

Consolidated Financial Statements of

**BUILD TORONTO INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Build Toronto Inc.

### ***Opinion***

We have audited the consolidated financial statements of Build Toronto Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of income (loss) and comprehensive income (loss) 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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### ***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, 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.



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- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 27, 2026

# BUILD TORONTO INC.

## Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

|                                                               | 2025           | 2024           |
|---------------------------------------------------------------|----------------|----------------|
| <b>Assets</b>                                                 |                |                |
| Current assets:                                               |                |                |
| Cash and cash equivalents and short-term investments (note 8) | \$ 127,368,710 | \$ 120,923,514 |
| Amounts receivable (note 6)                                   | 4,425,873      | 9,608,843      |
| Due from related parties (note 5)                             | 3,037,588      | 5,220,463      |
| Loans receivable (note 7)                                     | —              | 3,649,888      |
| Prepaid expenses and other assets                             | 87,049         | 5,675          |
|                                                               | 134,919,220    | 139,408,383    |
| Real estate inventory (note 4)                                | 60,059,085     | 60,059,085     |
| Investment property (note 9)                                  | 33,300,000     | 32,600,000     |
| Amounts receivable (note 6)                                   | 13,012,052     | 12,592,095     |
| Other real estate asset                                       | 3,168,944      | 3,108,541      |
| Pre-acquisition costs                                         | —              | 332,510        |
| Investment in joint venture (note 10)                         | 29,246         | 29,246         |
|                                                               | \$ 244,488,547 | \$ 248,129,860 |

## Liabilities and Shareholder's Equity

|                                                 |                |                |
|-------------------------------------------------|----------------|----------------|
| Current liabilities:                            |                |                |
| Amounts payable and other liabilities (note 11) | \$ 2,124,993   | \$ 3,023,126   |
| Non-current liabilities:                        |                |                |
| Amounts payable and other liabilities (note 11) | 1,020,600      | —              |
| Shareholder's equity (note 12 and note 19)      | 241,342,954    | 245,106,734    |
| Commitments and contingencies (note 18)         |                |                |
|                                                 | \$ 244,488,547 | \$ 248,129,860 |

See accompanying notes to consolidated financial statements.

# BUILD TORONTO INC.

## Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

Year ended December 31, 2025, with comparative information for 2024

|                                                        | 2025           | 2024         |
|--------------------------------------------------------|----------------|--------------|
| Rental:                                                |                |              |
| Revenue (note 13)                                      | \$ 1,734,054   | \$ 1,532,563 |
| Expense (note 14)                                      | 1,093,858      | 906,315      |
|                                                        | 640,196        | 626,248      |
| Other income (expenses):                               |                |              |
| Fair value gain (loss) on investment property (note 9) | 1,166,482      | (600,000)    |
| Interest income (note 15)                              | 4,643,740      | 8,484,352    |
| Loss from investment in joint venture (note 10)        | —              | (206)        |
| Other income                                           | 2,585          | 57,443       |
| Write-off of receivables (note 6)                      | (1,215,680)    | —            |
| General and administrative (note 16)                   | (8,534,621)    | (7,342,115)  |
|                                                        | (3,937,494)    | 599,474      |
| Net income (loss) and comprehensive income (loss)      | \$ (3,297,298) | \$ 1,225,722 |

See accompanying notes to consolidated financial statements.

# BUILD TORONTO INC.

## Consolidated Statement of Changes in Shareholder's Equity

Year ended December 31, 2025, with comparative information for 2024

|                                                    | Common<br>share | Contributed<br>surplus | Retained<br>earnings<br>(deficit) | Total          |
|----------------------------------------------------|-----------------|------------------------|-----------------------------------|----------------|
| Balance, January 1, 2024                           | \$ 1            | \$ 250,997,458         | \$ 22,883,553                     | \$ 273,881,012 |
| Net income                                         | —               | —                      | 1,225,722                         | 1,225,722      |
| Dividend paid (note 12(c))                         | —               | —                      | (30,000,000)                      | (30,000,000)   |
| Balance, December 31, 2024                         | 1               | 250,997,458            | (5,890,725)                       | 245,106,734    |
| Net loss                                           | —               | —                      | (3,297,298)                       | (3,297,298)    |
| Transfer of land(s) to<br>shareholder (note 12(b)) | —               | (466,482)              | —                                 | (466,482)      |
| Balance, December 31, 2025                         | \$ 1            | \$ 250,530,976         | \$ (9,188,023)                    | \$ 241,342,954 |

See accompanying notes to consolidated financial statements.

# BUILD TORONTO INC.

## Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

|                                                        | 2025           | 2024           |
|--------------------------------------------------------|----------------|----------------|
| Cash provided (used in):                               |                |                |
| Operating activities:                                  |                |                |
| Net income (loss)                                      | \$ (3,297,298) | \$ 1,225,722   |
| Items not involving cash and other adjustments:        |                |                |
| Loss from investment in joint venture (note 10)        | —              | 206            |
| Fair value loss (gain) on investment property (note 9) | (1,166,482)    | 600,000        |
| Accrued interest income (note 15)                      | (78,688)       | (4,707,871)    |
| Change in operating working capital (note 17)          | 7,655,153      | 2,947,353      |
|                                                        | 3,112,685      | 65,410         |
| Financing activities:                                  |                |                |
| Dividend paid (note 12(c))                             | —              | (30,000,000)   |
|                                                        | —              | (30,000,000)   |
| Investing activities:                                  |                |                |
| Real estate inventory - additions (note 4(a) and (b))  | —              | (10,019,490)   |
| Pre-acquisition costs                                  | 332,511        | (298,020)      |
| Receipt of loans receivable (note 7(a))                | 3,000,000      | —              |
|                                                        | 3,332,511      | (10,317,510)   |
| Increase (decrease) in cash and cash equivalents       | 6,445,196      | (40,252,100)   |
| Cash and cash equivalents, beginning of year           | 120,923,514    | 161,175,614    |
| Cash and cash equivalents, end of year                 | \$ 127,368,710 | \$ 120,923,514 |

See accompanying notes to consolidated financial statements.

# BUILD TORONTO INC.

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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Build Toronto Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on November 13, 2008 and is a wholly owned subsidiary of the City of Toronto (the "City"). The Company supports CreateTO in the implementation of the City's real estate strategy, develops City buildings and lands for municipal purposes and delivers client-focused real estate solutions to City Divisions, Agencies and Corporations. As a municipal corporation under Section 149(1) of the Income Tax Act (Canada), the Company is exempt from income taxes. The address of its registered office is 61 Front Street West, Union Station, East Wing, 3rd Floor, Toronto, Ontario, Canada.

The consolidated financial statements include the accounts of the Company and all of its subsidiaries at December 31, 2025.

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

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|                                                 |                                               |
|-------------------------------------------------|-----------------------------------------------|
| Build Toronto Holdings One Inc. ("BTHOI")       | Investment in film studios                    |
| Build Toronto Holdings (Harbour) Inc. ("BTHHI") | Joint arrangement for real estate development |
| Build Toronto Holdings (Ordnance) Inc.          | Joint arrangement for real estate development |
| Build Toronto Holdings (York Mills) Inc.        | Development of real property                  |
| Build Toronto Holdings (Victoria Park) Inc.     | Development of real property                  |
| Build Toronto Holdings (Tippett) Inc.           | Development of real property                  |
| Build Toronto Holdings (Dunelm) Inc.            | Development of real property                  |
| Build Toronto Holdings (Two) Inc.               | Development of real property                  |
| Build Toronto Holdings (Bicknell) Inc.          | Development of real property                  |
| Build Toronto Holdings (Westwood) Inc.          | Development of real property                  |
| Build Toronto Holdings Three Inc.               | Development of real property                  |
| Build Toronto Holdings Four Inc.                | Development of real property                  |

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### 1. Material accounting policies:

#### (a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 27, 2026.

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(b) Basis of presentation:**

The Company has been identified as another government organization and prepares its consolidated financial statements in accordance with IFRS. The consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars.

The consolidated financial statements have been prepared on the historical cost basis except for investment property as explained in the accounting policies below. The accounting policies set out below have been applied consistently in all material respects. Changes in standards effective for the current year as well as for future accounting periods are described in notes 2 and 3.

### **(c) Basis of consolidation:**

The consolidated financial statements incorporate the financial statements of Build Toronto Inc., entities controlled by the Company (its subsidiaries) and equity-accounted investments.

#### **(i) Subsidiaries:**

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are the entities over which the Company exercises control. Control exists when the Company is able to exercise power over the subsidiary, is exposed to variable returns from its involvement with the subsidiary and has the ability to use its power over the subsidiary to affect the amount of its returns. Subsidiaries are consolidated from the date control is obtained and continue to be consolidated until the date when control is lost. The Company includes 100% of its subsidiaries' revenue and expenses in the consolidated statement of income (loss) and comprehensive income (loss) and 100% of its subsidiaries' assets and liabilities on the consolidated statement of financial position. All inter-company balances, transactions, unrealized gains and losses are eliminated in full.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

### (ii) Equity-accounted investments:

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have the rights to the net assets of the joint arrangement. The Company accounts for joint ventures using the equity method of accounting on the consolidated statement of financial position. Interests in the investments accounted for using the equity method are initially recognized at cost. Profit and losses resulting from transactions with joint ventures are recognized in the consolidated financial statements.

### (d) Real estate assets:

#### (i) Real estate inventory:

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

Cost includes all expenditures incurred in connection with the acquisition of the property, assessment of environmental conditions, site surveys, appraisals, direct development and construction costs, and property and environmental insurance and taxes. General and administrative expenses, including selling and marketing costs, are expensed as incurred. For real estate inventory received from the City, cost is deemed to be the fair value of the property less costs to sell.

Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at the date of the consolidated statement of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

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

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

### (ii) Investment property:

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

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

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

The fair value of investment property is estimated internally by the Company at the end of each year. In addition to these internal property valuations, the Company will review the fair value of material investment property periodically using an independent third-party appraiser, as determined by management. The internal property valuations prepared by the Company are based primarily on a discounted cash flow ("DCF") model where the property generates rental income, which estimates fair value based on the present value of the property's estimated future cash flows. Estimated fair values are determined on a property-by-property basis. The Company's current investment property consists of film studio land and land improvements, valued through the fair value estimation using DCF over a long-term land lease (>90 years), with considerations for inflation and discount rate assumptions.

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(iii) Transfers of property between real estate inventory and investment property:**

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

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

### **(iv) Pre-acquisition costs:**

Pre-acquisition costs include costs incurred in the investigative and pre-transfer stage. Pre-acquisition costs and project investigative costs that do not provide benefits in future periods or for abandoned projects are expensed immediately upon determination of no future value.

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

### **(e) Cash and cash equivalents and short-term investments:**

Cash and cash equivalents include cash on hand, deposits held at banks, other short-term highly liquid investments. Short-term investments consist of guaranteed investment certificates ("GIC") with original maturity dates ranging from three months to one year at the date of acquisition, as reflected on the consolidated statement of financial position.

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(f) Revenue from contracts with customers:**

Revenue is recognized at a point in time or over time, depending on when the Company has satisfied its performance obligation(s) to its customers. Where the Company 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 Company 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:

#### **(i) Rental revenue:**

The Company accounts for tenant leases as operating leases, given that it has retained substantially all of the risks and benefits of ownership of its investment property. Rental revenue includes base rents, property tax recoveries and other rental revenue including recoveries for landlord work and tenant improvement allowances. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Property tax recoveries are recognized as revenue in the year in which the corresponding obligation arises and collectability is reasonably assured.

#### **(ii) Development revenue:**

Development revenue primarily includes sales of developed sites and land to third parties. The Company expenses all commissions related to the sales of developed sites and land paid to an intermediary at the time of the transfer of control.

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

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(g) Dividends:**

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

### **(h) Financial instruments - classification:**

Fair value measurement:

The Company 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.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 1. Material accounting policies (continued):

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

|                                       | Note | Classification and measurement |
|---------------------------------------|------|--------------------------------|
| Financial assets:                     |      |                                |
| Due from related parties              | 5    | Amortized cost                 |
| Amounts receivable                    | 6    | Amortized cost                 |
| Loans receivable                      | 7    | Amortized cost                 |
| Cash and cash equivalents             | 8    | Amortized cost                 |
| Financial liabilities:                |      |                                |
| Amounts payable and other liabilities | 11   | Amortized cost                 |

The Company classifies its financial instruments as follows:

### (i) Financial assets:

The Company classifies its financial assets that give rise to specified payments of principal and interest as amortized cost, unless the Company plans to sell the financial asset, which is then classified as fair value through other comprehensive income ("FVOCI"). All other financial assets are classified as fair value through profit or loss ("FVTPL").

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

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

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

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

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

### (ii) Financial liabilities:

The Company classifies its financial liabilities on initial recognition as either FVTPL or as amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as amortized cost are measured using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income in the consolidated statement of income (loss) and comprehensive income (loss) over the expected life of the debt. Modifications of financial liabilities carried at amortized costs that do not result in de-recognition give rise to a revaluation gain or loss equal to the change in discounted contractual cash flows using the effective interest rate method. This revaluation gain or loss is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

### (i) Fair value of financial instruments:

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

The fair value of financial instruments is based upon discounted future cash flows using estimated market rates that reflect current market conditions for instruments with similar terms and risk.

### (j) Contributed surplus:

Property transfers between the Company and the City are accounted for at carrying value. No gain or loss is recognized. Any difference between the consideration transferred and the carrying value of the net assets is recognized in contributed surplus as a component of equity.

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(k) Use of estimates:**

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

### **(i) Fair value of investment property at transfer date and year end:**

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

### **(ii) Fair value of real estate inventory at the date a transfer is recorded:**

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

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **1. Material accounting policies (continued):**

### **(iii) Net realizable value of real estate inventory at year end:**

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

### **(iv) Impairment of investment in joint ventures:**

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

### **(v) Impairment of financial assets:**

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

### **(vi) Fair value of financial instruments:**

Assessing the fair value of financial instruments requires the use of significant estimates, including the timing and amount of future cash flows and the selection of appropriate discount rates.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

The Company's financial instruments include due from related parties, amounts receivable, loans receivable, cash and cash equivalents, and amounts payable and other liabilities. With the exception of certain non-current amounts payable and other liabilities due in 2027, the carrying values of these financial instruments approximate their fair values due to their short-term nature. The Company has not discounted the non-current amounts payable and other liabilities, as the impact of discounting is not considered material.

### (I) Critical judgments:

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

#### (i) Determination of initial classification of property as real estate inventory or investment property:

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

#### (ii) Determination of transfer of property to/from real estate inventory and investment property:

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

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## 1. Material accounting policies (continued):

### (iii) Assessment of classification of joint arrangements:

The Company's accounting policies relating to the joint arrangements are described in note 1(c). In applying this policy, judgment is applied in determining whether the Company has control or joint control over another entity. Once joint control is established it is then assessed whether a joint arrangement should be classified as either a joint operation or a joint venture. As part of this assessment, the Company considers the contractual rights and obligations, voting rights, board representation and the legal structure of the joint arrangement, along with other facts and circumstances present in the contractual agreement.

### (iv) Timing of recognition of properties transferred from related parties:

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

### (v) Determining approach and frequency of external appraisals for investment property:

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

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **2. New accounting standards adopted in 2025:**

The new accounting standards/amendment listed below came into effect in 2025 and management has assessed them and determined that there is no material impact on the consolidated financial statements.

- Lack of Exchangeability - Amendments to IAS 21. The Effects of Changes in Foreign Exchange Rates.

## **3. Future accounting policy changes:**

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

The following amendments have been issued by the International Accounting Standards Board (IASB) but are not yet effective and have not been early adopted in these consolidated financial statements. Management is assessing the impact of adopting these amendments.

Effective date: January 1, 2026:

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.
- Annual Improvements to IFRS Accounting Standards - Amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash flows.
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 3. Future accounting policy changes (continued):

Effective January 1, 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- IFRS for SMES third edition; and
- IAS 21 The Effects of Changes in Foreign Exchange Rates.

## 4. Real estate inventory:

Real estate inventory is as follows:

| 2025                                              | Land          | Development costs | Total         |
|---------------------------------------------------|---------------|-------------------|---------------|
| Balance, beginning of year                        | \$ 57,051,498 | \$ 3,007,587      | \$ 60,059,085 |
| Development costs - capital expenditures (a), (b) | —             | —                 | —             |
| Balance, end of year                              | \$ 57,051,498 | \$ 3,007,587      | \$ 60,059,085 |

| 2024                                              | Land          | Development costs | Total         |
|---------------------------------------------------|---------------|-------------------|---------------|
| Balance, beginning of year                        | \$ 47,171,748 | \$ 2,867,847      | \$ 50,039,595 |
| Development costs - capital expenditures (a), (b) | 9,879,750     | 139,740           | 10,019,490    |
| Balance, end of year                              | \$ 57,051,498 | \$ 3,007,587      | \$ 60,059,085 |

(a) For the year ended December 31, 2025, a property with a total value of nil (2024 - \$10,019,490) was acquired.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 4. Real estate inventory (continued):

- (b) Development costs of nil (2024 - \$139,740) are recorded as cash outflow for the operating activities in the consolidated statement of cash flows.

|                   |    | 2025 | 2024       |
|-------------------|----|------|------------|
| Development costs | \$ | —    | \$ 139,740 |

## 5. Related party transactions:

The relationship and transactions with the Company's shareholder, the City, and other related parties are detailed below:

| Related parties            | Relationship   |
|----------------------------|----------------|
| CreateTO                   | Common control |
| Toronto Port Lands Company | Common control |

### Due from Related parties:

|                       | 2025         | 2024         |
|-----------------------|--------------|--------------|
| Due from City (a)     | \$ 2,913,081 | \$ 2,625,035 |
| Due from CreateTO (b) | 124,507      | 2,595,428    |
|                       | \$ 3,037,588 | \$ 5,220,463 |

There is no set term for the repayment of these balances and no interest is being paid to the company.

- (a) The City:

Amounts relate to the recovery of capital costs incurred to advance key City projects.

During the year ended December 31, 2025, the Company paid a dividend of nil to the City (2024 - \$30,000,000) (note 12(c)).

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 5. Related party transactions (continued):

### (b) CreateTO:

Pursuant to an agreement between CreateTO and the Company entered into in 2017, effective January 1, 2018, CreateTO provides the Company services in return for management fees. The balance represents an advance on 2025 management fees. 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.

Management fees passed through the consolidated statement of income (loss) and comprehensive income (loss) were as follows:

|                                               | 2025         | 2024         |
|-----------------------------------------------|--------------|--------------|
| General and administrative expenses (note 16) | \$ 8,248,275 | \$ 7,148,802 |

### (c) Key management and director compensation:

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

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 6. Amounts receivable:

|                                    | 2025          | 2024          |
|------------------------------------|---------------|---------------|
| Proceeds and other adjustments (a) | \$ 16,993,890 | \$ 17,787,095 |
| Interest receivable                | 306,101       | 4,168,687     |
| Harmonized sales tax refund        | 95,772        | 211,846       |
| Trade receivables                  | 24,000        | 12,630        |
| Other                              | 18,162        | 20,680        |
| Total amounts receivable           | 17,437,925    | 22,200,938    |
| Less current portion               | 4,425,873     | 9,608,843     |
|                                    | \$ 13,012,052 | \$ 12,592,095 |

(a) During the year, the Company recognized a write off of density revenue receivable related to a previous sale in the amount of \$1,215,680, offset by a present value discounting adjustment of \$422,475 on a balance which is due in 2027.

## 7. Loans receivable:

|                                       | 2025 | 2024         |
|---------------------------------------|------|--------------|
| Vendor-take-back ("VTB") mortgage (a) | \$ — | \$ 3,649,888 |

(a) The VTB mortgage of \$3,000,000, issued in connection with a property sale transaction in December 2018, has an interest rate of 3.25% per annum, compounded semi-annually. The mortgage matured on December 20, 2023. The principal amount and accrued interest totalling \$3,723,068, was fully collected in 2025. The balance includes accrued interest of \$723,068 (2024 - \$649,888).

## 8. Cash and cash equivalents and short-term investments:

|                                                      | 2025           | 2024           |
|------------------------------------------------------|----------------|----------------|
| Cash                                                 | \$ 1,648,799   | \$ 1,609,901   |
| Premium investment account                           | 125,719,911    | 71,973,699     |
| Short-term investments                               | —              | 47,339,914     |
| Cash and cash equivalents and short-term investments | \$ 127,368,710 | \$ 120,923,514 |

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 8. Cash and cash equivalents and short-term investment (continued):

The Premium Investments Accounts (PIA) is a high interest account with a Canadian Financial Institution with interest calculated on the average monthly credit balance and the interest rate ranging from Monthly Average Prime rate (MAP) minus 1.58% to MAP minus 2.00%.

Short-term investments represent non-redeemable GICs which earn annual interest of 5.40%, matured January 4, 2024; 4.75%, matured June 17, 2024; 5.64%, matured June 19, 2024; 5.87%, matured June 28, 2024 and 5.92%, matured March 24, 2025.

## 9. Investment property:

|                                                 | 2025          | 2024          |
|-------------------------------------------------|---------------|---------------|
| Balance, beginning of year                      | \$ 32,600,000 | \$ 33,200,000 |
| Transfer of land(s) to shareholder (note 12(b)) | (466,482)     | —             |
| Fair value gain (loss) on investment property   | 1,166,482     | (600,000)     |
| Balance, end of year                            | \$ 33,300,000 | \$ 32,600,000 |

The film studio land and land improvements are leased to Pinewood Toronto Studios Inc. ("PTSI") under a 99-year lease. Changes in fair value are recognized as gains (losses) in the consolidated statement of income (loss) and comprehensive income (loss) and included in fair value gain (loss) on investment property.

Valuation processes:

Management is responsible for reviewing the fair value measurements included in the consolidated financial statements, including Level 3 fair values of the investment property. Changes in Level 3 fair values are reviewed annually by the chief financial officer. Periodically, the Company obtains an external valuation for the investment property. The external valuation is prepared by an independent professionally qualified valuator.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 9. Investment property (continued):

The fair value of the film studio land and land improvements is estimated using discounted cash flows over a long-term land lease. The increase in fair value of the investment property in 2025 reflects the passage of time as the property moves closer to the anticipated realization of terminal value in June 2047, with considerations for inflation and discount rate assumptions. The land value is inflated at 3.0 % per annum, over the 79 years land lease (2024 - 3.0%). The discount rate applied is 6.5% with a terminal rate of 6.0% (2024 - discount rate 6.5% and terminal rate of 6.0%). If the discount rate and terminal rate were to increase by 25-basis-points ("bps"), the value of investment property would decrease from \$33,300,000 to \$30,100,000. If the discount rate were to decrease by 25 bps and the terminal decreases by 25 bps, the value of the investment property would increase from \$33,300,000 to \$37,000,000.

## 10. Investment in joint venture:

|                            | 2025      | 2024      |
|----------------------------|-----------|-----------|
| Balance, beginning of year | \$ 29,246 | \$ 29,452 |
| Share of net loss          | —         | (206)     |
| Balance, end of year       | \$ 29,246 | \$ 29,246 |

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

The Company has classified its 35% interest in the Partnership as a joint venture. In doing so, the Company considered the terms and conditions of the Partnership Agreement and the purpose and design of the joint arrangement and accounts for its interest using the equity-accounting method. The purpose of the joint venture is to develop and construct a condominium project on the site and distribute the returns to the partners once these are sold. The property was registered on March 27, 2019. The final unit was sold in January 2022. The property is currently within the warranty period.

| Name                               | Principal activity | Location         | Ownership interest (%) |      |
|------------------------------------|--------------------|------------------|------------------------|------|
|                                    |                    |                  | 2025                   | 2024 |
| 120-130 Harbour Street Partnership | Development        | Toronto, Ontario | 35                     | 35   |

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 10. Investment in joint venture (continued):

For the years ended December 31, 2025 and 2024, the Partnership reported the following financial position and results from operations:

|                                                     | 2025       | 2024       |
|-----------------------------------------------------|------------|------------|
| Cash and cash equivalents                           | \$ 512,411 | \$ 733,914 |
| Other assets                                        | 2,172      | 24,283     |
| Total liabilities                                   | 451,566    | 694,807    |
| Income (loss) and total comprehensive income (loss) | —          | (645)      |
| Capital distribution                                | 32%        | 32%        |
| Share of net loss                                   | \$ —       | \$ (206)   |

## 11. Amounts payable and other liabilities:

|                                                         | 2025         | 2024         |
|---------------------------------------------------------|--------------|--------------|
| Trade payables - general                                | \$ 9,115     | \$ 582       |
| Accruals (a)                                            | 1,678,609    | 1,505,968    |
| Affordable housing contribution (b)                     | 437,269      | 1,457,869    |
| Security deposit                                        | —            | 58,707       |
|                                                         | \$ 2,124,993 | \$ 3,023,126 |
| Amounts payable and other liabilities - non-current (b) | \$ 1,020,600 | \$ —         |

(a) Amount includes accruals of \$594,910 (2024 - \$651,816) in connection with properties sold in prior years and other sale provisions and \$1,083,699 (2024 - \$854,152) for current project related accruals.

(b) The Company has recorded an affordable housing contribution payable of \$1,457,869 (2024 - \$1,457,869) resulting from a sale which closed in 2021. The payable is due upon the achievement of specified future contractual development milestones. Of the total balance, \$1,020,600 is classified as non-current, with the remainder \$437,269 presented as current.

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 12. Shareholder's equity:

### (a) Common share:

As at December 31, 2025, one (2024 - one) common share is authorized, issued and outstanding.

### (b) Transfer of property:

As at December 31, 2025, there was one transfer of property during the year.

During 2025, the Company transferred property to the shareholder in the amount of \$466,482 to facilitate the Port Lands Flood Protection (PLFP) initiative.

### (c) Dividends:

A dividend of nil was declared and paid to the City of Toronto during the year ended December 31, 2025 (2024 - \$30,000,000).

## 13. Rental revenue:

|                                                             | 2025         | 2024         |
|-------------------------------------------------------------|--------------|--------------|
| Rental revenue from leases                                  | \$ 724,928   | \$ 648,673   |
| Recoveries related to property taxes<br>and operating costs | 1,009,126    | 883,890      |
|                                                             | \$ 1,734,054 | \$ 1,532,563 |

## 14. Rental expense:

|                       | 2025         | 2024       |
|-----------------------|--------------|------------|
| Property taxes        | \$ 1,043,016 | \$ 883,890 |
| Non recoverable costs | 50,842       | 22,425     |
|                       | \$ 1,093,858 | \$ 906,315 |

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 15. Interest income:

|                                                                                     | 2025         | 2024         |
|-------------------------------------------------------------------------------------|--------------|--------------|
| Interest on loan receivable                                                         | \$ 73,180    | \$ 116,709   |
| Interest on cash and cash equivalents and short-term investments                    | 4,441,925    | 7,790,460    |
| Other                                                                               | 128,635      | 577,183      |
| Total interest income                                                               | 4,643,740    | 8,484,352    |
| Less:                                                                               |              |              |
| Amortization of present value adjustment and interest earned on development revenue | (422,475)    | (565,455)    |
| Accrued interest on cash and cash equivalents                                       | (306,101)    | (4,025,707)  |
| Accrued loan receivable interest                                                    | 649,888      | (116,709)    |
| Total accrued interest income                                                       | (78,688)     | (4,707,871)  |
| Cash interest received                                                              | \$ 4,565,052 | \$ 3,776,481 |

## 16. General and administrative expenses:

|                                     | 2025         | 2024         |
|-------------------------------------|--------------|--------------|
| CreateTO Management fee (note 5(b)) | \$ 8,248,275 | \$ 7,148,802 |
| Professional fees                   | 201,909      | 112,705      |
| Directors' fee                      | 45,633       | 48,890       |
| Office services                     | 38,804       | 31,718       |
|                                     | \$ 8,534,621 | \$ 7,342,115 |

## 17. Supplemental cash flow information:

(a) Change in operating working capital:

|                                             | 2025         | 2024           |
|---------------------------------------------|--------------|----------------|
| Due from related parties                    | \$ 2,182,875 | \$ (1,500,201) |
| Amounts receivable, net of accrued interest | 5,491,588    | 4,263,623      |
| Prepaid expenses                            | (81,374)     | 9,147          |
| Amounts payable and other liabilities       | 122,467      | 220,889        |
| Other real estate asset                     | (60,403)     | (46,105)       |
|                                             | \$ 7,655,153 | \$ 2,947,353   |

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 17. Supplemental cash flow information (continued):

(b) Supplementary information:

|                             | 2025         | 2024         |
|-----------------------------|--------------|--------------|
| Interest received (note 15) | \$ 4,565,052 | \$ 3,776,481 |

## 18. Commitments and contingencies:

(a) Trailing obligations:

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

On October 22, 2020, the Company sold a property to a third-party developer. Conditional to the sale, the purchaser entered into a development agreement with the Company, to deliver affordable housing and a new public park. The Company has entered into a Park Development and Re-conveyance Agreement with the purchaser and the City, and has committed to spend \$1,500,000 for above base-park improvement.

(b) Litigation:

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

# BUILD TORONTO INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

## 19. Capital management:

The Company's capital is comprised of shareholder's equity. The following table summarizes the carrying value of the Company's capital as at December 31, 2025 and 2024:

|                      | 2025           | 2024           |
|----------------------|----------------|----------------|
| Shareholder's equity | \$ 241,342,954 | \$ 245,106,734 |

The Company manages its capital, taking into account the long-term business objectives of the Company, and achieving its City-building objectives.

## 20. Financial management - risk management:

The Company is currently exposed to credit risk and liquidity risk, given its investing and operating activities.

### (a) Credit risk:

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligation to the Company. The carrying value of the financial assets as presented in the consolidated statement of financial position represents the maximum credit risk exposure at the dates of the consolidated financial statements. The cash and cash equivalents consist of deposits and GICs (matured in 2025) with major commercial banks. It is management's assessment that the credit risk associated with these balances is low. The Company mitigates this risk with thorough and rigorous credit approval procedures. The Company provides for an allowance for doubtful accounts to absorb potential credit losses when required. During the year ended December 31, 2025, no allowance for doubtful accounts was recorded (2024 - nil) and no bad debt (2024 - nil) was written off to the consolidated statement of income (loss) and comprehensive income (loss).

In providing real estate advisory services and project delivery services to the City, the Company evaluates credit risk of counter parties through reputable credit rating agencies.

# **BUILD TORONTO INC.**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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## **20. Financial management - risk management (continued):**

### **(b) Liquidity risk:**

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Management believes the liquidity risk of the Company is low. The Company has contractual commitments with respect to outstanding amounts payable and other liabilities, certain existing and sold real estate inventory, and investment property, but currently has no debt. The Company has sufficient liquid assets to ensure it meets obligations as they arise.

### **(c) Market risk:**

The Company is exposed to market risk arising from changes in general economic conditions. Weakened conditions in the real estate sector may increase the risk that the carrying value of the Company's real estate inventory exceeds its net realizable value.

## **21. Subsequent events:**

Subsequent to December 31, 2025, Build Toronto completed the transfer of certain land from the shareholder on April 2, 2026, at nominal value.