
Investment and Economic Prosperity Committee Meeting

June 24, 2013

KILMER BROWNFIELD EQUITY FUND L.P.



- **First Canadian brownfield equity fund with both institutional and private investors.**
- **Pairing of equity capital with experienced management to unlock the value in Brownfield opportunities.**
- **Fund investment sweet spot of \$5 to \$15 million in land, planning and site restoration costs.**
- **Provide environmental liability solutions to knowledgeable vendors.**
- **Established strategic partnerships to enhance the mandate for Brownfield investments.**
- **Proven track record in real estate market since 2006 and creation of a second fund in 2013.**



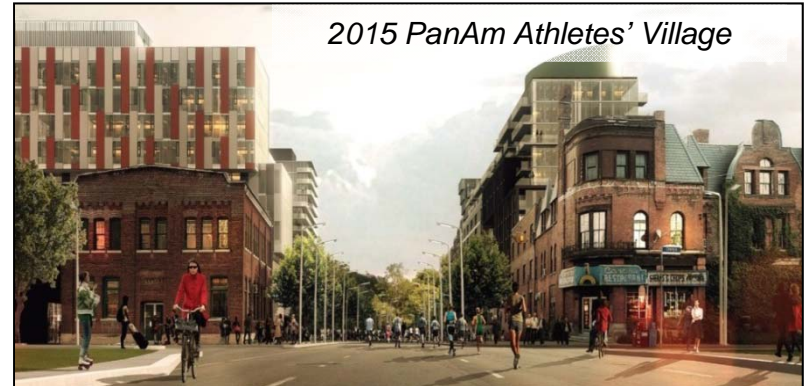
Experienced City-Builders Spanning Four Generations (KVN)

- **Historical experience in the London community**

- Towland Construction
- London Steel

- **Today**

- Kilmer Fund and collaborative partnerships:
 - Other developers & builders (*ie. Fusion Homes*)
 - P3 Projects



- 2015 PanAm Athletes' Village
- 400-Series Highway Service Stations (*ie. Woodstock & Ingersoll*)

**Partnerships
with EllisDon
and
Infrastructure
Ontario**

Understanding “Brownfields”



- **Former industrial or commercial sites in established locations with existing infrastructure.**
- **Environmental liabilities impacting value of site.**
- **Unclear site management practices associated with historical land uses.**
- **Site restoration both technically challenging and costly.**
- **Stigma and liability concerns**
- **Neighbourhood sensitivities**

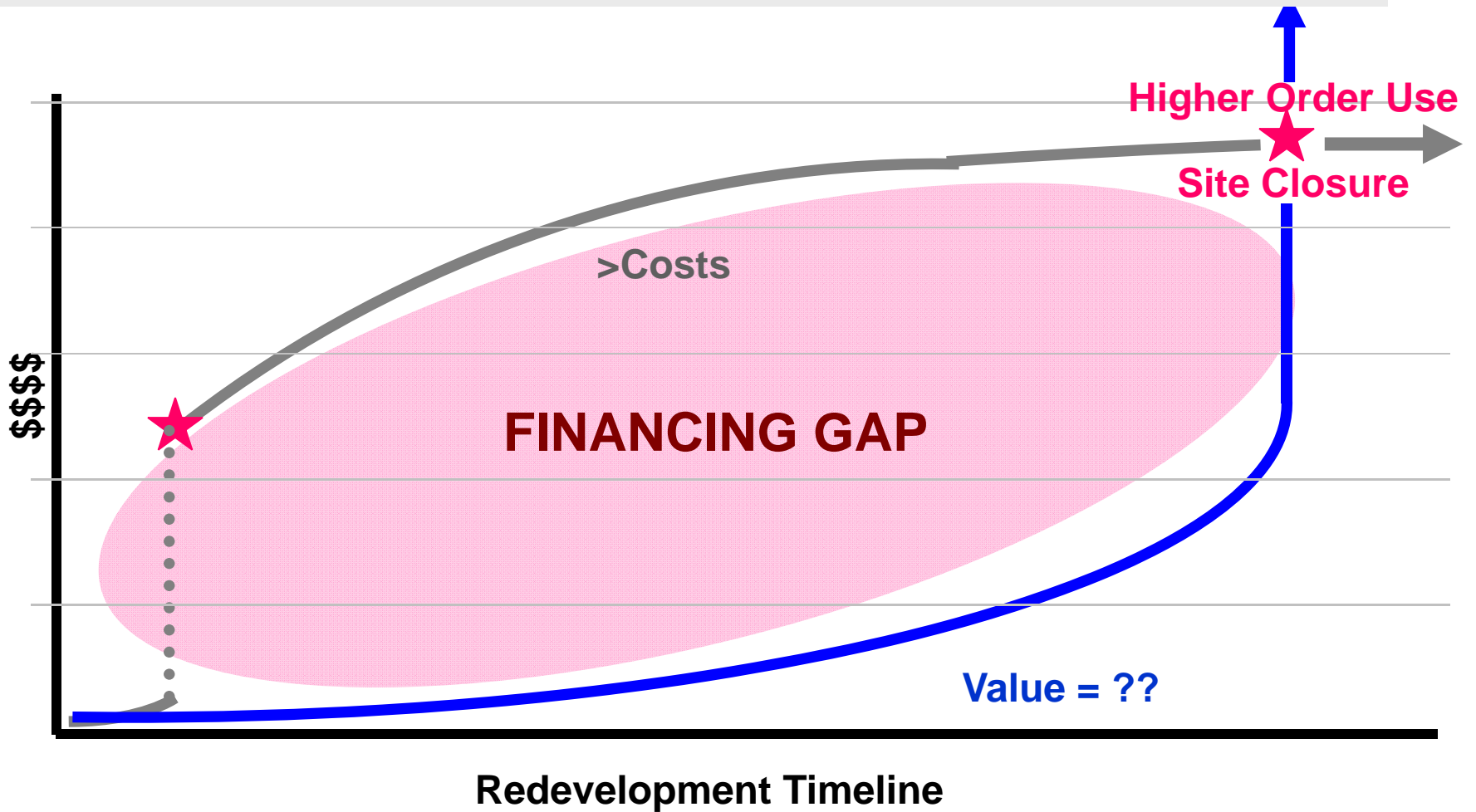
**National Roundtable on the Environment and Economy (2003) Estimated
30,000 to 50,000 Brownfield Sites in Canada**

Brownfield Redevelopment:

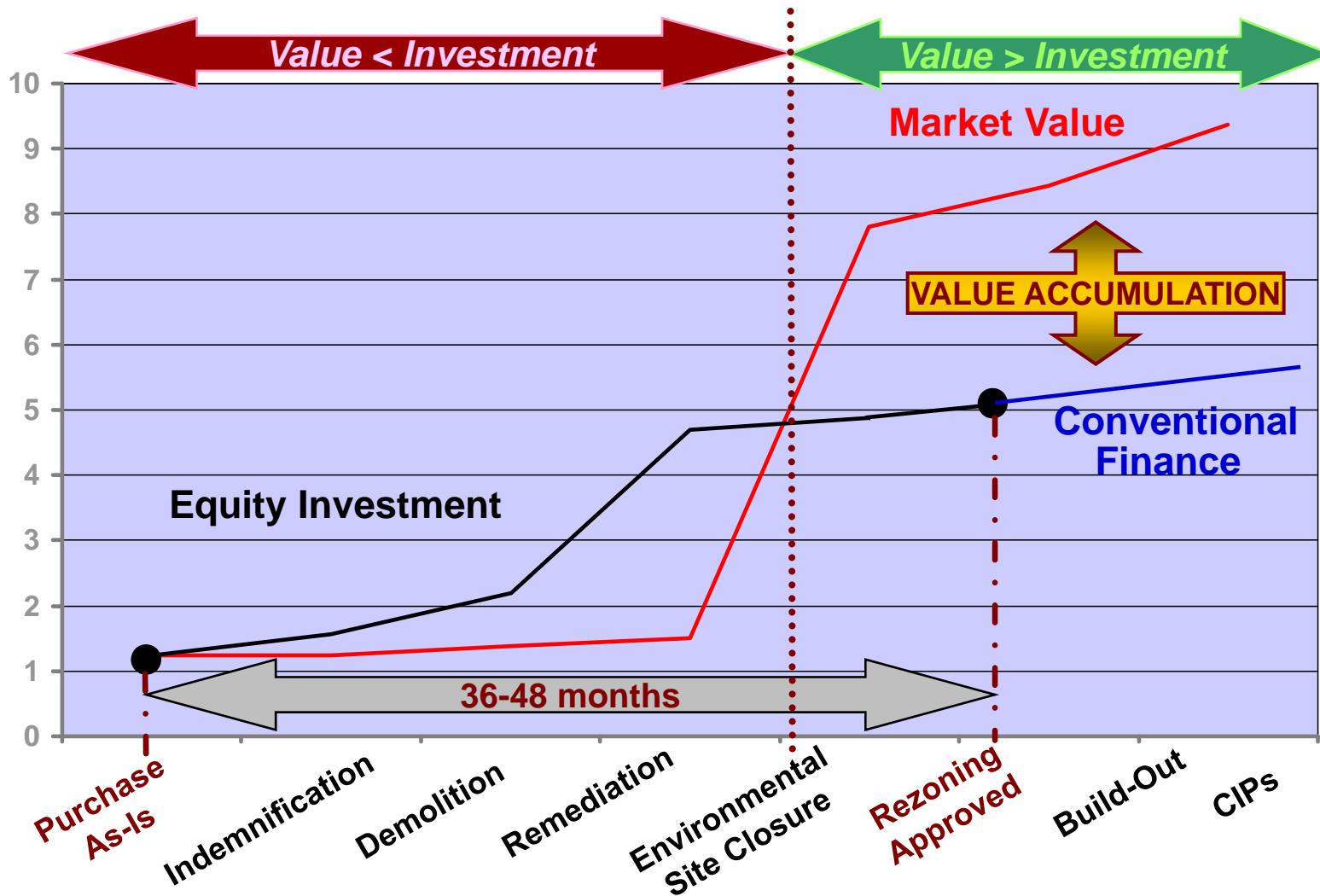
- Supports principles of *Smart Growth*;
- Protects valuable green spaces and agricultural lands;
- Supports local economies and promotes urban intensification and regeneration;
- Encourages efficient reuse of lands, buildings and infrastructure;
- Supports viability of public transit corridors; and
- Improves soil and ground water quality.



The Problem: Brownfields Cannot be Valued on a Cost Basis



KILMER BROWNFIELD EQUITY FUND L.P. *Cost - Value Creation Relationship*



Financial Perspective

Urban Infill Planning Considerations

- **Neighbours' concerns/public dialogue**
- **Compatibility with adjacent land uses**
 - MOE Guidelines
- **Site servicing**
 - Size, location and condition
- **New built form**
 - Building height, massing and uses
- **Community Improvement Plan**
 - Timing of applications
 - Public process & information sharing
 - Incentive implementation



Remedial Approach and Site Management

- Risk assessment and clean-up standard selection based on site development strategy.
- Demolition, on-site material segregation, treatment and re-use.
- Contaminant source removal and supplemental ground water treatment and mitigation.
- Site monitoring and risk management considerations.
- Regulatory site closure documentation completed by Qualified Consultant.



Integrating Site Development Considerations

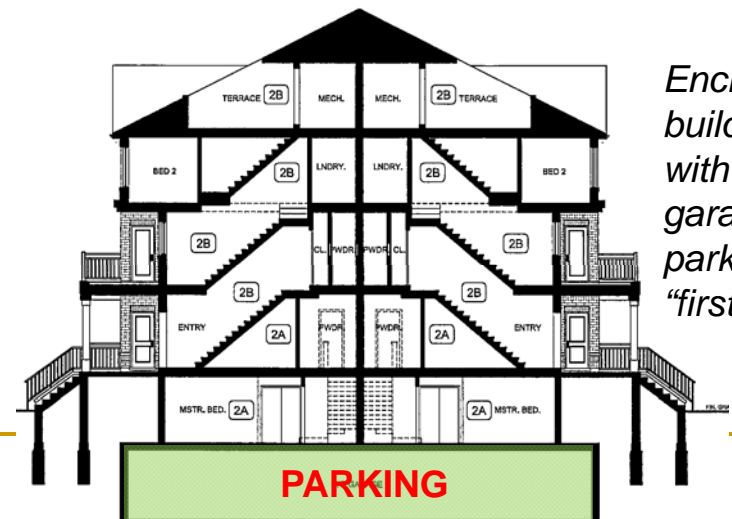
- **Land uses**
 - Less-sensitive uses at-grade
- **Built Form**
 - Underground parking vs. slab-on-grade
- **Surface materials**
 - Hard caps (asphalt/concrete) vs. soft caps (landscaping)
- **Cut/fill and associated soil management**
- **Condominium, conveyance to City or freehold**



Soft and Hard Surface Caps



Retail at-grade, residential above



Enclosed buildings with storage garage/parking as "first use"

Kilmer Brownfield Project Experience

- **Mid-Rise Mixed-Use Redevelopment, 12 acres (Toronto)**

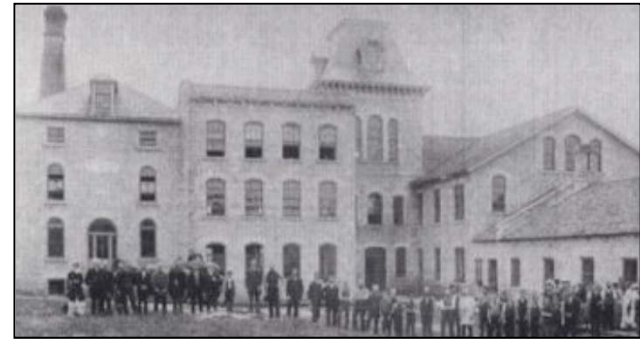


• **Land Value = \$24 million**

• **Market Value = \$200 million**

Kilmer Brownfield Project Experience

- **Redevelopment of Former Historical Foundry, 9 acres (Guelph)**



• **Land Value = \$11 million**

• **Market Value = \$230 million**

Kilmer Brownfield Project Experience

- **Mid-Rise Residential Redevelopment, 11 acres (Montreal)**



• **Land Value = \$15 million**

• **Market Value = \$175 million**

Kilmer Brownfield Project Experience

- **35-Storey Residential, Former Service Station, 1/3 acre (Toronto)**



- **Land Value = \$12.5 million**
- **Market Value = \$124 million**

Kilmer Brownfield Project Experience

- **Mid-Rise Mixed-Use, Former Service Station, 1/3 acre (Toronto)**



• **Land Value = \$5 million**

• **Market Value = \$42 million**

Redevelopment of Former Historical Foundry (Guelph)

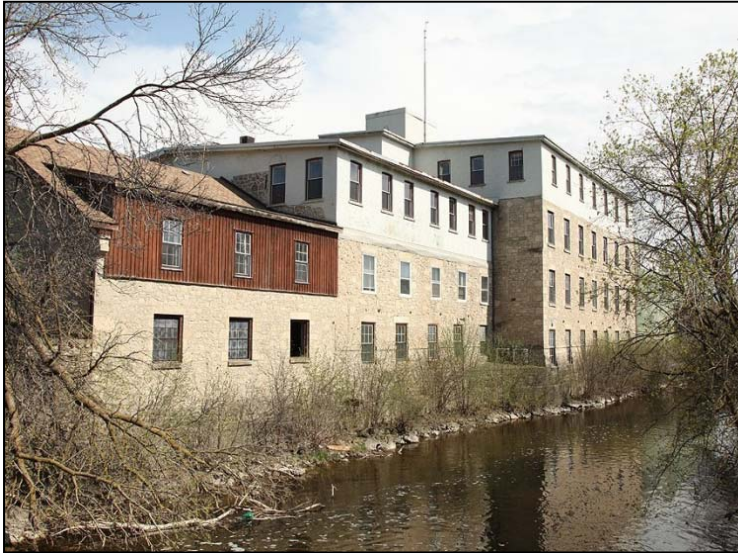
9 acres downtown Guelph, industrial uses since 1830s

CHALLENGES



- Environmental sensitivities (surface & drinking water)
- Two rail corridors
- Heritage buildings
- Floodplain
- Established neighbourhood
- Infrastructure crossing site
- Demolition: 350k sq ft
- Grade Changes
- Master Planning

Redevelopment of Former Historical Foundry (Guelph)



Redevelopment of Former Historical Foundry (Guelph)



Redevelopment concept by Fusion Homes

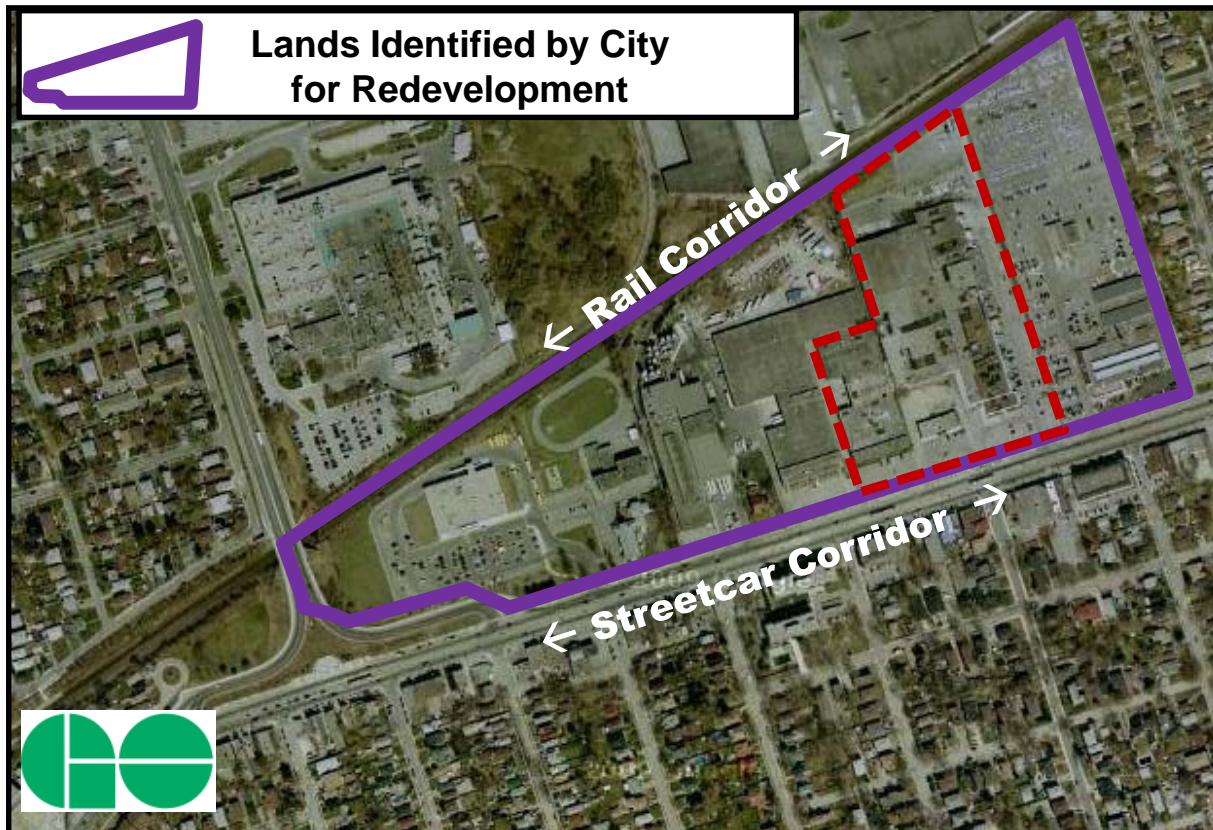
Redevelopment of Former Historical Foundry (Guelph)

Catalyst for other investments:



Mid-Rise Residential and Commercial Redevelopment (Toronto)

12 acres, west Toronto



CHALLENGES

- Area-wide environmental impacts from many industries
- Demolition: 200k sq ft
- Large adjacent industrial businesses
- Area-wide Master Planning
- Rail corridor

Mid-Rise Residential and Commercial Redevelopment (Toronto)



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Mid-Rise Residential and Commercial Redevelopment (Toronto)

Catalyst for other investments:



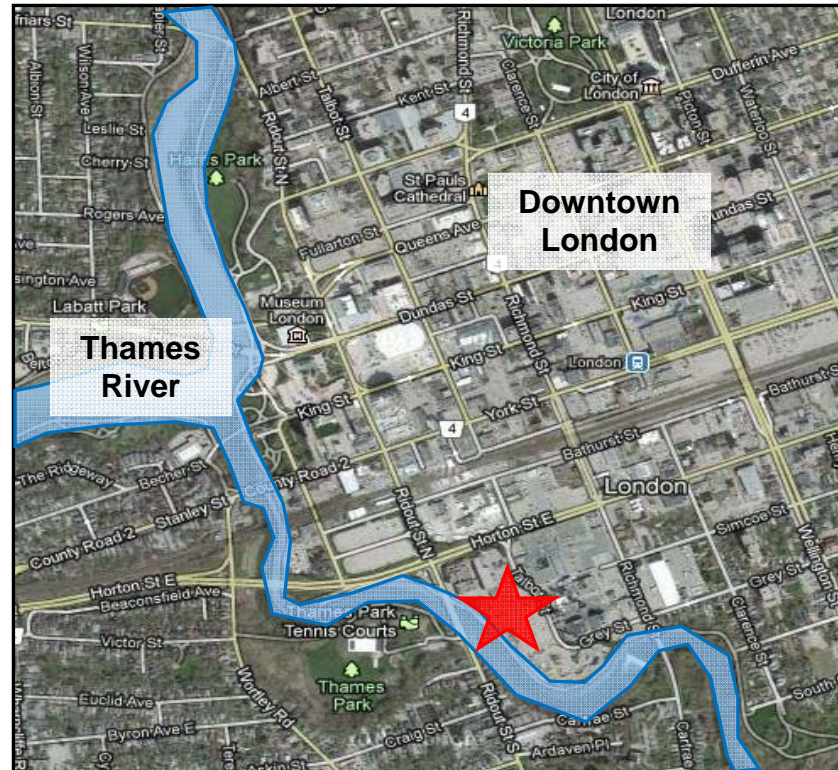
London Hydro Property – 111 Horton Street (+/- 14 acres)



Why this property?

- Large property in key location
- Proximity to downtown and river
- Public open space
- Market and builder interest
- Established Community Improvement Plan for Brownfields
- City champions:
 - *Harvey Filger*
 - *Mat Daley*
 - *Cathy Dziedzic*

Investment & Partnerships



CHALLENGES	CURRENT STATUS
Environmental impacts (Liability transfer to Kilmer)	Information sharing after Confidentiality Agreement executed
Adjacent large industrial businesses	Open communication with Labatt
River Impacts/Floodplain	Met with City and UTRCA; Reach Study required
Understanding London Hydro	Open dialogue after Confidentiality Agreement executed
Municipal Interest/Concerns	Network connections established with key municipal people
Infrastructure crossing site	Locations identified

Vision for the property

- **Master Plan for redevelopment**
- **Connection to public realm, directed toward river**
- **Mixed land uses with variety of building heights**
- **Structured and at-grade parking**
- **Respect adjacent land uses (Labatt; River)**
- **Consideration for market and environmental conditions**
- **Consideration for traffic, odour and noise**

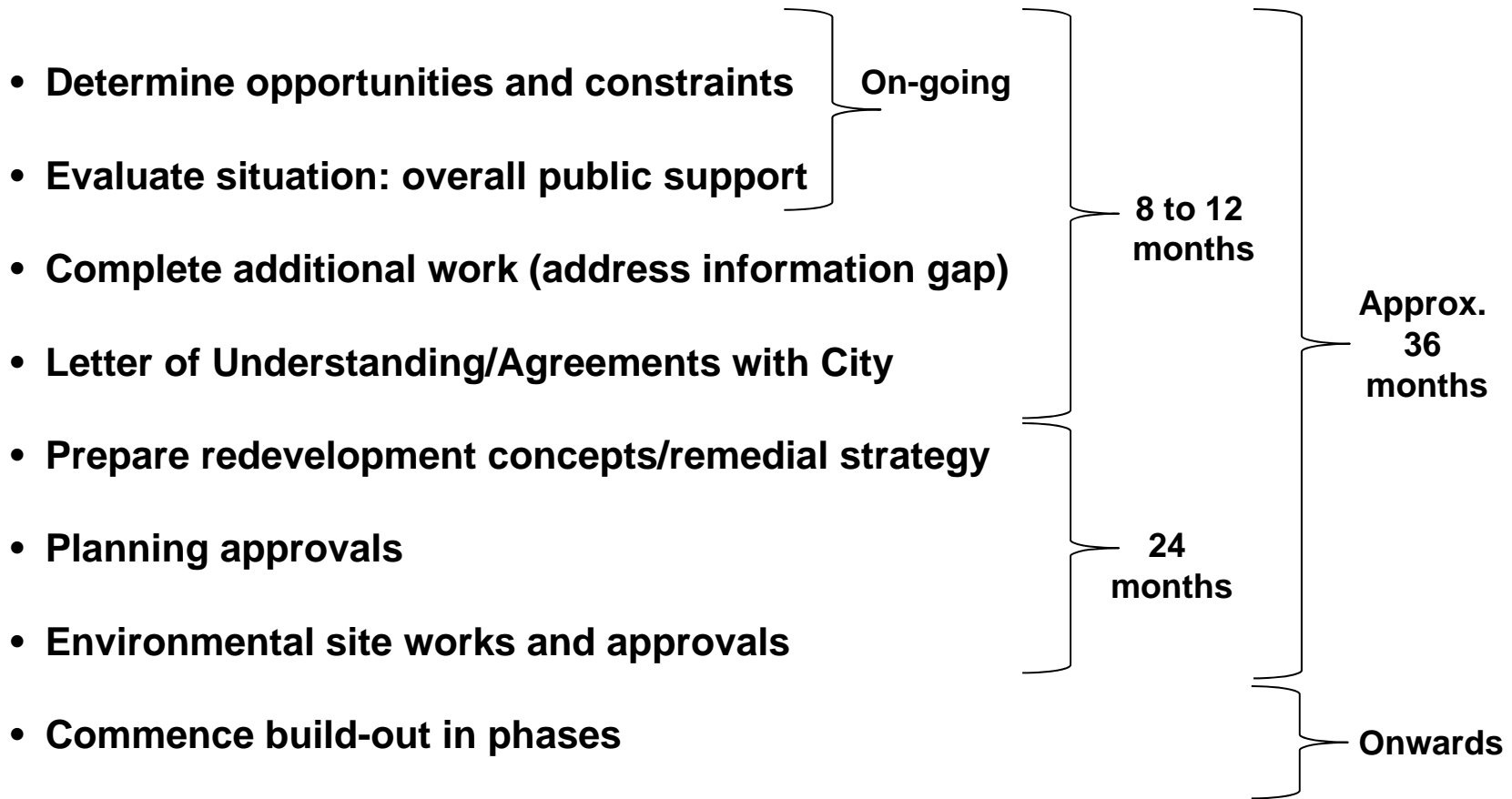
Redevelopment concept by City of London



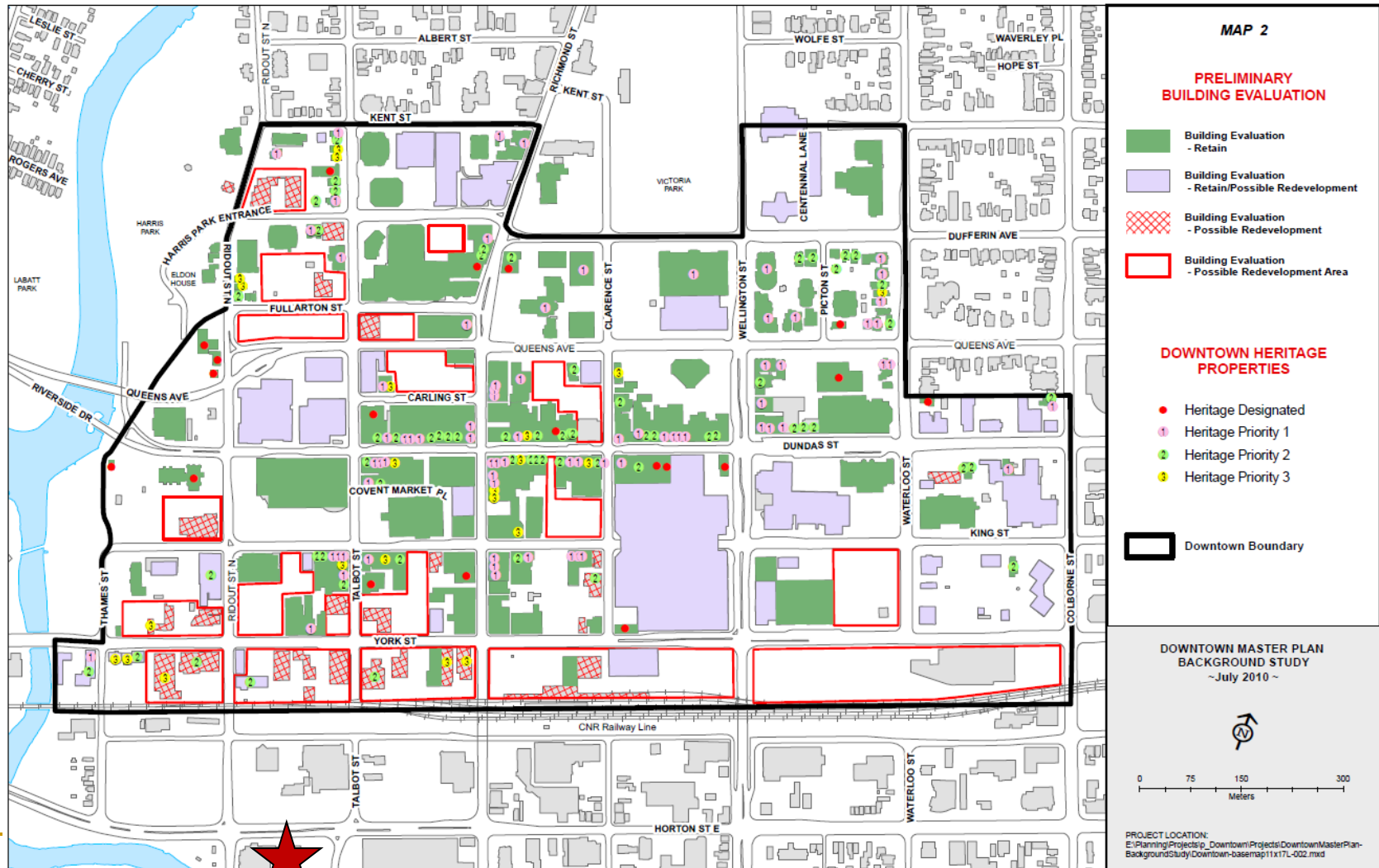
Anticipated Real Thresholds:

- *500 Full Time jobs (office, retail)*
- *750+ New Residential Units*
- *\$12 Million in Development Charges through various development phases*
- *Property tax assessment: \$200+ Million*

Keys to Success



Catalyst for Other Investments



Downtown Master Plan Background Study (2009)

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