



FOR APPROVAL

PUBLIC

OPEN SESSION

TO: Business Board

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DATE: April 13 for April 26, 2022

AGENDA ITEM: 8

ITEM IDENTIFICATION:

University Development and Campus Services (UDCS), Annual Report 2021-22 and Budget 2022-23; 4 Corners Annual Report 2021-22

JURISDICTIONAL INFORMATION:

Pursuant to Section 5.4(b) of the Business Board *Terms of Reference* the Board is responsible for general financial policy on ancillary operations and monitoring of business ancillaries.

Approvals for fees charged to students and the University community, and feedback on operating plans, are sought through established processes at the University Affairs Board.

As a result of the creation of the University Development and Campus Services portfolio, Business Board is asked for concurrence of UAB's approval of the UDCS fees regarding fees charged to students and the University community.

GOVERNANCE PATH:

1. University Affairs Board [UDCS fees for approval] (March 3, 2022)
2. **Business Board [UDCS fees for concurrence] (April 26, 2022)**
3. **Business Board [UDCS budget for approval] (April 26, 2022)**
4. **Business Board [4 Corners report for information] (April 26, 2022)**

PREVIOUS ACTION TAKEN:

Governance Consideration

The 4 Corners (4C) strategy was approved by Business Board in 2018.

University Development and Campus Services was established as a business ancillary on June 18, 2020.

Fees proposed for 2022-23 were approved at University Affairs Board on March 3, 2022.

HIGHLIGHTS

The University Development and Campus Services (UDCS) ancillary operation was established in June 2020, bringing together St. George campus Ancillary Services and the tri-campus mandate of the university's Real Estate department, both part of the division of Operations and Real Estate partnerships. The activities and operations of this group include faculty housing, student family housing, student residence outside of the colleges, academic and commercial leasing, residential and retail dining, campus events and catering, real estate acquisition, transportation services, and trademark protection and licensing. UDCS also supports the 4Corners strategy, which works to leverage the university's real estate assets to deliver amenities to support the academic mission and simultaneously grow revenue from sources other than enrolment.

The UDCS annual report is organized into three themes: "movement", "growth", and "expansion". "Movement" discusses the provision of operations and services in an environment where managing uncertainty has become the new norm, while continuing to seek opportunities to innovate and support the university community. "Growth" focuses on initiatives that seek to use the disruption of the last two years to strengthen operations once they return to pre-pandemic business levels, and "Expansion" considers movement into new branding, and an exciting roster of new projects.

Overall, UDCS experienced a stronger recovery in fiscal 2022 than was originally expected, with gross revenue forecasted to end the year 16% higher than budget. Due to diligent control of variable and discretionary costs, the year-end net result will reduce the anticipated deficit by almost half. The UDCS budget for 2023 targets 48% growth in gross revenue, which includes revenue from 4Corners development projects for the first time. This is a revenue level which is also 16% higher than pre-pandemic levels, reflecting a full recovery and the benefit of inflationary price increases and new ventures. Variable cost is in line with revenues, at 33% overall. Fixed and indirect costs are budgeted to increase to keep pace with growth, but do not completely erode gains, allowing the bottom line to return to positive territory again.

The University's 2021-22 budget allowed for ancillary units to carry deficits related to COVID to be repaid over the five year planning period to 2025-26. Some operating funds were reserved to help with deficit recovery in exceptional cases where critical services or infrastructure may be at risk. To that end, the Provost has agreed to provide operating fund support equal to 20% (year 1 of 5) of the projected unrecoverable COVID deficit, which amounts to \$5.525 million for UDCS.

This year the 4Corners Annual Report is also organized into three themes. “Movement” speaks to the increasingly dynamic real estate market considering both headwinds in construction cost inflation, labour shortages, supply chain disruptions, and market volatility, but also the perseverance and ingenuity of retail tenants recovering from limited foot traffic, a flight back to quality innovation spaces, and renewed confidence in the Toronto rental market that support many of the 4Corners projects. “Expansion” represents the implementation and adoption of 4Corners thinking beyond just capital projects, such as providing business cases for key sustainability initiatives with the University’s Facilities and Service department and pursuing strategic acquisition opportunities, such as the Knox College properties, to meaningfully contribute to the future needs of UofT students, faculty and staff. Finally, “growth” not only celebrates key development milestones, such as the official groundbreaking of Spadina/Sussex or Governance approval of our new graduate residence project, but also two new partnership opportunities for the second phase of the Schwartz Reisman Innovation Campus and a major University housing development that will serve as a new gateway to the St. George campus. Taken altogether, despite major market movements in both positive and negative directions, the 4Corners strategy made tremendous strides in growing its portfolio and looking beyond capital projects to make an impact at the University.

FINANCIAL IMPLICATIONS:

Refer to highlights.

RECOMMENDATION:

Be it Resolved

THAT the Business Board concur with the recommendation of the University Affairs Board’s approval of the UDCS fees charged to students and the University community; and

THAT the proposed 2022-23 operating plans and budgets for University Development and Campus Services, as summarized in the UDCS annual report Appendix A, and the St. George business ancillary rates as summarized in Appendix B, be approved effective May 1, 2022.

DOCUMENTATION PROVIDED:

- *University Development and Campus Services, annual report and budget 2022-23, and 4 Corners annual report 2022-23*

**University Development
and Campus Services**

Annual Report 2021-22

and

Budget 2022-23

April 13, 2022



UNIVERSITY OF
TORONTO

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1

Overview

This report will provide background information on UDCS operations, planned service changes and capital investments, budget impacts experienced in 2021-22, budget priorities and plans for 2022-23, and a look ahead to the portfolio's five-year plan.



Current Landscape & Effects on the Budget

2021 was a year of continuing adjustment to pandemic realities and related public health measures for society.

There was optimism in the summer and fall associated with the arrival of vaccines and dropping case counts which shifted quickly to pessimism in December 2021 and January 2022 with concerns about the Omicron variant. On campus, this meant that the school year began with significant excitement and increased demand for in-person experiences that had not been possible the previous year, and large numbers of students seeking residence spaces – but with mid-year adjustments to in-person activities required, in keeping with evolving public health guidance.

Supply chain issues and large cost increases in goods, services and shipping were also in evidence over the year. The effects of climate change are becoming more severe, and this year had a particularly direct and devastating impact on Canada's busiest Pacific port. By the end of 2021, the inflation rate in Canada was well above 4%; the highest it has been in two decades and labour shortages were felt in many sectors due to pandemic-related absences and voluntary departures from the work force.

There are nevertheless positive signs of recovery, with robust growth evidenced in office and retail leasing. Other signs of recovery can be seen in Toronto, in the increased commuter traffic on public transit, increased foot traffic throughout the downtown core and local businesses and restaurants reporting encouraging increases in sales.

For the University Development and Campus Services (UDCS) team, responding nimbly to the changing public health landscape, cost escalations, supply chain disruptions and challenges with staff absences and turnover, were the critical challenges of the year.

Costs associated with operating in a pandemic continued, but with more students in residence, and more staff, faculty and students on campus, revenues exceeded expectations in most UDCS operations. As the end of the 2021-22 academic year approaches, the campus is feeling vibrant and alive again, with many in-person activities having resumed and large numbers of students, faculty and staff back in campus spaces.

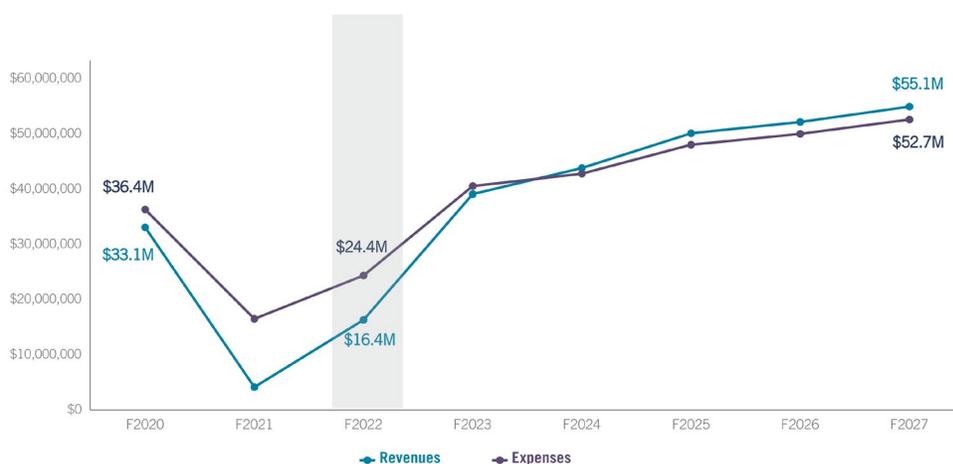
Overall, UDCS experienced a **stronger financial recovery in fiscal 2022** than was originally expected, with gross revenue forecasted to end the year 16% higher than budget. Due to diligent control of variable and discretionary costs, the year-end net result **is expected to reduce the anticipated deficit by almost half**. The strongest revenue growth compared to plan this year occurred in

Food Services, Real Estate and Chestnut Residence, at 37%, 28% and 23% respectively; however, these were also among the hardest hit operations last year, and full recovery to pre-pandemic revenue levels will require at least another year.

The University's 2021-22 budget allowed for ancillary units to carry deficits related to COVID to be repaid over the five year planning period to 2025-26. Some operating funds were reserved to help with deficit recovery in exceptional cases where critical services or infrastructure may be at risk. To that end, the Provost has agreed to provide operating fund support equal to 20% (year 1 of 5) of the projected unrecoverable COVID deficit, which amounts to \$5.525 million for UDCS. This amount has been added to the 2022 forecast and is reflected on Schedule 2.



Chestnut Residence
Revenue vs. Expense



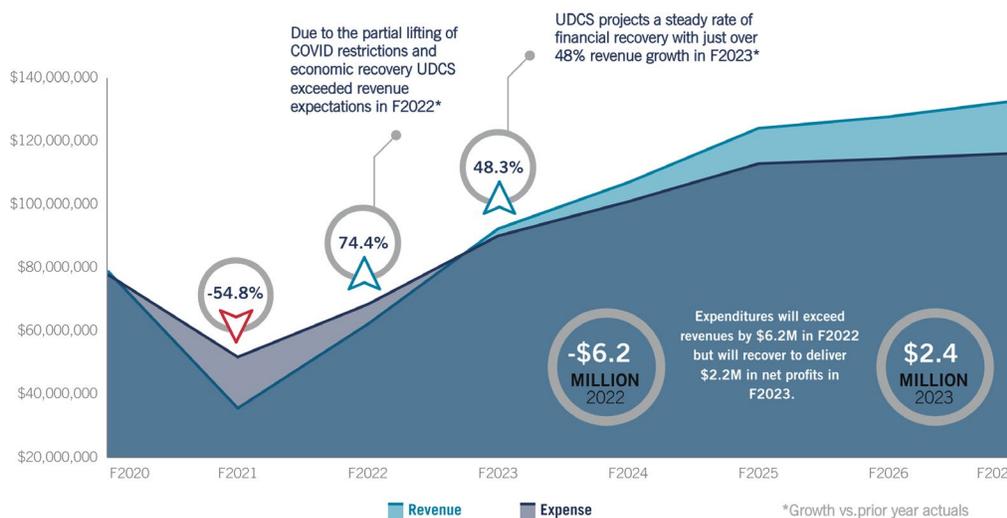
Food, Beverage & Campus Events
Revenue vs. Expense

Capital investment has remained important this year. The 2022-23 budget reflects a capital plan to revitalize aging infrastructure, save operating costs, reduce energy use, and invest in “front of house” renovations to dwelling units, community, and amenity spaces. This will allow UDCS to continue to provide modern facilities and serve the needs of students and other community members. Overall, UDCS is planning for \$14.5 million of investment in fiscal '23. Of this, \$6.8 million will be spent on infrastructure repairs and FFE replacement, \$6.2 million will support improvements in facilities and equipment that will yield a recovery through increased revenues or cost savings, and \$1.6 million will further community amenities.

The UDCS budget for 2023 targets 48% growth in gross revenue, which includes revenue from 4Corners development projects for the first time. This is a revenue level which is also 16% higher than pre-pandemic levels, reflecting a full recovery and the benefit of price increases and new ventures. Variable cost is in line with revenues, at 33% overall. Fixed and indirect costs are budgeted to increase to keep pace with growth, but do not completely erode gains, allowing the bottom line to return to positive territory again. Across the individual units, Food Services and Transportation will have the strongest growth, reflecting an expected return to pre-pandemic volumes.



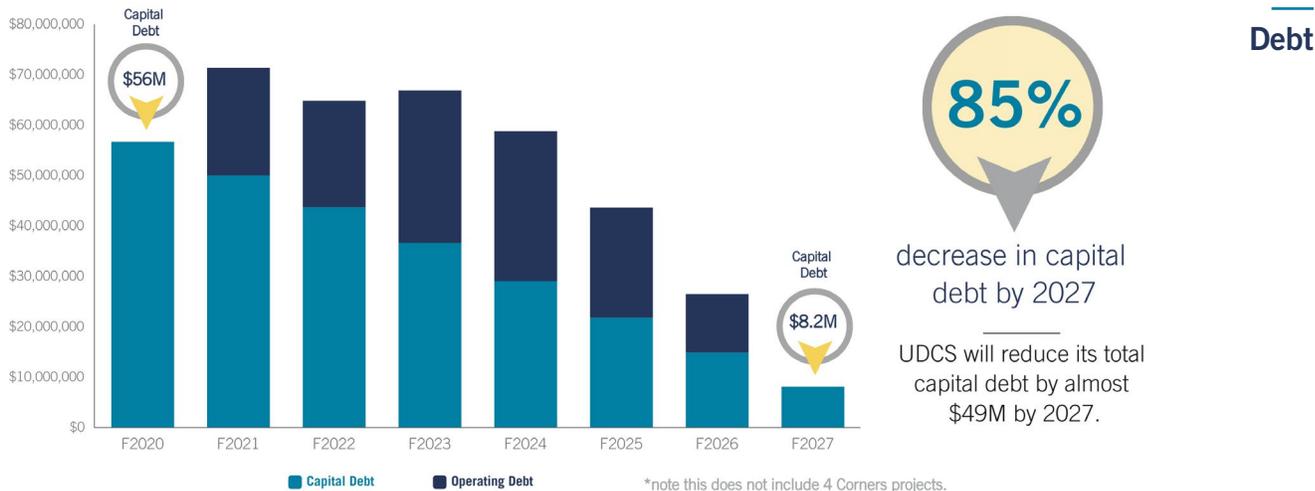
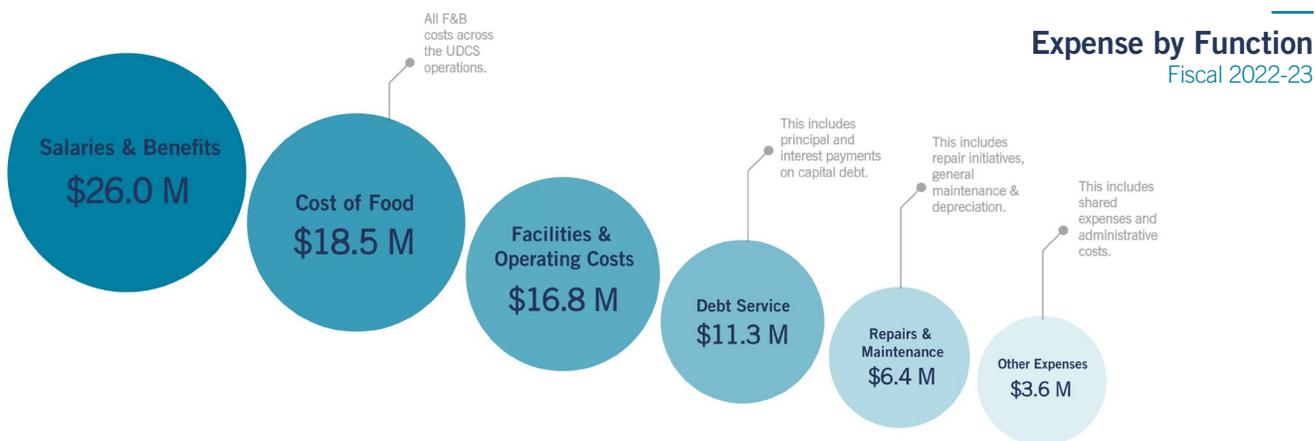
Real Estate Revenue vs. Expense



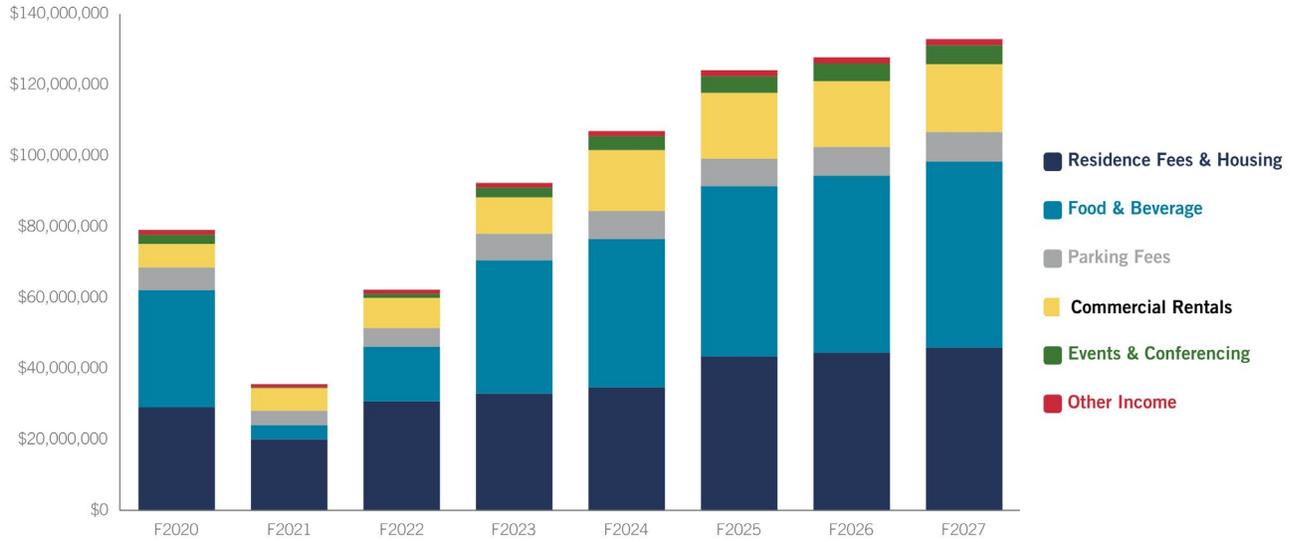
Revenues vs. Expenditures 2020-2027 Projection

Chestnut Residence, Graduate House and Real Estate project growth associated with the full restoration of ancillary revenue streams and lower vacancy rates, and even Family Housing is anticipating 8% revenue growth associated with high occupancy and the results of the apartment refurbishment program and accompanying rent adjustments.

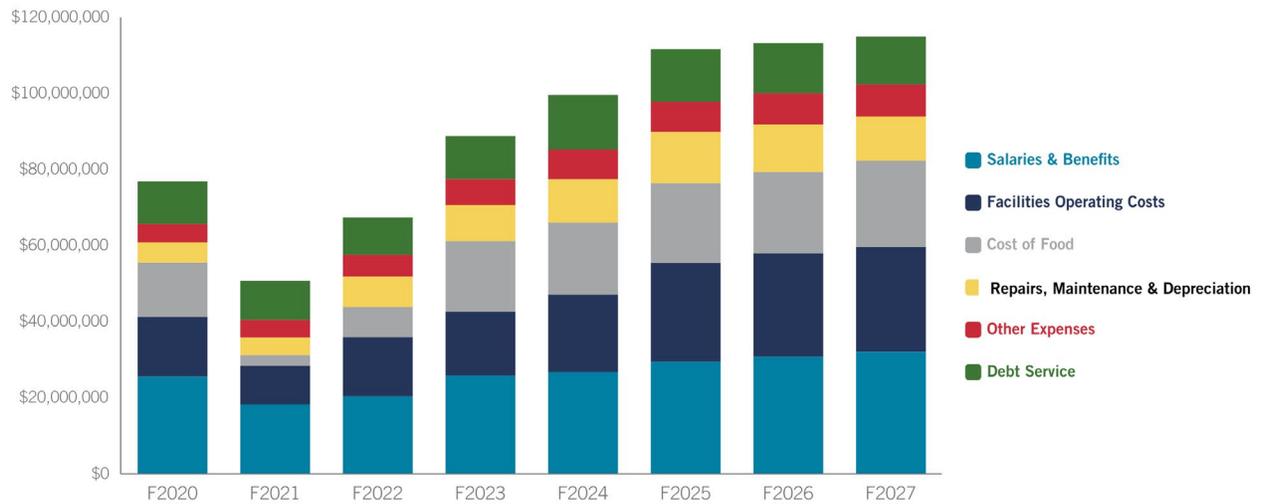
Once recovered from pandemic impacts in 2023, the long range financial picture for UDCS anticipates a strong period of growth over the following 4 years. Gross revenue is expected to increase 43% and net income sixfold over this period, about half of which is attributable to 4Corners.



Revenue by Function 7-year Trend (2020-2027)



Expense by Function 7-year Trend (2020-2027)





UDCS Mandate and Departments

The University Development and Campus Services (UDCS) ancillary operation was established in June 2020, bringing together St. George Campus Ancillary Services and the University’s Real Estate department, both part of the division of University Operations and Real Estate Partnerships.

The establishment of UDCS strengthened the connection between two units that were already close collaborators on many projects, facilitating the sharing of expertise and resources, consolidating budgets and reporting capabilities, and enhancing capacity to develop and deliver amenities that support the University community.

The mandate of UDCS is to develop and support high-quality innovation space, housing for faculty and students, and commercial retail space to serve the needs of the University of Toronto community. It aims to create exceptional environments for learning and life-long memories and generate a sustainable source of revenue for the University by leveraging the University’s real estate assets.





Chestnut Residence and Conference Centre

Chestnut Residence is home to nearly 1150 students from all University of Toronto faculties and colleges, and is home to the campus' only faculty-in-residence program. It has spacious rooms, high quality meals and a vibrant residence life program. Approximately 75% of residents are first-year students. Chestnut houses the highest number of Engineering students of any St. George campus residence and has a large international student population.

In addition to operating as a student residence throughout the year, Chestnut Residence provides an inclusive and unique summer accommodation experience for tourists by opening up to the general public, students and travelers from all over the world. Full-service conference spaces (run by the Conference Services team) are located on the second and third floors of the Residence. There are 13 unique meeting spaces containing over 20,000 square feet of space. Chestnut accommodates groups from 8 to 850 guests and is an ideal space to host a wide range of events from breakfast meetings, working lunches, and executive training sessions to multi-day conferences. Chestnut has recently undergone a state-of-the-art technology revitalization and has in-house technical staff to service all conference and meeting internet/Wi-Fi connectivity and technology needs.



Food and Beverage and Campus Events

Food Services seeks to nourish and bring the campus community together, contribute to the culinary culture of Toronto and support the work of innovative and sustainable local food suppliers. It provides a wide range of affordable, sustainable and nutritious food options to the campus through excellent service, commitment to the environment and celebration of foods that reflect a diverse community.

The Food and Beverage department operates 30 retail food service outlets and 3 residence dining halls across the St. George campus, as well as operating an in-house catering department (St. George Catering), and the campus' alcohol and beverage services program. It provides an inclusive food experience, offering Halal, Kosher, vegan and vegetarian options, and works with a staff dietitian to ensure the creation and distribution of balanced, healthy meals. Food Services also hosts many campus favourite events like the annual Mac 'N' Cheese Smackdown and chili competition.

The Campus Events team joined UDCS in 2020. It provides leadership, expertise, and best practice support for a wide range of activities across the St. George Campus. It maintains close partnerships with several key City of Toronto business sectors and is responsible for the university's commercial filming and photography portfolio.

Campus Events provides full-service, customizable conference and event solutions for in person, hybrid and virtual activities utilizing centrally shared classrooms, community areas, outdoor spaces and virtual meeting technology to support recognized student groups, internal departments and external community partners.



Graduate House

Graduate House is currently the only residence at U of T reserved for masters and doctorate-level students, along with students from second-entry professional faculties. It offers co-ed, suite-style accommodation with in-unit ensuite bathrooms and kitchens. These two features create an authentic apartment experience and grant the maximum flexibility for residents. Graduate House is located in the middle of campus, at the busy and historic intersection of Spadina Avenue and Harbord Street.



Real Estate

The mission of the Real Estate department is to develop high quality innovation space, university housing and ancillary retail space across all three campuses in order to provide a sustainable source of income to the university as part of the University's 4Corners strategy. The 4Corners strategy aims to generate \$50 million in net operating funding over the next 15 years through the development of almost 4 million square feet of new space devoted to campus services, amenities, office and retail spaces. The team also provides financial underwriting, due diligence, negotiation, accounting, leasing, and other real estate transaction services for the University. All real estate acquisitions, leasing and real estate partnership opportunities are managed centrally by the Real Estate department on behalf of the University.



Trademark Licensing

Trademark licensing is the process by which a trademark owner allows a third party, the licensee, to use registered trademarks on merchandise under a license agreement. The University of Toronto's Trademark Licensing Policy and Code of Conduct was formalized in 2000 and oversees the use of the University name and marks on merchandise. The Trademark Licensing office catalogues and protects existing University marks, registers new marks, ensures that the University and its departments engage in the ethical procurement of merchandise, and that branded merchandise accurately represents the University's image. Branded merchandise builds relationships with students, alumni, parents and the broader community.



Transportation Services

Transportation Services provides safe, effective, accessible and convenient transportation solutions for the campus. It provides access and information for the multiple modes of transportation used, including public transit, cars, bicycles, electric vehicle parking and car-sharing services.

In total, Transportation Services operates 37 surface lots and 11 underground garages on the St. George campus which provide 2,198 parking spaces for faculty, staff, students, and visitors. In addition, it operates and services electric vehicle charging stations and helps with overall traffic control.



University Family Housing

University Family Housing (UFH) serves the housing needs of student families and faculty within the Huron Sussex and Charles Street Communities. UFH operates multiple buildings and housing options on the St. George campus and ensures that residents with families have their unique needs met while they work and study on campus.

Student Family Housing at Charles Street consists of 711 high rise apartment units which house a population of 2,000, consisting of students and their families. Residence Life programs and activities help build a true community for students and their families.

Faculty Housing in Huron Sussex consists of a unique stock of housing units that are available for rent to new faculty members of the university. Located in a charming neighbourhood of century homes, this housing is a short walk from schools, libraries, childcare centres, parks, recreation facilities, restaurants, museums and public transportation. Unfurnished units are available to newly or recently appointed University of Toronto faculty with full-time tenured or tenure-stream academic appointments.

2 Movement

While navigating uncertainty this year, UDCS maintained forward momentum on critical projects and continued to strengthen relationships with, and supports for, the campus, university, and broader community.



Managing Uncertainty

Although normally a very stable and resilient team, the second year of managing essential services through uncertainty and crisis took its toll.

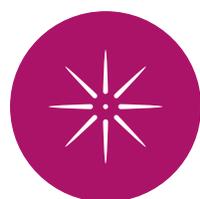
Reacting to the impact of large numbers of staff absences and high turnover was a consistent challenge in all UDCS operations throughout the year. The Building Operations team at the Chestnut Residence experienced an unprecedented increase in long-term staff absences. In fact, at several points during the year, the operation was left struggling with less than a third of its normal work force. University Family Housing (UFH) experienced similar challenges, dealing with a constant turnover of front-line roles, which complicated the provision of consistent and well-informed tenant communications. Food Services was able to bring back all the staff that had been laid off the previous year, but due to attrition and the reassignment of staff to other food service operations on campus, had to retrain staff to take on new roles in unfamiliar locations.

Managing cost of goods was a challenge this year with food costs often well above the current rate of inflation. Food Services continues to work with approved vendors to mitigate the risk of increasing costs, often partnering with local growers and manufacturers to lock in pricing by making volume commitments. The Food Services team has always been proud of its commitment to purchasing local. During the pandemic it has re-engaged with local providers and begun to track the impact of this commitment.

From September 2021 to January 2022, of all food purchases; 51% were locally produced, 22% were locally grown, and 27% were locally raised. Going forward, Food Services intends to report this number quarterly. Scratch cooking techniques and menu engineering assist in managing costs as well and enable the culinary team to adapt menus and ingredients and gear them towards items that are in season and to use lower cost alternatives.

The pandemic's impact on global supply chains had additional effects: delays in the supply of materials and equipment, and lack of availability. The latter was seen very dramatically at Chestnut Residence. In mid-August, with only a couple of weeks before the scheduled delivery of new heating and cooling equipment and the return of students, the team received notice from

its supplier that the equipment would be delayed indefinitely. This required the immediate procurement of temporary heating and cooling equipment for 240 rooms, and regular monitoring of room conditions prior to the arrival of permanent equipment to ensure that students were comfortable. The budget impact of this delay was nearly \$500,000.



Light at the End of the Tunnel

The development and distribution of the COVID-19 vaccine, together with more experience implementing social distancing and other health protocols, made it possible to return to full capacity in the fall of 2021 at Graduate House and Chestnut Residence.

Demand for residence space was so high this year that the University found itself in need of a sizable number of overflow residence spaces to meet the first-year guarantee. The whole UDCS team was engaged to help resolve this challenge, entering into an agreement with the Toronto Chelsea Hotel and creating a fully staffed satellite residence operation for 600 students with less than 2 months' lead time. Supported by a residence life team of 5 full-time staff and 20 dons, students were given the option of a meal plan and access to a full complement of residence programming and activities.

The Chelsea Residence team was also able to support students coming from residences that closed during

the University’s winter break, who had to relocate to the hotel for the 2-week period. This included programming during the winter break that engaged students through various activities that included movie nights, a community dinner on Dec. 25, and door-to-door visits to reduce feelings of loneliness and isolation.

The return to normal occupancy levels in single student residences had a positive impact on financial results in those operations, as well as in Food Services. Residence Dining recovered strongly in 2 of its 3 operations, which was a significant improvement over the last fiscal year, but still 15% less than pre-pandemic levels. Thanks to the relaxation of pandemic restrictions in the fall, the retail food services business focused on opening central locations to serve a reduced population on campus. By not opening broadly across the campus, this plan supported the community while controlling costs, given the uncertain staff and faculty activity on campus. Retail sales were budgeted to achieve \$2.5M in revenue for 2021/22 and are now forecasted to exceed this target and be closer to \$3M.

While single student residences did recover, UFH saw some occupancy challenges. UFH typically has a population that is 50% international. Although there were increased applications for fall 2021 with the enthusiasm about a return to campus, barriers to international travel, visa delays and vaccine requirements contributed to numerous cancellations. This yielded a 6% reduction in occupancy from normal levels.

Campus Events continued to experience a large-scale reduction in revenue generating opportunities but maintained their support of the campus community in preparing, hosting and managing over 500 virtual events including a variety of high-profile conferences, orientation events and retirement celebrations for senior leaders. Despite the reduced conference activity, the Chestnut Conference Team remained open for business opportunities as and when permitted. One such opportunity arose with the Toronto Fire Service as they sought a venue to host 100+ recruits over a period of 6 weeks, having been prevented from accessing their pre-booked facility on campus. This was new business for Chestnut Conference Centre (CCC) and presents an opportunity to build and establish relations with the City of Toronto in the future.

Phase one of the renovations of the meeting spaces on the 3rd floor of the CCC was completed. This included the creation of state-of-the-art executive training spaces that are fully equipped for hybrid meetings with the inclusion of Microsoft Teams integration and enhanced meeting areas with audio-visual capacity. Clients who have used or viewed these new spaces have been astonished by the transformation. The renovation improves the ability to sell these spaces to both internal and external clients.

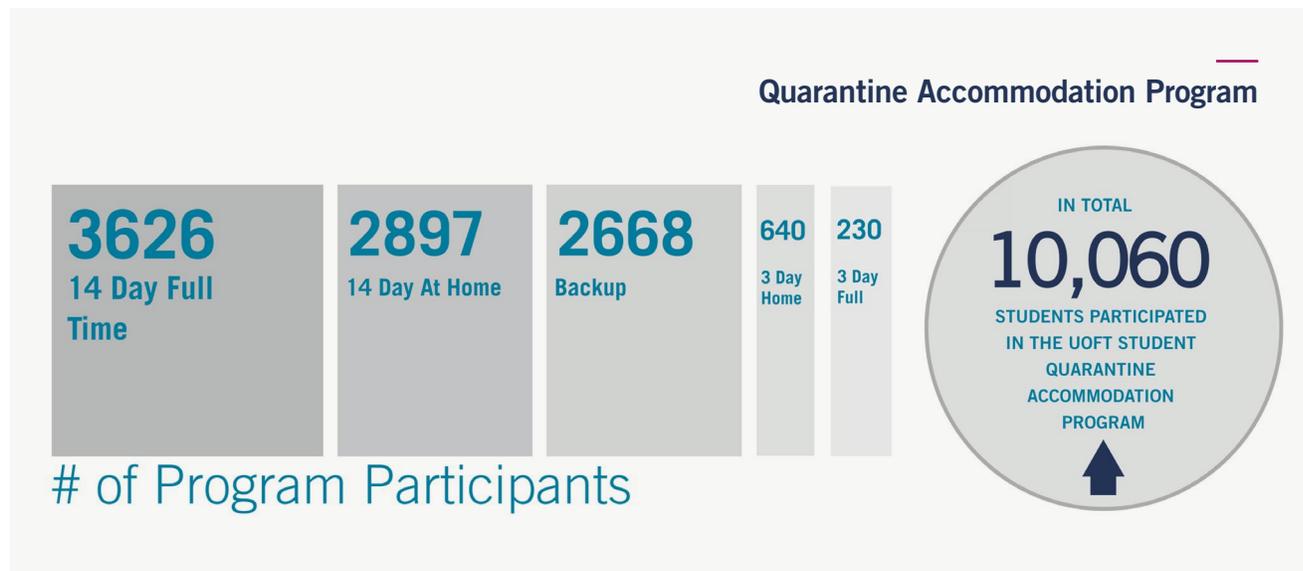
Overall, however, Food Services continued to feel the financial impacts of reduced in-person activity on campus more keenly than other departments, mirroring the experience of the hospitality industry. Gross



revenues for Food Services and Campus Events for fiscal 2022 remained at 40% of pre-pandemic levels.

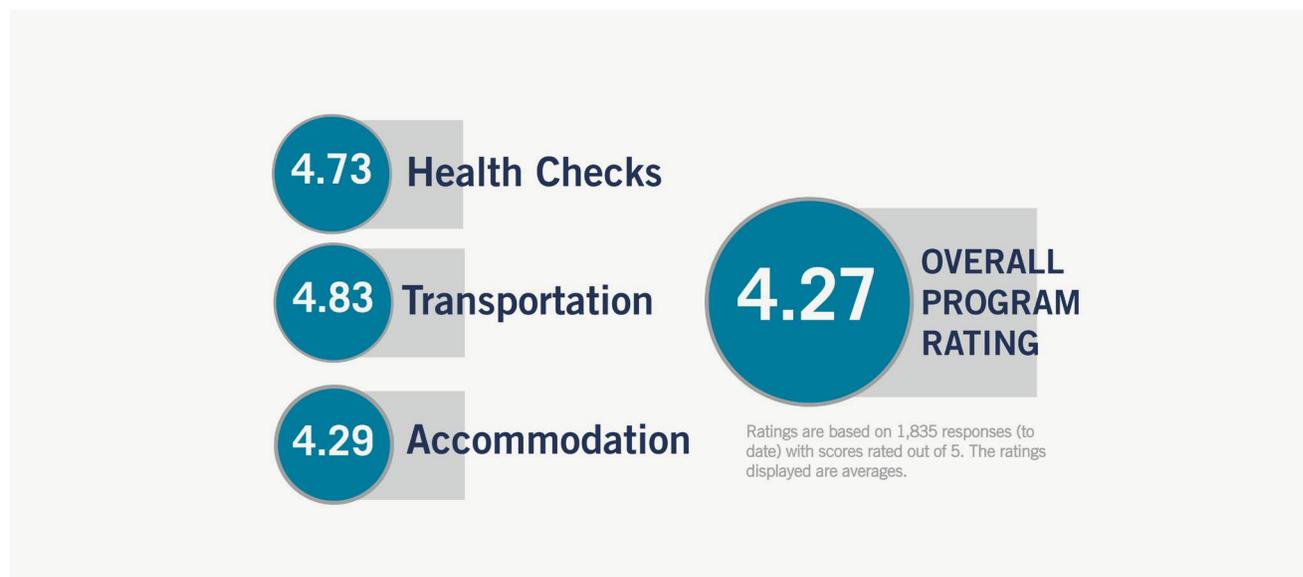
Launched in August of 2020, the U of T Quarantine Accommodation Program has supported just over

10,000 students in the last 18 months. The UDCS team managed the program again this year, in collaboration with Student Life. The total participation counts for the program since its inception are impressive:



The Food Services team also supported the program until October 2021, when volume decreased sufficiently to enable the transition to the team at the Chelsea. A total of 135,000 meals were served, and 771 of the students in the program required special dietary accommodations.

Upon completion of the Full Quarantine program, participants are surveyed about their experience. Of the 1835 responses to date (with scores rated out of 5) the average response ratings are:



As part of the quarantine staffing and support structure, the quarantine live-in staff also provided support to all three campuses for any student that required a self-isolation space due to illness or a positive COVID test result. This included coordination with Environmental Health and Safety, making meal arrangements, and ensuring students were supported during their self-isolation period.

Real Estate entered into several new retail agreements with those who see the value in co-locating next to such

a large and diverse university community. These include Penguin Pickup, Fruit and Flower Market, and two new restaurants including Pelicana Chicken which opened over the holidays at 730 Yonge, in addition to The Decameron at 171 College Street, a new Italian restaurant and birreira with patio, and Second Cup franchise reopening at 179 College Street. Existing tenants experienced a return to more favourable business conditions this year, which meant that revenue from rents also recovered.



Maintaining Forward Momentum

While navigating uncertainty this year, UDCS maintained forward momentum on critical projects, and continued to strengthen relationships with, and supports for the campus, university and broader communities.

The Real Estate team assisted with financial underwriting and legal negotiation for a major sustainability initiative with Facilities and Services, called Project 50, which aims to reduce the University’s carbon footprint by approximately 50% through converting older heating/cooling systems into electric systems. The deal also depends on third-party financing, which has striking parallels to many 4Corners projects.

Real Estate also worked closely with the Vice-President of Research and Innovation portfolio to evaluate opportunities for a new biomanufacturing facility in Mississauga that could provide much needed teaching lab and workforce development space for the life science ecosystem. If the University receives federal funding for this new project, it could add up to more than 50,000 square feet in office to life science lab conversion space.

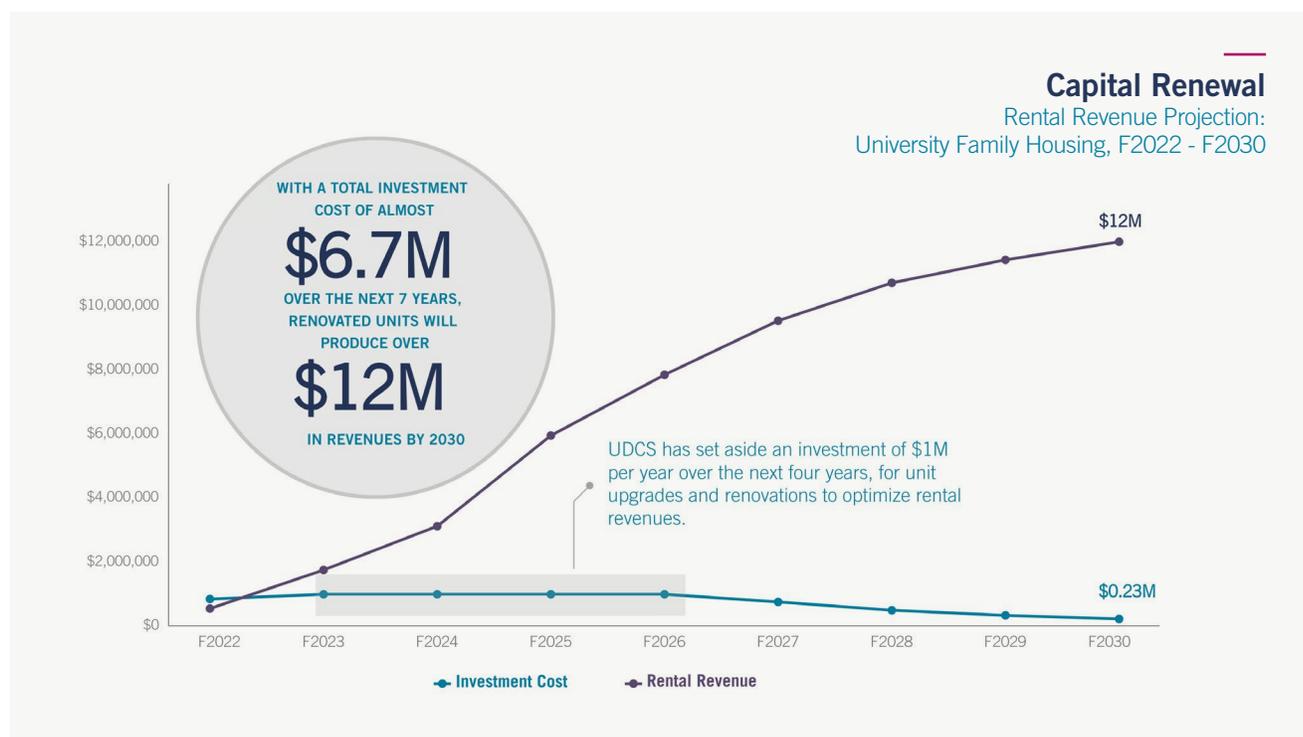
In 2021, UFH began an apartment refurbishment project with the goal of upgrading kitchens in 100 suites per year. This planned investment of \$1.0M per year will be recovered by charging higher rents for these units and is designed to recover the annual investment in 3.5 years. The units completed to date have been rented out and the new price point does not appear to pose a barrier to entry for residents. UFH rental rates, even for the upgraded units, continue to be extremely competitive for housing in the downtown core. These refurbished units continue to provide housing that is attainable, while providing needed modernization to keep the buildings viable.

Food Services partnered with 4th year students in the Campus as a Living Lab Sustainability Group to establish a framework which will work toward the creation of a campus-wide sustainable food policy. Work continues with the student led U of T Veg Club and external partnerships with groups such as the “Forward Food” group to enhance the plant-based menu initiative and training support for the culinary team.

Food Services has for many years supported local food security programs, including the UTSU food bank, with both financial and food contributions. This year, the food rescue program broadened its reach. By partnering with Second Harvest, it provided 22,000 meals to non-profit organizations providing support to the downtown community during the pandemic. This also resulted in a GHG (greenhouse gas) diversion rate of 52,272 kilograms. Food Services has collaborated with the Federated Colleges, the Sustainability Office, Residence Life teams, U of T Sports and Recreation and the student led MealCare program on several initiatives ranging from awareness of the program, food rescue, in-house Registered Dietitian support and sustainable best practices such as the reusable eco-container program.

One side effect of virtual convocation was that many graduating international students were unable to

celebrate with their families given travel restrictions and other challenges associated with the pandemic. A small planning group led by UDCS initiated a project which provided a personalized experience to these students to celebrate and recognize their accomplishments. Funds were successfully secured through the International Student Experience Fund. These funds enabled members of the student residences team to coordinate with partners from UTM, St. George, and UTSC to plan and execute the delivery of 300 gift boxes (“Grad Boxes”) to 300 students across the GTA (Greater Toronto Area). The Grad Boxes were hand-delivered to graduating international students located in the GTA. Each box contained a pennant, water bottle, branded journal, pen, chocolate, and a congratulatory letter from the Vice-President, International, Professor Joseph Wong. The coordination effort involved 33 volunteers split into 16 teams with customized routes divided into regions that covered the three campuses. The experience brought much delight to the students who received the Grad Boxes and visits from staff across the 3 campuses. Staff involved were thrilled to partake in this experience, and many photos and glowing sentiments were shared across the University’s communication channels. This event was the highlight of the year for many who participated!



3 Growth

Work was done by all departments in UDCS to use the disruption of the last two years as an opportunity to build a more resilient and sustainable organization.



Building Back Better

Like many organizations, institutions and even governments, the UDCS team has been motivated to emerge from the pandemic having rethought some of its approaches to work and provision of services.

UDCS is a division charged with building and operating spaces, amenities and services to support the University community, and which further the academic mission of the institution. In order to do this work effectively, it must design and build programs and environments that are welcoming to everyone, and where everyone belongs. As a division of U of T, it must also work to align its Equity, Diversity and Inclusion (EDI) goals and objectives with those of the institution.

To those ends, in July 2021, the UDCS management team came together for four meetings to review institutional EDI initiatives and reports and undertook several workshops to develop focus areas and actions for EDI work in the division. Further refinement occurred in November 2021, through a management team survey and a follow-up workshop.

The focus areas will support the development of annual action plans and will also ensure that these plans touch all aspects of UDCS' work. In the first year – 2022 – the team will also work to develop processes and mechanisms to involve and inform the entire staff, and to create a sustainable method for identifying new priorities and action plans.

Additional work was done by all departments in UDCS to use the disruption of the last two years as an opportunity to build a more resilient and sustainable organization. As a result of the near collapse of the facility management department at the Chestnut Residence, consulting engineers were engaged to conduct condition assessments of the building's mechanical systems,

Draft focus areas for **Equity, Diversity and Inclusion work**

1

**Designing
inclusive
services**

2

Recruitment

3

Onboarding

4

**Building
welcoming and
inclusive work
environments**

5

**Space (physical
and virtual) and
communication**

6

Leadership

identify items requiring immediate action and develop an ongoing maintenance plan. This has begun a series of projects which will improve the state of the facilities, develop stronger processes and better risk mitigation. This work also allows the team to identify opportunities to introduce technology that will save energy, increase operational efficiency and positively impact the student experience. A happy by-product of this process is that it will also improve capital planning. Going forward, there is an opportunity to propagate the lessons learned and best practices developed to all the student residences managed within the portfolio.

Building on the success of offering contactless and extended move-in periods, the residences replicated the procedures this year with much higher occupancy levels compared to the 2020-2021 academic year. The impacts on student satisfaction were reflected in survey questions related to the move-in experience with an overall 13% increase in satisfaction when compared to pre-pandemic results.

Food Services worked on evaluating its business model, to be able to return stronger once revenues eventually rebounded. Within the retail program, an opportunity was identified to collaborate with Procurement Services on a social procurement initiative with respect to the smaller satellite locations that have remained closed

through most of the pandemic. This initiative will minimize financial risk to the university while providing greater variety to the campus community, enable a larger embrace of campus diversity and reflect the exciting food culture of the city.

One branded retail location, Roberts Starbucks, was contractually obligated to complete a renovation in future years, but Food Services took advantage of the current low population environment to complete the renovation ahead of time and minimize future revenue loss as students, faculty and staff return to campus. Capital investment totaled \$600K. This location is one of the busiest Starbucks locations in Canada and payback is estimated at 5 years. Given the ongoing supply challenges and construction cost increases seen recently, it will likely prove to have been particularly prudent to have completed this work ahead of time. The renovated Roberts Starbucks reopened amid much excitement in February 2022.

An external consultant was retained to review the residential dining program, focusing on the services provided to the New College and Chestnut Residence. The goal of the study was to evaluate and provide recommendations that will guide the alignment of offerings and services as the university anticipates a return to post-pandemic life.

1

Hospitality

When done well, campus dining exemplifies how the University demonstrates its caring regarding the “out of classroom” experience it provides to students, faculty and staff.

2

Community

Food is part of what makes the campus experience positive and contributes to the strategic success of the University.

3

Accessibility

Striking the balance between flexibility, satisfaction, value, community building and fiscal responsibility.

4

Sustainability and Wellness

Supporting the health of the community through offerings, service, education, and stewardship.

5

Partnership

Leveraging the diverse resources of the University community and beyond through creative collaboration.

The consultant’s study resulted in the development of **5 Guiding Principles** that support the Food Services mission, and to ensure guest satisfaction.

The report has been presented to several key stakeholders, residence and student groups and was published at the end of March. It is anticipated that the recommendations contained in the report will be executed in the months ahead.

The duration of pandemic restrictions exacerbated feelings of isolation and claustrophobia for residential tenants. Start-stop restrictions and staff turnover in University Family Housing (UFH) led to challenges with consistent workmanship and response times for maintenance work orders, clear and factual communications, and the general quality of the relationship between tenants and staff. Starting in the Fall of 2021, UFH began rebuilding this relationship, beginning with a community wide internet/WIFI satisfaction survey to the Charles Street community. This survey was issued to understand residents’ internet practices, price points and overall satisfaction with their internet providers. UFH took the results of the survey and created an Internet Tip Sheet for current and incoming residents to solve common questions and provide helpful tips. They also engaged with Central IT to discuss some potential options and approaches when it comes to competitive packages offered by various internet providers.

UFH has also recently implemented a 5-point feedback tool for maintenance work being completed in units. In the first month of launching the survey, UFH received 56 responses, with 77% of respondents rating their satisfaction with the work done a 5/5. This work will help develop quality control processes for maintenance and repair work and provide tenants with additional agency in resolving concerns. There is an opportunity for this pilot project to extend to other similar operations in the future.

The pandemic has changed workplaces significantly, and possibly permanently. Chiefly, this has meant an increase in remote and hybrid work. In response, Transportation Services introduced the Flexpass in September 2021. This parking pass is designed to meet the needs of those who drive regularly to the campus, but not often enough to warrant purchasing a monthly or annual parking permit.

Working arrangements on campus vary from department to department now more than ever. As a result, many employees of the University no longer see value in purchasing a traditional parking permit. The Flexpass fills this void. Created to provide greater flexibility and volume discounts for users, each Flexpass package offers a set number of passes at a reduced price. The larger the package, the greater the discount. The Flexpass can also be shared among friends and colleagues working on campus to further reduce parking costs.



School Spirit

As part of a strategic goal to expand the availability of University of Toronto merchandise, Trademark Licensing partnered with October's Very Own (OVO) to launch a unique capsule collection for students who want to wear their pride.

A global merchandise brand started by Toronto rapper Drake, the OVO brand is well known throughout the world for its high-profile collaborations and sellout collections. This was their first collaboration with a post-secondary institution.

The capsule collection included apparel such as hoodies, tees and fleece pants as well as accessories like totes and sport caps, all of which were designed and manufactured in Canada. The collection was available for purchase online and in stores in Canada and US, as well as at the U of T Bookstore. The campaign video featured four-time Olympic medalist and U of T alumna Kylie Masse and was filmed on campus, showcasing iconic locations on the St. George campus and cementing the University as a prominent Toronto brand.

Trademark Licensing seeks to connect students, staff and faculty with the university brand and foster pride and a sense of community on campus. Collegiate merchandise is an important aspect of the campus experience and one that becomes a mainstay throughout a student's time on campus and beyond. Collaborations with brands like OVO allow the University brand to be shared with an even wider audience.

Overall, it was a very successful program and added a great amount of buzz and excitement to the start of the school year.

4 Expansion

The past year presented challenges but also opportunities to expand its breadth of operations beyond its normal limitations and provide service and expertise beyond areas that were normally associated with UDCS.



Expansion

Throughout the pandemic, UDCS has consistently had to be nimble, while adapting to and accommodating a continually changing public health landscape on campus and within the City of Toronto.

The past year presented challenges but also opportunities to expand its breadth of operations beyond its normal limitations and provide service and expertise beyond areas that were normally associated with UDCS.

On the acquisition front, the team leveraged the real estate connections it established through the 4Corners strategy to acquire 4 off-market properties along College Street and a small single-family residence on the St. George campus at 100 bpNichol Lane, in addition to entering agreements with Knox College for the acquisition of 59 and 63 St. George, two extremely important parcels of land in the heart of the campus.

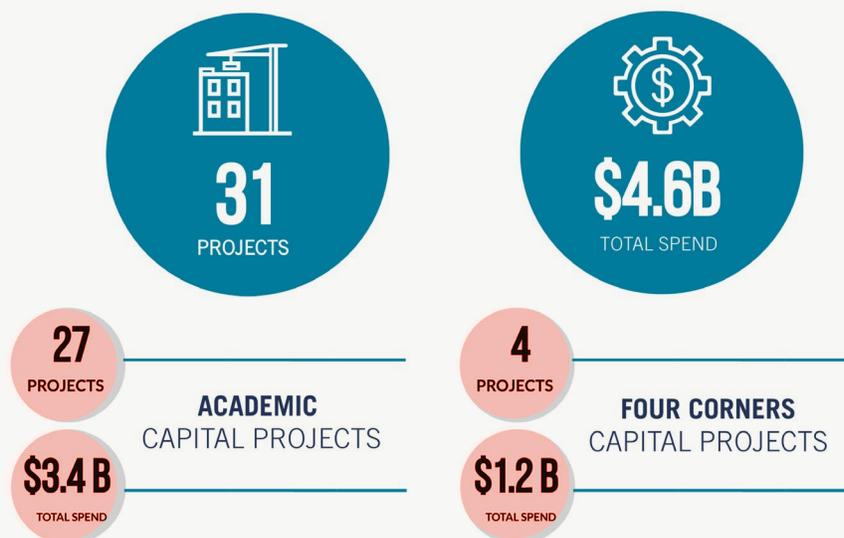
The College Street acquisition would form part of a future development of existing university-owned properties at corner of McCaul, while also generating some minor holding income from existing commercial tenants.

The Knox acquisition will provide much needed expansion space for Simcoe Hall, as well as additional student residence and divisional office space, while preserving Knox College's presence on campus.

Aside from acquisitions, the University continued to expand its off-campus leasing footprint to 777,000 square feet, increasing by 46,000 square feet this year alone, including new leases the Student Health and Wellness Center at 700 Bay Street, Student Life Offices at 800 Bay Street, and new Accessibility Services space at 455 Spadina Avenue.

Capital Projects & Planned Investments

5 year projection



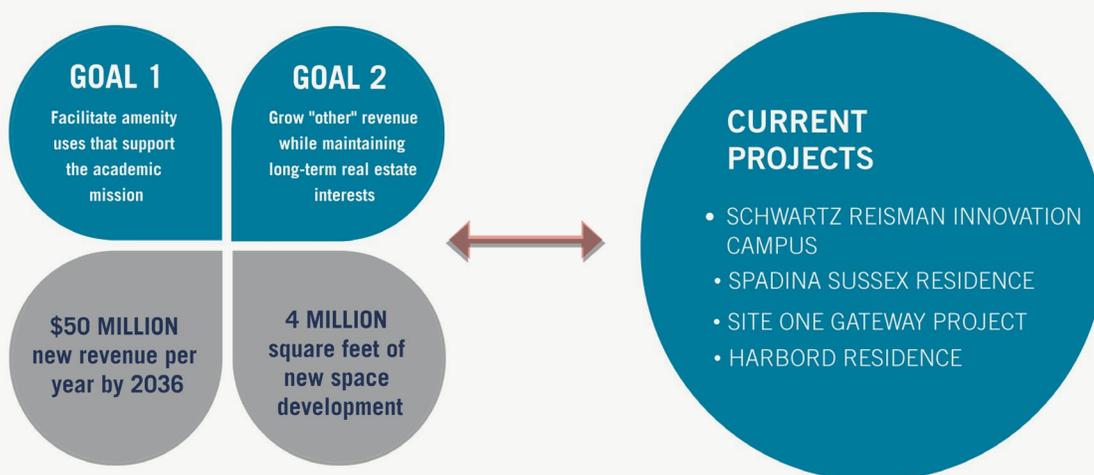
Bringing together Real Estate and Ancillary Services in 2020 to create UDCS was a critical first step in giving the 4Corners strategy the right launching pad. In addition, the collaboration between the teams and the complementary mix of the skill sets belonging to staff members has benefited existing operations. This year, the team has come together for several planning discussions to further build cohesion.

The two units were already close collaborators on several projects, but their merging has further enhanced the capacity to develop and deliver amenities that support the University community. They also share a dedication to a 'double bottom line' which ensures sustainable financial returns on investment, but also a commitment to enhancing the student experience and furthering the academic mission of the University. This uniquely positions this group to tackle new projects in a creative way that strengthens university campus life.

An important step towards achieving these goals and strengthening UDCS' reputation and visibility, is to first define the brand position and value of the group. To this end, a third-party consultant, has been contracted to lead a project that will define the positioning and identity of UDCS.

Brand positioning ensures that an organization's offering and image occupy a distinctive place in the mind of the target market. In previous research with key stakeholders, it became apparent that the services of UDCS, especially those previously classified as Ancillary Services, were not well known. While the teams were regarded highly, customers were sometimes confused about all the services offered or that the same teams were behind them. With a focused narrative and identity, the department's value to the community can be better communicated and goals more easily achieved.

4Corners: Developing a New Source of Revenue



The first step in this process was to develop a purpose statement, guiding principles, primary audience identification, differentiators and tone. This will result in a framework that will ensure that goals, projects, communication and messaging all work towards an overarching purpose, and will also establish consistency among UDCS' eleven different departments. The project is yielding encouraging results to date, as well as providing an energizing platform for the team to come together. The work is expected to conclude in the summer of 2022.

Lastly, a tremendous amount of progress has been made on all of the University's development and construction projects as part of the 4Corners strategy. In December 2021, the University celebrated the groundbreaking of Spadina/Sussex Student Residence, which will grow the

portfolio by adding more than 500 units of housing to the St. George campus, as well as a handful of stacked townhouses earmarked for faculty. The first phase of the Schwartz Reisman Innovation Campus, which will add 250,000 square feet of much needed innovation space, has topped out with a Spring 2023 completion date. UDCS looks forward to celebrating another groundbreaking in the near future as Harbord Residence project begins construction in Summer 2022. The Harbord Residence project will add just under 200 units of graduate housing, including a mix of standard rooms and studio 'scholar suites' with private bathrooms and kitchenettes. The annual 4Corners report has been included as an appendix to this report, which provides further detail on each of these projects, and additional information on growth and expansion in the 4Corners strategy.

Appendix | A

Budget 2021-22 Financial Schedules

Appendix A: Budget 2021-22 Financial Schedules

Schedule 1 | Consolidated Income Statement: University Development and Campus Services

Revenues	Actual	Actual	Actual	Budget	Forecast	Budget				
Projection of Operating Revenues	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
Residence Fees & Housing	\$29,773,498	\$29,208,320	\$20,129,077	\$27,711,549	\$30,903,476	\$33,072,462	\$34,828,812	\$43,535,564	\$44,631,923	\$46,025,245
Food & Beverage	38,289,745	32,992,671	4,050,071	11,118,538	15,354,271	37,601,886	41,837,168	47,989,452	49,886,451	52,461,845
Parking Fees	7,488,700	6,449,769	4,084,785	5,917,192	5,280,331	7,486,422	7,872,035	7,773,742	8,079,310	8,330,831
Commercial Rentals	5,473,960	6,605,084	6,357,003	6,666,403	8,497,144	10,237,351	17,162,204	18,577,610	18,552,877	19,097,805
Events & Conferencing	2,834,358	2,568,697	216,869	1,441,819	1,117,608	2,799,335	4,007,414	4,734,801	5,005,873	5,353,436
Other Income	1,398,010	1,380,957	929,147	849,490	1,208,140	1,266,702	1,411,689	1,636,482	1,724,255	1,775,756
Total Revenues	\$85,258,271	\$79,205,499	\$35,766,951	\$53,704,991	\$62,360,971	\$92,464,158	\$107,119,322	\$124,247,651	\$127,880,688	\$133,044,919
Growth versus prior year						74.4%	48.3%	15.8%	16.0%	2.9%
Growth from 2020-21						74.4%	122.6%	138.5%	154.5%	157.4%

Expenses	Actual	Actual	Actual	Budget	Forecast	Budget				
Projection of Operating Expenses	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
Salaries & Benefits	\$24,708,994	\$25,758,581	\$18,410,424	\$19,721,420	\$20,513,822	\$25,990,973	\$26,870,863	\$29,626,552	\$30,993,065	\$32,219,146
Facilities Operating Costs	14,547,568	15,641,846	10,161,793	15,943,276	15,548,588	16,779,541	20,373,931	25,986,230	27,097,584	27,532,405
Cost of Food	16,530,989	14,307,152	2,790,174	4,836,936	7,972,102	18,539,324	18,914,760	20,945,093	21,368,883	22,711,060
Repairs & Major Maintenance	3,201,347	3,998,511	2,860,522	4,629,092	5,656,545	6,379,289	8,387,576	10,038,631	9,146,991	8,252,193
Insurance & Taxes	877,205	1,006,182	1,008,310	979,640	1,070,083	1,300,443	1,294,605	1,234,903	1,244,852	1,265,600
Other Expenses	3,710,402	2,411,505	1,972,643	3,467,535	2,931,688	3,578,407	4,451,419	4,547,369	4,677,961	4,750,459
Depreciation	1,232,828	1,276,284	1,773,068	2,280,266	2,022,522	2,892,912	3,222,761	3,389,264	3,409,672	3,370,756
Debt Service	11,246,535	11,218,423	10,302,162	10,355,007	10,075,177	11,333,604	14,410,056	13,857,683	13,168,170	12,656,312
Overhead	2,121,323	2,443,501	2,648,491	2,857,945	2,823,692	3,235,733	3,325,818	3,418,621	3,514,241	3,612,779
Total Expenses	\$78,177,192	\$78,061,985	\$51,927,588	\$65,071,117	\$68,614,220	\$90,030,226	\$101,251,788	\$113,044,345	\$114,621,420	\$116,370,709

Revenues less Expenses	Actual	Actual	Actual	Budget	Forecast	Budget				
	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
Total Revenues less Expenses	\$7,081,079	\$1,143,514	\$(16,160,637)	\$(11,366,126)	\$(6,253,249)	\$2,433,932	\$5,867,533	\$11,203,306	\$13,259,269	\$16,674,209

Schedule 2 | Statement of Financial Position (Fund Balance)

	Actual	Actual	Actual	Budget	Forecast	Budget				
Cash Balance	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
Opening Balance	\$(2,128,134)	\$(633,324)	\$1,023,236	\$(27,362,972)	\$(21,317,094)	\$(20,178,791)	\$(29,306,260)	\$(28,729,731)	\$(20,852,358)	\$(10,641,112)
Cash from Operations	19,560,442	13,638,221	(4,085,406)	1,269,147	5,844,450	16,660,448	23,500,350	28,450,253	29,837,110	32,701,278
Debt Service	(11,246,535)	(11,218,423)	(10,302,162)	(10,355,007)	(10,075,177)	(11,333,604)	(14,410,056)	(13,857,683)	(13,168,170)	(12,656,312)
Capital Expenditures	(7,436,733)	(7,480,188)	(4,125,671)	(5,433,157)	(6,488,299)	(10,488,828)	(5,260,911)	(3,422,738)	(3,144,620)	(2,546,559)
Transfers	617,636	6,716,950	(3,827,091)	(1,182,492)	11,857,329	(3,965,484)	(3,252,854)	(3,292,458)	(3,313,074)	(3,317,616)
CASH BALANCE	\$(633,324)	\$1,023,236	\$(21,317,094)	\$(43,064,482)	\$(20,178,791)	\$(29,306,260)	\$(28,729,731)	\$(20,852,358)	\$(10,641,112)	\$3,539,678

	Actual	Actual	Actual	Budget	Forecast	Budget				
Capital Assets	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
Opening Balance	\$16,065,684	\$22,269,589	\$28,473,494	\$35,937,722	\$30,826,096	\$35,291,873	\$42,887,789	\$44,925,939	\$44,959,413	\$44,694,361
Depreciation	(1,232,828)	(1,276,284)	(1,773,068)	(2,280,266)	(2,022,522)	(2,892,912)	(3,222,761)	(3,389,264)	(3,409,672)	(3,370,756)
Capital Expenditures	7,436,733	7,480,188	4,125,671	5,433,157	6,488,299	10,488,828	5,260,911	3,422,738	3,144,620	2,546,559
CAPITAL ASSETS	\$22,269,589	\$28,473,494	\$30,826,096	\$39,090,613	\$35,291,873	\$42,887,789	\$44,925,939	\$44,959,413	\$44,694,361	\$43,870,165

Schedule 3 | Income and Fund Balances By Department

	Actual	Actual	Actual	Budget	Forecast	Budget				
Net Income	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
University Family Housing	\$2,869,358	\$2,500,323	\$1,574,925	\$(117,390)	\$713,374	\$482,938	\$1,142,053	\$1,027,492	\$1,233,053	\$1,998,587
Chestnut Residences	1,181,777	(2,146,936)	(8,044,643)	(3,513,315)	(826,273)	(386,149)	763,101	397,146	1,461,126	2,518,691
Grad House	962,764	909,318	(776,217)	(250,929)	231,180	125,792	(215,912)	(198,631)	1,376,767	1,688,766
Food, Beverage & Campus Events	(1,105,207)	(3,233,406)	(12,365,855)	(7,924,444)	(8,036,095)	(1,450,571)	1,025,007	2,073,220	2,149,905	2,341,988
Transportation	(95,750)	(725,040)	(2,641,966)	(1,900,523)	(2,496,308)	(532,696)	(110,090)	(16,988)	15,620	186,361
Real Estate + 4 Corners	3,326,069	3,966,345	6,141,409	2,438,149	4,154,316	4,283,627	3,333,225	7,985,718	7,081,775	7,992,618
Trademark Licensing	(57,932)	(127,089)	(48,290)	(97,674)	6,556	(89,009)	(69,851)	(64,651)	(58,978)	(52,803)
	\$7,081,079	\$1,143,514	\$(16,160,637)	\$(11,366,126)	\$(6,253,249)	\$2,433,932	\$5,867,533	\$11,203,306	\$13,259,269	\$16,674,209

	Actual	Actual	Actual	Budget	Forecast	Budget				
Cash Balance	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
University Family Housing	\$6,157,442	\$10,004,827	\$10,492,878	\$7,362,994	\$10,438,878	\$8,137,488	\$6,911,614	\$7,667,584	\$8,691,778	\$10,549,214
Chestnut Residences	(7,065,072)	(6,899,206)	(14,918,647)	(19,185,014)	(14,224,258)	(13,824,778)	(12,688,270)	(11,490,182)	(9,375,457)	(6,692,286)
Grad House	3,323,612	3,733,606	3,653,440	1,447,450	3,669,835	2,375,057	1,422,238	1,397,119	1,924,782	3,825,568
Food, Beverage & Campus Events	(5,253,226)	(7,433,852)	(19,764,389)	(28,792,333)	(21,455,975)	(24,641,539)	(24,505,028)	(24,763,538)	(23,463,357)	(21,986,154)
Transportation	2,203,921	385,064	(2,178,585)	(4,720,401)	(4,008,330)	(3,984,230)	(3,222,695)	(2,370,460)	(1,578,237)	(696,793)
Real Estate + 4 Corners	-	1,232,797	1,275,630	982,611	5,219,098	2,487,018	3,226,286	8,594,907	13,055,912	18,439,735
Trademark Licensing	-	-	122,579	(159,789)	181,962	144,723	126,124	112,212	103,466	100,394
	\$(633,324)	\$1,023,236	\$(21,317,094)	\$(43,064,482)	\$(20,178,791)	\$(29,306,260)	\$(28,729,731)	\$(20,852,358)	\$(10,641,112)	\$3,539,678

Schedule 3 | Income and Fund Balances By Department, continued

	Actual	Actual	Actual	Budget	Forecast	Budget				
Capital Assets	F2019	F2020	F2021	F2022	F2022	F2023	F2024	F2025	F2026	F2027
University Family Housing	\$411,287	\$6,139,255	\$7,256,212	\$10,504,082	\$9,048,017	\$12,033,678	\$14,401,606	\$14,673,128	\$14,881,988	\$15,023,138
Chestnut Residences	8,072,844	7,822,186	8,032,633	8,215,776	8,837,604	8,325,209	8,238,190	7,737,184	7,397,477	7,561,261
Grad House	4,284,394	5,318,778	4,637,860	5,975,834	5,031,983	6,475,746	7,236,310	7,086,928	7,960,645	7,773,730
Food, Beverage & Campus Events	2,657,695	2,615,240	4,114,074	4,545,507	4,358,449	5,116,087	4,998,127	6,293,428	6,075,850	5,841,534
Transportation	6,843,368	6,578,035	6,785,317	6,590,221	6,735,832	6,393,589	5,736,518	5,081,848	4,519,797	4,039,268
Real Estate + 4Corners *	-	-	-	3,259,193	1,279,988	4,543,481	4,315,189	4,086,897	3,858,605	3,631,234
Trademark Licensing	-	-	-	-	-	-	-	-	-	-
	\$22,269,589	\$28,473,494	\$30,826,096	\$39,090,613	\$35,291,873	\$42,887,789	\$44,925,939	\$44,959,413	\$44,694,361	\$43,870,165

* value of capital assets for 4Corners still to be determined

Appendix | B

Schedule of 2022-2023 Business Ancillary Rates

Appendix B: Schedule of 2022-2023 Business Ancillary Rates

Residence Services | St. George Campus

	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
Graduate House					
Grad. House Res/month - Single - premium	1,404	1,344	60	4.5	3.0
Grad. House Res/month - Single - regular	1,257	1,203	54	4.5	3.0
Grad. House Res/month - Singles in suite 970	1,115	1,067	48	4.5	3.0
Grad. House Res/month - Singles in suite 670	1,212	1,160	52	4.5	3.0
Grad. House Res/month - Regular Double	961	920	41	4.5	3.0
University Family Housing					
Charles Street Community					
Current Tenants					
Unrenovated Units					
Bachelor	849	824	25	3.0	-
1 bedroom -Average rate	1,095	1,063	32	3.0	-
1 bedroom -Weighted Average rate	1,067	1,036	31	3.0	-
2 bedroom (standard)	1,392	1,351	41	3.0	-
Refreshed Units on Turnover					
Bachelor	952	924	28	3.0	n/a
1 bedroom -Average rate	1,198	1,163	35	3.0	n/a
1 bedroom -Weighted Average rate	1,170	1,136	34	3.0	n/a
2 bedroom (standard)	1,495	1,451	44	3.0	n/a
Upgraded/ Renovated Units					
Bachelor	1,168	1,134	34	3.0	n/a
1 bedroom -Average rate	1,414	1,373	41	3.0	n/a
1 bedroom -Weighted Average rate	1,386	1,346	40	3.0	n/a
2 bedroom (standard)	1,711	1,661	50	3.0	n/a

Residence Services | St. George Campus, continued

	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
University Family Housing (continued)					
Charles Street Community					
New Tenants as at September 2022					
Refreshed Units on Turnover					
Bachelor	970	924	46	5.0	n/a
1 bedroom -Average rate	1,221	1,163	58	5.0	n/a
1 bedroom -Weighted Average rate	1,193	1,136	57	5.0	n/a
2 bedroom (standard)	1,524	1,451	73	5.0	n/a
Upgraded/ Renovated Units					
Bachelor	1,191	1,134	57	5.0	n/a
1 bedroom -Average rate	1,442	1,373	69	5.0	n/a
1 bedroom -Weighted Average rate	1,413	1,346	67	5.0	n/a
2 bedroom (standard)	1,744	1,661	83	5.0	n/a
Huron Sussex Neighbourhood					
Student Housing - Unit Rates					
1 Bedroom Units (Average)	1,799	1,747	52	3.0	-
Laneway Houses (Average)	2,138	2,075	63	3.0	-

Residence Services | St. George Campus, continued

	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
Chestnut Residence					
Single	15,748	15,289	459	3.0	5.0
Super Single	17,323	-	-	-	-
Double	12,722	12,116	606	5.0	5.0
Summer Rates per month					
Single	1,667	1,588	79	5.0	5.0
Double	1,285	1,224	61	5.0	5.0
Summer Rates full summer					
Single	5,193	4,946	247	5.0	5.0
Double	3,190	3,038	152	5.0	5.0
Summer Rates full summer with discount					
Single	4,414	4,204	210	5.0	5.0
Double	2,713	2,584	129	5.0	5.0

Transportation Services | St. George Campus

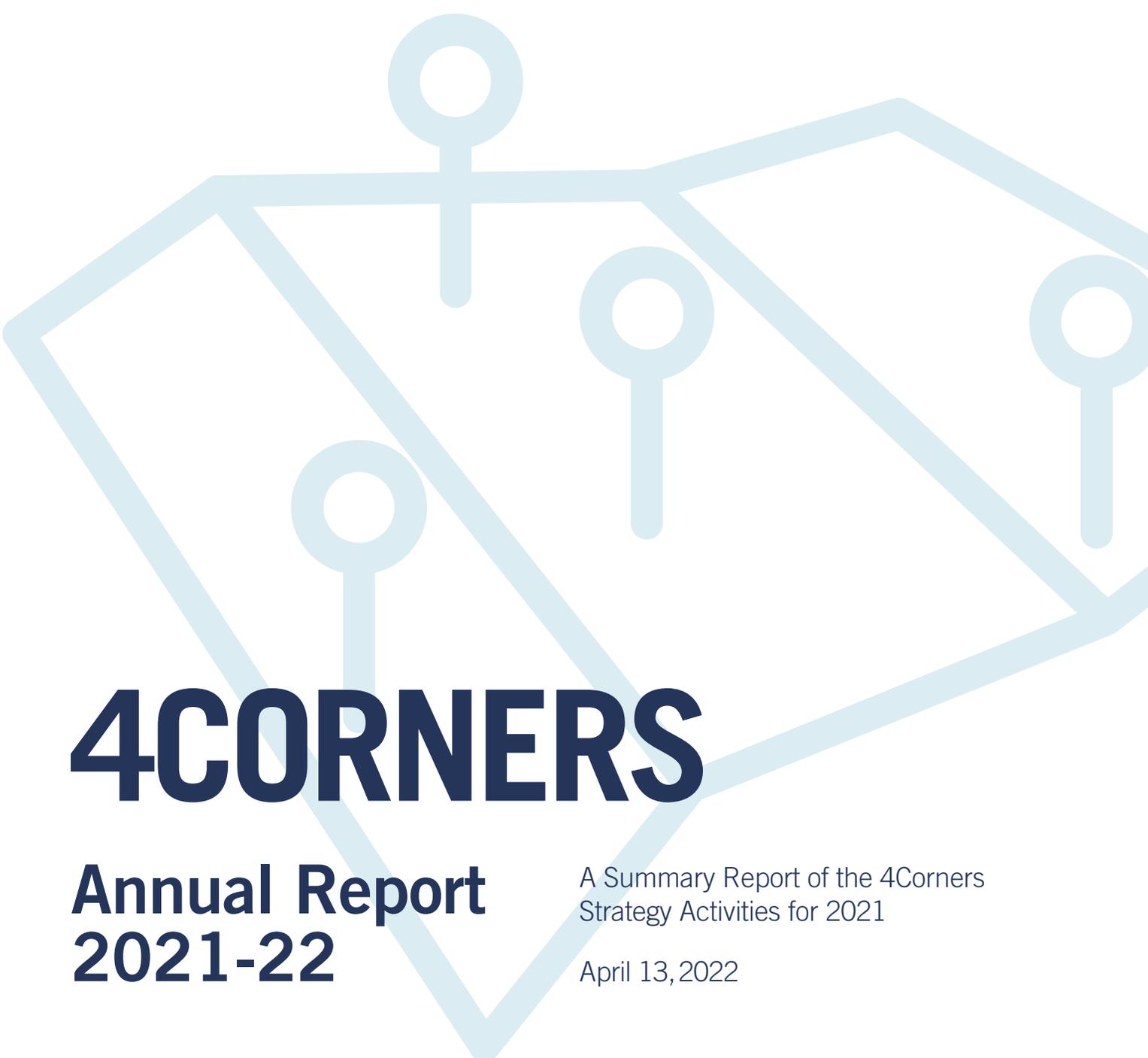
	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
Permit					
Faculty of Education	155	150	5	3.0	3.4
School of Continuing Ed. (158 St. George St.)	345	325	20	6.0	1.6
42 Harbord Street	155	150	5	3.0	3.4
Graduate Garage (Lot N)	175	165	10	6.0	3.1
OISE Garage (Lot I)	165	165	-	-	3.1
Bedford Rd. (Lot M)	225	210	15	7.0	2.4
St. George Garage (Lot P)	195	190	5	3.0	2.7
Faculty of Law	250	250	-	-	2.0
BCIT (Lot C)	210	210	-	-	2.4
McLennan Physics (reserved)	275	260	15	6.0	2.0
McLennan Physics (Lot B)	210	210	-	-	2.4
E/S Hart House Circle (Lot U)	210	200	10	5.0	2.6
Triangle	-	270	-	-	1.9
Front Campus (KCC & HHC) (Lot R)	275	255	20	8.0	2.0
Landmark Garage	275	-	-	-	-
Landmark Garage - 24 HR Reserved	340	-	-	-	-
Lot A Garage (55 St. George St.)	325	320	5	2.0	-
Galbraith Rd.	280	270	10	4.0	1.9
200 College St.(Rear)/I.S.C.	280	270	10	4.0	1.9
Tower Road - Unreserved	-	150	-	-	3.4
Tower Road - Reserved	-	270	-	-	1.9
256 McCaul Street - Reserved	270	270	-	-	1.9
155 College Street - Garage	298	298	-	-	2.8
155 College Street - Surface	270	270	-	-	1.9
100 College St. (Banting)	155	150	5	3.0	3.4
88 College St. (Women's college)	-	-	-	-	-
Dentistry - Garage	260	250	10	4.0	2.0
Dentistry - Surface	235	230	5	2.0	2.2
6 King's College Road (Lot O)	280	270	10	4.0	1.9
167 College St.	-	-	-	-	-
730 Yonge St. Garage	-	-	-	-	-

Transportation Services | St. George Campus, continued

	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
Permit Misc					
Commercial monthly	305	290	15	5.0	1.8
Commercial weekly	98	92	6	7.0	2.2
After 4pm parking	82	82	-	-	2.5
Summer Conference monthly	250	250	-	-	2.0
Summer Conference weekly	92	92	-	-	2.2
UTM/UTSC designated lot - No longer offered	65	65	-	-	8.3
UTM/UTSC hunting permit - No longer offered	95	95	-	-	5.6
24-Hour Reserve	340	325	15	5.0	-
24-Hour Reserve (Lot A Garage)	360	350	10	3.0	2.9
24-Hour Reserve (256 McCaul)	340	325	15	5.0	1.6
Z-Permit (unrestricted)	280	270	10	4.0	1.9
Motorcycle	40	40	-	-	5.3
Charles Street Community	-	100	-	-	4.2

Food & Beverage Services | St. George Campus

	2022/2023	2021/22	Increase	Increase	Prior Year's Increase
	\$	\$	\$	%	%
New College, Chestnut, Knox College					
Plan A (F2022 includes \$100 Tbucks/Flex)	5665	5500	165	3.0	6.8
Plan B (F2022 includes \$100 Tbucks/Flex)	5870	5725	145	3.0	-
Plan C (F2022 includes \$100 Tbucks/Flex)	6195	6075	120	2.0	4.8
Plan D (F2022 includes \$100 Tbucks/Flex)	6680	6550	130	2.0	-
245 College Meal Plans (declining balance program)					
Light Plan (includes \$50 flex)	5860	5690	170	3.0	6.8
Average Plan (includes \$50 flex)	6115	5935	180	3.0	6.8
Hearty Plan (includes \$50 flex)	6335	6150	185	3.0	6.8



4CORNERS

Annual Report 2021-22

A Summary Report of the 4Corners
Strategy Activities for 2021

April 13, 2022



UNIVERSITY OF
TORONTO

REAL ESTATE



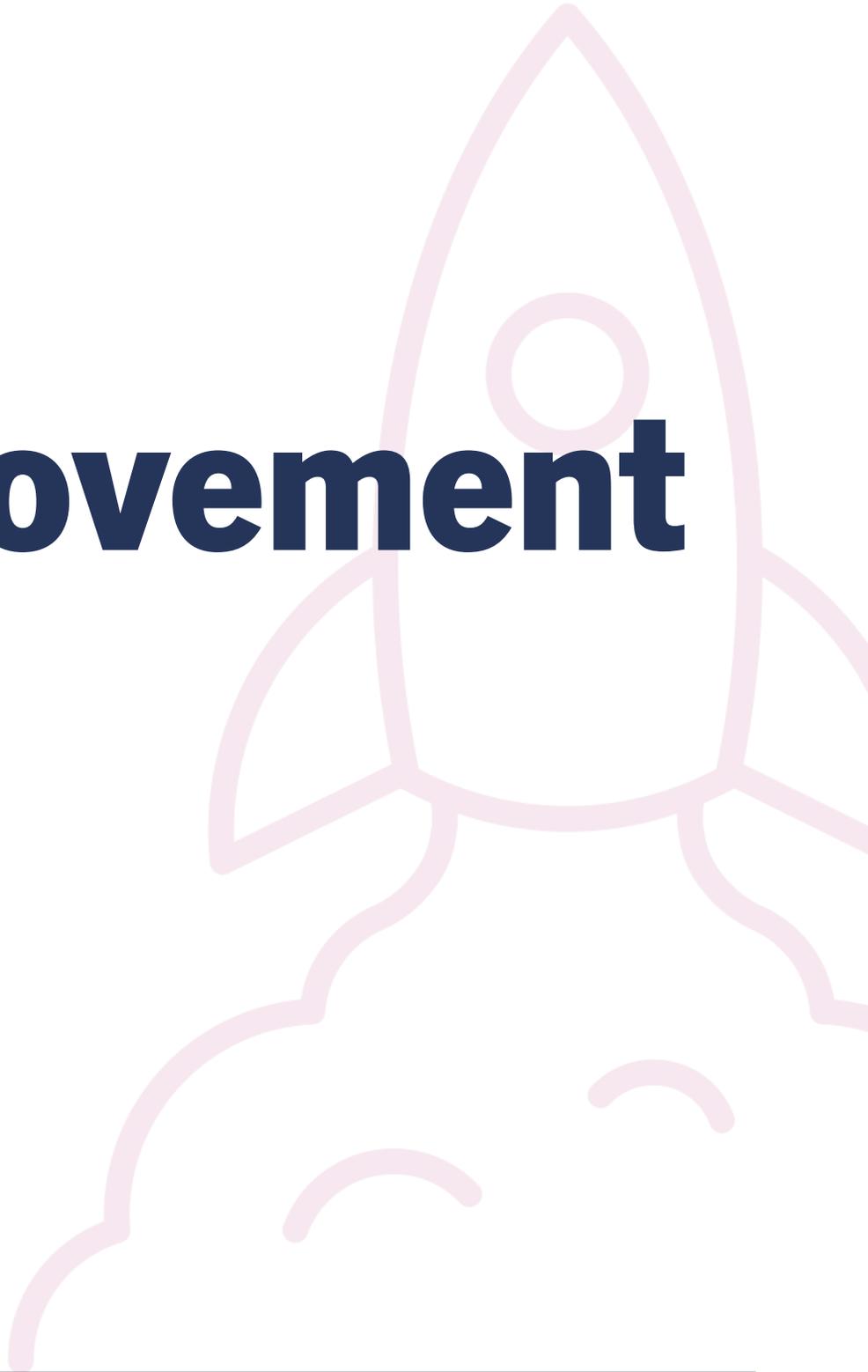
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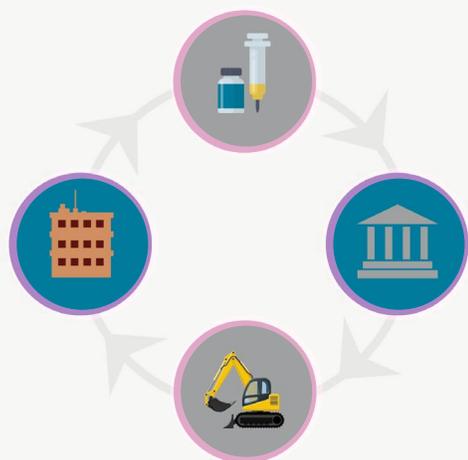
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1 | Movement



Risk



COVID-19 PANDEMIC

Vaccine efficacy, fluctuating pandemic waves & restrictions, gradual return to on-campus life.

ECONOMIC CLIMATE & INFLATION

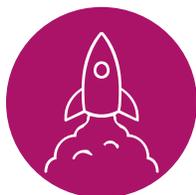
Halted economic activity, recurring lockdowns, rapidly rising inflation costs.

RISING COSTS OF CONSTRUCTION & REAL ESTATE

Construction delays, cost overruns, labour & material shortages, supply chain issues, inflation costs

DEFERRED MAINTENANCE

Portfolio continuing deficit due to severe 2020 & 2021 losses. Effects on planned deferred maintenance projects.



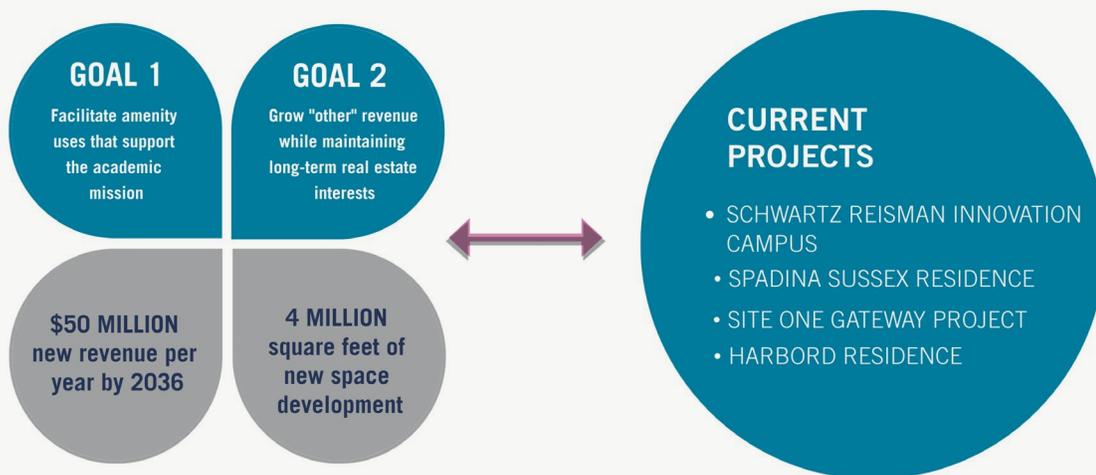
Movement

For a world economy that is increasingly dependent on the seamless movement of goods, people, and ideas, it was uplifting to see that in 2021, the world got back again to what it does best: moving.

Vaccines were manufactured and distributed across the globe at an unprecedented rate. Countries began opening their doors back up to tourists. Businesses found creative ways to survive by pivoting to online delivery and sales, while the second and third waves of the pandemic radiated around the world.

Nevertheless, many negative economic impacts emerged as the world attempted to move on. Labour shortages and supply chain disruptions affected almost every industry in the country. Inflation and increasingly volatile capital markets continue to change the investment landscape in real time. For the Canadian real estate industry specifically, this has meant rising construction costs beyond already high pre-pandemic levels. Pre-covid construction projects typically calculated a 3-5% in construction cost inflation in a development pro forma, and now, most projects currently carry a cost inflation of *1% per month*.

4Corners: Developing a New Source of Revenue



The movements in the market had very real implications on some of the University’s 4Corners projects. For example, the Spadina/Sussex Student Residence, a 508 bed, 23 story undergraduate residence, had initial mechanical and electrical tenders with two to four times the budgeted amounts. This required the team to cancel and retender altogether after some necessary value engineering. New Harbord Residence, the 188 bed, 9 story graduate residence just recently approved by Governing Council, required several months of value engineering to reduce the budget by more than 10% to ensure the business case still made economic sense.

While costs rose, labour shortages and higher COVID-19 transmission rates associated with Omicron plagued construction sites, causing significant delays. During the height of Omicron’s latest wave, Schwartz Reisman West, the 250,000

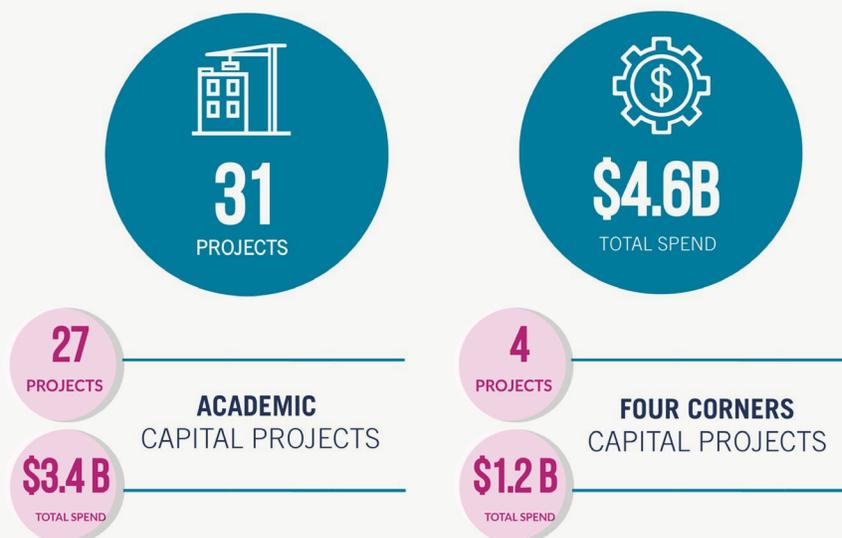
SF building dedicated to AI excellence, only had 20% of the expected labour on site, resulting in an additional 3-month project delay.

730 Yonge, the University’s retail renovation project, is also expected to be delayed by approximately 6 months due to material and labour shortages, among other factors. Impacts on 730 Yonge are especially concerning for 4Corners, because the strategy depends on the use of the initial rental cash flow as seed capital for future major capital projects. Some storefronts must remain vacant during renovation, and new and existing tenants are patiently waiting each month to occupy their newly renovated space at increased rents.

While challenging, these headwinds have reinforced the importance of many core principles of the 4Corners strategy. As part of the double-bottom line goals, every project must be heavily scrutinized to ensure value for money in addition to achieving mission-

Tri-Campus Capital Projects & Planned Investments

5 year projection*



*27 academic properties across all three campuses

driven objectives. This means that only the projects which the University feels confident make economic sense, even in this volatile market, are put forward for consideration by University governance. This ensures that the 4Corners strategy only undertakes projects with the highest economic value that will address the most critical needs, such as university housing.

The 4Corners strategy also prioritizes real estate development partnerships that allow the University to share capital, risk and identify best practices during design and construction to guarantee budgets and schedules are kept in line. Lastly, 4Corners projects leverage prime geographic positions on the campus peripheries, allowing the broader community to benefit from its amenities in addition to the University's students, faculty, and staff.

While there was a negative hit on planned construction expenses with increased upfront costs and timing, there are data to suggest the demand side of the equation is

balancing again. As the economy begins its slow recovery, residential rents are increasing by almost 15% year over year and hovering closer to pre-covid levels. Office absorption is positive for Class A buildings downtown, which indicates a drive for quality. Class A space within the downtown Toronto submarket has generally performed well, as these buildings tend to be newer and offer better amenities, and include the health and safety features that tenants are now demanding. Net absorption in this segment of the market has surpassed 2 million square feet in the last two quarters. This reflects the "Flight to Quality" phenomenon that has largely characterized office real estate since the onset of the pandemic, as much of the distress has been concentrated in lower quality buildings that do not offer modern amenities.

Major capital raises by tech and life science companies are driving demand for innovation spaces, such as the Schwartz Reisman Innovation Campus. Even retail rents and leasing activity are slowly coming back with foot

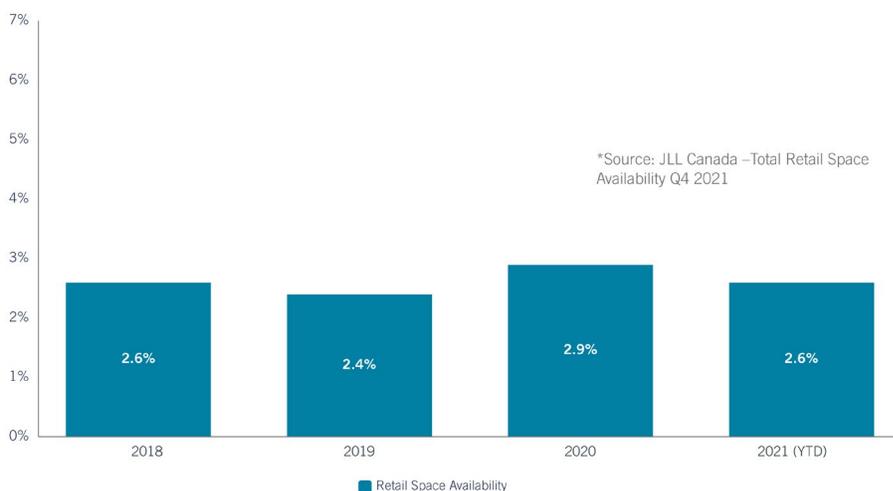
traffic. Despite a severe third wave of the pandemic, overall retail leasing activity in Toronto rose by 21% in the first half of 2021 compared with 2020. Neighbourhood centres anchored by essential retail shops have seen increased interest across the GTA. Net effective rents have moderately rebounded in 2021, demonstrating that rent collections have improved. Asking rents are forecasted to trend upwards as the retail sector continues to recover.

The University has entered into a number of new retail leases with tenants who understand the value in co-locating next to a large and diverse University community.

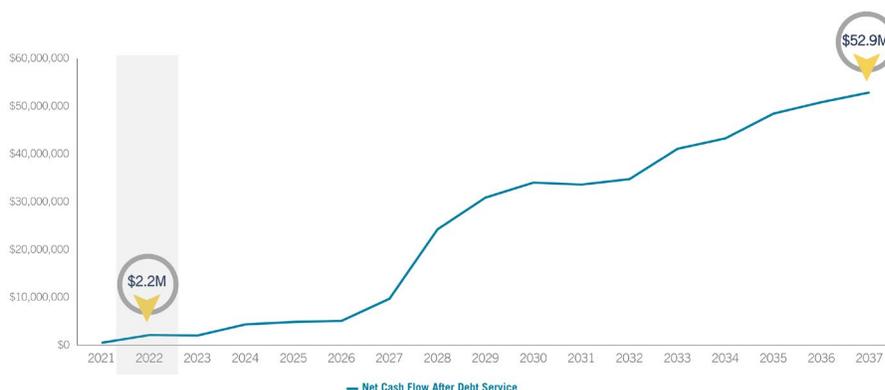
Fortunately, existing retail tenants have found a way to cover most of their rental costs. Net operating income for the Real Estate Department for the current year is forecasted to be \$600K by April 30th, 2022, contrary to the budgeted loss of \$184K.

The University continues to use the net income from UDCS operations as seed capital to fund development studies like environmental reviews, surveys, and market studies. This seed capital allows the portfolio to grow from earning \$2.2M in annual net cash flow to \$30M over the next 15 years - a factor of almost 25 times.

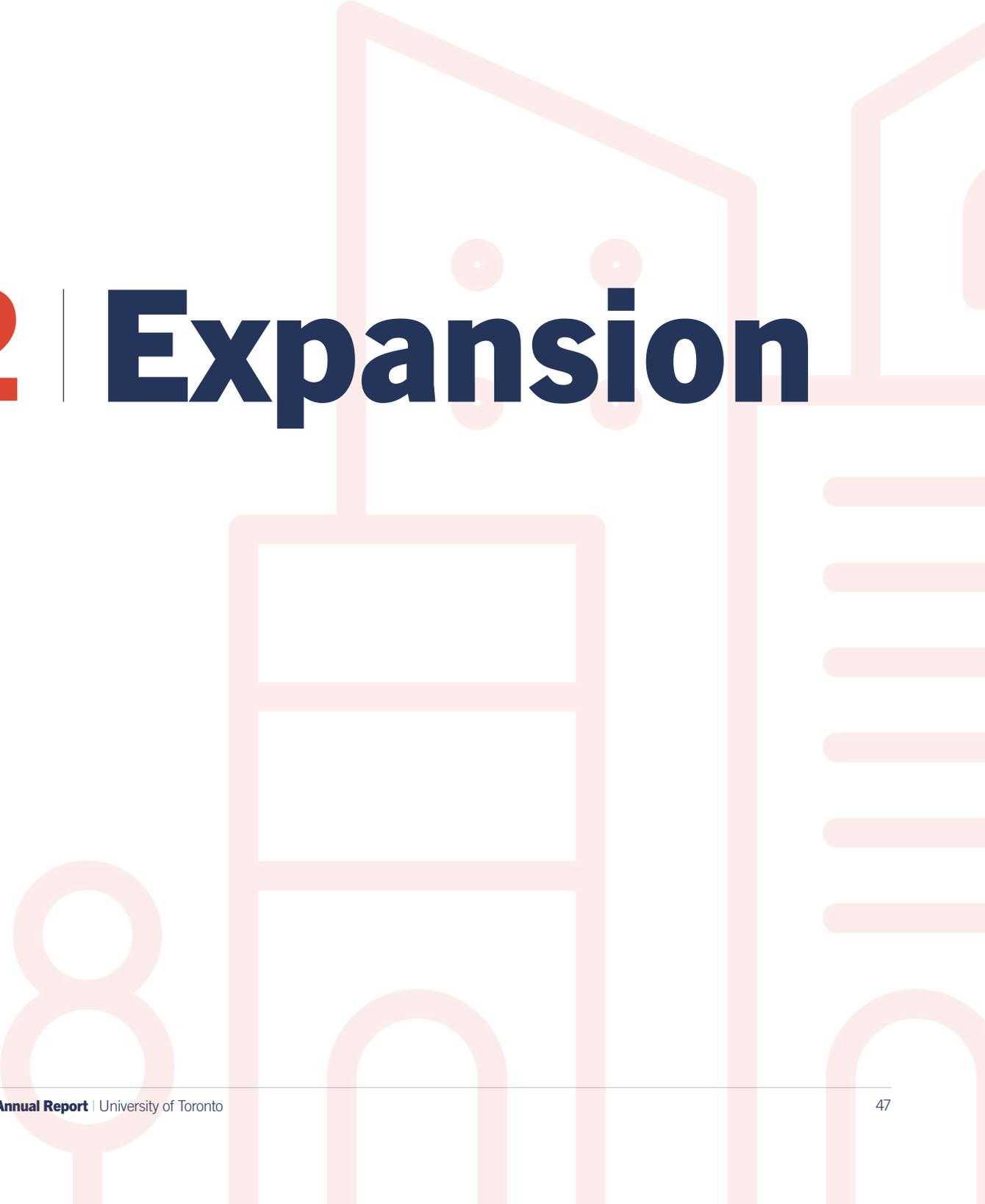
As a result of increased business and new projects, the Real Estate team continues to expand, adding two new team members to provide accounting and financial analysis expertise to the portfolio. These resources enable the University to ensure that 4Corners is accurately accounted for as it grows from a start up to a thriving component of this key business ancillary. It also guarantees the monitoring of real time movements in the real estate market and additional factors such as construction cost escalation, construction timing, rental rate growth, and even funding assumptions like cost of debt financing and/or availability of philanthropic sources.



Total Retail Space Availability



Annual Cash Flow After Debt Service
15-year projection, including income contributions from existing operations and income from projects



2 | Expansion



Knox College



Expansion

While the team focused intently on the movements in the market, it also expanded the 4Corners strategic considerations beyond capital projects within the university community.

The Real Estate team assisted with financial underwriting and legal negotiation for a major sustainability initiative with the Facilities and Services division called Project 50, which aims to reduce the University's carbon footprint by approximately 50% through converting older heating/cooling systems into electric systems. This project also depends on third-party financing, which has striking parallels to many of the other 4Corners projects.

The team also worked closely with the Office of the Vice-President, Research and Innovation to evaluate opportunities for a new biomanufacturing facility off-campus in Mississauga, which could provide much needed teaching lab and workforce development space for the life sciences ecosystem at the University. If the University receives Federal funding, this office to life science lab conversion project could add more than 50,000 square feet of teaching and research space for the life sciences at the University of Toronto.



UTM Campus Master Plan

Over the last fiscal year, multiple acquisitions were made, and the Real Estate team leveraged existing connections to acquire four off-market properties along College Street, a small single-family residence on the St. George campus at 100 bpNichol Lane and were able to reach an agreement with Knox College to acquire properties at 59 and 63 St. George Street.

The College Street acquisition will form part of a future development of existing university-owned properties at the corner of McCaul, while also generating some minor holding income from existing commercial tenants. The Knox acquisition will provide much-needed expansion space for Simcoe Hall, as well as graduate residence rooms and divisional office space, while preserving Knox College's presence on campus. The team also negotiated preferential rates for almost 1000 hotel rooms for the student quarantine program and overflow in conjunction with the Provost's office. Consistent with the 4Corners mandate, Real Estate continues to lend its financial underwriting and negotiation skills to meaningfully contribute to the University mission by expanding its boundaries.

At the University of Toronto Mississauga (UTM), the Real Estate team assisted in reviewing the latest UTM Master Plan to identify potential sites for

4Corners projects. Now that planning is complete, a specifically catered 4Corners strategy is planned to be developed for the campus. UTM is also considering building a new student residence. Real Estate will assist with the evaluation of the proposed project's financial performance and will communicate lessons learned from the Spadina/Sussex Student Residence, Harbord Residence, and the UTSC Student Residence projects. The Real Estate team is also working with two graduate students from UTM on a capstone project which is focused on identifying job density uses for a future 4Corners site at Dufferin and Steeles. The team continually looks to integrate student learning experiences into real planning and development questions.

At UTSC, the team continues to play a key role negotiating documentation with real estate partner Fengage on the UTSC Student Residence. The project, which will provide 750 beds is well under construction and is anticipated to open Fall 2023. With some activity back on campus, the team also looks forward to developing a 4Corners strategy curated to specifically address specific campus needs. The strategy will consider the existing master plan, proposed Secondary Plan and design guidelines as well as other planning precedents in the neighbourhood.

Externally, the team continues to apply 4Corners thinking to the “Nucleus”, a 50,000 SF co-working space, developed in close partnership with MaRS in the Waterfront Innovation Centre. Although it is considered an academic project that does not aim to earn a profit, the team has provided pro forma analysis to ensure there’s still a strong business case, marketing, design, and construction plans, along with leasing expertise for the project as it nears the end of construction with an anticipated occupancy date in Spring 2022.

The team continues to work closely with MaRS and UHN on applying 4Corners thinking to better establish an emerging life sciences cluster in the innovation district surrounding College and University. This initiative would bring public and private stakeholders together to identify a robust pipeline of new supply and clear value propositions for scaling companies to stay in the City of Toronto.



The “Nucleus”, Waterfront Innovation Centre



3 | Growth



Schwartz Reisman Innovation Campus



Growth

The 4Corners strategy experienced tremendous growth in its active project portfolio over the last year.

The University released two competitive processes to identify development partners for the Schwartz Reisman East Tower (SR East), which will serve as the life sciences building across the street from MaRS, and Site 1: The Gateway project, a proposed two-tower university housing project on the southwest corner of Bloor Street and Spadina Avenue.

SR East is proposed to provide approximately 400K SF of life sciences development, focused on providing high quality wet lab space and supportive programming. The building will create a vibrant ecosystem which will foster cutting edge bioscience, regenerative medicine, and related field scientific research. The building will be designed to seamlessly connect to the West tower completing the Schwartz Reisman Innovation Campus. Selection of the partner organization is expected to be made in Summer 2022.

Site 1: The Gateway is currently anticipated to be a 2-tower development project, featuring university housing



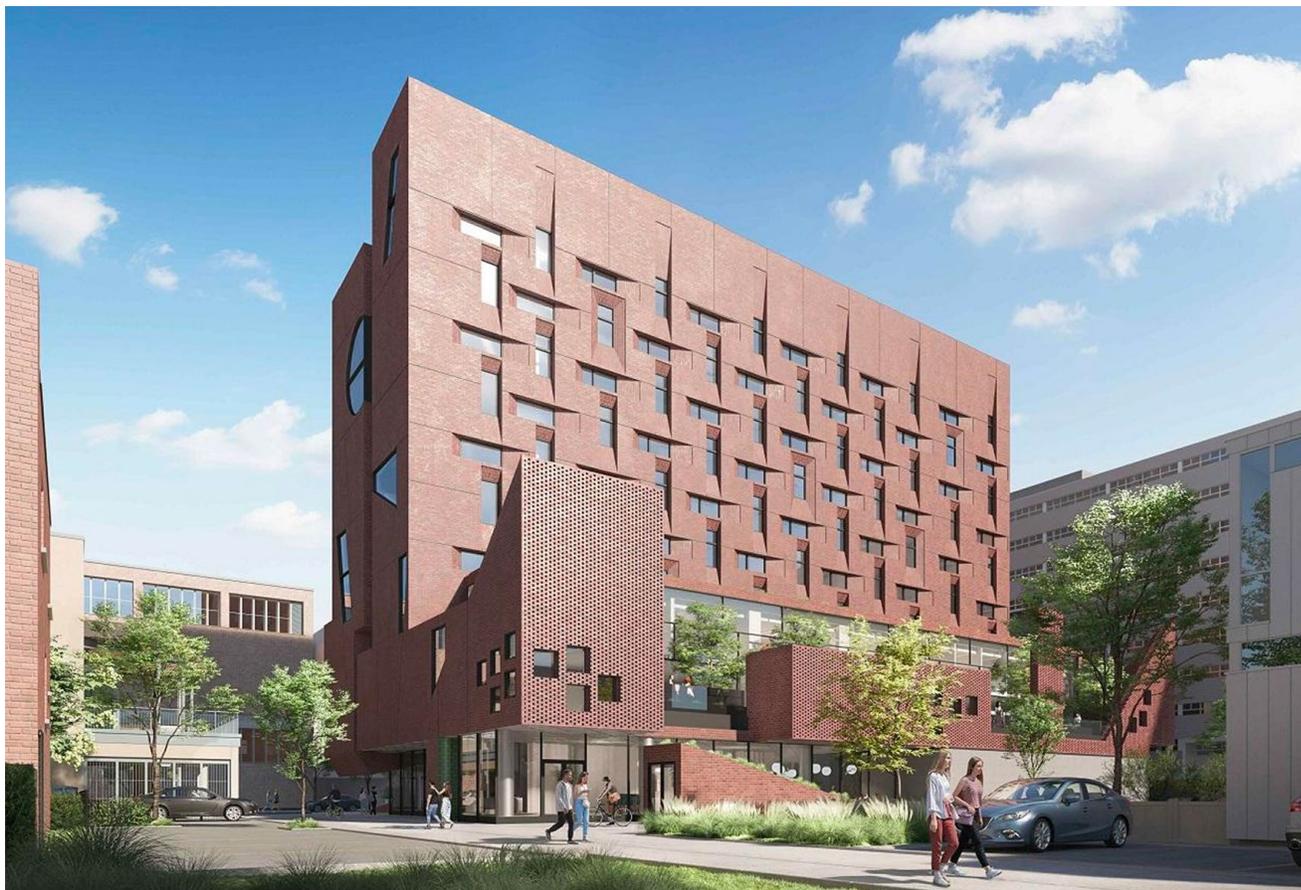
Schwartz Reisman Innovation Campus

units for use by faculty, staff, and student families with a curated mix of residential amenity, and complementary retail and academic space within the podium. Site 1: The Gateway represents the largest and most prestigious student family and faculty housing development of its kind in Canada and will help the University of Toronto address its ever-growing demand for student family and faculty housing. Selection of the partner organization is also expected to be completed in Summer of 2022.

Combined, these two projects will provide more than 1.5 million square feet of much needed academic, innovation, residential and amenity space and will represent an exciting next tranche of development for the portfolio, delivered in partnership with University Planning, Design and Construction (UPDC).



Site 1: Gateway



Harbord Residence. Rendering: Architects Alliance

Another new project which was approved by Governing Council this year, was the Harbord Residence project, which will add just under 200 units of graduate housing to the St. George campus. The building will include a mix of standard rooms and ‘scholar suites’ with private bathrooms and kitchenettes. Architects Alliance and LA-based architect Michael Maltzan designed the building as a mid-rise project with a vision for the building to integrate seamlessly into the Huron/Sussex neighbourhood and physically connect to the existing Graduate House residence. The project will boast a number of amenities, including a food market, café, event space, study spaces, green space, on-site laundry facilities, music room and more. The ground-breaking is scheduled for Summer 2022, with project completion anticipated in September 2024.

The 4Corners strategy is considering ideas within the Huron Sussex neighbourhood to gradually add further infill housing where appropriate. The Huron Sussex

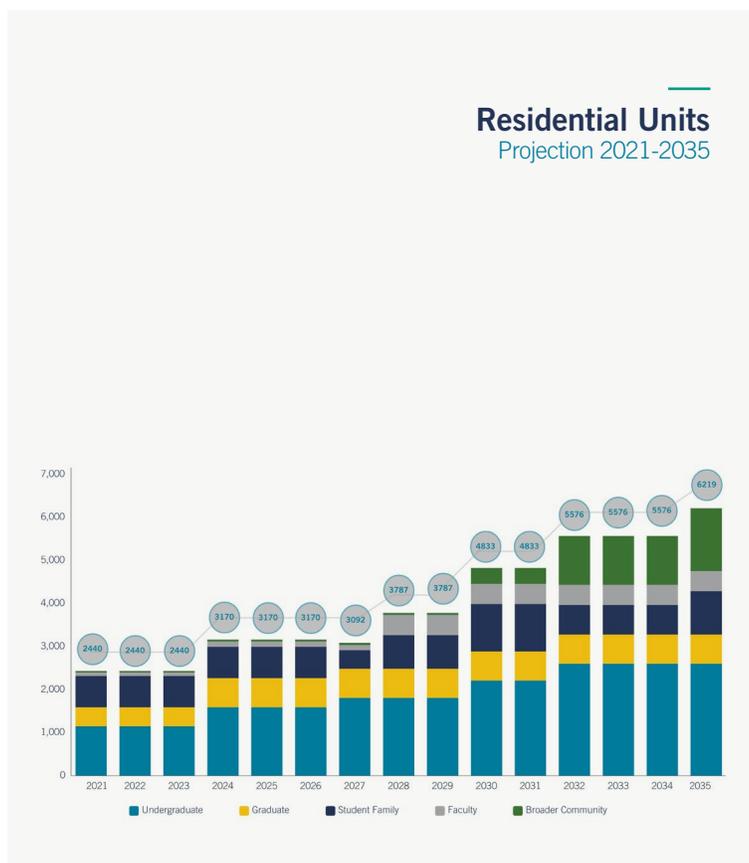
Infill project – developed as an initiative from the Huron Sussex Neighbourhood Plan - will slowly create growing demand for student family and faculty housing opportunities in the Huron Sussex neighbourhood and allow for gentle intensification opportunities and long-term growth through sustainable and cost-effective infill development. The conversation around this plan is being led by the University Planning department and begun with an in-depth analysis of the Laneway Pilot Project which helped identify lessons learned and potential opportunities in this neighbourhood. This project will offer a range of housing options for University faculty and staff including leasing and ownership options. It will also increase an already vibrant single family housing community. The diverse housing offerings of the Huron Sussex Infill project will address the immediate and growing demand for student, student family, and faculty housing, while guiding the efficient use of real estate owned by the University.



Spadina Sussex Ground-breaking Ceremony. Photo: Lisa Sakulensky

In December 2021, the ground-breaking of the Spadina/Sussex Student Residence was held, with President Gertler, Chancellor Rose Patten, Mitch Cohen of the Daniels Corporation, and other distinguished guests in attendance. The completion of this project will increase the portfolio holdings by adding more than 500 units of student housing to the St. George campus, as well as a handful of stacked townhouses earmarked for faculty. This is a meaningful contribution to the overall goal of adding almost 4,000 units of university housing over the next 15 years, combining for more than 6,200 units by 2035.

Above ground construction on Schwartz Reisman West is well underway, with beautiful pre-fabricated panels working their way up in time for a Spring 2023 opening date. With the addition of exciting new AI partnerships at the Schwartz Reisman West Tower, the ecosystem currently buttressed by Vector, Schwartz Reisman Institute of Technology and Society, and University of Toronto Entrepreneurship will continue to expand.





Schwartz Reisman Innovation Campus

Summary

Despite major market movements in both positive and negative directions, the 4Corners strategy made tremendous strides in growing its portfolio and looking beyond capital projects to make an impact at the University.

With major shifts in the Canadian economy, it is important now more than ever that we apply double-bottom line thinking at the University of Toronto.

From sustainability to student residences, to innovation space and other highly needed amenities, the 4Corners strategy continues to find the right balance between contributing to the University's academic mission while maintaining a strong business acumen.