

Direct Investment Request 2024 #4

Date: November 6, 2024
To: Board of Directors of the Toronto Atmospheric Fund
From: Vice President, Impact Investing

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains financial information, supplied in confidence to the Toronto Atmospheric Fund which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

The Direct Investment Committee (DC) recommends an investment of up to \$500,000 into a sustainable property technology (PropTech) fund (referred to here as 'the Fund'). The Fund makes direct equity investments into early-stage sustainable PropTech companies aligned with TAF's net-zero construction and retrofit focus areas.

RECOMMENDATIONS

The Vice President, Impact Investing recommends that the Board of Directors of the Toronto Atmospheric Fund:

1. Approve an investment of up to \$500,000 in Limited Partnership (LP) Units into the Fund, subject to the terms and conditions outlined by the Direct Investment Committee and set out in the Confidential Attachment 1.
2. Direct the Vice President, Impact Investing to implement the investment subject to the satisfaction of TAF's solicitor.
3. Direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

There is no financial impact to the City of Toronto resulting from the adoption of the recommendations in this report.

DECISION HISTORY

At its meeting held on November 6, 2024, the Direct Investment Committee (DC) recommended that TAF's Board of Directors approve the investment described in Confidential Attachment 1.

COMMENTS

Investment Profile

An investment of \$500,000 represents 0.51% of TAF's net asset value (NAV) at Q2 2024 and 10.23% of TAF's 5% private equity target allocation. The Fund's core investment themes represent an opportunity to generate positive environmental impact, aligning with TAF's net-zero construction and retrofit focus areas. There have been discussions with the fund managers regarding the opportunity for co-investment when products and companies meet TAF's investment and impact priorities. The Fund managers, both female founders with a track-record of experience and performance, are raising their first fund and this investment offers an opportunity to support underrepresented emerging managers showing indicators of strong investment performance.

Due Diligence

Due diligence was conducted to validate the fund's investment thesis and financial model. TAF has also reviewed prior investments made by the Fund's founders.

Deal Terms

The investment is in the form of LP Units with a fund term of 10+1+1 years. The Fund's first close is targeted at \$10 million, expected in Q1 2025, with the expected final close anticipated at \$25 million in capital commitments. The Fund manager fee structure is consistent with market fee structures.

CONTACT

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SIGNATURE

Kristian Knibutat
Vice President, Impact Investing

ATTACHMENTS

Confidential Attachment 1 – Direct Investment Request 2024 #4