



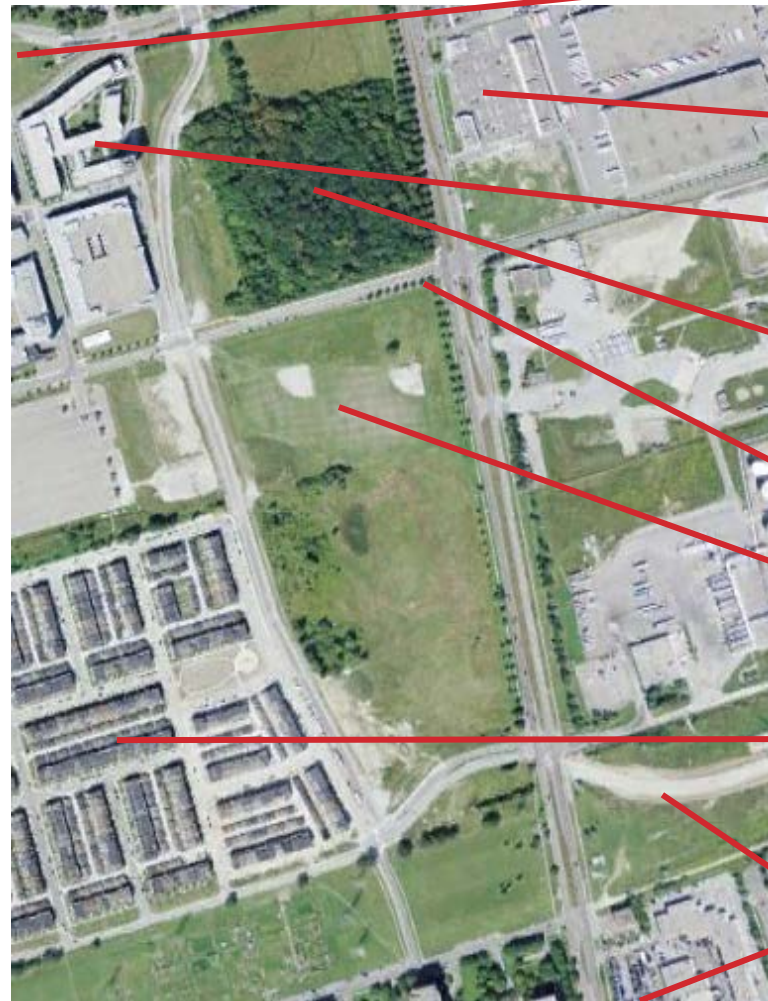
# TEAM # 2

March 16, 2012

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# DEVELOPMENT SITE

- Conveniently situated in close proximity to two new subway stations
- Location bodes well for university related office tenants
- Creates an enhanced community space for the current residents
- Keystone property of east campus precinct: sets precedent for properties to south and east
- Gateway to campus; opportunity to announce university's presence to Keele Street
- Keele campus location is supportive of increased residential and retail use



Future TTC Subway Station (York University)

Current Keele Street Retail

Schulich School of BUiness

Boynton Woodlot

The Pond Gateway

Development Site

Residential Townhomes

Hydro Corridor

Future TTC Subway Station (Finch West)

# DEVELOPMENT CRITERIA



## Sufficient Return to York University

- The development deal will be structured as a joint venture with York University receiving a 16% equity stake
- York will also be entitled to a proportionate share of all future revenues

## Project Feasibility

- Respects Secondary plan policies, including height and density guidelines.
- Delivers envisioned urban, human-scaled community
- Delivers needed complementary commercial meeting place

## Vibrant, Sustainable, Livable Community

- Provides substantial residential, retail and commercial space – truly mixed use
- Transit supportive community
- Lots of public amenity space provided

## Financial & Reputational Risk

- York University will not be required to contribute any cash to complete the proposed development
- Equity stake based solely on land value
- York University will retain some control as an equity partner

# MARKET TRENDS



## Retail

- Recent transactions provide data that supports \$18.00 per sq. ft. and cap rates of 7.5%
- University populations together with growing residential is supportive of enhanced retail space
- York U campus is in need of additional community space

## Office

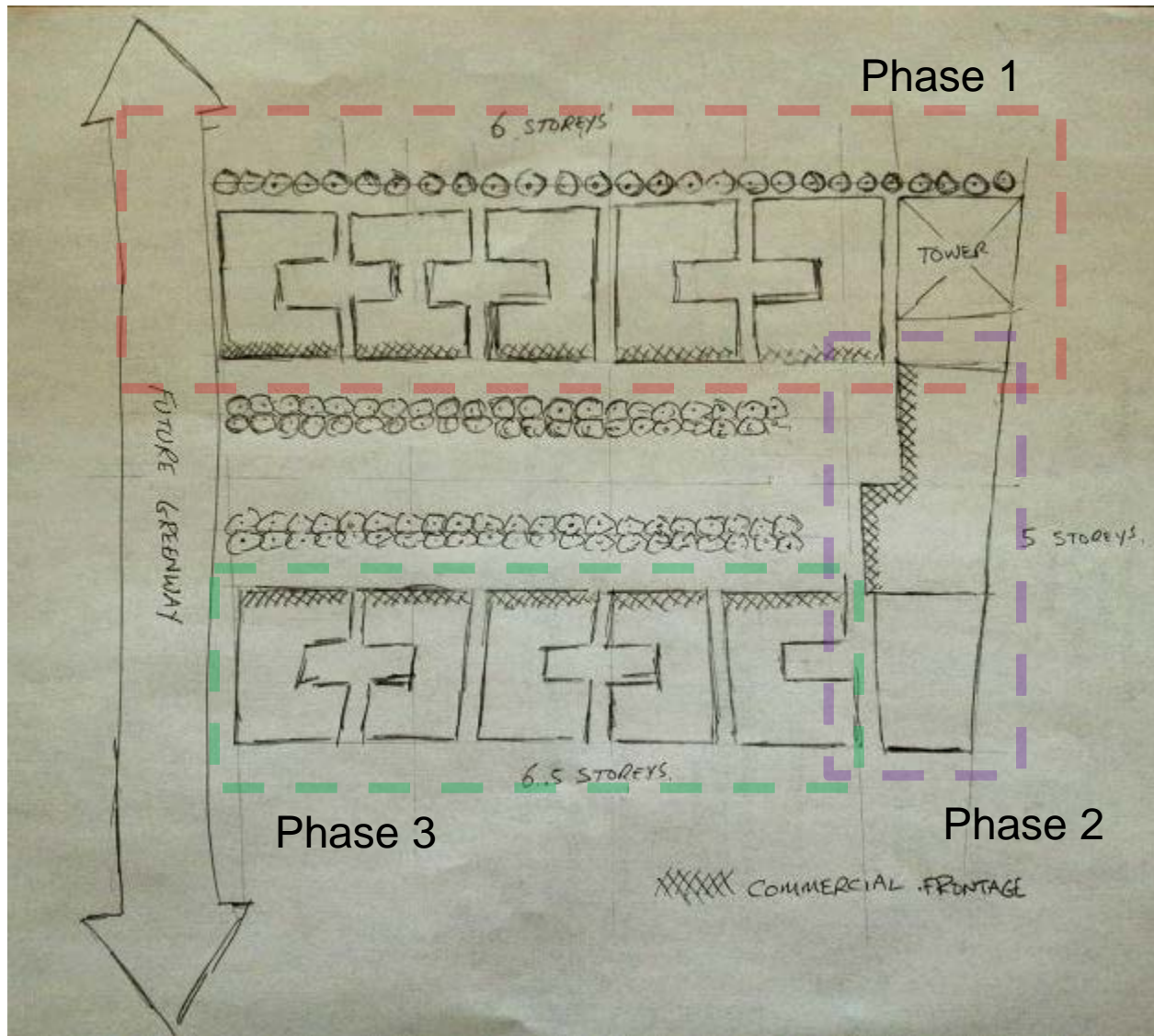
- Recent transactions provide data that supports \$16.50 per sq. ft. and cap rates of 6.5%
- New subway as well as an increasing campus population provides a basis for substantial commercial space

## Residential

- Active residential developments in W5 are being marketed at around \$460 per sq. ft.
- RealNet data suggests that demand is forecasted to be greater than supply (North York West submarket report)

All market data sourced from RealNet and Colliers

# SITE PLAN (PHASED APPROACH)



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# PROPOSED DEVELOPMENT (USES)

Proposed GFA (Sq. Ft.)	Retail	Commercial	Residential	Total
Phase 1	75,000	N/A	600,000	675,000
Phase 2	N/A	150,000	N/A	150,000
Phase 3	62,000	N/A	400,000	462,000
TOTAL	137,000	150,000	1,000,000	1,287,000

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# DEVELOPMENT TIMELINE

Property	Build Year End	Build Start Date	Build Time (mths)
Site Works	2013	January-13	6
Phase 1 - North Block			
Phase 1 - Retail	2014	July-13	12
Phase 1 - Residential	2015	July-13	18
Phase 2 - Keele Block (Office)	2016	January-15	18
Phase 3 - South Block			
Phase 3 - Retail	2018	July-16	24
Phase 3 - Residential	2018	July-16	24

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# DEVELOPMENT PRO-FORMA

		NPV (\$2012)	Total - 10 Yrs
	REVENUE		
3	Phase 1 - Retail	\$ 13,379,630	\$ 16,854,480
4	Phase 1 - Residential	\$ 182,992,589	\$ 248,959,397
5	Phase 2 - Keele Block (Office)	\$ 23,843,098	\$ 35,033,333
6	Phase 3 - South Block		
7	Phase 3 - Retail	\$ 8,799,950	\$ 15,081,567
8	Phase 3 - Residential	\$ 97,061,703	\$ 179,654,438
8	Parking Revenue	\$ 26,712,937	\$ 37,977,639
	Gross Revenue	\$ 352,789,906	\$ 533,560,855
	Development Costs (Excluding Land)		
	Site Works	\$ (2,836,658)	(3,649,333)
	Soft Costs	\$ (55,479,751)	(73,116,731)
	Hard (incl. Parking)	\$ (207,469,485)	(273,376,857)
	Sales & Marketing	\$ (5,547,975)	(7,311,673)
	Total Development Costs	(271,333,869)	(357,454,594)
	Land		\$ (25,000,000)
	Total Development Costs (Including Land)		
	Net Development Cash Flow (Including Land)		\$ 151,106,261
	Unlevered Development IRR		18.69%

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# FINANCIAL RETURNS AND ASSUMPTIONS

**Total development cost: \$271.3M (\$2012)**

**Project IRR: 18.69%**

**Exit Cap Rates:**

- Retail – 7.5%
- Office – 6.5%

**Selling Fee: 2.0%**

Partnership Equity	JV %	NPV (\$2012)	Total
Private Partner	84%	\$ (131,127,836)	(183,109,906)
York University	16%	\$ (23,148,148)	(25,000,000)
Partnership Distributions	%		Total
Private Partner	84%	\$ 268,077,463	448,477,983
York University	16%	\$ 51,109,946	85,503,963
Partnership Returns			IRR (Levered)
Private Partner		\$ 136,949,628	53.15%
York University		\$ 27,961,798	25.63%

# DEAL STRUCTURE: PARTNER INTERESTS AND FINANCIAL RETURNS

## Private Dev. Partner – 84%

- Private Partner will enter into a 84/16% joint venture with York U
- Private Partner will contribute all equity required for the proposed project other than land
- **Projected IRR: 53%**

## York University – 16%

- Land equity valued at \$25M (\$25 per buildable sq-ft)
- Discounted profit of \$28M
- Add value to properties to the south and east
- Build framework for future greenway (Map 10-7 Secondary Plan)
- Set the tone for quality development on other side of Keele Street, enhancing prestige of campus
- **Projected IRR: 26%**

## DEAL SUMMARY

- Redevelopment of keystone property as mixed use community space
- York U retains a degree of control over the project with zero cash outlay
- **York U's equity participation is mutually beneficial to both parties – this is the favored deal structure.**

# QUESTIONS?

