



## **Canada Square Redevelopment – Amendment to Leases**

Date: February 24, 2025  
To: TTC Board  
From: Chief Capital Officer

### **Summary**

---

The purpose of this report is to update the TTC Board on the redevelopment plans by Oxford Properties Group and CT REIT (the Tenants) for the TTC's lands located at the southwest corner of Yonge Street and Eglinton Avenue (Canada Square), and to obtain the TTC Board's approval to amend the existing lease agreements to permit part of the redevelopment to be implemented.

Following the Board's approval authorization, the next step will be for staff to negotiate, finalize, and sign the subject amending agreements.

### **Recommendations**

---

It is recommended that the TTC Board:

1. Authorize staff to negotiate and enter into, or request the City enter into, the six following amending agreements to the existing leases for Canada Square subject to the terms outlined in this report, in a form acceptable to the TTC's General Counsel:
  - a. Phase I Lease Amendment
  - b. Phase II Lease Amendment
  - c. Phase III Lease Amendment
  - d. Boiler Room Lease Amendment
  - e. Steam Room Lease Amendment
  - f. Commencement Agreement Amendment.
2. In accordance with Chapter 279 of the City of Toronto's Municipal Code, to forward this report for approval from the City of Toronto.

### **Financial Summary**

---

In 2019, the TTC entered into a consolidated, amended, and restated ground lease for Canada Square in respect of the five existing ground leases for the property, as currently developed (the Existing Ground Leases), along with a new ground lease for approximately two acres of land at the southeast corner of Duplex/Eglinton on which a

new bus terminal will be constructed as part of the larger redevelopment (the Consolidated Ground Lease). The Consolidated Ground Lease is not yet in full force and effect, as it remains conditional on Metrolinx's surrender of the two acres of land located at Duplex/Eglinton and municipal entitlements for the redevelopment of the broader site, among other things. Currently, the Existing Ground Leases for Canada Square remain in force and effect.

In June 2024, the Tenants issued a replacement master development plan notice (the RMDP Notice) for the Consolidated Ground Lease, and the Tenants are continuing to advance plans and seek approvals for the redevelopment of the whole of the lands in accordance with the Consolidated Ground Lease. Subsequently, in October 2024, the Tenants informed TTC staff that they are pursuing a long-term office lease commitment from an anchor tenant for the existing buildings on the lands located at 2180 and 2200 Yonge Street. The anchor tenant lease will require a significant capital investment from the Tenants to retrofit and modernize the existing buildings. Further, the prospective anchor tenant is seeking a lease term of up to 40 years, inclusive of renewal rights.

To facilitate the anchor tenant office lease, in particular the lease term of up to 40 years, the Tenants are seeking, and the TTC is recommending, an extension of term and alignment of the remaining term under the Existing Ground Leases, as detailed further below in this report.

Currently, the Existing Ground Leases generate approximately \$2.1 million in revenue for the TTC annually. The recommendation to grant an extension to the Tenants under the Existing Ground Leases does not alter or amend the financial terms of the Existing Ground Leases or the Consolidated Ground Lease.

Notably, the Consolidated Ground Lease obliges the Tenants to commit up to \$11 million for the reconstruction of subway entrances at Eglinton Station. As part of the proposed amendment to the commencement agreement for the Consolidated Ground Lease (detailed further below in this report), \$5.5 million of the \$11 million commitment toward station entrances will be budgeted by the Tenants for modifications to the north station entrance as part of the 2200 Yonge retrofit works.

The Executive Director, Finance has reviewed this report and agrees with the financial impact information.

## **Equity/Accessibility Matters**

---

One of the guiding principles for the redevelopment of these lands is to ensure that any new development proposal meets the transit infrastructure needs of all customers, operations (existing and future) and facilities, and provides direct, seamless, and fully accessible transit access. Any new building, modification to the subway station, including the main and secondary entrances, or new bus terminal will be required to comply with the Accessibility for Ontarians with Disabilities Act (AODA).

## **Innovation and Sustainability Matters**

---

Through each of the six amending agreements, the TTC commits to working with the Tenants to ensure alignment between proposed leasehold improvements and the TTC's Innovation and Sustainability Strategy, including the City of Toronto's TransformTO Net Zero commitments.

### **Decision History**

---

At its meeting on April 27, 2009, the TTC Board approved the transfer of transit properties to Build Toronto, including a portion of the TTC Lands at Yonge-Eglinton, specifically the old bus garage lands.

[Build Toronto - Transit Properties](#)

At its meeting on December 19, 2012, the TTC Board deferred consideration of the report initially submitted to the TTC Board at its meeting on October 24, 2012, titled "Proposal to Declare Surplus Yonge-Eglinton Lands and Transfer to Build Toronto".

[Yonge/Eglinton - Transfer of Leaseholds to Build Toronto](#)

At its meeting on April 27, 2016, the TTC Board authorized staff to participate in the Yonge-Eglinton Steering Committee in order to negotiate arrangements for redevelopment of lands under TTC ownership, in accordance with guiding principles adopted by the Board.

[Redevelopment of TTC Lands at Yonge-Eglinton](#)

At its meeting on April 11, 2018, the TTC Board authorized staff to enter into a lease amendment agreement with current tenants.

[Redevelopment of TTC Lands at Yonge-Eglinton](#)

### **Issue Background**

---

The TTC's predecessor, the Toronto Transportation Commission, purchased the property on the southwest corner of Yonge Street and Eglinton Avenue in 1921 (see location of the subject property in Attachment 1). Currently, the TTC operates Eglinton subway station, with station platforms, concourse, temporary bus terminal, and a vacant storage building located on the property. In addition, a large portion of the property has been leased (for more than 50 years) with the Canada Square retail and office towers above. The tenants are the TTC's current tenants of the Existing Ground Leases.

The Existing Ground Leases were entered into at different times, and they have different remaining terms and expiry dates, as follows:

- Phase 1 Ground Lease: expires May 11, 2051, no remaining extension options.
- Phase 2 Ground Lease: expires August 19, 2046, with one 24-year extension to August 19, 2070.
- Phase 3: Ground Lease: expires August 19, 2046, with one 24-year extension to August 19, 2070.
- Steam Room Lease: expires August 19, 2046, with one 24-year extension to August 19, 2070.
- Boiler Room Lease: expires May 11, 2051, no remaining extension options.

In 2018, the TTC Board authorized the TTC to enter into the Consolidated Ground Lease, which once in full force and effect will extend the terms of the Existing Ground Leases for a 99-year period, while allowing for a phased redevelopment of the property. Under the Consolidated Ground Lease, the Tenants' original redevelopment plans for the property included partial demolition of the existing buildings at 2180-2200 Yonge Street, improvements to the subway station entrances, and the construction of a new bus terminal for the TTC, with the TTC contributing \$25 million to the cost for the new bus terminal.

As noted above, in June 2024, the Tenants delivered the RMDP Notice pursuant to the commencement agreement for the Consolidated Ground Lease. The Tenants' new plan contemplates maintaining and retrofitting the existing buildings at 2200 Yonge Street and 2180 Yonge Street (see location of subject buildings slated for retrofit by the Tenants in Attachment 2). The retrofit was not contemplated in the original master development plan but has materialized in response to post-pandemic changes in the Toronto office market and, more recently, discussions with the prospective anchor tenant.

Although the Phase II Lease, the Phase III Lease, and the Steam Room Lease of the Existing Ground Leases provide sufficient remaining term for the Tenants to complete the anchor tenant office lease, the Phase I Lease and Boiler Room Lease currently expire in 2051, with insufficient term or extension options to fulfill the requirements of the anchor tenant office lease.

Accordingly, the Tenants are seeking to align the current terms of the existing Phase I Lease, Phase II Lease, Phase III Lease, Boiler Room Lease, and Steam Room Lease to expire on May 12, 2051, and to confirm one remaining extension option for all five Existing Ground Leases to August 10, 2070. This amendment will align the terms of the Existing Ground Leases, allow the Tenants sufficient term to execute the anchor tenant office lease for the existing buildings at 2180 Yonge Street and 2200 Yonge Street, and to commit the necessary capital investment to retrofit and modernize those buildings for the anchor tenant. By securing the anchor tenant office lease, the Tenants will secure the presence of a major employer in the Midtown community and revenue to support the ground rent from these properties for the TTC for many years to come.

This proposal does not impact the TTC's ability to secure the construction of the new bus terminal, which remains a requirement of the Consolidated Ground Lease. The Existing Ground Leases, as amended by the proposed amendments, will be

consolidated, amended, and restated as part of the Consolidated Ground Lease if and when that agreement comes into full force and effect.

In addition to the amendments to the Existing Ground Leases, further amendments are also required to the Commencement Agreement to ensure that the retrofit of 2200 Yonge Street is included in the replacement master development plan and to acknowledge that \$5.5 million of the \$11 million commitment for TTC entrances as the TTC north entrance will be included in the retrofit of the 2200 Yonge building.

## **Comments**

---

City Planning and the local Councillor have reviewed the Tenants' new plan for retrofit of the 2180-2200 Yonge buildings as part of a replacement master development plan for the Canada Square lands.

The subject amendments will allow the Tenants to proceed with the office retrofit project and will secure an anchor tenant for the office component of the Canada Square lands, while maintaining the TTC's leverage to ensure the station entrance and concourse changes, and new bus terminal, will be implemented to the TTC's satisfaction as part of the larger redevelopment program for the lands. More specifically, after the subject amendments are made, the Consolidated Ground Lease will continue to require the Co-owner to complete the TTC Technical Review prior to construction of any further phase(s) of the development.

TTC Staff have no concerns with the proposed amendments to the Existing Ground Leases.

## **Contact**

---

Michael Stevenson, Head – Property, Planning and Development  
416-518-9676  
michael.stevenson@ttc.ca

## **Signature**

---

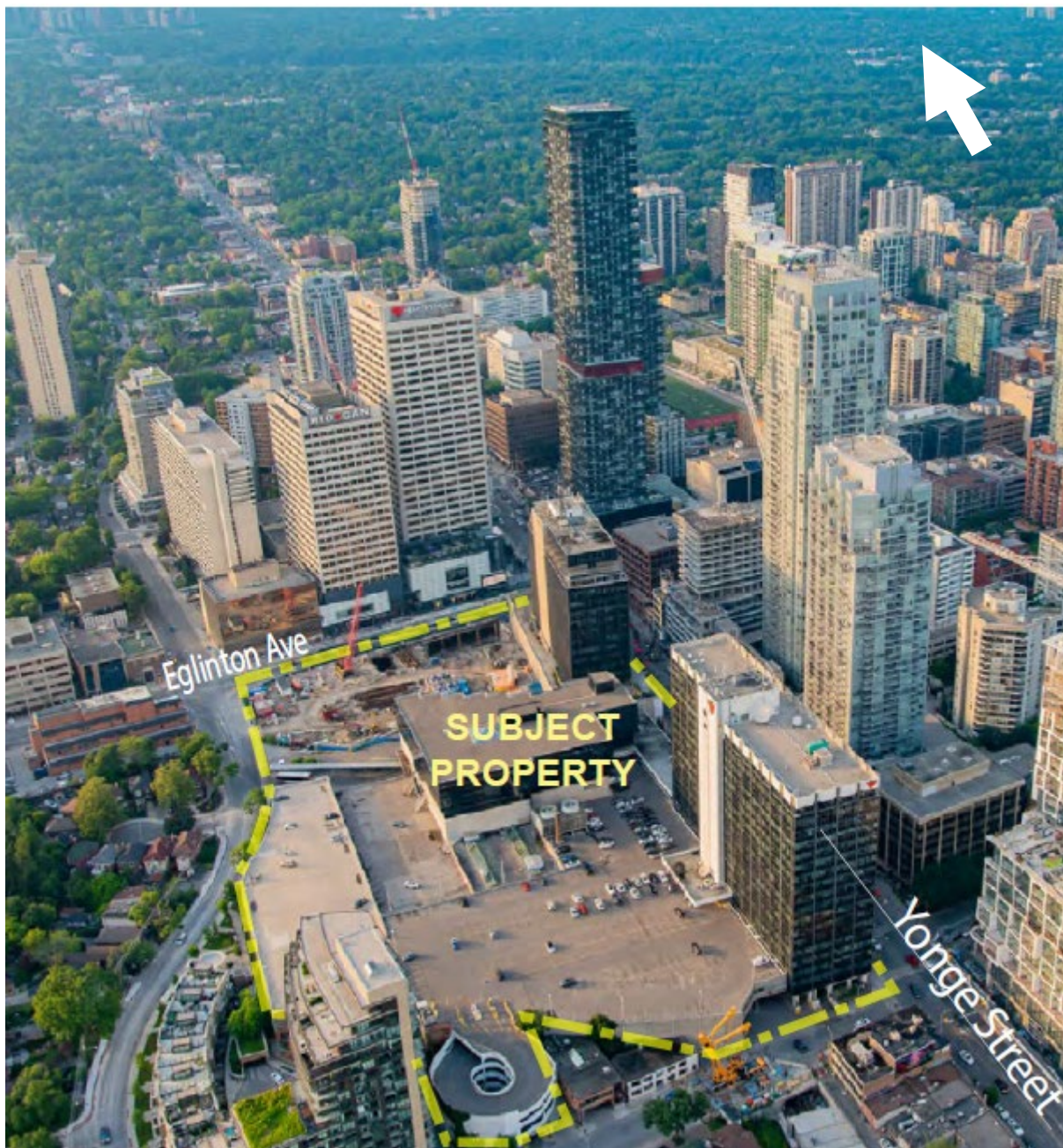
Stephanie Davies  
Chief Capital Officer

## **Attachments**

---

Attachment 1 – Location of Subject Property  
Attachment 2 – Location of Proposed Retrofit of the 2180-2200 Yonge Buildings

## Attachment 1 – Location of Subject Property



## Attachment 2 – Location of Proposed Retrofit of the 2180-2200 Yonge Buildings

