

HARBOURSIDE COMMERCIAL PARK INC.

**ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2011-2012**

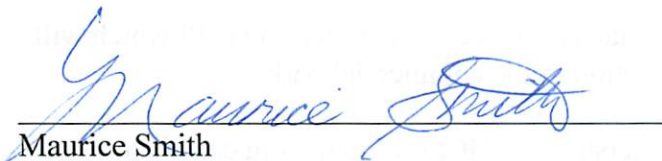
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1.0 Accountability Statement

The accountability report of Harbourside Commercial Park Inc. (HCPI) for the year ended March 31, 2012, is prepared pursuant to the *Provincial Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the HCPI's Business Plan information for the fiscal year 2011-2012. The reporting of Harbourside Commercial Park Inc. outcomes necessarily includes estimates, judgments and opinion by HCPI's management.

This accountability report is the responsibility of HCPI's management and is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in HCPI's Business Plan for the year.



Maurice Smith

Minister, Department of Transportation and Infrastructure Renewal



Gary Campbell

President, Harbourside Commercial Park Inc.

2.0 Message from Harbourside Commercial Park Inc.

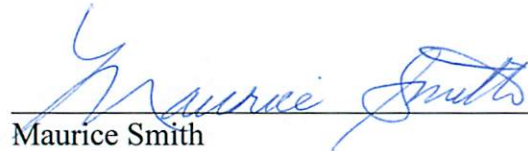
I am pleased to present Harbourside Commercial Park Inc.'s Accountability Report for the 2011-2012 fiscal years. This report provides an overview of HCPI's priorities and accomplishments.

During the 2011-2012 fiscal year, HCPI continued to market and promote the first 100 acre phase of remediated former Sysco lands. The sale of two commercial buildings has been completed, with negotiations underway for the sale of five additional properties. Two former Sysco office buildings have been redeveloped and are fully leased to a variety of commercial users. A large structure which was formerly part of the steel making operation is under a lease to purchase arrangement with the Cape Breton Regional Municipality.

An additional 50 acres (Phase III) of former Sysco lands has been transferred to HCPI which will continue to focus its efforts on the successful operation of the commercial park.

I hope you will find the information helpful in understanding HCPI's progress in establishing a fiscally viable commercial business park at the former Sydney Steel site.

Sincerely,



Maurice Smith

Minister, Department of Transportation and Infrastructure Renewal

3.0 Introduction

The Annual Accountability Report is a report on the progress achieved by HCPI towards the goals, priorities, performance measures and financial targets established in the 2011-2012 Business Plan and are available at <http://www.harcom.ca>.

Harbourside Commercial Park Inc. was established in August 2006 to manage commercial development of remediated areas of the former Sydney Steel (Sysco) plant site. HCPI is also responsible for Sydney Utilities Limited (SUL) which is a wholly owned subsidiary of HCPI. SUL is responsible for the control of the two water utilities that had been part of the Sysco infrastructure, and a substantial water supply for the regional municipality and industrial activities at the former Sysco site.

HCPI's mission is to develop and maintain a viable industrial and commercial park comprising properties formerly owned by Sydney Steel Corporation. This mandate includes the maintenance of buildings and grounds, where necessary, and the sale and lease of real estate for commercial purposes.

As a Crown corporation, HCPI reports to a Board of Directors. The minister responsible for the Crown corporation is the Minister of Transportation and Infrastructure Renewal. HCPI maintains its office at Sydney, Nova Scotia, along with a presence at the department's Head Office in Halifax.

3.1 Report Structure

This report is organized into two main sections. The first section outlines HCPI's progress and accomplishments against the priorities identified in the 2011-2012 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial results of Harbourside Commercial Park Inc. are reported on in the Audited Financial Statements. These statements are available at <http://www.harcom.ca>.

4.0 Priorities and Accomplishments

Harbourside Commercial Park Inc. secures the majority of its funding from property rentals and sales, along with a management fee for administration of the park facility.

The work of HCPI is closely aligned and integrated with the activities of Nova Scotia Lands Inc.

In addition to the ongoing activities that support the development and marketing of Harbourside Commercial Park, HCPI can report the follow accomplishments:

Property Leases

HCPI has negotiated 15 office and property leases.

Property Sales

Six sales agreements are under active discussion.

Lease of Wharf and Back Up Lands

The renewal of the Sysco Wharf and Back Up Lands lease to PEV has been negotiated, with a revised lease signed.

Development of infrastructure on Existing Remediated Lands

Improvements to marketing and signage for the park has been completed
Turn over roads to CBRM is 90% complete. Expected completion is the middle of July.

Park Promotion

Promotional material, including an improved web site, has been developed and taken to various trade shows. Enhance the second development phase of the Sysco Site, through infrastructure development and aesthetic enhancement is ongoing as required.

Port Promotion

HCPI is an active participant in the Sydney Port Corporation and the Sydney Marine Group.

Planning for Future Site Development and Use

Work with key stakeholders to develop a vision for the future of the park and adjacent Tar Ponds and Coke Ovens Site. The planning and development of the site is ongoing.

Develop a long-term strategic plan for the future use of the next phase of the site. Is ongoing

5.0 Performance Measures

This section provides detailed information on the outcomes and performance measures of Harbourside Commercial Park Inc.

Outcomes and measures outlined in the 2011-2012 Business Plan included the following targets. The status of these targets is:

Outcome	2011-2012 Target	Status
Continue management of the park	Four lots sold and all office space leased	100% Achieved, Management of the park is ongoing
Lease renewal for marine facility and back-up lands	Consider renewed lease	Lease is being negotiated
Commissioning of Grand Lake water utility	Water system complete	Complete
Shut down of Sydney River system	Decommissioning is complete	100% complete
Land use plan for Harbourside site this year	Approved plan for adjacent sites and HCPI	Complete

6.0 Financial Results

	Budget 2011/12 (\$000s)	Actual 2011/12 (\$000s)	Variance (\$000s)
Revenue:			
Leases and Rent	978	975	(3) ¹
Sale of Land/Buildings	88	36	(52) ²
Other	50	111	61 ³
Total Revenue	1,116	1,122	6
Expenses:			
General Operating Expenses	999	955	(44) ⁴
Management Fees	105	121	16 ⁵
Total Expenses	1,104	1,076	(28)
Net Income (Loss)	12	46	34

¹ The variance of \$3,000 in leases & rent: Shortfall due to the termination of a tenants lease for non- payment of rent. Also available office space was vacant for a period of time

² Shortfall of \$52,000 in sales of land/ buildings: Expected sales were not met. The MB2 sale did not take place in 2011-12.

³ Other: The amount of property tax recovered from PEV changed due to their revised lease agreement.

⁴ General Operating Expenses: Labour is projected each year however there were no major renovations or repairs. Labour relating to STPA projects was billed back to the project.

⁵ Management Fees: Decrease in rental income and anticipated land sales did not take place