



Montréal's New Harbourfront - Speaking Notes for Mark Laroche, CEO of Canada Lands

April 1st, 2008 – Montréal Real Estate Forum

Introduction

It is a real pleasure for me to share this podium with real estate leaders who are in the vanguard of major projects that will influence the future of Montréal. The effervescence that infuses the city is contagious, and our company wishes to contribute in its own way to this lively environment.

During the next few minutes, I will briefly describe Canada Lands Company (CLC) to you. I will tell you about the mandate we were given for Montréal's New Harbourfront, and I will conclude with a description of the first phase of this project, the redevelopment of the former Canada Post facility on the Lachine Canal.

Canada Lands Company's Expertise

A federal Crown corporation created to optimize the financial and community value of surplus strategic properties of the government of Canada, Canada Lands Company carries out large redevelopment projects across the country. The company acquires these properties at fair market value, then retains, manages, improves and sells them to produce the best possible benefit for both local communities and the Government of Canada, its sole shareholder.

A few examples of our projects are illustrated on the screen:

Garrison Woods in Calgary is a former Canadian Forces base acquired by Canada Lands Company in 1998. It is now a compact, mixed-use, pedestrian-friendly neighbourhood that is home to some 1,600 housing units and 70,000 square feet of retail development.

The Moncton Shops redevelopment in New Brunswick was acquired from CN in 1995. This environmentally contaminated site was remediated by CLC in three years for \$12 million, one quarter of the initial estimate, using an innovative risk management approach.

CLC is also owner and manager of the CN Tower in Toronto, a building which, until just recently, held the record as the world's tallest structure. The CN Tower hosts approximately 1.5 million visitors per year from around the world and boasts overall revenues of approximately \$55 million.

Our company is self-financing and pays all applicable taxes at all levels of government. CLC's approach to redevelopment is focused on meeting community objectives and implementing



innovative property solutions while optimizing returns to our shareholder. As a matter of fact, in 2006, the Urban Development Institute of Quebec chose Canada Lands Company for an award of excellence for its participatory approach in the redevelopment of the Benny Farm site, in the Notre-Dame-de-Grâce area of Montréal.

Montréal's New Harbourfront: Our Mandate

In April 2007, the Government of Canada chose CLC to redevelop five federal properties totalling more than five million square feet of land in the Montréal harbour area. This project, Montréal's New Harbourfront, includes the Pointe-du-Moulin site and Grain Elevator #5, some parcels on the Lachine Canal and Cité du Havre. Montréal's New Harbourfront will be coordinated with the vision of the Société du Havre de Montréal, an organization that promotes the improvement of the entire harbour area and that CLC considers an important partner in this endeavour.

The redevelopment of this exceptional urban space presents a unique opportunity to:

- Carry out a responsible, planned and sustainable development in a strategic area of the city;
- Improve Montrealers' access to the waterfront;
- Create areas where people can live, work and play;
- Highlight Montréal's rich heritage and historic importance; and finally,
- Achieve a cooperative project and improve the competitive heart of the city.

One of the harbourfront properties, the former Canada Post facility located at 1500 Ottawa Street, now belongs to CLC. We acquired it from Canada Post last spring for the sum of \$18 million. This 24-acre site, which is almost one million square feet, is on the shore of the Lachine Canal, just west of Griffintown. The site includes a vacant 650,000 square foot building. I will describe the redevelopment of this site in a moment.

We are currently negotiating with CMHC the purchase of two Cité du Havre parcels of land. These vacant parcels total 25 acres. We plan to acquire them in the fall of 2008.

Transport Canada owns the three other properties located in Montréal's New Harbourfront.

- The first, located at Pointe-du-Moulin, occupies 21 acres and includes several industrial structures, notably Grain Elevator #5.
- The second occupies 19 acres on the Peel dock, and includes several industrial buildings.
- The third is located on Rue des Irlandais, and also occupies 19 acres.

A collective challenge for Montréal

Achieving a project of this scope is a considerable challenge.



All the properties are affected by soil contamination, lack of adequate infrastructure, presence of tenants with long term leases and difficult access to the sites.

With a view to sustainable development and value-creation for the Montréal community, we must also:

- Support municipal and governmental policies;
- Take into account community expectations;
- Ensure that the project is coordinated with neighbouring development.

CLC is committed to a participatory approach and wishes to engage the City, the public, the private sector and all levels of government in facing these challenges and transforming Montréal's New Harbourfront into a project that gains the support of the entire Montréal community.

We have started consultations with several Montréal stakeholders and these discussions will be intensified over the year. Our goal is to define, during the coming year, a global vision of the New Harbourfront, which will gain the support of numerous stakeholders.

Redevelopment of the former Canada Post plant: The first step

We have already begun the first phase of the redevelopment of the former postal plant and it exemplifies the objectives chosen by CLC for Montréal's New Harbourfront.

This site presents several considerable challenges:

- High expectations from local stakeholders, with respect to social components;
- Enhance a rich industrial heritage: four existing docks;
- Coordination with Parks Canada programmes about the Lachine Canal;
- Redevelopment of the Bonaventure highway;
- Coordinate development of family housing with the City of Montréal;
- Coordinate with neighbouring projects (Griffintown, Nordelec);
- Land contamination; and
- Existing vacant buildings.

As well, the four docks, which have been filled, and the Lachine Canal illustrate the heritage and archaeological considerations that will influence our approach to the development of the site.

Our planning work is well under way. Over the past several months, local stakeholders as well as representatives from the City of Montréal and the borough have taken part in discussions



concerning the future of the site. CLC formed a follow-up committee composed of all these parties and manages its activities. The committee has already met on several occasions.

Development of 1500 Ottawa Street: Aimed at families

Our first consultations revealed that attracting and keeping families on the island of Montréal is one of the main factors that influence the vitality of Montréal neighbourhoods, including the Sud-Ouest.

Each year, approximately 20,000 people leave the city of Montréal, and most of these people are in family households who decide to go live in the suburbs. This exodus has some serious economic, social and environmental repercussions.

There are no easy answers because solving this issue will require the cooperation of many players. Recently, the City of Montréal developed a Family Action Plan and submitted it for public consultation. The city has invited all its private and public sector partners to cooperate in order to enhance the quality of life of families in Montréal and to help keep them in the city.

We think that the redevelopment of 1500 Ottawa Street is an opportunity to bring solutions to this dilemma. We suggest that this property could become a dense and vibrant mixed urban area, equipped with a full range of housing and services that cater to today's families and to other citizens.

During April, we will hold two workshops to discuss this possibility. Participants in the workshops will include the Institut National de Recherche Scientifique (INRS) and the Direction de l'habitation of the City of Montréal. We look to cooperate with both of these organizations over the long term to carry out the project.

These workshops will lay the groundwork prior to a public forum which CLC will hold at the end of May. During the summer, we will work on the schedules and development concepts for the site, based on the conclusions of the forum. We have just completed a Request For Proposals process and selected Groupe Cardinal Hardy, an urban design firm, to help us with this work.

The development concepts will also be made public in September. Our goal is to submit a master plan to the borough in November.

Following that step, the usual assessment and approval processes will occur, including a public consultation on possible zoning amendments by the Office de consultation publique de Montréal in the spring of 2009.

Once the plan and zoning are approved, the property will be subdivided in several lots. This will allow private developers to take on portions of the development within the framework of the established master plan.

Potential economic benefits of the redevelopment include \$550 million in total investment and \$9 million in annual fiscal gains of for the City of Montréal.



Conclusion

I hope that this brief presentation was informative and that you have enjoyed learning more about our company. I especially hope that you can appreciate our potential to contribute to the economic and social expansion of the Montréal community. Montréal's New Harbourfront is a project that is both exciting and complex. To ensure its success, we are counting on the cooperation, creativity and know-how of the Montréal real estate community.