683,483	$ 23,081,017	$ 43,311,152

23. Capital management:

The Corporation's capital is comprised of a loan from the City and shareholder's equity. The following table summarizes the carrying value of the Corporation's capital as at December 31, 2023 and 2022:

	2023	2022
Shareholder's equity	$ 417,624,505	$ 398,500,587
City of Toronto loan (note 13(a))	6,030,940	6,345,486
	$ 423,655,445	$ 404,846,073

The Corporation manages its capital by taking into account its long-term business objectives and its mandate of generating revenue for the City and maximizing the value and economic development potential of properties under its management. In managing capital, the Corporation focuses on liquid resources available for operations. The Corporation's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose.

As at December 31, 2023, the Corporation has met its objective of having sufficient liquid resources and financing facilities to meet its current obligations.

24. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in 2023.

CreateTO
61 Front Street West
Union Station, East Wing, 3rd Floor
Toronto, ON M5J 1E5

Toronto Port Lands Company 2023 Annual Report

It is our pleasure to present our 2023 Annual Report.

Under CreateTO's management, Toronto Port Lands Company (TPLC) continues to advance the long-term vision for a sustainable new community in the heart of Toronto.

As an active port, a vital part of our city's economy and home to Toronto's thriving film studio district, the Port Lands houses a large cluster of industrial uses that build and maintain the broader city.

The Port Lands also represents one of the most significant urban renewal opportunities in the city today. As the largest landowner in the Port Lands, TPLC, through CreateTO, is not only active in its role as steward and property manager but is also paving the way for a new era of innovation in the Port.

The Port Lands is currently undergoing significant flood protection work that will transform this neighborhood and unlock major new city-building uses. More than 120+ acres of land continue to be leased to Waterfront Toronto to support the completion of the flood protection work. Once completed, this initiative will unleash an abundance of new opportunities from affordable housing to vibrant parks, trails, and commercial hubs. We're committed to continuing to work with our partners and stakeholders to ensure that this distinctive downtown area enriches Toronto to the fullest extent possible.

Please refer to Attachment 3, page 6 & 7, for Port Lands 2023 Highlights.

Financial Summary & Key Transactions

TPLC's 2023 Statements were audited by KPMG LLP and received an unqualified opinion stating that the financial statements present fairly, in all material respects, the consolidated financial position of TPLC as at December 31, 2023, and its consolidated financial performance for the year then ended in accordance with International Financial Reporting Standards, (IFRS).

TPLC's 2023 Statements recognize a net income and comprehensive income of $19.12 million (an increase of $9.24 million over 2022), total assets of $460.94 million (an increase of $34.55 million over 2022), and total liabilities of $43.31 million (an increase of $15.42 million over 2022).

Rental Income: In 2023, continued efforts to optimize rental increases have resulted in an increase in rental income of $1.39 million over 2022.

Expropriation Proceeds: In 2023, TPLC received expropriation proceeds for 2 properties totaling $8.44 million.

Pinewood Toronto Studios: In 2023, CreateTO, on behalf of the City, sold its ownership in Pinewood Toronto Studios. The transaction also included a commitment from Pinewood Group for an amount of $10 million for a city-building fund to be invested in improvements on TPLC leased lands. In 2023 TPLC received the $10 million, which is being held in restricted funds for its future prescribed use.

Dockwall Infrastructure Delivery: In 2023, TPLC completed a comprehensive engineering assessment of 8.7 km of TPLC and City-owned dockwalls. Following from this study, the agency initiated critical rehabilitation work on the most urgent sections in 2023, including starting reconstruction of the dockwall immediately adjacent to the future Basin Media Hub studio complex.

Leslie Lookout Park: In 2023, TPLC continued to advance work on Leslie Lookout Park through capital contributions from TPLC, Waterfront Secretariat and Federal grants.

Unwin Avenue Trail: In 2023 TPLC completed a new 400 metre section of the Unwin Avenue trail.

Yours truly,

(Signed by) “Vic Gupta”

Vic Gupta
Chief Executive Officer, CreateTO

Attachment #3 – CreateTO 2023 Highlights Report

CREATE TO

2023 Highlights

1113 - 1117 Dundas Street East Mass Timber Rendering

2023 HIGHLIGHTS

Tasked with managing one of North America's largest and most valuable real estate portfolios, CreateTO is unlocking the potential of Toronto's City-owned lands to be activated for the public good.

We're facing an unparalleled housing crisis, both globally and within our city, and we're actively working with our City of Toronto partners to find creative and strategic opportunities to champion Toronto City Council's vision to deliver more housing for the people of Toronto. Urgently building more affordable homes is at the forefront of our work.

But it doesn't stop there. Housing is just one area of focus at CreateTO. We're working with the City of Toronto's 68 Divisions, Agencies and Corporations to provide real estate solutions that align program needs with the City's real estate assets while also delivering on Council-directed policy priorities, including housing, environmental sustainability, Truth and Reconciliation, economic development, community health and wellbeing, and diversity, equity and inclusion.

We're also paving the way for a new era in the Port Lands, one of the most significant undeveloped pieces of real estate in North America.

Highlights of our work to advance these initiatives are included in this report, which provides an overview of the past year. We look forward to continuing to work with the public and our partners, inside and outside of City Hall, to build the city we love.

HOUSING

Housing Now: 2444 Eglinton Avenue East Rendering

72 Amroth Avenue Rendering

640 Lansdowne Avenue Ground Breaking

Housing Now: Bloor-Kipling Rendering

In November 2023, Toronto City Council adopted a new Generational Transformation Housing Strategy that sets a blueprint for strengthening Toronto's housing system by building more homes faster, accelerating access to housing and establishing a more significant role for government in addressing the housing crisis by increasing public and non-profit ownership of housing.

In collaboration with our City partners, we're developing a framework to support City Council's direction to deliver a new target of 65,000 rent-controlled homes, comprising 6,500 rent-geared-to-income, 41,000 affordable rental and 17,500 rent-controlled market homes.

Housing Now
CreateTO, along with our City partners, celebrated the start of construction on Block One of the Housing Now site at Bloor-Kipling in August 2023. The transit-oriented site will deliver 725 new rental homes, including 218 new affordable rental homes. The site, along with the new Etobicoke Civic Centre, will be serviced by district energy and will be the city's first near net zero community. We also finalized an MOU with Civic Developments, Windmill Developments and the Co-operative Housing Federation of Toronto to develop the site at 2444 Eglinton Avenue East, which will deliver approximately 918 homes, including 612 rent-geared-to-income, affordable and market rent-controlled co-operative homes, making this one of the largest co-operative housing projects in Ontario. And, the Housing Now project at 50 Wilson Heights Boulevard advanced through the Site Plan process and is on track to start construction in spring 2024.

Generational Transformation Housing Strategy
Reviewing City-owned sites to identify significant city-building opportunities is a fundamental aspect of CreateTO's mandate to harness the full potential of the City's real estate and in 2023, our team undertook portfolio reviews to identify underutilized land assets to support the Generational Transformation Housing Strategy for the urgent delivery of housing. Reviews of the surplus land, Toronto Community Housing Corporation and the Shelter, Support and Housing Administration portfolios identified 92 of these sites for housing opportunities. Due diligence work continues on these sites in collaboration with the Housing Secretariat.

ModernTO
CreateTO continues to advance properties within the ModernTO portfolio that were identified for short-term redevelopment including 931 Yonge Street, 610 Bay Street and 130 Elizabeth Street. Together with the City, we submitted a revised development concept for the site at 931 Yonge Street to increase the height from 21 to 32 storeys, which will accommodate more housing and provide an additional 85 homes. We also advanced the market offering process for 610 Bay Street and 130 Elizabeth Street and will be reporting back to Council in 2024 on a preferred proponent to develop the site.

Mass Timber Pilot Program
In collaboration with City Planning, the Housing Secretariat, and the City's Environment & Climate division, CreateTO is leading a sustainable mass timber pilot project to provide an innovative affordable rental housing development with 100 homes on the City-owned site at 1113-1117 Dundas Street West. The pilot focuses on expedited housing delivery, sustainability through the use of low-carbon materials and a climate-action based approach. CreateTO submitted a City-Initiated Official Plan and Zoning By-Law Amendment in December 2023 for the development of a 10-storey mass timber building and a three-storey low-rise building to the rear of the site. Community consultation is taking place in 2024.

Expanding Housing Options in Neighbourhoods (EHON)
CreateTO in collaboration with the City advanced the Missing Middle Pilot Project that will deliver more diverse housing options in residential neighbourhoods. Our work on the pilot site at 72 Amroth Avenue within the East Danforth community will help to inform how future missing middle developments are approached on publicly and privately-owned sites across the city. Together with City Planning, we initiated grassroots community engagement to connect with neighbours, businesses, and other organizations in the area to build community champions for this important project. In addition to this housing typology approved to be built "as of right," we'll also be focused on adding much-needed affordable housing.

Affordable Housing and Long-term Care at 640 Lansdowne Avenue
A ground breaking for this project, which will bring 57 affordable rental homes and 256 long-term care beds to the Davenport community, creating one dual-purpose building on City-owned land, was held in August 2023. CreateTO led the creation of the conceptual master plan to help guide development of the site, issued the Request for Proposals for a developer and operator of affordable housing services and participated in the lease negotiations with the selected developer, Magellan Community Charities.

ACTIVATING CITY LAND FOR PROGRAM NEEDS

Toronto Fire Station 143 in the Allen District

Toronto Sign in Nathan Phillips Square

CreateTO works collaboratively with City stakeholders, external partners and community members to cultivate innovative approaches to the City's real estate that are effective in their design and delivery. Always, our end goal is to create more livable, sustainable and inclusive complete communities.

We partner with 68 City of Toronto Divisions, Agencies, and Corporations to find practical ways to use the City's real estate more effectively and efficiently. Our projects provide a range of city-building and community benefits including everything from the creation of new affordable housing, to co-locating emergency service facilities in mixed-use buildings, the development of new child care centres, enhancements to public realm and helping to bring City services like community centres, new libraries and long-term care facilities to neighbourhoods across Toronto.

Supporting City Building and Complete Communities

Built in the early 1970s, the **Scadding Court Community Centre** and **Sanderson Library branch**, located at Dundas and Bathurst streets, is struggling to keep up with growth demands and is facing steep maintenance expenses. CreateTO is working collaboratively with City Planning, Parks Forestry and Recreation, the Toronto Public Library and Scadding Court to redevelop this key intersection and complex of buildings into a complete community with a range of housing options and community services, including an expanded library and recreational uses. This project is a key example of CreateTO's commitment to enhancing community infrastructure in response to growing needs.

Upholding Essential Services

Toronto Transit Commission's (TTC) Line 2 reaches more than 23,000 passengers per hour during morning rush hour and carries over 525,000 customer trips per weekday. Ridership is projected to reach 31,000 riders at peak-hour capacity by 2041. As part of **TTC's Line 2 Capacity Enhancement Program**, CreateTO secured a City-owned parcel of land to locate vital infrastructure along TTC's Line 2.

"CreateTO's Client and Stakeholder group was instrumental in the selection of a City-owned parcel that will house a critical traction-powered substation along TTC's Line 2 subway. CreateTO ensured that all parties involved were properly consulted and informed, and worked to facilitate the operational management process to successful completion," Pam Kraft, Head of Property, Planning & Development, Engineering, Construction & Expansion, TTC.

Bloor-Kipling Block One Ground Breaking

Cultural Competence Training for all CreateTO Staff

Supporting the City of Toronto's Reconciliation Plan

In 2023, all CreateTO staff completed the Nbisiing Indigenous Cultural Competency Training course as a commitment to being strong allies with First Nations, Inuit and Métis peoples and to be inclusive in our approach towards our work. CreateTO is a partner in the City's Reconciliation Action Plan Steering Committee, and in 2023, we partnered with, and are continuing to work, with the **City's Indigenous Affairs Office** to find community space for Indigenous organizations to deliver services, including working with 2 Spirits to identify a parcel of City-owned land for the development of **Toronto's first emergency shelter for 2SLGBTQ+ Indigenous individuals** fleeing discrimination and violence. Through its consultation process, CreateTO was able to identify a suitable site for 2 Spirits and began the process of transacting the property to the organization at a nominal value. Pending expected funding from Canada Mortgage and Housing Corporation, construction on this project is expected to begin in 2024.

Advancing Partnership Opportunities

CreateTO, in partnership with the City, is actively working with the **Somali Centre for Culture and Recreation** Steering Committee to explore potential partnerships for a new community cultural and recreation centre. This work is focused on supporting a feasibility study to identify a location for the centre, as well as potential funding opportunities. In consultation with Parks, Forestry and Recreation, CreateTO led a site search of all City-owned properties based on a combination of requirements from the Somali Centre. Using a short list, our team worked with the Somali Centre throughout 2023 to review potential locations for a future facility. We continue to work with the Somali Centre to explore viable sites and funding sources for a community centre in the northwest corner of the city.

Collaborating with City Divisions, Agencies and the Community

The intersection of Queen Street West and Cowan Avenue is currently home to an important cluster of City-owned facilities and community services, all of which need significant capital investment over the next ten years to maintain current service delivery levels. We've been reimagining the future of this area, known as the **Parkdale Hub**, and collaborating with City divisions, agencies, the non-profit sector and the broader community to create spaces that will deliver more effective wide-ranging social, cultural and economic benefits to serve the Parkdale community into the future. This past year, we received re-zoning approval and led a market sounding session to share information to industry organizations and seek interest in the upcoming procurement process for a non-profit affordable rental housing development partner for the project. The Parkdale Hub is planned to deliver 231 housing units, including 76 affordable rental units.

PORT LANDS

Unwin Avenue Trail

Leslie Lookout Park Under Construction

Villiers Island Rendering

Amazon and Pinewood Announcement

As an active port, a vital part of our city's economy and home to Toronto's thriving film studio district, the Port Lands houses a large cluster of industrial uses that build and maintain the broader city.

The Port Lands also represents one of the most significant urban renewal opportunities in the city today. And, as the largest landowner in the Port Lands, CreateTO is not only active in its role as steward and property manager, but is poised to craft a transformative legacy that will set the stage for a new era of innovation in the Port. The area is currently undergoing significant flood protection work that will transform this neighbourhood and unlock major new city-building uses. This initiative will unleash an abundance of new opportunities from affordable housing to vibrant parks, trails, and commercial hubs. We're committed to ensuring that this distinctive downtown area enriches Toronto's newest community to the fullest extent possible.

Pinewood Toronto Studios

In early 2023, CreateTO, on behalf of the City, sold its ownership in Pinewood Toronto Studios, facilitating a transaction that resulted in the UK-based Pinewood Group acquiring full ownership of the studios and strengthening the City's reputation as one of the most important film studio and media hubs in the country. The transaction, approved by the CreateTO Board, also included a commitment from Pinewood Group to create a significant city-building fund to be invested in improvements on the leased premises. The City initially made this investment to protect the viability of this studio in 2009, and with this sale, CreateTO realized a very significant financial gain on investment.

Later in the year, Pinewood Toronto signed a long-term lease with Amazon MGM Studios for exclusive use of its production facilities, which are located on 20 acres of City-owned land in the Port. The agreement marks Amazon's first multi-year commitment to Canadian studio space and includes exclusive use of five new state-of-the-art sound stages, accompanying workshops and office accommodation, totaling approximately 160,000 square feet. As the landowner on behalf of the City, this deal further reinforces the commitment CreateTO has made to fostering the growth of this critical industry in the Port Lands.

Villiers Island

With the soon-to-be-completed flood protection work, the Port will become home to Villiers Island, a new 54-acre sustainable and inclusive waterfront community with new parks, public spaces and more housing, including affordable housing. CreateTO, together with the City of Toronto and Waterfront Toronto, is currently exploring different ways to maximize the delivery of housing and community services in this new waterfront community. Last year, the partner organizations undertook a review of the 2017 Villiers Island Precinct Plan, holding public engagement throughout the summer around how best to add more density and housing to the island. A report on a proposed path forward will be submitted to the City's Planning and Housing Committee in 2024.

Leslie Lookout Park

With completion of 75 per cent of works, 2023 saw significant progress in the construction of Leslie Lookout Park, which will open to the public in summer 2024. The park, designed by landscape architecture and urban design firm CCxA, recycles an industrial landscape into a new recreation hub located along the Martin Goodman Trail. The 1.9-acre open space will include a public beach, distinguished by forested dunes, and a stunning 360 degree viewing platform. The park was made possible by funding from CreateTO, the City of Toronto and the Government of Canada.

Unwin Avenue Trail

CreateTO completed a new 400-metre section of Unwin Avenue Trail, which branches off the Martin Goodman Trail and follows Unwin Avenue, in the fall of 2023. The trail improves pedestrian access to Cherry Beach Sports Fields and Cherry Beach, improves pedestrian safety, supports native species for ecological growth, and enhances the beautification of Unwin Avenue. The project received a $750,000-non-repayable contribution from the Government of Canada, through the Federal Economic Development Agency for Southern Ontario to help reimagine these community spaces by improving infrastructure, while maintaining accessibility standards.

Port Lands Leasing and Tenant Management

CreateTO actively manages over 50 individual tenancies and we're highly strategic in our marketing and leasing activity. We're constantly looking at opportunities to strengthen the economic vitality of the Port Lands and the city as a whole. We work diligently to ensure we achieve full value through our leases and other transactions to support the city-building work of CreateTO and our stakeholders. This is reflected in deals like the Pinewood UK transaction in which we were able to negotiate a significant city-building contribution by the studio owner as part of closing. CreateTO has also achieved a year-over-year revenue increase of more than 10 per cent on new/renewed lease agreements.

Environmental Stewardship and Infrastructure Delivery

As the largest property owner in the Port Lands, CreateTO has a vital role in ensuring the responsible management of land and infrastructure, now and into the future. In 2023, CreateTO completed the first comprehensive engineering assessment of the 8.7 km of CreateTO and City-owned dockwalls in decades. These dockwalls, which in many areas are more than 100 years old, represent vital shoreline infrastructure supporting the shipping and mooring activity. Following from this study, the agency initiated critical rehabilitation work on the most urgent sections in 2023, including the complete reconstruction of the dockwall immediately adjacent to the future Basin Media Hub studio complex. It is anticipated that this 640-metre section of new dockwall will soon form the first part of the Shipping Channel promenade, providing a major new opportunity for public access to the water's edge. In addition, CreateTO continued to work with tenants to actively monitor and address environmental risks associated with past and current industrial activity in this area.

OUR PEOPLE, OUR CULTURE

Nathan Phillips Square

In both the workplace and in our project delivery, CreateTO is committed to Diversity, Equity & Inclusion (DEI). Through the creation of a DEI strategy, several DEI initiatives were implemented over the past year, including an implementation plan that prioritizes a series of action items such as improving recruitment diversity through DEI placement programs, internships, diverse hiring sources and new hiring practices, and introducing new training and education initiatives including a new DEI calendar for staff and other learning opportunities.

Our People and Culture team established a new People and Culture Strategy to support building a multi-disciplinary team reinforced by a positive internal culture that inspires people to reach their full potential. This includes performance management, leadership development, career planning, engagement, a seamless staff calendar, rewards and recognition and communication.

This work represents a snapshot of the projects and activities the CreateTO team was engaged in throughout 2023.

Our purpose as an agency is to build the city we love and progress on these files highlights the value of collaboration with our partners, stakeholders and the community as we work together to reimagine how we can best create a bright future for the city and for the benefit of everyone who lives here.

Bloor-Kipling Ground Breaking


Indigenous Mural at the Future Leslie Lookout Park Site

Future site of Parkdale Hub

CreateTO
61 Front Street West
Union Station, East Wing, 3rd Floor
Toronto, ON M5J 1E5
416-981-3889 createto.ca

@_CreateTO
ca.linkedin.com/company/CreateTO

Bloor-Kipling Block One Ground Breaking