



Leisure-Learn-Launch

Design Narrative

Smart minds from all over the world are coming to Toronto, looking for growth. Silicon Valley giants may understand this potential – the Leaf district will grow the next Bezos and Jobs right in the Don Valley. The Leaf district embraces growth, welcoming visitors to a unique covered leisure garden and railway station, inviting them to learn at our new riverfront campus, and challenging Torontonians to launch their newest ideas in the eastern innovation quarter.

The Leaf district shoots off as a branch from the heart of downtown Toronto. Maximizing Toronto's new transit investments, the Leaf becomes one of the most well-connected districts in the region, while forging its own footprint and character. A covered garden and transit hub forms the center of the Leaf, enabling Torontonians to experience nature during all seasons. The stem of the Leaf is a green corridor that runs through the center of the district, connecting the Corktown Common to McCleary Park. The quarters of the Leaf district shoot off from this stem.

Leisure:

The Leisure quarter is the first and primary part of the Leaf district. This quarter combines a new Don Yard GO station, Relief Line subway station and streetcar station into a unique covered garden where Torontonians can connect with nature regardless of outdoor weather. This new all-season destination merges movement with relaxation, connecting the region in a pedestrian-friendly environment that also contains high-density retail, office and residential development. The Don Valley Parkway is decked to provide storm water protection and a stunning view of the Don River to Leisure Districts visitors and tenants.

Learn:

Torontonians can also grow themselves in the Leaf district by visiting the Learn quarter. In the southwestern portion of our site, the Unilever building will be transformed to a new Ontario College of Art and Design campus, meeting OCAD's demand for new space in the city. The restored OCAD building will serve as a landmark from nearby highways and transit lines, anchoring its former industrial surroundings into a green campus that connects to the Don River, benefiting from the rerouting of the Don Valley Parkway.

Launch:

The eastern portion of the Leaf district becomes the place where Torontonians launch their new ideas. We are fully aware that Google is next door, Apple is circling, and Amazon may choose Toronto as a next headquarters. Instead of finding them a home, the Launch quarter will grow the next internet giant. The quarter maximizes innovation through a combination of high-density housing, offices, incubators and high-quality public spaces along the central Leaf park stem.

All neighborhoods within Leaf are complimentary. The Learn district will be an attractor for research and development in technology in the neighboring Launch quarter. Those working in the Launch quarter and growing in the Learn quarter enter the site through the covered gardens of the Leisure quarter. Together, the quarters of the Leaf district will forge a growing relationship between academia, tech, commercial interests, and the city of Toronto at large.

Financing Narrative

Over the past 5 years, the Greater Toronto Area (GTA) has grown by over 500,000 people. The Ministry of Finance projects the GTA will add nearly 3 million residents over the next 25 years, a 48% increase. This surging population, combined with decreasing unemployment has created an environment ripe for business investment and innovation. At a time when other North American cities are overbuilt, Toronto has seen rising rents, low vacancies, high net absorption, and "sub- 5%" cap rates persistent across all class A/AAA property types.

Our proposed development, Leaf, seeks to capitalize upon this attractive development environment by contributing to the social necessities associated with a modern, vibrant Toronto. **Leaf** will be comprised of nearly 8.25 Million square feet of new construction with approximately 4.6 Million square feet of residential space (including for rent, for sale, luxury and affordable), 1.8 Million square feet of office/commercial, and 1.2 Million square feet of retail.

Infrastructure projects range from improving the Gardiner Expressway, building roads, constructing a boardwalk along The Don River, to soil remediation. Total construction costs are approximately 2.8 Billion CAD including approximately \$450,000,000 CAD for land acquisition.

Development is spread across three distinct phases, **Leisure**, **Learn** and **Launch**. Construction will begin in 2020 with high-rise residential and office buildings, along with a 220,000 square-foot **Garden-Hub**, that connects two transit stations with a commercial corridor, and an indoor garden. As Leaf's focal point, the retail space inside the Garden Hub is projected to be among the most valuable in the city, and is comparable in price to Toronto's CBD. Likewise, the rental rate and sale price of each property type will be consistent with the market rate of class A/AAA properties, but Leaf does accommodate tenants and buyers seeking more affordable housing.

Despite the large scale of the project, Leaf has an enticing levered IRR which is projected at approximately 28%. Achieving these numbers will require a mix of equity, debt, and reinvested earnings. Our capital stack is separated into two distinct loan types. An initial equity investment of around C\$ 450 Million will be used to purchase land, which is then used as collateral for our construction loan totaling around C\$ 1.8 Billion for the entire site.

The project produces sufficient cash flow to pay the debt service, and will begin paying dividends to investors after Year 2. Investors are paid back quickly, as a high mix of luxury and affordable condominiums will be built and sold during the early phases. Some profits from these sales will be retained, and used in later years. A recapitalization event takes place in year 7, when the construction loan is refinanced with a hard-permanent loan. Finally, the project is sold during year 10 to institutional investors achieving net sales proceeds of nearly C\$ 4 Billion and over C\$ 80 Million in annual property tax revenue for Toronto.

Leaf helps fill the needs of a rapidly growing Toronto, and produces considerable financial returns. Let's create a bold new future for the Don River Valley!