

STATE OF THE MARKET: Property Development in Ontario

Consumer Trends

THE NEW KID ON THE BLOCK: Introducing Cetana

OUR PROJECT: Overview & Targets



- Challenge: The Conventional Design & Construction Business Model
 Solution: Choose the Right Team & the Right Approach
- Challenge: Financing & Attracting Investors
 Solution: Building Confidence in Cetana
- Challenge: Real Estate Acquisition
 Solution: Meaningful Resident Engagement
- Challenge: Entering a Competitive Industry
 Solution: Building Legitimacy
- Challenge: Securing Community Support
 Solution: Engaging Local Leadership & Influencers



"The most sustainable way is to not make things." The second most sustainable way is to make something very useful, to solve a problem that hasn't been solved."



Furthermore, technological advancements have had a profound impact on Ontario's built environment. The integration of smart technologies and the internet of things (IoT) has revolutionized the way infrastructure is managed and operated.

While we have experienced exponential growth in how we design and build our environment, we have also come up against precedent-setting challenges, including: climate change, global and domestic political conflicts, and financial crises. And now, capping all of this off with a global pandemic that has not been experienced in generations.

The design and construction industry is one of the largest and most lucrative in the world, but it is also one of the oldest and slowest to evolve. In regards to sustainability practices, the industry is still far from prioritizing environmental stewardship or people-centric designs.

Thanks to certification programs in North America like LEED, BOMA Best, Energy Star, WELL, and others, the "green building movement" surged in popularity in the mid-2000s. But with the size and scale of the design and construction industry, we still have a long way to go before green buildings and sustainable communities can be considered mainstream. According to a report by Dodge Data & Analytics, which surveyed construction professionals in 86 countries, the global percentage of new





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construction projects that are considered "green" (the report defines green buildings as those that are designed to be energy-efficient, use sustainable materials, conserve water, and provide healthy indoor environments) is projected to increase from 27 per cent today in 2020 to 51 per cent by 2025.

Our observation at Cetana is that change is still happening on a small scale – single buildings, single developments, single showcase projects. And the change that is happening is driven by narrow definitions of success. While certifications and performance-based targets have moved us in the right direction for design and accountability, there are aspects of our built environment that simply cannot and should not have to be measured or justified to be included in our spaces. Design considerations such as universal accessibility, aging in place, and access to communal and green spaces may not be governed or measured against any metrics, but they have intrinsic value that is often not accounted for in decision making. We've stopped designing for people. What we really need is holistic systems thinking that reevaluates how our built environment is designed in the first place. Buildings are not products, they are homes and places of commerce. Highways and public transit are not opportunities for job creation, they are what connects us to neighbouring communities, family and friends. In many ways, it appears that the design and construction industry has forgotten its purpose.







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The problem is that well established private property developers are responsible for how and what gets built. It is our experience that the majority of these developers have no intention of shifting course from their current profit—driven practices. Those that are interested in making change are often too focused on single metrics versus systems integration and holistic principles.

At Cetana, we believe the industry is evolving far too slowly, and has lost sight of its true purpose:

to create communal live, work, play spaces that are accessible, healthy, and sustainable for all people. We can no longer afford to maintain a passive position; we need to make a fundamental change in how we design and build. We understand the importance of good fiscal management and profit to support growth, but we do not believe that finances should be the deciding factor that drives development.

"Through collaboration, we can weave the threads of our creativity and compassion, crafting sustainable communities that breathe life, inspire harmony, and empower generations to come"— CETANA EXECUTIVE TEAM

Our thinking at Cetana is simple – we have chosen to become a property developer that can demonstrate what is possible when people are placed at the heart of our business objectives. Through first principle thinking, we are working with new approaches in the design and development of communities and are excited to set a new standard of property development.

We do not want to take on this challenge alone. Our long-term objective is to engage with other property developers, share our lessons learned, reduce costs, and drive sweeping change across the built environment, together; with that in mind, we have created this Guide.

Whether you are a seasoned developer or a newcomer to the industry, this document is meant to serve you and offer insightful and practical tips, tools and resources for your journey in property development. In this document, we have outlined the challenges we've faced to date and how we've overcome them; we hope this Guide will serve as a valuable resource. We believe we can make a difference and invite you to join us!

Cetana & Partners







State of the Market: Property Development in Ontario

Ontario is one of the most populous and economically significant provinces in Canada, and as such, the property development industry in the province is a major contributor to its economic growth. According to PwC's 2023 Outlook Report, key trends in the real estate industry for 2023 include rising challenges around costs and capital availability, a growing urgency around sustainability and ESG initiatives, and the need to find meaningful solutions to Canada's housing affordability crisis.

While the industry is experiencing a period of sustained demand for both residential and commercial real estate, driven by population growth and economic expansion, property developers face significant challenges, including supply chain disruptions, labour shortages and increased competition. Amid a series of interest rate increases that were sharper and faster than expected, inflation at levels Canada hasn't seen since the 1980s and an uncertain geopolitical environment, the Canadian real estate market is experiencing and is looking ahead to a period of significant disruption.







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RPCO ONTARIO'S UNBUILT HOUSING SUPPLY REPORT



HOUSING AND MUNICIPAL ELECTION



PROVINCIAL HOME OWNERSHIP RATE

Ontario's Housing Target:

In 2022, the Province of Ontario announced a target of creating 1.5 million new homes across the Province in the next 10 years. According to a report released in March 2023 by the Regional Planning Commissioners of Ontario, there are already more than one million approved and proposed housing units in the development approval process. In year two of the Province's 10–year goal to build 1.5 million homes, the Regional Planning Commissioners of Ontario (RPCO) has undertaken a housing supply inventory, which already constitutes 85 per cent the Provincial 2032 goal.

The Need for Affordable Housing:

One of the main challenges in Ontario's property development portfolio is the lack of affordable housing. Over the last decade, the high cost of housing has made it difficult for many people to afford home ownership in Ontario. This shortage of affordable housing has led to a growing number of people becoming homeless or living in substandard conditions. In Ontario, the homeownership rate in 2021 was 68.4 per cent, down 3.1 per cent from 71.4 per cent in 2011.







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The Role of the Municipality:

While there is a strong interest from local and provincial governments to support affordable housing, municipalities cannot make / struggle to incentivize property owners to build new housing. It is up to developers to decide whether and when to develop their lands for housing. Municipalities can only issue development approvals for new home construction subject to public consultation and Council decision–making. Once development approvals are received, they remain in place until the property owner decides to proceed. Municipalities do not build market housing, but they do apply development charges and other growth–related fees to build infrastructure and community services to support growth ensuring complete communities (e.g.transportation, water supply and distribution, wastewater collection and treatment, stormwater management and community amenities).

Provincial Government Support:

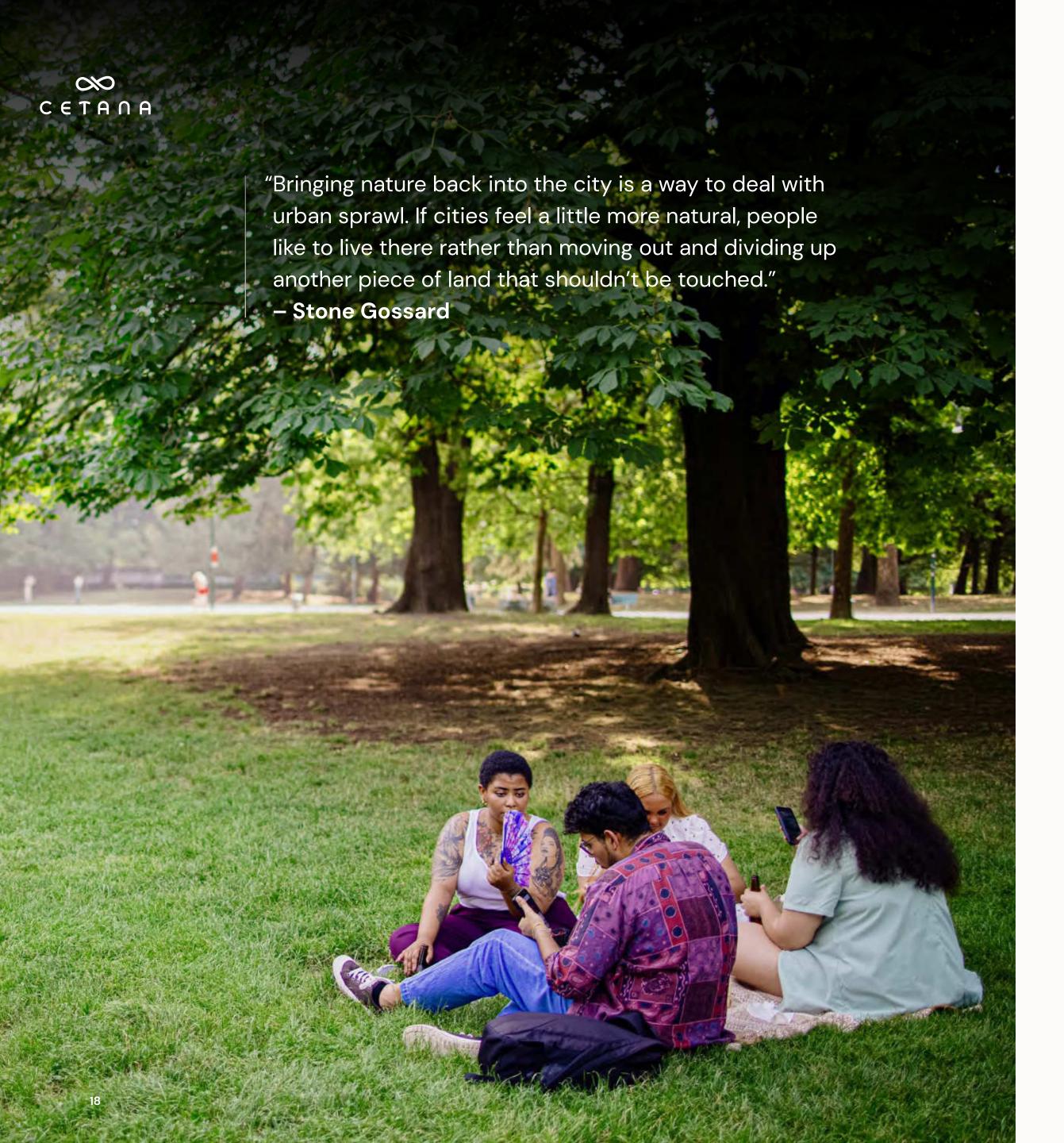
To support the growth of the industry, the provincial government has introduced tax incentives for developers who build affordable housing, and has also made it easier for developers to obtain necessary approvals and permits for their projects. Additionally, the government has invested in infrastructure development, including transportation and telecommunications, to support the growth of communities and create attractive investment opportunities. In an effort to attract developers

and address Ontario's housing supply crisis, the Premier has introduced a number of bills, including Bill 23. The legislation contains controversial elements, including waiving or freezing development charges which are used to pay for sewers, parks and community centres around new homes.

Hard Market for Developers:

Developers are facing market conditions that make it challenging to keep up with demand. A shortage of workers in the construction industry means there were some 82,000 unfilled positions across the country at the end of June 2022, according to Statistics Canada. In addition to a general labour shortage, is a skills shortage. There is a growing demand for workers with expertise in new technologies and sustainability practices. As the construction industry evolves to become more sustainable, there is a need for workers who can design and implement innovative solutions, such as green roofs, renewable energy systems, and smart building technologies. Added to the labour and skills shortage is the price increase of labour, equipment and building materials such as lumber, rebar, reinforced steel, cement and concrete, brought on by the pandemic. Inflated costs and the labour shortage have forced developers to think twice about moving forward or delaying existing projects, or taking on new ones, while financing becomes more difficult as the central bank raises interest rates.





Consumer Trends for Renting & Purchasing Homes

Accessibility to Amenities:

One of the biggest consumer trends in both renting and purchasing homes is accessibility to amenities such as shops, restaurants, green spaces / parks, and public transportation.

Sustainability:

Sustainability is an increasingly important factor for many people, with a focus on energy-efficient and environmentally-friendly homes. This includes the use of renewable energy systems, energy-efficient appliances, and sustainable building materials.

Smart Homes:

The trend towards smart homes is also growing, with people looking for homes that incorporate the latest technology and offer the ability to control various systems remotely. This includes the use of smart thermostats, security systems, and lighting controls. Smart home features are especially important after the pandemic. As the traditional 9–5 work model is disrupted in favour of remote work, homes need to be outfitted to support flexible lifestyles and needs.





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Urban Living:

Urban living is becoming increasingly popular, with many consumers looking for homes in bustling city centers. This trend is driven by the desire for access to amenities, cultural experiences, and a more fast-paced lifestyle.

Single-Family Homes:

Despite the trend towards urban living, many consumers still seek single-family homes, often with a focus on larger homes with more outdoor space and privacy. This is particularly true for families with children, who are looking for more space for both themselves and their children to enjoy.

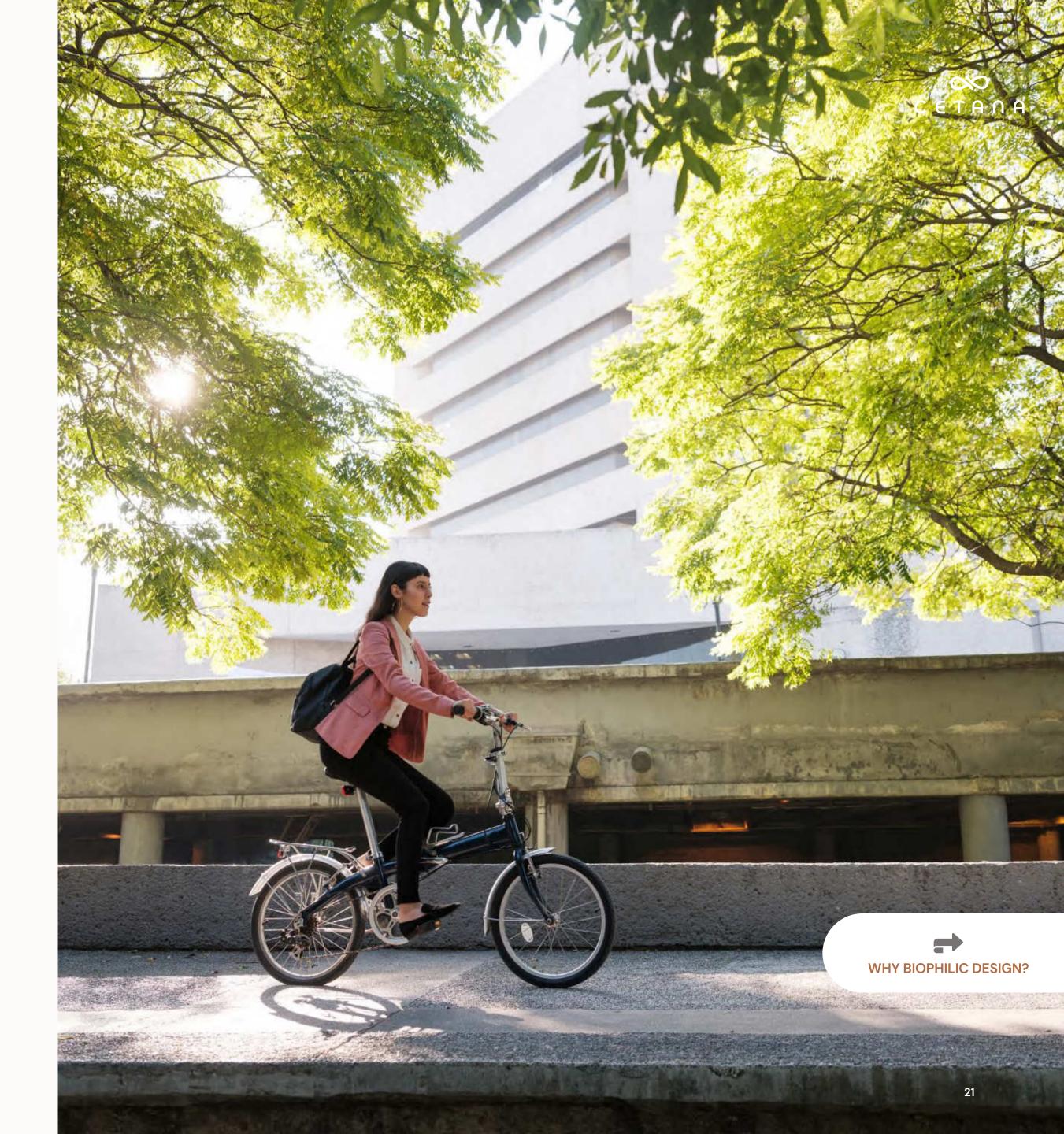
Rental Flexibility:

For renters, flexibility is increasingly important, with a focus on short-term rental options and the ability to easily move from one property to another. This trend is driven by a desire for more flexible and affordable housing options, as well as a desire for the ability to try out different neighborhoods before committing to a purchase.

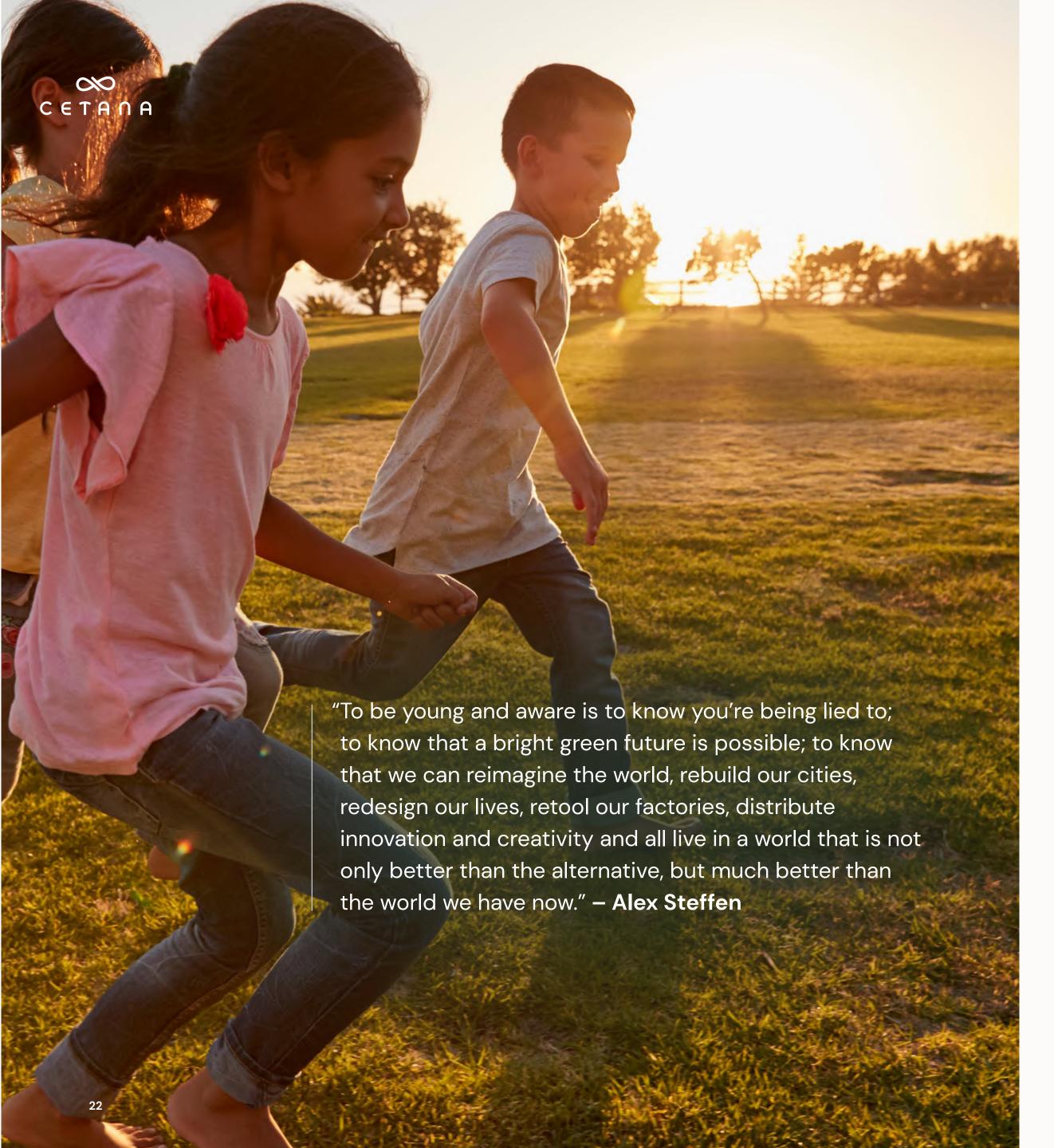
Adaptable Spaces:

With a growing emphasis on addressing "aging in place," designers and homeowners are seeking innovative solutions to create living spaces that can seamlessly transition through various life stages. Consumers are seeking solutions where spaces are adaptable (but not at cost), i.e. turning a bedroom for a young child to a space that creates interdependence for teenagers, and finally, one that may be adaptable for an in-law "suite".









The New Kid on the Block: Introducing Cetana

Sometimes a simple question can lead to a profound realization, a life-changing discovery:

"Have you ever thought about getting into property development?"

That was how the Cetana journey began. A friend from Innisfil who asked that question sparked an ember that grew into a passion for exploring new ways to build.

Property development. Hmmm. Us? Yes! We have the network, design and construction experience, and drive to make it happen. Market demand is strong. Ok. Let's go for it!

That's all it took. Our journey began in the Spring of 2021.

Today, two years later, we have identified our property, established our core design team, determined our advisors and allies, created preliminary designs, and secured all properties through letters of intent.





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We are now at the final stages of property acquisition and raising capital for next steps. As a result of our early successes, new development opportunities are also being presented to us from across our network.

Getting to this point wasn't easy. Our journey was made especially difficult based on our unwavering commitment to sustainability, ahead of the Ontario government's commitment to net–zero by 2030. Sustainable property developers are not yet common. As a way to encourage others to embark on this path, we created this report. We share project challenges and how we overcame them. We hope our story will inspire others to take a risk and break down barriers with us.

Who We Are:

Cetana is a unique property development firm — not because we have a unique vision and not because we are using a new business model; we are unique because we did not seek out to be property developers. We are a collection of frustrated and passionate experts in the fields of design and construction who decided to pool resources, time, energy and knowledge to create the change we want to see. While each member of our development team is a highly regarded, award winning professional in Canada's building and construction sectors with

portfolios of projects that span decades, achieving national and international acclaim, that isn't why they are on our team. They are on our team as disruptors, influencers, and changemakers.

What We Do:

We seek to reimagine community development through the lens of sustainability and wellness, emphasizing climate adaptation principles and people centric designs.

We are driven to leverage our collective expertise for tangible change-making on behalf of the common good, demonstrating what is possible and encouraging actors in the built environment to strive for excellence.

Our vision is to inspire responsible leadership; this is why we call ourselves Cetana. We have come together with a mission — to fill a need that has not yet been met by conventional developers: sustainable property development. Now is the time to pool our resources, knowledge and networks with the goal of bringing our vision to life. We are passionate about what we do and committed to providing real results. We believe meaningful change starts in the community.







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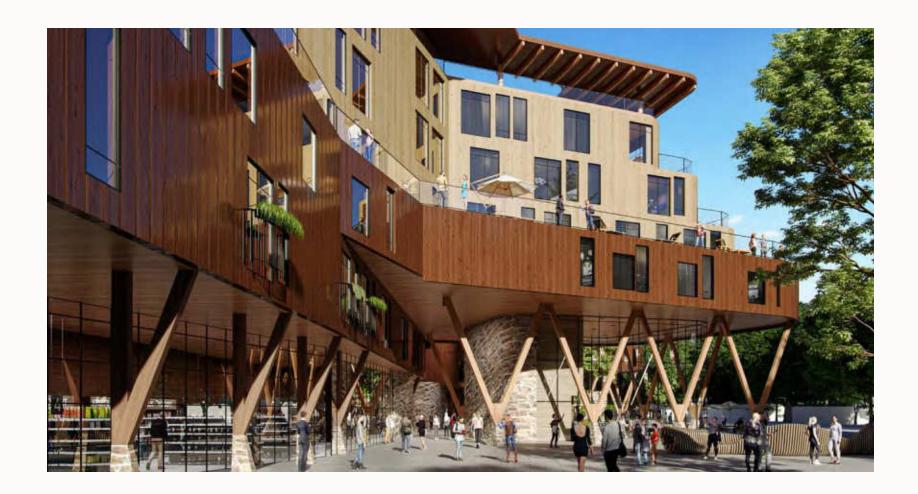
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PROJECT STATS

As a gateway community located between the economic engine of the Greater Toronto Area and the splendor of Ontario's renowned cottage country, the Town of Innisfil is in a unique position to leverage its place, culture, and economic vitality. We recognize Innisfil's intrinsic assets and believe our Cetana plans will complement the Town, and align with its bold master plan centered around a public transit hub called The Orbit. Enhancing small town lifestyles through the benefits and amenities of urban living is the essence of our community development plan. Beyond that, we want to celebrate Innisfil's leadership by supporting The Orbit's live–work–play model, and encourage sustainable population growth and retention. Most importantly, the Town of Innisfil has presented a refreshingly action–oriented strategy that we look forward to supporting over the coming years.







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The Targets

Carbon, Climate & Sustainability

- Mass Timber
- Net Zero Carbon
- Carbon Offset Projects
- Urban Agriculture
- Closed-loop Resource System Management

• Certification Targets Things By righting Carbon Framework; One Planet Living LETO Platinum something,

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- DeldcacedeEssatiateCommunity & Luxury
 RetBil BuckminsteraF9||Jeces
- Focus on Local and Independent Businesses
- Programming for Seasonal Festivities and Activities
- Lending Structure to support local community development and charity
- Financing Schemes to support Affordability

Health & Wellness

- Four Season Commons Spaces
- Biophilic Design Principles
- Naturalized Landscaping
- Universal Design
- Aging in Place
- Arts & Crafts Centre





"All construction needs to become net zero carbon – this project is showing that it's possible. The commitment to low–carbon materials and net zero life cycle emissions makes this an internationally–relevant example of climate–smart construction."

- Ryan Zizzo, Founder & CEO, Mantle Developments









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CHALLENGE: Conventional

Choose the Right Team Design

Attracting Investors **CHALLENGE:**

CHALLENGE:

SOLUTION: Resident Real Estate Acquisition Engagement

SOLUTION:

Building Confidence

SOLUTION:

SOLUTION:

CHALLENGE: Competitive Industry

CHALLENGE:

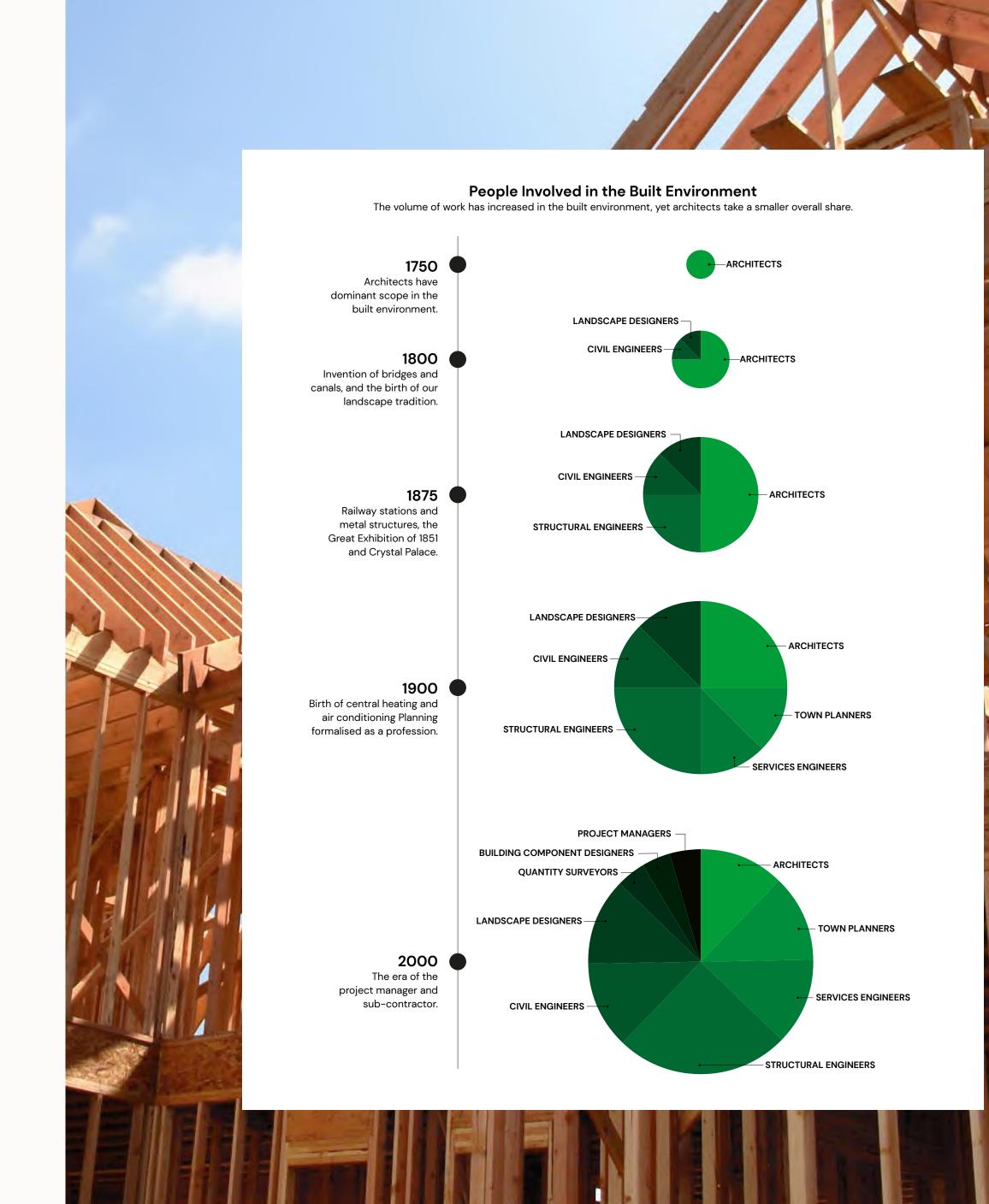
Community

Local Leadership & Influencers

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Overcoming Challenges: Strategies, Tips & Advice



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Design **CHALLENGE: SOLUTION:**

CHALLENGE:

Attracting

Real Estate Acquisition

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Despite all this, the industry remains steadfastly adherent to a business model that has proven since its inception to be remarkably ineffective in delivering value to the Owner. It does, however, deliver exceptional value to the Owner of the Generally-Held contract. Innovation cannot meaningfully happen until the business model is changed.

The diagram opposite is a graphical depiction of the Design-Bid-





THESE SMALL COMPANIES DELIVER

OF THE VALUE CREATED IN THE INDUSTRY WORLD-WIDE.





Build delivery model. This is the most common form of a generally-held contract and unfortunately, the most inefficient and anti-collaborative. The common problems associated are:

Silo Effect:

Each party has and must fulfill its own separate/individual obligations.

• Risk:

Each party must manage its own assigned risk.

Risk Laundering:

Deliberate efforts are made to contractually shift risk on to other parties.

Lack of Transparency:

Information is often withheld in order to shift risk on to other parties.

Supply Chain Pyramid:

Materials are rarely ever sourced directly. Instead, materials are sourced through layers of small-scale intermediaries that act like compound interest on material cost, without the benefit of large-scale buying power.

Payment Pyramid:

Like the Supply Chain, Payments filter through the same







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SOLUTION:

Legitimacy

SOLUTION: Local Leadership & Influencers

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intermediaries on Pay-when-Paid contract terms. This causes significant working capital costs on subcontractors and Vendors. Margin is often added to offset the cost. The Owner ultimately pays.

Highly Litigious:

Misaligned incentives create bad behaviour.

Why hasn't the business model been disrupted?

The Design & Construction industry is siloed and fragmented. Our current contracting practices have created a significant power imbalance so change cannot come from within. Over 99 per cent of companies have fewer than 50 employees. These small companies deliver more than 80 per cent of the value created in the industry world-wide. Individually, these companies do not have the power to change the industry. But collectively, they can create a revolution!

SOLUTION

Choosing the Right Approach & Team

A Platform for Change - Introducing Collegium:

Collegium is a Project Delivery Platform for Real Estate Developers. Instead of drawings it uses digital technology to connect data from architects, engineers, constructors, fabricators, vendors, and facility operators, from planning through to operation. The result is at least a 20 per cent reduction in capital cost, substantially shortened build schedules, and a measurably reduced carbon footprint.

How do they do that?

Contracts - No need for generally held contracts:

Collegium changes the business model of traditional Design & Construction by creating poly party agreements that align interests, incentivise productivity, and share risk. Wasteful supply chain and finance intermediaries are removed using technology solutions that bypass traditional procurement and payment pathways, accelerating payment velocity.

Compensation Model - Productivity is rewarded:





The Collegium compensation model protects stakeholder profits and encourages the efficient completion of work on a chargeable cost basis. Collegium encourages the use of game-changing technology or work methodologies that create efficiency.

Making Real Estate Development a Data-Driven Process

Contract Models vs Contract Documents. 2D Contract Documents lack consumable data. Collegium leverages the ability to extract data in unlimited quality and quantity so Real Estate Developers can make informed decisions with confidence.

Calculate instead of Estimate. No need for manual "take-offs" from inaccurate and incomplete 2d Drawings. Collegium takes digital quantities of all elements directly from a Building Information Model (BIM) with unmatched accuracy.

Integrated ProcureTech Marketplace. Use digital quantities to create bid packages in an integrated ProcureTech marketplace. Qualified Vendors are able to search, review, and bid on packages that best suit their business.

Get Paid On-Time or Sooner. Collegium removes payment intermediaries so everyone gets paid directly. No Pay-when-Paid



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CHALLENGE Attracting

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CHALLENGE Community

Community Local Leader Support & Influence

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contract terms. No more working capital concerns.

Sustainability. Collegium tackles contemporary challenges head on. The 200-year-old process of traditional Design & Construction is proving ineffective at delivering sustainability solutions affordably. Collegium provides the platform needed to integrate new technologies, methods, and materials that reduce capital cost and measure performance while prioritizing energy efficiency, renewable energy, and a circular economy approach.

Design Charrette - December 7-8 2022

Cetana was created with collaboration as its key ingredient. We believe that greatness and innovation are achieved by sharing the perspectives, achievements, and lessons learned from collective experiences and knowledge. This recognition was our compass in the development of our Design Charette. While most design charrettes take place







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CHALLENGE: Competitive

CHALLENGE:

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well into the project design phase, we purposefully chose to unite our project team and allies as early as possible. All the group had to work with was a few early concept renderings and an ambitious wish list. At the end of the day, we knew we had enough to begin conversations and guide project development.

Every detail of this charrette was designed with purpose, beginning with location and date. On December 7th and 8th 2022, we held our two-day charrette in North York at the Sheraton Parkway Hotel. Understanding that the majority of the design team was located in Toronto, but the benefactors were located in Innisfil, we chose a location that was somewhere in the middle. The Sheraton Parkway Hotel was a good venue since it was able to accommodate overnight guests and offered a conference room with floor to ceiling windows. Access to a bright, naturally lit space was important for keeping our guests motivated, comfortable, and engaged.

Approximately 60 people were invited, with a total of 48 in attendance for both days. Our invitees were a combination of our core design and development team, municipal representatives from Innisfil, local residents, and allies to our vision.

While most Charrettes narrow their scope to energy efficiency or sustainability, our Charrette represented the original intention of the word:

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

— ANDREW CARNEGIE

a collaborative planning process that harnesses the talents and energies of all interested parties to create and support a master plan that represents transformative community change.



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Our purpose of the Charrette was clear:

- Introduce Cetana and the Main Street Innisfil project to project participants
- Bring the project team members together for the first time
- Solicit expertise and opinions from industry representatives
- Foster collaborative, cross-discipline discussions
- Identify challenges and risks
- Present new opportunities, ideas, systems, and technologies
- Prepare resources to support the design process







To ensure we achieved our purpose, these intentions were shared explicitly in a comprehensive participant package. This package also included:

- Project overview and targets
- The 2 day agenda
- A list of our participants and their contact information
- Curated guiding questions
- List of Presenters

The Charrette, and at its core, the agenda, was designed to question assumptions and create a new methodology for project development — one that expanded upon Collegium's business model. As a result, we created a fresh outlook on how to share and exchange information and ideas. The first day was a series of 30-minute presentations followed by 30 minutes of discussions and questions. The second day began with a demonstration of Collegium and assigned seating for subject specific roundtable discussions, ending with an open discussion from all participants.

Since one of the primary intentions of the Charrette was to bring the core design and development team together and encourage collaborative and open teamwork, we coordinated a casual networking event via dinner and cocktails.







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SOLUTION:

Building Confidence

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Engagement

SOLUTION:

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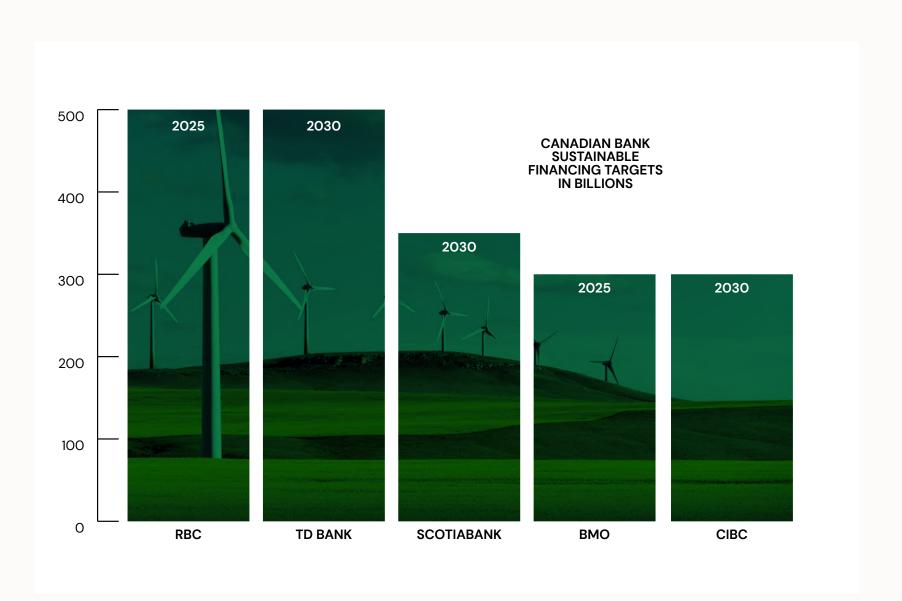
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Choosing the Right Team

Given the nature of our project, its complexity, and idealistic targets, it was important that we chose a core team that believed in our vision, had the right experience, and was open to trying new approaches. We are fortunate to have a truly world class design team with local roots. As with most design processes, the architect is the unofficial captain, pivotal to ensuring a collaborative and successful working relationship with the greater team and keeping the ship on course. We are thankful to be working with Next Architecture.



Good News! Canada's five largest banks, the Big Five (Royal Bank, TD Bank, Scotiabank, BMO and CIBC) have set 2050 as the target date to achieve net–zero GHG from operational and financing activities. In the shorter–term, the banks have sustainable financing targets. For example, RBC has pledged to offer \$500 billion in sustainable financing by 2025. The TD Bank target is \$500 billion by 2030, Scotiabank's goal is \$350 billion by 2030, BMO is \$300 billion by 2025, CIBC is \$300 billion by 2030.



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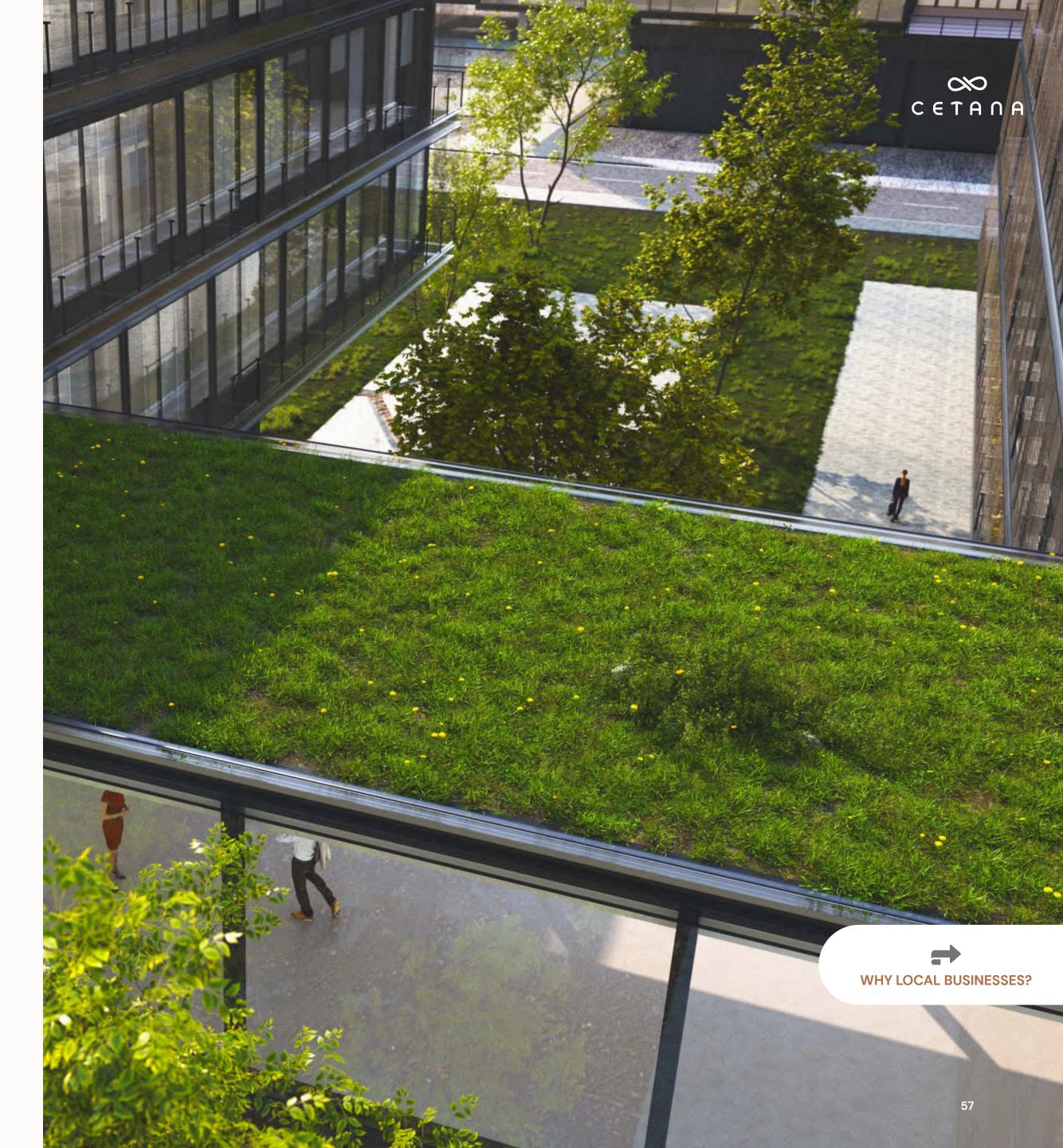
CHALLENGE Community Support

Support & Influencer

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Next Architecture:

Next Architecture (2008) was born out of Rule Wynn and Rule (1938), one of the longest continuously operating architectural firms in Alberta. We have deliberately set out to extend the bold vision Peter Rule, Gordon Wynn and John Rule had with a similar audacious commitment to innovation by adopting and inventing technologies and processes that enable cost certainty, schedule predictability, and preservation of quality for clients, colleagues, and industry partners. In 2016 we took a bold step and set out to completely restructure and built a new type of architectural practice; one that is an industry vanguard. Next is committed to increased cross-industry and transdisciplinary engagement from planning to operation to better the outcomes for both building owners and their building occupants. For the past five years, Next has built a solid reputation for fusing the all-important financial viability with elegant and engaging design solutions. So much so that Next has become the firm to watch as we continue to lead the way from a technological vantage point. The least we do is architecture, but we are doggedly adherent to using innovative, integrated and automated software, skills and knowledge to make buildings that are financially viable and at the same time produce solutions that respect the dignity and needs of all that occupy the buildings we make. We do everything we can to be better stewards of our environment and resources.







△ CHALLENGE

Financing & Attracting Investors

Market Conditions & High Risk:

According to Deloitte's January 2023 Quarterly Economic Outlook Report, the economic outlook remains uncertain. The biggest risk is that past interest rate increases may be more impactful than anticipated, leading to a deeper and more protracted global downturn. While a recession has been expected in the eurozone for months, the downgraded outlook for the US is impacting the Canadian outlook given our trade dependence. These market conditions translate to risk intolerance. Unfortunately, property development is often considered a high-risk investment, as it involves a substantial amount of capital, long lead times, and uncertain returns. The property market can be volatile, subject to fluctuations in supply and demand, and there is always the risk that the development project may not succeed. A high-risk endeavor combined with a downturn in the market makes it especially difficult to attract investors.

High Property Prices:

According to the Chartered Professional Accountants of Canada, after setting sales records across the country in 2020, demand in 2021 continued to outstrip the supply of available properties, which drove up prices. According to the government's December 2021 fiscal update, it will take "years" before the market corrects itself







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Attracting
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and returns to normal, pre-pandemic conditions. Canada's red-hot housing market was burning with no real signs of slowing down, but recent inflationary pressures have cooled Ontario's housing market: average home prices decreased by 20 per cent due to Bank of Canada rate hikes and rising Canadian mortgage rates. While prices in the Greater Toronto Area for example are trending down, our discussion and negotiations with the Main Street property owners were held in the fall of 2022 when prices were still generally high.

Sustainability is Perceived as Expensive:

The financial success of a project must be reviewed and understood through the lens of a property's entire lifecycle, also known as Total Cost of Ownership (TCO). TCO helps developers understand the true cost of owning and operating a property over its entire life cycle and includes all of the costs associated with acquiring, developing, maintaining, and disposing of a property, providing a more accurate picture of the financial implications of a property investment rather than looking primarily at the initial purchase or construction costs. The TCO takes into account a wide range of factors, including the cost of land, construction, financing, maintenance, repairs, taxes, insurance, utilities, and any other expenses that may be associated with owning and operating a property. By looking at all of these costs together, property developers have a better understanding of the long-term financial implications of their investment decisions. One of the main challenges with sustainable property development in Ontario is the perceived cost premiums associated with incorporating sustainable features into building design and construction. The cost of adopting renewable energy systems, energy-efficient building materials, and sustainable technologies can be more costly upfront, requiring a payback strategy from operational efficiency savings to justify the expense.

Sustainability is Perceived as Risky:

Sustainable property development can be limited by a lack of access to financing. Banks and financial institutions can be reluctant to invest in projects that incorporate new and sometimes untested technologies, making it difficult and potentially more expensive for developers to secure funding.

Choosing the Right Project Financing Structure:

The Real Estate sector in Ontario has a number of proven investment models, including: Equity or debt investments; Build-to-sell or rent; joint venture; and mutual fund trusts to name a few. Navigating the best investment structure can be a daunting task for any new developer. The outcome will depend upon a number of factors, such as the developer's financial collateral, their goals and objectives, and the size and complexity of the project.



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SOLUTION

Building Confidence in Cetana

Transparency:

Honesty is a core value for our executive team. When engaging potential investors, we are always transparent about our strengths, weaknesses, hopes and needs. We don't shy away from saying we've never done this before. While this approach may seem counterintuitive to raising and investing millions of dollars, we believe this transparency is leading to the development of trust and collaboration, resulting in not only financial support, but interest in larger strategic partnerships as well. We are bringing back a high degree of fidelity to all aspects of property development and we believe this starts with strong leadership. Our executive team believes that every dollar must be trackable and all investors benefit when they work to the mutual advantage of each other.

Spotlight on Our Past Achievements:

As a new property development firm with no investment track record, we built confidence in our project and abilities by leveraging our collective careers, notable achievements, and professional networks.







Setting up a REIT allows you to access capital from a wider pool of investors. By relying on certain prospectus exemptions under Canadian securities laws, a REIT can raise significant amounts of capital quickly, which can be used to purchase additional properties or fund improvements to existing ones.

Diversification:

By investing in a REIT, investors can gain exposure to a diverse portfolio of real estate assets, which helps to reduce risk. For example, a REIT may invest in properties in different geographic locations or across different asset classes, such as residential, commercial, or industrial real estate.

Professional management:

A REIT's investment assets are run by professional management, which helps to ensure properties are well-maintained and income is maximized. This can be especially beneficial for smaller investors who may not have the time or resources to manage properties themselves.

Liquidity:

Units in a REIT are generally more liquid than real estate investments. This can make it easier for investors to exit their positions if they need to raise capital quickly.



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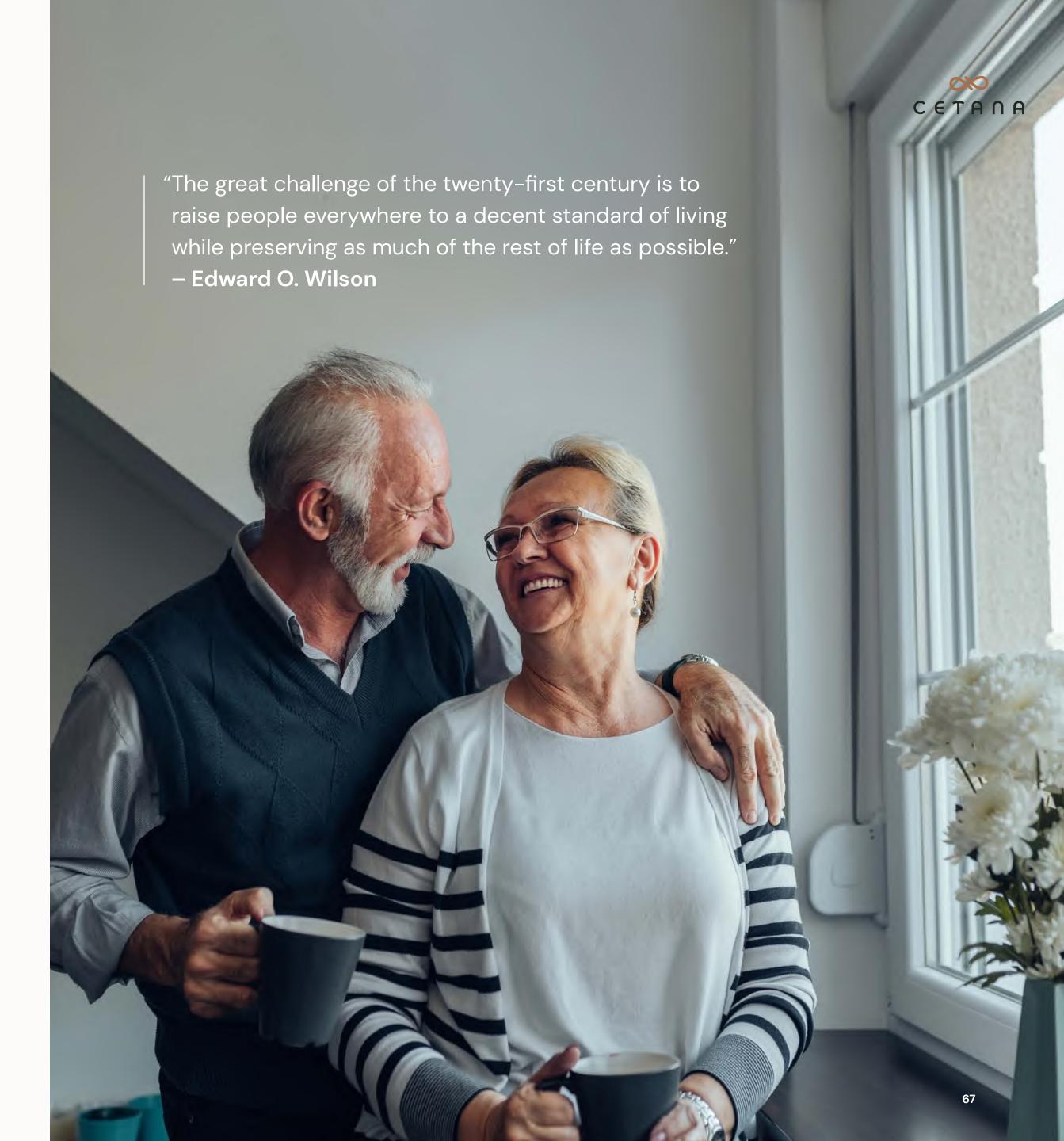
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Tax advantages:

In Canada, REITs are generally not subject to corporate income tax as long as it distributes most of its income to unitholders. The distribution may be exempt from tax depending on the unitholder. This can make REITs an attractive investment option for investors.







Project Reveal & Reception Event:

Creating a buzz in the market is an effective way to garner interest and curiosity from potential investors. But there is a balance to this approach. A developer will want to attract investors to learn about the project, but won't want to share too much information in order to manage the risk of another developer with greater resources and experience acquiring the designated properties first. To reveal the project, Cetana hosted an invite-only cocktail reception in Innisfil at Friday Harbour on March 30, 2023. The curated list included local developers, federal, provincial, and municipal representatives, potential and secured investors, our core design and executive teams, industry experts from across the design and construction sector, local business owners, and influential individuals of Innisfil. This three hour event offered local food and refreshments, a live three piece jazz band, and valet parking. Of the three hours, 30 minutes was designated for welcoming remarks and a project overview; the remaining time was dedicated to open conversation. The Project Reveal & Reception event was designed to encourage networking among industry peers, offer direct conversations with design and executive teams to build confidence around project status and targets, and demonstrate the overwhelming support from the Town of Innisfil.







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SOLUTION:

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Real Estate Acquisition

Emotional Attachment:

Many residents have a strong emotional attachment to their homes, particularly if they have lived there for a long time or have raised a family there. Selling one's home to a developer may feel like a loss of personal history and a significant change in lifestyle. Cetana is in the process of securing 37 single–family homes, where owners have lived for decades. Emotional attachment is a considerable factor in the property acquisition phase.

Actual & Perceived Disruption to Community:

The sale of single-family homes to Cetana involves the demolition of existing homes and the construction of up to 10 mixed-use residential lowrise and midrise buildings. This will disrupt the character and community of the neighborhood, including changes to traffic patterns and overall aesthetic. Add to that, there is a clear division within Innisfil's community that can





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"You can never go home again, but the truth is you can never leave home, so it's all right." — MAYA ANGELOU

be characterized as the old generation and the new generation. The old generation has a strong aversion to the growth and development of the town.

Financial Incentives:

There is a perception that developers may not offer residents a fair market price for their homes, especially if they are eager to acquire the land for development. This can make residents feel undervalued and taken advantage of, leading to reluctance to sell. Cetana has been managing an often negative reputation of developers.

Fear of Displacement:

Residents may be concerned about their ability to find suitable housing if they are rushed to sell their homes. They may worry that the new development will not provide affordable housing options, leading to displacement from the community.

Lack of Transparency:

Developers may not always provide residents with clear information about their plans for the land, leading to mistrust and suspicion. Residents may be hesitant to sell their homes if they feel that they are not being fully informed about the developer's plans for the community.







SOLUTION

Meaningful Resident Engagement

Personal & Consistent Communications:

Home is often defined by people and places – but usually it is wherever your family dwells. Selling your home and leaving familiar faces is not a small ask. We recognized that immediately and in response we developed a plan of approach with our real estate team at Right at Home Realty. This plan included: knocking on doors and speaking face to face instead of calling or emailing; sending personal letters from the executive team of Cetana, and keeping dialogue open for questions, concerns, and negotiations.

One-on-One In-Person Meetings:

Cetana's executive team took the time to meet interested homeowners in individual and in-person meetings to discuss our development plans, negotiate property price, and answer questions. These in person meetings were crucial to building trust with particularly concerned property owners.

Transparency:

Most of the property owners have lived in or owned their properties for generations. These are entrenched community





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members who have strong opinions on how Innisfil should develop. We were as honest and transparent as possible about our development plans, sharing renderings, asking for feedback, and focusing on the fact that our intentions are pure and lend to smart, sustainable development in their cherished Town.

Honouring The Resident:

Some property owners were driven by something more meaningful than the bottom line. We identified particular property owners that we'd like to honour by naming select aspects of our development after their family name. This personalized and lasting legacy was attractive to those who were particularly sentimental.

Letter of Intent:

To demonstrate our objective of purchasing these single family homes, we created a Letter of Intent. A Letter of Intent, also known as an LOI or letter of interest, is a non-binding document that specifies one party's intentions towards another. The Letter of Intent is used for real estate transactions to indicate an interested party's intention to purchase the property. With the help of our legal team at Aird & Berlis, we crafted an LOI for each homeowner. We also offered compensation for each homeowner to connect with a lawyer of their choice to understand the purpose and legality of the LOI. This built further trust, transparency, and collaboration.

Aird & Berlis:

We are proud to be one of Canada's premier business law firms. At Aird & Berlis, we provide strategic legal and business advice in all principal areas of business law, including corporate finance, banking, insolvency and restructuring, energy, environmental, infrastructure/P3, technology and intellectual property, litigation, workplace law, municipal and land use planning, real estate and tax. Through strong technical skills, critical thinking and creative approaches to practicing law, we provide our clients with a strategic advantage to leverage opportunities in the marketplace. We focus on your legal issues, so you can focus on your business.

Right at Home Realty:

What has now grown to become the largest independent brokerage in Canada was once just a vision in the early 2000s for the minds of our founders:

Howard Drukarsh, Ronald E. Peddicord and the late Arthur Bartram. Right at Home continues to maintain its position as the number one brokerage in the Greater Toronto Area and remains the largest independent brokerage in Canada. Our network has grown to 10 offices and close to 6,000 members serving Ontario with recent acquisitions in Barrie and Ottawa



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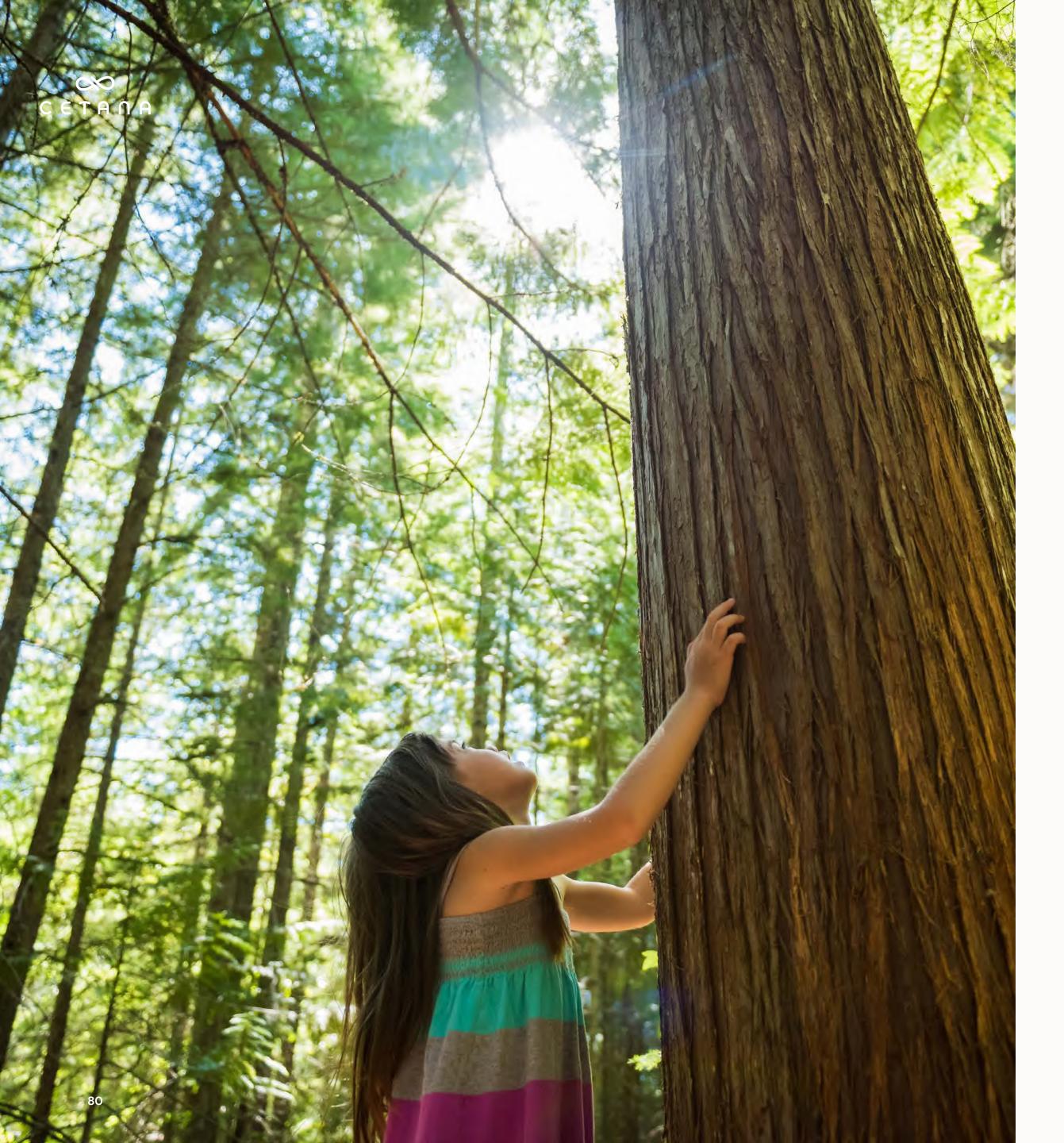
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further extending our reach. RAHR will continue to execute an aggressive growth strategy increasing its presence throughout Ontario and beyond while offering Realtors® a favourable alternative to outdated commission split business models.







△ CHALLENGE

Entering a Competitive Industry

Dog Eat Dog Industry:

According to the Canadian Construction Association, the construction industry employs more than 1.4 million people across Canada and generates about \$141 billion for the economy annually; 70 per cent of the industry are small to medium–sized firms. In Ontario alone, over 600,000 people are employed in the construction industry and in 2022, more than \$2 billion dollars of investments have been made in building construction.

The property development market in Ontario is highly competitive, with developers vying for prime locations and market share. With a growing population and strong economy, Ontario presents attractive opportunities for property developers, particularly in urban areas. However, competition is fierce, with many developers looking to capitalize on the region's growth, especially in the Greater Toronto Area.

One of the biggest drivers of competition in the Ontario property development market is the increasing demand for housing. As the population grows, there is a need for more housing options, from single-family homes to multi-unit residential buildings.





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Developers are constantly seeking ways to differentiate their projects from the competition, whether through innovative designs, unique amenities, or sustainable features. Those who are able to offer something new and different may have an advantage in the market.

Another factor contributing to competition in the Ontario property development market is the regulatory environment. Developers must navigate a complex web of regulations, zoning laws, and environmental requirements, which can create significant challenges and delays. Those who are able to navigate these regulations effectively may have an advantage over competitors who struggle to do so.

In addition to these factors, developers in Ontario must also contend with rising land and construction costs. As competition heats up, land prices in desirable areas can quickly become prohibitively expensive, making it difficult for developers to secure profitable projects. Construction costs, too, are on the rise, driven in part by labour shortages and material price increases. Developers who are able to manage these costs effectively may be better positioned to succeed in the market.

Overall, the property development market in Ontario is highly competitive, with developers facing a range of challenges and opportunities. Those who are able to differentiate themselves, navigate regulations effectively, and manage costs may be better positioned to succeed in this dynamic and rapidly evolving market.

Entrenched Networks & Relationships:

Relationship building is critical to property development. The industry is a complex and dynamic field, requiring close collaboration among a range of stakeholders, including builders, architects, engineers, regulators, investors, and community members. Developing and maintaining strong relationships with these stakeholders is essential to achieving success in the industry.

One key reason that relationship building is important in the property development industry is that it helps to build trust and credibility. Property development projects are often complex and challenging, with many moving parts and potential pitfalls. By building strong relationships with key stakeholders, developers can demonstrate their expertise, commitment, and integrity, which helps to build trust and credibility among stakeholders.

Another reason that relationship building is important in the property development industry is that it helps to facilitate

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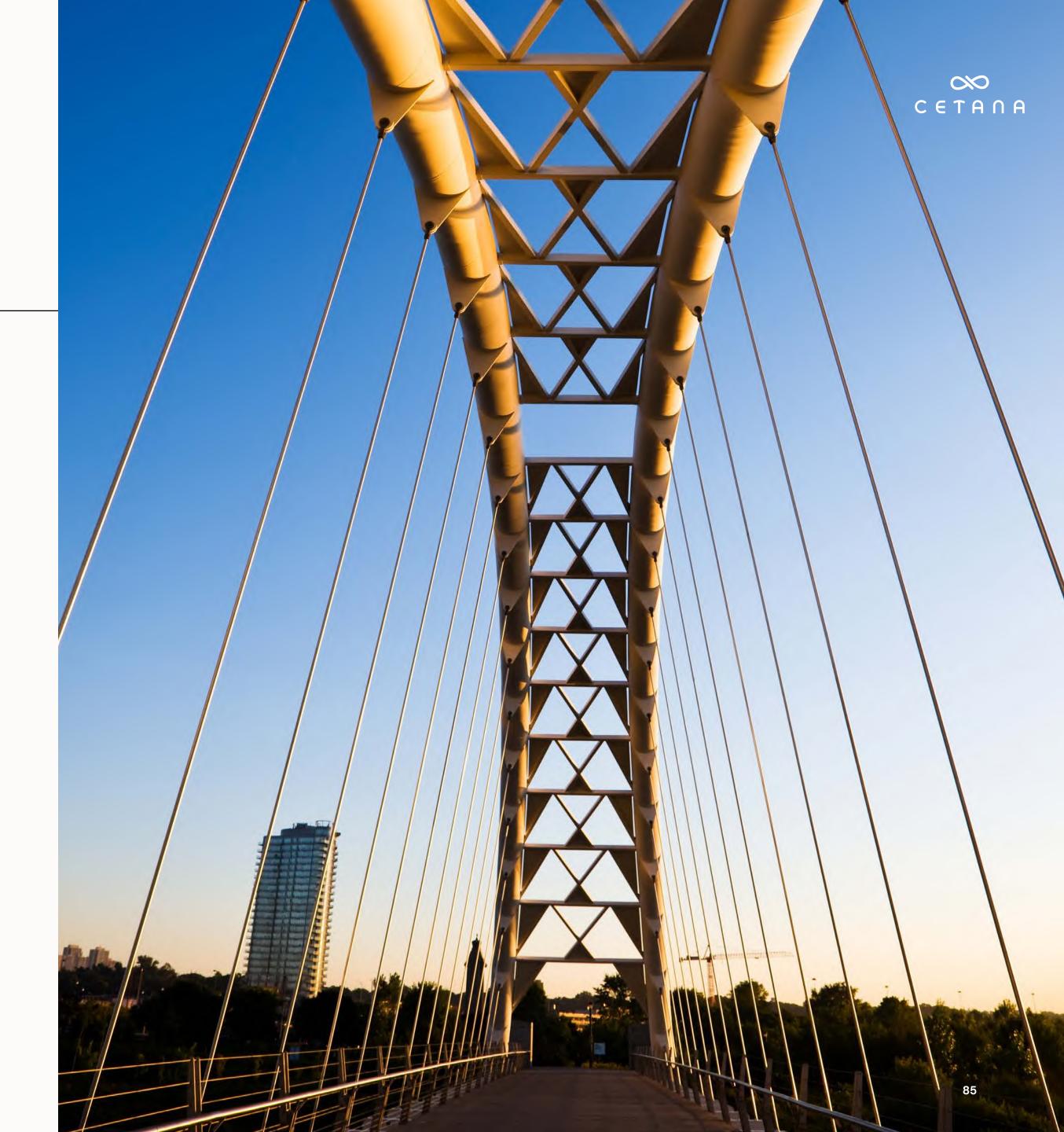
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"If I have seen further, it is by standing on the shoulders of giants." — ISAAC NEWTON

collaboration and problem-solving. Property development projects often require close collaboration among stakeholders with different areas of expertise and interests.

By building strong relationships with these stakeholders, developers can create a culture of collaboration and open communication, which helps to identify and address problems early on in the project.

Finally, relationship building is important in the property development industry because it helps to create a positive reputation and brand image for developers. By building strong relationships with community members, regulators, and other stakeholders, developers demonstrate their commitment to social responsibility, sustainability, and community engagement, which creates a positive image and reputation for their brand.







As the new kid on the block, it is difficult to navigate this entrenched and networked industry. Cetana is entering a saturated and legacy market with notable national and international players. Reputation and relationships are key to enter this market successfully. Since this is our first development, we have yet to develop an awareness or reputation from industry colleagues.





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Building Legitimacy

Leaning on Reputable Allies:

Our Executive Team at Cetana are experienced designers, project managers, consultants, people managers, and influencers in the design and construction industry. We are now taking our collective experience and applying that to property development. To build legitimacy and confidence in our ability to actualize this project we engaged reputable individuals, with notable accomplishments and experience, to help guide us during the early stages of Cetana's formation; namely Imran Jiwa (largest hospitality property acquisition in Canadian history), Will Smith (project manager of the largest private urban development in Canadian history), and Sandra Yeung Racco (longest-serving Asian female politician in the City of Vaughan and York Region).

Respecting the Giants:

The field of property development in Ontario has some heavy hitters, such as Mattamy Homes, Tridel, The Daniels Corporation, Minto Group, and Oxford Properties. As a show of respect and in the spirit of collaboration, we made sure to connect with the most prominent developers in Innisfil to let them know that we will be playing in their backyard. Do we need permission? No. But we do need to think about growing partnerships, allies, and

general support. This cannot be done without sharing our vision and goals openly with the experienced and resourceful players in the area.

Demonstrating Government Support:

Since our project is aligned with federal, provincial, and municipal sustainability and inclusivity targets, we have been fortunate to receive a government grant from Natural Resources Canada through their Green Construction Through Wood Program. The Program encourages the greater use of wood in construction projects and supports Canada's transition to a low-carbon economy. The program brings awareness to and increases capacity for innovative tall wood buildings, timber bridges and low-rise wood buildings. In addition to receiving a grant from the federal government, we have received a letter of support from the Town of Innisfil. This letter reiterates that our project targets and intentions are similar to the municipality's overall goals and conveys the message that the Town will be supportive as we navigate the development process. Having the grant and letter have proven to be powerful tools in demonstrating the opportunities and existing support for this development.

Creating a Niche in the Market:

Sustainability is a core driver of Cetana. We recognized early on that we were in a unique position as developers because we







Synergy Partners:

Synergy is a 100 per cent employee–owned consulting firm focused on building engineering and capital planning. Founded in 2014 by six industry–leading engineers, Synergy has grown significantly to become a trusted engineering firm in the Canadian real estate industry. We pride ourselves in being wholly–owned by our employees and we believe in treating our clients and employees as valued partners. Our team is comprised of a talented, experienced, and diverse group of engineers, building science professionals, and support staff.





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Securing Community Support

Community Opposition:

Property developers may experience neighborhood opposition when they propose new development projects in areas where residents are not in favor of the changes. This opposition can arise for a variety of reasons, such as concerns about increased traffic, changes to the character of the neighborhood, or fears of decreased property values.

This opposition takes many forms, including:

Protests and Demonstrations:

Community members may organize protests and demonstrations to show their opposition to a proposed development project. These demonstrations may involve signs, chants, and other forms of public display to draw attention to their concerns.

Petitions and Letters:

Community members may organize and sign petitions or write letters to local officials expressing their opposition to a proposed development project. These petitions and letters may be sent to zoning boards, planning commissions, or city councils.

Public Hearings:

Public hearings may be held to allow community members to voice their concerns and opinions about a proposed development project. These hearings provide an opportunity for residents to share their thoughts and ask questions of the developers.

Lawsuits:

In some cases, community members may file lawsuits to challenge a proposed development project. These lawsuits may be based on environmental concerns, zoning regulations, or other legal issues.

Social Media Campaigns:

Social media campaigns may be used to spread awareness and mobilize community opposition to a proposed development project. This can involve creating social media pages, hashtags, or videos to share information and engage with others in the community.

Referendums:

In some cases, community members may organize referendums to try to stop a proposed development project. These referendums may be placed on the ballot during local elections and allow residents to vote on the proposed development. CENTANA ONLINE

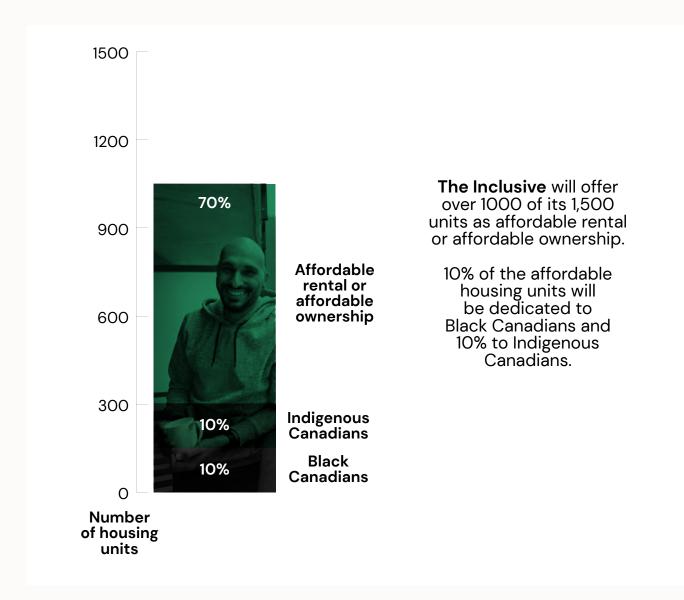




Case study: Spotlight Developments

Spotlight Developments is proposing a five-tower development in North York that aims to offer 70% of its roughly 1,500 housing units as affordable rental or affordable ownership. The towers will be 25 to 38 storeys tall, with affordable ownership townhouses at the base of one of the buildings. The project is dubbed "The Inclusive" and located in North York with construction set to begin by Q4 2024 and occupancy by the end of 2026.





Spotlight Development has also partnered with non-profit agencies Habitat for Humanity, WoodGreen Community Services, the BlackNorth Initiative, Good Shepherd and Trillium Housing to manage and deliver affordable housing units to marginalized groups such as Black Canadians, Indigenous Canadians, low-to-moderate-income families, older adults, newcomers and veterans.

"We're trying to make sure that we are touching the lives of as many people in the City of Toronto as we can and help them by tackling the problem of the day, which is housing unaffordability," said Developer Sherry Larjani, president and founder of Spotlight Development.





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opportunities.

Increased Costs:

Community opposition can result in increased costs for developers, as they may need to invest in additional studies, public relations efforts, or legal services to address concerns and gain support for their projects.

Damage to Reputation:

Developers who ignore community concerns and push forward with unpopular projects can damage their reputation and face negative publicity. This can make it more difficult to secure financing or gain support for future projects.

Legal Challenges:

Community opposition can lead to legal challenges that delay or derail development projects. This may include lawsuits or challenges to zoning or environmental regulations.

Lost Opportunities:

In extreme cases, community opposition can result in the cancellation of a development project. This can result in lost opportunities for developers, as well as lost revenue and economic benefits for the community.







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Engaging Local Leadership & Influencers

Finding the Influencers:

Every community, no matter how small or large, has voices that seem to stand out. These voices can be powerful and persuasive in making change or stopping change. It is important to identify who the local heroes and influencers are as soon as possible because garnering their support will be key to project success. These community representatives are not only knowledgeable about their community's needs, wants and fears, they are also amazing networkers and doers. Through countless questions, meetings, and local networking events, we were able to create a list of influencers in Innisfil. These individuals have been invaluable in our efforts to date – they've helped us build our contacts, identify and navigate challenges early on, and support our overall vision. For example, since one of our goals is to support local businesses, we were introduced to a cafe owner and active community member. We were open and transparent with him about our plans and how we think it will serve the community. In support of the project, this cafe owner took it upon himself to create a list of like-minded business owners and is helping us coordinate and host meetings with local businesses. **Identifying Municipal Allies:**

GLOBAL WARMING



Municipal support can make or break a development. We were fortunate to already have a strong connection with a councillor who happened to share his early career with Cetana's CEO, having worked together at the Toronto and Region Conservation Authority. While a single strong connection is great, we knew that we needed to grow our network. This friend and ally became a conduit to the greater local government, introducing us to other councillors, the Mayor and Deputy Mayor, urban planners, and other Town staff.

Storytelling:

When speaking to the local community, there are several aspects of our project's intentions that come with questions, assumptions, and unknowns. Instead of conveying our direction through facts and figures, we like to explain our project through storytelling. A story becomes relatable, recognizable, and connects abstract ideas. These are emotional times and in order to connect with people and become influential one needs to be a storyteller. Discoveries in neuroscience prove decision–making is largely emotional, not logical. Studies have shown that when we hear a story, our brains release dopamine, a chemical that is associated with pleasure and reward. This creates a positive emotional response and reinforces the connection between the story and our own experiences. So how can we persuade the





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Report Acknowledgements

Our accomplishments to date could only be possible thanks to the commitment and collaboration of our partners and industry associates. Together, we are driven to leverage our collective expertise for tangible change-making on behalf of the common good, demonstrating what is possible and encouraging actors in the built environment to strive for excellence.

RECOGNITION:

GC Wood - Natural Resources Canada

• This report, as well as the products and the events that have been so important to our journey to date, could not have been possible without the generous contributions of the GCWood program team at Natural Resources Canada.

Next Architecture/Collegium

Thanks to the amazing talents, support, and time commitment of our architect Allan Partridge at Next Architecture, we now have a Main Street Innisfil plan that we will be proud of for years to come. Allan has become a very important partner to Cetana. Our journey would not have been possible without his proven experience and design leadership.
Luke West at Collegium has been a strong advocate for Cetana's vision and mission. Through Collegium's new digital project management system, we now have a Main Street development plan that will help us set a new standard in the market for property development.

Right at Home Realty

 Yasamin Rismani and Tylor Martino have been our close and trusted real estate partners since Cetana was founded. Their professional guidance and support along our journey have been crucial to our efforts. We are very grateful for their support.

Knightsbridge Developments

• CEO Will Smith and the team at Knightsbridge have become an important partner to Cetana. Their award winning experience in large-scale project management and construction has set a new standard for excellence across the market.

Engineering Excellence

We have an amazing team of engineers from across disciplines that have supported our project efforts. We look forward to continuing our collaboration over the coming years.

Special appreciation goes to:

- David De Rose, Robert Quattrociocchi Synergy Partners
- David Bowick Blackwell
- Kenny Smith Firm6
- Jon Waltr RE3 Solutions
- John Rathbone Rathco Eng.
- Frank Marzo, Kate Cooper Bousfields
- Lee Scott, Patrick Chouindard Element 5

Professional Services

Corporate development and growth of Cetana could not be possible without the leadership and commitment of our legal, marketing, and administrative teams. We want to express our appreciation for the hard work and dedication of our trusted professionals:

- Todd Latham Actual Media
- Flavio Cappella Guidelines Advertising
- Rochelle Perera Aird & Berlis
- Mark Shepherd Independent Consultant

Strategic Development

The success of a new business venture requires more than an executive team with a vision. At Cetana we are fortunate to have a network of trusted advisors with the experience, time and resources needed to accomplish our goals:

- Adam Muggleton AESG
- Joseph Ragusa Independent Executive and Business Strategist
- Mark Salerno Sense Engineering
- Imran Jiwa Valtus Capital
- Sandra Yeung Racco City of Vaughan (Former Councillor)
- Donna Orsatti Town of Innisfil (Former Councillor)
- Howard Drukarsh Right at Home Realty
- Jonathan Westiende Windmill Developments
- Paul Ghezzi Kontrol Technologies

Public Sector Leadership

Cetana was launched through a unique business model that emphasizes the need for close collaboration across public and private sector interests. We would like to express our appreciation to the municipal officials that have provided valuable insight along our journey.

- Alex Waters Innisfil Council, Ward 4
- Jennifer Richardson Innisfil Council, Ward 3

Industry Associates

We believe we can only accomplish our objectives through strong professional relationships that bond over common interests. We are fortunate to have established a number of trusted connections in support of our Innisfil project that we look forward to nurturing over the coming years:

Innisfil Business Collective

- Kelsey Aman
- Adam Kurrello
- Krysta Peticca

Canadian Wood Council

- Barbara Murray
- Steven Street

Friday Harbour Resort

- Hani Roustom
- Leslie Chavez

Report Production

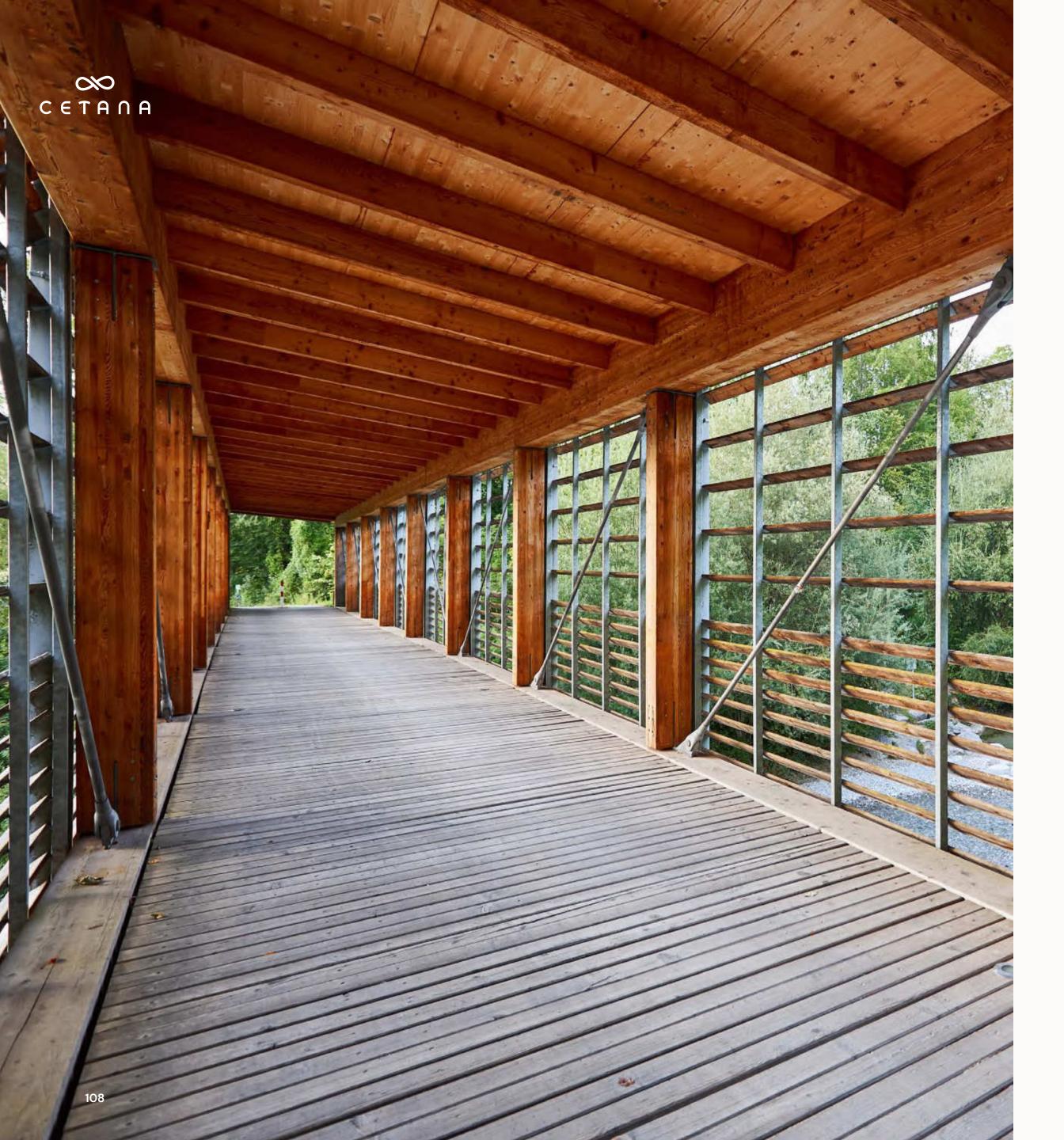
This bespoke report was produced collaboratively by the team at Cetana and Actual Media. Leveraging the traditional art of storytelling and leading edge interactive features, this digital report delivers a dynamic user experience in a new, environmentally friendly format.

- Author, Production Lead:
 Natasha Arsenijevich Cetana
- Layout & Design:
 Gordon Alexander Actual Media
- Production, Copyediting Corinne Lynds,
 Catherine Luzena Actual Media

Charette photo credit:

• Nick Laferriere Photography





emotional part of the brain? One answer is through the art of storytelling. One piece of science to always remember: human brains are hardwired for stories.

Dedicated Website:

While in person discussions and feedback are always preferred, it can be difficult to find a time that works for everyone. To ensure that we reach all community members on *their* time, we developed a website. This website features downloadable documents about the project, surveys and questionnaires, registration and signups, and an informative FAQ section. The primary goal of the website is to offer a communication feedback loop with local residents and interested community members.

Guidelines Advertising:

Real Estate is all we do. With more than 40 years of customized solutions built for your brand. We leverage best-in-class strategic thinking to deliver results with excellence. Breaking down silos between departments, we use an omni-channel approach to leverage and optimize the right customer touch points. We know the magic happens when you blend media with creative, owned channels with paid channels, and ensure each decision is data-driven and customer-centric. Our solutions are paired with our best-in-class process, Guidelines' Performance







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Engine, that seamlessly ties these components together to deliver full-funnel results.

Conclusion

Cetana was born of equal parts frustration and passion; frustration from the lifeless, cookie-cutter developments that we've lived in and witnessed for decades, and passion for the opportunity to showcase what is possible in our *built environment*.

Built – that's the key word here. Developers, architects, engineers, suppliers, trades, and everyone in between, are *building* our environment, every day. What they build is a *choice*. Unfortunately, the motivation behind most projects is replicability, ease of construction, and profit. We are forgetting that the buildings of today will become the communities of tomorrow. If we do not build responsibility, if we do not build with adaptability in mind, if we do not build with heart, we will be creating lifeless, isolating, and uninspired communities.

Environment – the other keyword. Humans are indeed animals. We are driven by biological needs such as hunger, thirst, shelter, and reproduction, and we are social creatures that rely on social connections and interactions to thrive, much like primates, whales, cows, dogs, and other animals. We respond to environmental stimuli in ways similar to other animals. While humans have evolved to become highly intelligent and capable beings, it helps to remember our biology and behavioral characteristics are shaped by evolutionary processes, and

THE STATE OF MASS TIMBER IN CANADA 2021





we are subject to many of the same instincts and drives as other animals. By recognizing our animal nature, we can better understand our place in the natural world and work towards building a more sustainable and equitable future for all species. Just like insects, birds and animals, humans have a particular climate niche. Scientists have found with 6,000 years of human history that society thrives when we stay within this climate niche and the turbulence that ensues when it is pushed out of this zone (defined by an optimal temperature range for human health and productivity of 11–15°C and an optimal annual precipitation range of 750-1250 mm, Marten Scheffer 2020). The study found that for every 1 degree Celsius of global average warming, 1 billion people will have to adapt or migrate to stay within climate conditions that are best suited for crop production, livestock and a sustainable outdoor work environment. The study breaks new ground by quantifying the temperature range society is most adapted to and projecting how climate change will push people outside it.







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"What we have looked for is humanity's sensitivity to warming, and that is about 1 billion people in trouble per degree [Celsius] of warming," said study co-author and Dutch research ecologist Marten Scheffer of the Santa Fe Institute and Wageningen University.

They found that people, crops and livestock have heavily concentrated in a narrow band of relatively constrained climate conditions. This range, referred to in the study as the human "climate niche," has remained largely unchanged for 6,000 years. Projecting into the future using a scenario with high emissions of heat–trapping greenhouse gasses, the researchers found the position of the human climate niche is projected to change more in the next 50 years than it has over the past 6,000. Such a shift would leave 1 billion to 3 billion people outside the climate conditions that have nurtured human society to date.

What, then, is the most optimal built environment for the human animal today and in the face of an ever changing climate?

We believe this environment would be one that is designed to meet the basic needs of human physiology and psychology, while promoting health, safety, social connections, and sustainability.

Such an environment should be accessible, affordable, and adaptable to meet the changing needs of its inhabitants over time.

In terms of design, the built environment should prioritize natural light, fresh air, and access to green spaces to promote physical and mental health. Noise and artificial light pollution should be minimized and all indoor environments should ensure comfortable temperature and humidity levels. Communities should be designed to: promote physical activity, such as walking or biking; encourage healthy lifestyles; and facilitate social interactions, with places for people to gather, such as parks, community centers, and public squares. Streets and public spaces should be safe and accessible for all individuals, regardless of age or ability.

When you put property development in the context of creating the most optimal and long lasting built environment for the human animal, as opposed to the erection of the most cost effective buildings, the responsibility of property developers becomes clearer; developers define our landscape and lifestyle for generations.

At Cetana, we recognize the gravity that our choices will have on the environment and its people, which is why we are dedicated to creating thoughtful, sustainable, and healthy communities. But we cannot do this alone. Change is never linear and never easy. It will take collective effort from across disciplines and industries. But, it starts with imagining a better future.







Why Mass Timber?

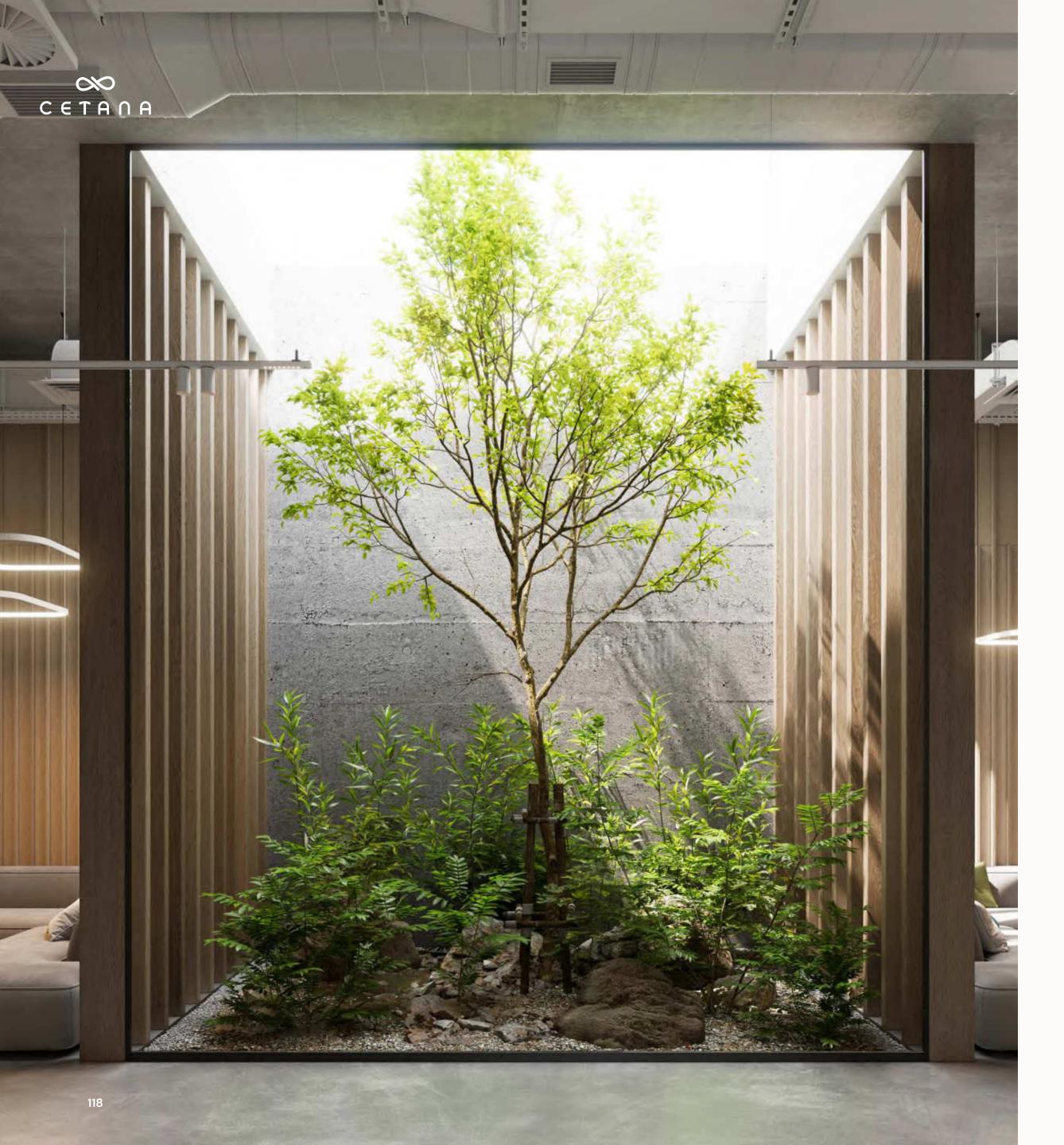
Mass timber is a transformative building technology made by affixing or gluing together many pieces of wood veneers, flakes or dimension lumber to form larger, stronger pieces such as panels and beams. There are several benefits to using mass timber:

- Competitive construction costs
- Speed of construction time savings and labour cost savings
- Provides natural insulation
- Sustainable product life cycle and low carbon footprint in support of Canada's climate change targets
- Stimulation of the national economy results from using a product grown and manufactured in Canada
- Comparable safety and performance to other construction materials but note that mass timber panels are surprisingly fire-resistant due to a layer of char that forms on the wood's surface when exposed to fire, which can help prevent further combustion
- **High strength to weight ratio** mass timber panels perform well in seismic events
- **Design flexibility** panels are manufactured offsite to precise specifications, allowing for greater design flexibility and customization. Mass timber can easily be integrated with other building materials
- Durability and longevity

 Mass timber's inherent strength and resilience stem from the







impressive resistance to decay and degradation, promising a prolonged service life far beyond traditional construction materials. By combining eco-friendliness, renewability, and exceptional performance, mass timber emerges as a forward-looking solution that sets a new standard for sustainable and enduring architectural design.

• Health and wellness benefits – mass timber buildings have been shown to provide a more comfortable and healthier indoor environment compared to traditional construction materials. Wood's natural thermal properties, such as its low thermal conductivity and high thermal mass, can help regulate temperature and humidity levels, leading to better indoor air quality and increased occupant comfort. There is a growing body of research that suggests that exposure to natural materials, including wood, can have a positive impact on our well-being and comfort. Some of the factors that may explain why people tend to feel comfortable when surrounded by exposed wood surfaces include biophilia (the theory of biophilia suggests that humans have an innate connection to nature and natural materials, and that exposure to natural elements can have a positive impact on our psychological and physiological well-being. This connection to nature may help explain why people tend to feel comfortable when surrounded by exposed wood surfaces).





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- Aesthetics Wood has a natural and organic aesthetic that can be visually appealing and calming. The natural grain, texture, and color variations in wood create a warm and inviting atmosphere that contributes to a sense of comfort. Wood has a natural texture that is pleasing to the touch. The tactile experience of touching wood can be comforting
- Support of local supply chains In this case, we are working with engineered wood product manufacturers located in the province. We are also exploring how we can incorporate wood products sourced from Indigenous–owned or operated wood product manufacturing companies.







Why Urban Agriculture?

"Locally grown food reduces the present average of 1,300 miles that our food travels"

Promotes the Consumption of Fruits and Vegetables

Evidence has shown when gardeners or small-scale farmers produce their own food, not only do they eat more vegetables more frequently, they also consume fewer foods and beverages with a high sugar content.

Decreases Chronic Health Risks

Gardening has been connected with "reducing risks of obesity, coronary heart disease, glycemic control and diabetes, and occupational injuries." Mounting evidence is showing that school-based garden programs help youth to identify healthy food, and as a result, reduces risk of obesity and chronic diseases.







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Promotes Food Literacy

Urban Agriculture cultivates a relationship between local consumers and producers, which "augments knowledge and commitment to healthy, sustainable, and secure food products and practices." Garden programs also "teach a skill and a lifetime hobby" as well as increasing familiarity with healthy food options, leading to an increased consumption of whole foods.

Enhances General Wellbeing (mental health and physical activity)

Gardening is considered a suitable form of physical exercise for all demographics, including those with reduced mobility such as pregnant women, cancer survivors, and the elderly. Spending time in the natural environment and working with plants positively impacts mental health, outlook, and personal wellness; health professionals use gardening to help patients "improve social skills, self-esteem, and use of leisure time." The act of cultivation assists with illness prevention and increases healing responses as well as encouraging relaxation and reduces "stress, fear, anger, blood pressure, and muscle tension."

Creates Safer and more Prosperous Communities

The presence of vegetable gardens in urban neighbourhoods

"is positively correlated with decreases in crime, trash dumping, juvenile delinquency, fires, violent deaths, and mental illness." Part of the reason is the social cohesion that naturally forms as a result of disparate groups (based on age, ethnicity, and socioeconomic status) cultivating together.

Participating in urban agriculture also lends to the development of job skills and offers "entrepreneurial opportunities," leading to improved mental health related to personal satisfaction, fulfillment, and overall well-being.

Reduces Agri-Food-based Pollution

Plant medium "reduces carbon dioxide, ground-level ozone concentrations, and lowers urban mass temperatures," while on a community scale "locally grown food reduces the present average of 1.300 miles that our food travels," further reducing GHG emissions and improving air quality. Given the locality, supporting urban agriculture is more fuel efficient and less polluting than conventional farming methods.



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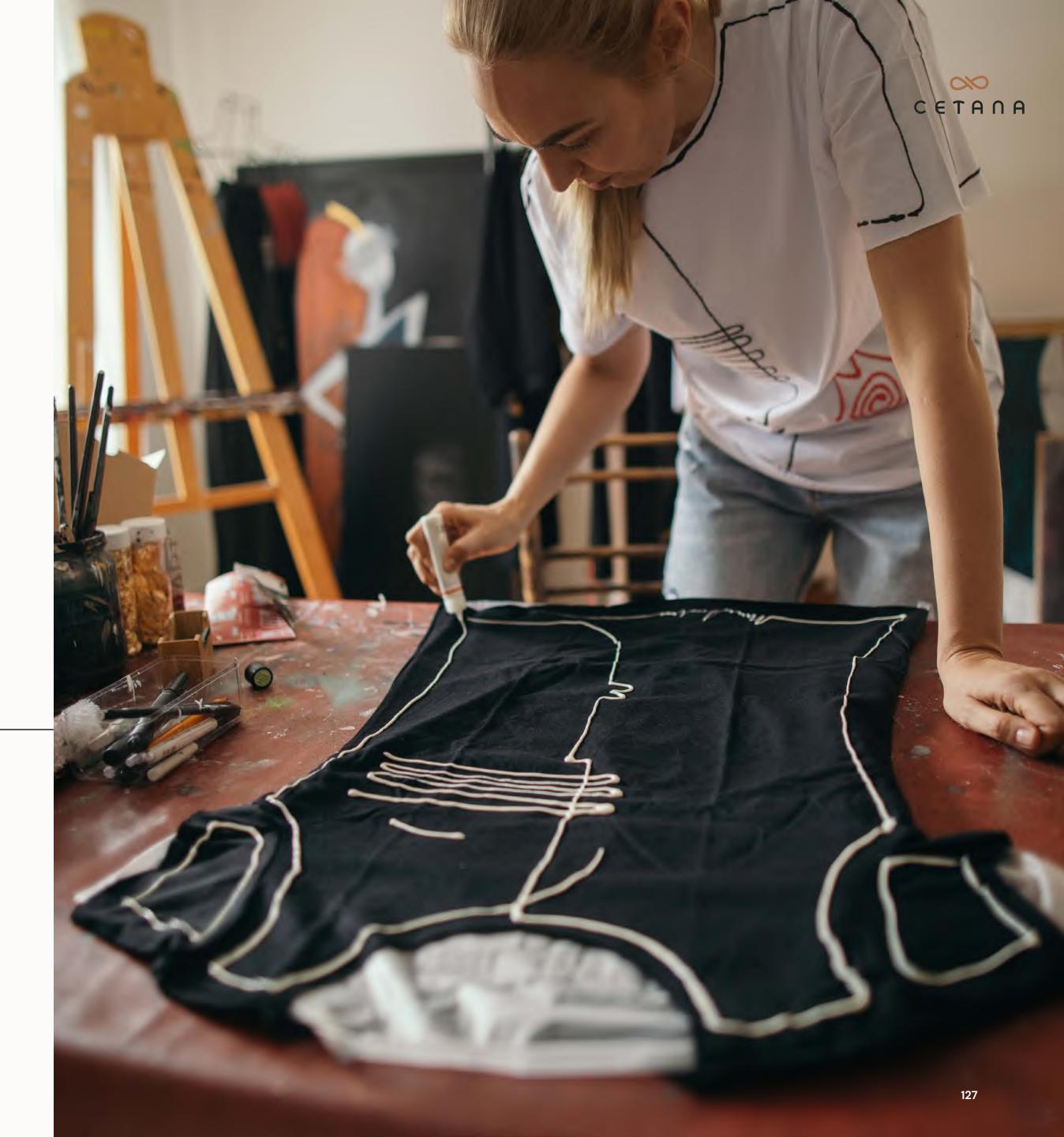


Why Zero Carbon?

Building construction and operations account for nearly 40 per cent of energy-related CO2 emissions globally, making them among the largest contributors to climate change. With population growth, urbanization and the need for cooling in a warming world only increasing, the global building stock is set to double by 2060. Without dramatic energy efficiency improvements and decarbonization of the energy used, energy demand for buildings will continue to drive massive increases in carbon emissions.

Zero carbon buildings have a net zero amount of carbon emissions associated with their annual energy demand. This can be achieved by:

- Implementing energy efficiency improvements
- to reduce energy demand
- Meeting energy needs with on- or off-site zero-carbon, "Alemewable emergy solitals (and three necessary: whigh and preferably local offsets)
- Electrification of building space and water heating and digitalization to provide needed flexibility
- Using energy storage systems (in combination with solar







panels or wind turbines)

• In some locations, taking a district- or portfolio-level approach to a combined net zero carbon result



WHAT IS A CIRCULAR ECONOMY



