



Waterfront Development

**Annual Accountability Report for the
Fiscal Year 2017-2018**

Table of Contents

Accountability Statement	3
Message from Board Chair and Acting CEO.....	4
Financial Results	5
Measuring Our Performance 2017-2018.....	6
Key Activities 2017-2018.....	11
Financial Statements.....	Grant Thornton Consolidated Financial Statements

Accountability Statement

The Accountability Report of Waterfront Development for the year ended March 31, 2018 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Waterfront Development's Business Plan for the fiscal year just ended. The reporting of Waterfront Development outcomes necessarily includes estimates, judgments and opinions by Waterfront Development management.

We acknowledge that this Accountability Report is the responsibility of Waterfront Development management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Waterfront Development's 2017-2018 Business Plan.

Dale Godsoe
Chair of the Board

Jennifer Angel
Acting President and CEO

Message from Board Chair and Acting CEO

Our place by the ocean gives the world a reason to know us, to do business with us, and to visit us. It is vast with opportunity. Our history is a maritime history, and our future prosperity as a province will be determined by the extent to which we are able to unlock the potential the ocean presents to us. This is what we think about every day at Waterfront Development.

Few places in the world can match the strategic advantages Nova Scotia has in the ocean economy. By developing waterfront infrastructure that harnesses these advantages, we are contributing to inclusive economic growth in Nova Scotia.

An example of this strategic economic infrastructure is COVE, the Centre for Ocean Ventures and Entrepreneurship. Building on Nova Scotia's competitive advantages in ocean research and depth of world-class ocean technology companies, COVE will provide a place that offers access to ideas, tools and the ocean to help stimulate innovation and an important platform for commercialization and business growth.

This same model is applied to our work in tourism. The Halifax and Lunenburg waterfronts are thoughtfully planned and developed to create quality places with access to the water's edge, as well as the conditions for entrepreneurs and industry to thrive.

These places are centres of our communities, and magnets for people and investment.

We were honoured to receive the 2017 Spirit of Halifax Award from Discover Halifax, presented in recognition of our numerous valuable contributions to Halifax's tourism economy, which we share with many, many partners.

It is increasingly well understood that place has an essential role in economic development. To ensure a strategic approach to placemaking province-wide, our mandate is evolving to include a responsibility for strategic land and infrastructure to support inclusive economic growth, with a focus on creating great places that attract people to visit, to live, to work and to invest.

While we will seek inspiration around the world for this important work, we will find it equally around the province, through consultation. Our ambition is to create places that are authentically and uniquely Nova Scotian, as well as environmentally, socially, and economically sustainable.

It is an exciting time to be in Nova Scotia at the water's edge.

Dale Godsoe
Chair of the Board

Jennifer Angel
Acting President and CEO

Financial Results

Financial Summary / Budget Context Waterfront Development Corporation Limited 2017-18

	2017-18 Estimate \$	2017-18 Actual \$	Variance
Revenue			
Rents and Wharfage	1,785,000	2,000,000	215,000
Parking	1,700,000	1,540,000	(160,000)
Other Income	1,242,000	771,000	(471,000)
Tall Ships	2,250,000	2,758,000	508,000
Grant Income	1,490,000	1,425,000	(65,000)
Total Revenue	8,467,000	8,494,000	27,000
Operating and Administrative Expenses			
Program Expenses	920,000	907,000	(13,000)
Maintenance / Repairs and Other	1,125,000	1,250,000	125,000
Administrative Expenses	2,052,000	2,110,000	58,000
Tall Ships	2,250,000	2,610,000	360,000
Total Expenses	6,347,000	6,877,000	530,000
Surplus (Deficit) Before Capital	2,120,000	1,617,000	(503,000)
Capital Grants (DoB)	19,226,000	14,274,000	(4,952,000)
Capital Grants (LAE/NSCC)	3,586,000	6,546,000	2,960,000
Total Capital Grants	22,812,000	20,820,000	(1,992,000)
Amortization	845,500	854,000	8,500
Gain on disposal of fixed assets	(370,000)	820,000	1,190,000
Surplus (Deficit) After Other Items	23,716,500	22,403,000	(1,313,500)

NOTES: 2017-18 budget compared to 2017-18 actuals:

Rents and Wharfage increase is from a strong summer for seasonal vendors, resulting in increased rents

Parking Revenue is lower due to the closure of lots for the Queen's Marque development and Tall Ships event

Other income is under budget due to less activity than expected at the Bedford site, resulting in a lower recognition of deferred revenues for the Bedford development.

Tall Ships revenues were higher than budget due to additional recoveries from Rendez-Vous Quebec to support increased expenses in programming and operations.

Maintenance expenses are over budget due to additional Halifax boardwalk repairs and electricity costs for COVE vessels which were fully recovered.

Capital grants reflect additional spending at the Queen's Marque development for soil remediation and decreased spending at the COVE development. Unspent capital budget at COVE will be carried forward to 2018-19 to complete the project.

There was a net gain on land transactions associated with the Queen's Marque development.

Measuring Our Performance

Planning and Operating Context

Major challenges face the Nova Scotia economy, but there are also significant opportunities before us. Many of these opportunities relate to our ocean advantage; a source for sustainable sector growth, and a quality of life that is difficult to match anywhere in the world. We believe that building great places is a critical strategy for inclusive economic growth in Nova Scotia.

Over the past year and looking ahead, we are advancing key projects that enable this place-based economic development strategy through partnerships.

This year we contracted an economic impact study to measure Waterfront Development's economic impact on the Nova Scotia economy, which aims to capture the full range of our many projects, initiatives and partnerships. Among other conclusions, early estimates suggest that 4.6 million non-resident visitors to the Halifax waterfront have spent an estimated \$1.6 billion in "Halifax waterfront-attributable spending" over the past 7 years.¹

Strategic Overview

Waterfront Development is a crown corporation that contributes to economic growth by developing and revitalizing key waterfront properties in Nova Scotia.

Waterfront Development plans, develops and manages this land in partnership with private and public sector partners. The revenue generated through these partnerships is reinvested in waterfront infrastructure to create new platforms for business and to attract and inspire people.

Since 1976, Waterfront Development has led a series of successful projects that have transformed the Halifax waterfront into a place for residents to come together and an important tourism destination in Nova Scotia.

In 2017-18, we continued to develop and maintain high quality public infrastructure (on land and on the water), layering services, programs, places for business and high quality events. This place making work included key projects in COVE, Queen's Marque, New Place and Rendez-Vous 2017 Tall Ships Regatta.

Events

2017 was a big year.

More than 40 events, led by diverse entrepreneurs, community groups and volunteers, celebrated, challenged and entertained our residents and visitors. Waterfront Development was proud to support these events across the waterfronts.

RDV 2017 Tall Ships Regatta

We led Nova Scotia's fourth international Tall Ships event, Rendez-Vous 2017 Tall Ships Regatta, on behalf of the Province, in partnership with Sail Training International as part of Canada 150 celebrations. With ships visiting Nova Scotia from around the world, this event attracted more than 600,000 people to 11 ports across Nova Scotia and generated economic impact in excess of \$30M.

Notably, it was also a platform for a new program in partnership with Assembly of First Nations, Ulnooweg, Three Things Consulting, Mi'kmaq Native Friendship Centre, as well as the federal and

¹ Economic Impact of Waterfront Development 2018: Group ATN Consulting Inc.

provincial governments called Msit No'Kmaq: All My Relations. This program provided the opportunity for 45 Indigenous youth, ages 16-24, from every province and territory across Canada to sail from Halifax to Le Havre, France. As part of the last leg of the Tall Ships Regatta on Tall Ship *Gulden Leeuw*, it provided these youth with leadership development, cultural and skills building programming, as well as an incredible adventure. The program and Waterfront Development were recognized by Sail Training International at their annual event in France with the International Mission Award for this work.

Development

Queen's Marque

Queen's Marque, the transformative \$200M Armour Group Limited project on the Halifax waterfront, made significant progress this year. With residential, office, hotel and ground floor retail and hospitality, it includes more than 75,000 square feet of new public space, three new wharves, and the continuation of the Halifax Harbourwalk, which is owned and managed by Waterfront Development.

COVE

The Centre for Ocean Ventures and Entrepreneurship (COVE) project on the Dartmouth waterfront advanced with significant momentum this year and contributed to a broader momentum around oceans innovation and investment in Nova Scotia. The project is the culmination of the work of many partners including the Institute for Ocean Research Enterprise who will operate the COVE program, Innovacorp, who will run the Start Up Yard at COVE and NSBI who will support investment attraction and international marketing. Waterfront Development led the planning and development of the \$20M adaptive re-use project together with NSCC and TIR, and will remain site owner and operator. Our work to lease up the facility is well underway with excellent market response, strong demand, and a good mix of ocean technology companies already signed.

Our strategy is to provide a "platform" for business clustering in key sectors through our planning, development and programming. Whether a tourism cluster, like the Halifax waterfront, or an ocean technology cluster, like COVE, or an intersection of the two in Lunenburg's working waterfront, we aim to invest in the physical assets that create places that attract people and investment.

Planning

A key focus of our planning activities this past year and upcoming year is the update of the Halifax Harbour Master Plan and the Lunenburg Working Waterfront Master Plan.

Lunenburg's working waterfront is a source of pride in the community, and an important centre of marine industrial activity. Lunenburg is a UNESCO World Heritage Site and an award-winning destination for visitors, as well. A key challenge in our work is to plan and develop the waterfront to respond to both; prioritizing the marine dependent industry so important to Lunenburg's heritage, identity and future, and guiding the tourist to ensure a positive, authentic experience of the working waterfront without undermining its ability to function.

We work with the community and the Town of Lunenburg through the Lunenburg Steering Committee (LSC) to develop our plans. Together with the LSC, local tenants, and other stakeholders, we have drafted a five-year Lunenburg Working Waterfront Plan. The draft plan is being developed with the community, through public consultation with the aim of achieving a shared vision and common agenda for the development of the Lunenburg working waterfront for the next five years.

Our planning principles respect traditional working waterfront themes and preservation of our maritime history, and prioritize marine dependent uses. We embrace innovation, seeking to achieve environmental, social and economic sustainability in all of our projects. And we protect and enable public access to the water's edge, ensuring the places we design prioritize people. We develop our plans through deep public engagement, building our plans by and for Nova Scotians.

Looking Forward

Our greatest natural advantage as a province is our place by the sea. Through our expanded mandate, waterfronts will remain an important focus of our work as the crown corporation responsible for the sustainable development of high potential property and infrastructure to advance inclusive economic development in Nova Scotia.

At the centre of this work is **place**. And our work is **Placemaking** - the planning and development property by and for people.

We will explore new properties that can contribute to the province's inclusive economic growth goals. And we will support infrastructure investment that catalyzes this growth.

Accessibility and connectedness are core qualities of great places and they are important new objectives for Waterfront Development looking forward. Together with private and public partners, we will lead an ambitious rural internet project to connect Nova Scotians with high quality, high speed internet.

In the knowledge economy, great places signal quality of life; a critical determinant of the decision to locate and invest in a community. Great places also attract visitors who are looking for authentic, cultural experiences. Great places are central to successful innovation districts. Our work will help Nova Scotia unlock this place advantage for sustainable, inclusive economic growth.

Performance Measures

Waterfront Development implemented a set of Performance Measures that track the progress of our business model; to develop land with infrastructure that provides businesses with commercial opportunities, and attracts our community and visitors, generating economic activity. Through efficient operations, we also strive to generate revenue sufficient to sustain Waterfront Development's operating and partnership obligations.

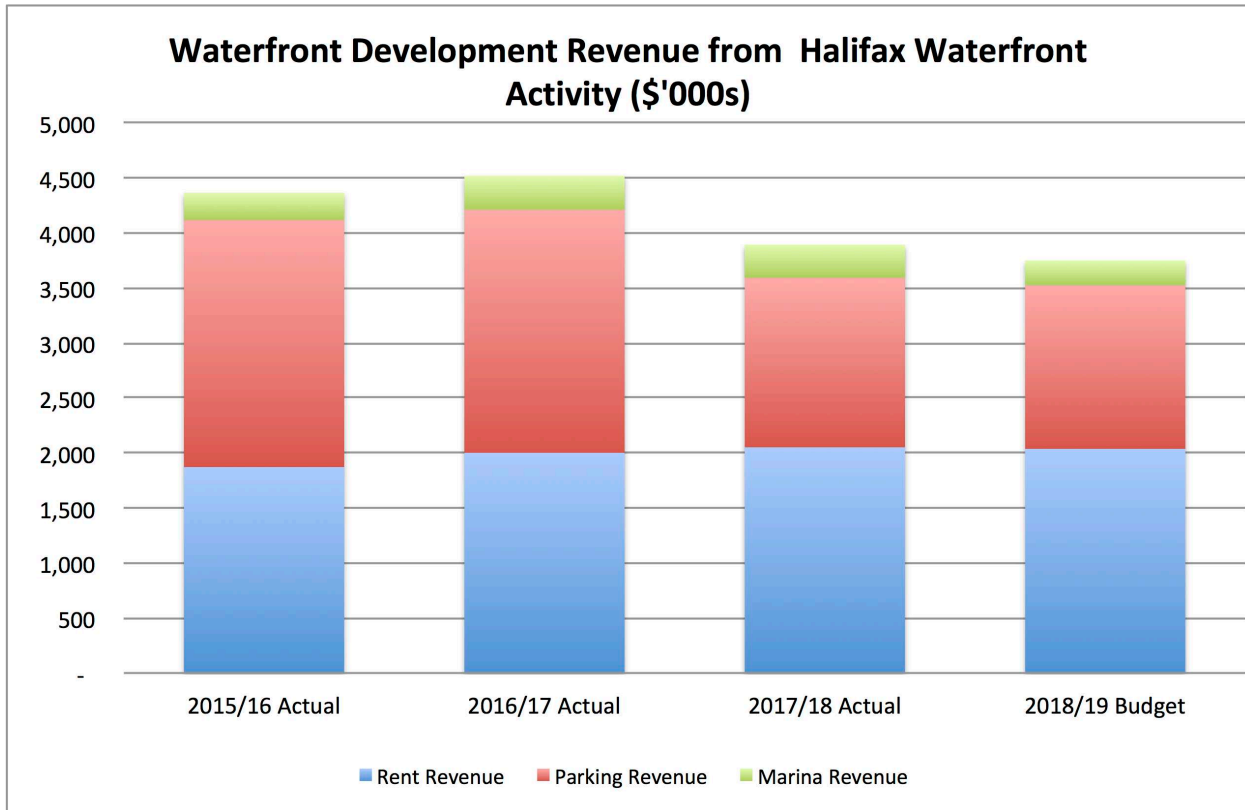
COMMERCIAL REVENUE

Outcome: Operate waterfront property to be financially self-sufficient.

An important part of the revitalization of waterfront lands is their use by the private sector, generating economic activity and supporting entrepreneurialism, as well as adding activity and vibrancy to the waterfronts. Revenue is an indicator of this use. It also reflects the level of activity by the public generally, through parking uptake and through commercial rents from tenants which are in part a percentage of gross sales. Revenue is provided by both year-round and seasonal tenants. Revenues overall decreased in 2017-18 due to lost parking revenue resulting from new development projects on the Halifax waterfront as well as substantial event use, but their development contributes a significant, positive economic impact.

Marina revenues are also slightly decreased due to the closure of some wharves for the Queen's Marque development as well as Tall Ships event related wharf closures. This is expected to recover and experience growth over prior years once construction is complete.

Rent revenues are higher due to strong sales across the waterfront, as well as the addition of new businesses operating in the vendor area at Foundation Place on the Halifax waterfront (New Place). The addition of the Queen’s Marque land lease construction rent also contributed to increased rent revenue.



VISITOR SATISFACTION

Outcome: A significant number of visitors come to the Halifax, Bedford, Dartmouth and Lunenburg waterfronts annually and the economic activities of these visits help to support both the local and provincial economies. Measurement of activity and quality of experience are critical feedback components of Waterfront Development’s effort to continuously improve the waterfronts under our management.

Pedestrian Counts

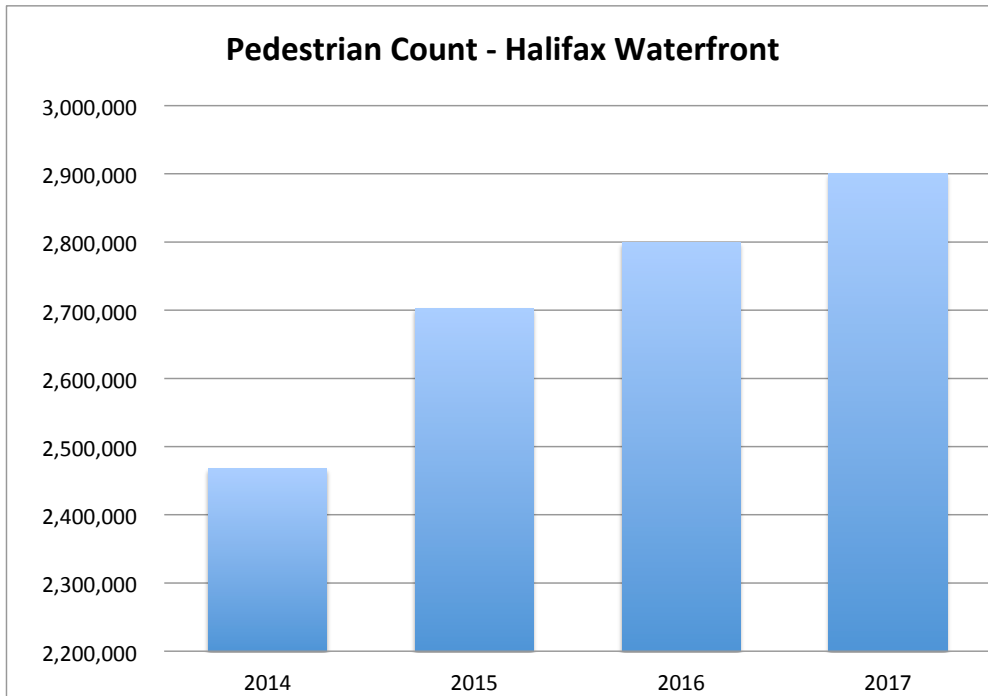
Visitation to the Halifax waterfront has been increasing year over year. International events like Rendez-Vous 2017 Tall Ships Regatta have a direct impact on visitation.

The seasonal Sea Bridge saw more than one million people crossing in its first season. Between July and October, Waterfront Development staff conducted manual counts during peak periods.

We have added pedestrian counters to the Halifax waterfront to enable more reliable measurement of visitation as well as site specific counts.

Satisfaction Surveys

In addition, we are implementing satisfaction surveys as part of important market research. Data will form a baseline for the business plan in future years.



NOTE: 2017 is based on an estimate using available data.

Key Project Activity 2017-18

Halifax

Queen's Marquee Development

Construction is well underway and excavation is substantially complete. Planning and approval of building design was accomplished and the public space planning has begun.

Sea Bridge

To support pedestrian access and construction mitigation efforts during the Queen's Marquee development, the seasonal floating Sea Bridge opened in the summer of 2017. More than one million people crossed the bridge between July and October. In addition to providing important boardwalk connectivity, it has itself become an interesting waterfront experience.

Cunard Development

We continue to work with Southwest Properties to advance this mixed-use project on the south Halifax waterfront through engineering and site challenges.

New Place / Small Business Cluster

The seasonal business cluster opened for the 2017 season in Foundation Place. Public consultation was held and new public washrooms and amenities, as well as renovations to the planters on the boardwalk were completed, creating a dynamic new place to gather on the Halifax waterfront.

Boardwalk North

In partnership with private property owners and stakeholders, we are beginning plans for Boardwalk North improvements and redevelopment.

Blue Flag Certification

Achieved certification for this internationally recognized environmental program in marina operations for the seventh consecutive year.

Halifax Harbour Master Plan

The framework for the Halifax Harbour Master Plan is advancing with substantial public and stakeholder consultation to come.

Accessible Waterfront

Through ongoing work with the Accessibility Directorate of the Province and community stakeholders, we advanced planning to make the Halifax waterfront accessible and socially inclusive for our whole community.

Dartmouth

COVE (Centre for Ocean Ventures and Entrepreneurship)

Construction for the recapitalization of the buildings and wharves, and tenant leasing were a key focus this year. We worked with partners on an implementation plan and program towards a July 2018 substantial completion.

Dartmouth Cove Master Plan

We worked with the municipality to inform policy for redevelopment for Dartmouth Cove. Began

preparation for update of the Dartmouth Cove Master Plan in anticipation of Centre Plan completion.

Public Marine Infrastructure Development Plan – Dartmouth

Advanced the partnership with the municipality regarding marine infrastructure improvements and management agreement at Alderney Landing.

Bedford

Bedford Master Plan and Development – Bedford

Continued to advance site stabilization efforts. Planning is currently on hold pending completion of municipal planning studies.

Lunenburg

Zwicker & Co. Building

Commenced building stabilization and roofing work into one of Lunenburg's best known waterfront buildings. Completed site services and temporary amenities to support visitor experience, including showers, accessible washrooms, laundry facilities, wharf power and water, and a visitor reception area. Completed a Request for Information call which will shape a Request for Proposal related to potential tenancy/businesses to operate at Zwicker.

Draft Five-Year Lunenburg Working Waterfront Plan

Advanced a draft plan and held multiple engagement sessions with key waterfront stakeholders and tenants, in preparation for public consultation on the draft plan.

Multiple Properties

Marine Marketing Partnership – Provincial

Advanced marketing planning, and continued to build marketing content with Tourism partners.

Public Amenities Plan – Halifax, Bedford, Lunenburg

Deployed new public amenities including the popular hammocks on the Halifax waterfront which were recognized with an Urban Design Award from Halifax Regional Municipality.

Visiting Ships Program – Halifax, Lunenburg

Worked with partners to grow the Visiting Ships Program to provide additional educational opportunities for the public.

Rendez-Vous 2017 Tall Ships Regatta – 11 Provincial Ports

Led the international event on behalf of the Province with multiple partners and stakeholders. The event attracted an estimated 663,000 visitors including 94,000 visitors from outside Nova Scotia. In aggregate, visitor spending directly attributable to the Tall Ships Festival, along with the operational reached \$20.2M, supporting \$30M of economic activity throughout the province of Nova Scotia, including \$25.9M in the host communities.

These expenditures supported \$9M in wages and salaries and 216 jobs throughout the province. The total net economic activity (GDP) generated by the 2017 Tall Ships Festival was \$14.4M, of which \$10.4M in new economic activity took place in the host communities.

The 2017 Tall Ships Festival supported a total of \$6.3M in tax revenues across the three levels of government, including \$2.4M for the federal government, \$3M of provincial revenues in Nova Scotia and \$424,000 in municipal tax revenues throughout the province, including \$314,000 in the host communities.

Msit No'kmaq – All My Relations

With partners, we led Msit No'Kmaq: All My Relations, providing the opportunity for 45 Indigenous youth, ages 16-24, from across Canada to sail from Halifax to Le Havre, France in the last leg of the Tall Ships Regatta. It was recognized with the International Mission Award by Sail Training International.

Waterfront Events Program – Halifax, Bedford, Lunenburg, Dartmouth

Delivered an enhanced event program together with private and public partners across our waterfronts, hosting more than 40 events, including the first Winterful Waterfront Weekend to support shoulder season activation.

Additional Activities

Art of City Building Conference

A new annual conference to invite conversations around building the city we want. Waterfront Development, and partners at Compass Commercial Realty, Downtown Halifax Business Commission, and NATIONAL Public Relations, brought together local, national, and international thought leaders to Halifax for a free public conference.

Signature Resorts Divestiture

Managing the divestiture process for Digby Pines Golf Resort and Spa, and Liscombe Lodge Resort and Conference Centre on behalf of the Province.

Cultural Hub

A collaboration of Waterfront Development, the Art Gallery of Nova Scotia, Nova Scotia College of Art and Design, and the Province to explore waterfront options for a proposed Halifax waterfront cultural hub. Led working sessions with stakeholders and development of RFP for consultancy work to develop a facility plan for this potential new cultural hub.