"INNOVATION IS KEY TO SOLVING THE TOUDEST PROBLEMS IN OUR WORLD."
— NYC MAYOR, MICHAEL BLOOMBERG
MaRS fosters innovation to drive Canada's economic and social prosperity.

We at MaRS envision a Canadian future of thriving, creative and resilient communities. In this future, our children and grandchildren have high-value job opportunities right here at home, and our best ideas contribute to Canada’s quality of life and the wellbeing of others around the world. To realize this vision, we work with partners to catalyze, accelerate and diffuse innovation. Together, we are building Canada’s knowledge economy.

MaRS supports entrepreneurs in building Canada’s next generation of high-growth businesses — leveraging our superb talent and strong science, technology and social innovation assets.

MaRS provides resources – people, programs, physical facilities, funding and networks – to ensure that promising new companies can launch and grow in Canada and scale in international markets. We measure our success by the companies that succeed with support from MaRS.

MaRS 2011/2012 ANNUAL REPORT

CONTENTS

Letter from the CEO ................................................. 2
Letter from the Chair .................................................. 3
How MaRS helps entrepreneurs ............................... 4
The importance of place .............................................. 10
Systems-level innovation .......................................... 12
Supporting the community ....................................... 14
Financials ................................................................. 16
Supporters ............................................................... 18
MaRS is focused on putting great ideas and important discoveries to work — to strengthen Canada’s economy in a competitive world, and to improve the quality of life here and elsewhere. It’s a grand mission, and in pursuing it with increasing success, we’ve enjoyed an extraordinary decade!

It all began in 2000 with a group of visionary business founders, working with leaders in academe, government and the community. Their goal was to create the infrastructure and collaborative platform needed to galvanize a 21st-century economy in Canada’s largest and most dynamic urban region. No small ambition – and no small risk. This was civic entrepreneurship at its finest, driven by an unwavering belief in the excellence of Canadian research, and the creativity and entrepreneurial drive of Canada’s people.

Today, MaRS is entering the third phase of its evolution. The first phase saw the development of the MaRS Centre. The second focused on mobilizing talent and resources to support academic inventors and startups. Despite the challenges presented by the recent economic crisis, the MaRS community is thriving and a new generation of growth companies is emerging across our priority sectors. We remain absolutely committed to doing everything we can to help them compete and win internationally.

Next fall, the third phase begins with the official opening of our Phase 2 development. Phase 2 will double the size of the MaRS Centre. Obviously, it will draw even more great talent, more exciting ideas, more fast-moving companies and more risk capital into our community. The result: MaRS will be in a powerful position to build innovation networks not only across Canada, but also around the world.

Meanwhile, MaRS remains in full swing with new initiatives and a maturing suite of programs and services to support entrepreneurs. This report highlights these ongoing activities, along with our diverse collaborations with public, private and community partners. It also profiles the new MaRS Solutions Lab, launched in February 2012. The Lab brings together change-makers from different backgrounds, and specifically puts young innovators to work on complex, multidisciplinary challenges. The Solutions Lab is supported by a generous $10 million gift from the Evans family, inspired by the extraordinary leadership of MaRS Founder Dr. John Evans.

The Evans family gift is a fabulous bellwether of the engagement and support of our community. MaRS is truly a collective effort, and we especially want to thank our many volunteers for their generous contributions of time and expertise. We are also deeply indebted to our partners from academe, business and the community who work with us to deliver programs and services, while advancing innovation across a wide range of sectors. In particular, we highly value our productive partnership with the Province to grow Ontario’s innovation economy, and we are grateful for their continued support.

In short, from all of us, THANK YOU for your support and for helping build the MaRS community. We are confident that the next decade will be even more extraordinary!
The future of any economy – Canada’s included – now depends on its ability to be a global innovation leader.

While Canada weathered the recent financial crisis better than most other countries, the reality is that our manufacturing sector has fundamentally changed, and is unlikely to return to its previous levels of employment and productivity. In today’s financial climate, therefore, business as usual is not an option.

In May of this year, I was appointed Chair of the newly created Jobs and Prosperity Council of Ontario, formed to generate new ideas and approaches aimed at improving Ontario’s long-term productivity and competitiveness.

I believe that to remain competitive, one of the key things we must do is to foster the growth of the knowledge economy, which is why MaRS and its mission are more important today than ever before. Through a broad range of programs and services, MaRS supports entrepreneurs who are starting and growing companies – helping to build the future we want for Ontario, for Canada and for our global community.

These young, high-potential companies are incredibly important because they are the job engines of modern economies. But they need our help to get there. While international data shows that the top 1% of new companies generate roughly 40% of new jobs, only 4-10% of startups actually become high-growth firms (source: Kauffman Foundation, 2011).

MaRS houses world-leading research organizations, companies big and small, and commercialization and collaboration programs that foster and nurture these companies – the future leaders that will ultimately drive our collective success.

If there’s one statistic that highlights the economic importance of focusing on innovation, it’s that MaRS portfolio companies raised over $275 million from third parties last year. For those who understand the challenges of venture capital in this country, this figure is a testament to the value creation that happens here every day.

MaRS has evolved from the spark of an idea to a remarkable physical infrastructure and, more importantly, an organization that houses and develops human capital, which is our most important asset.

MaRS has already accomplished so much since it first opened its doors, exceeding the expectations of even its founders. With an established ecosystem firmly in place – soon to be doubled in size with the completion of Phase 2 – one can only imagine the great new companies, ideas and breakthroughs that will be launched in the years to come.

“...FIRMS BETWEEN THE AGES OF ONE AND FIVE CREATE THE MOST NET NEW JOBS, DWARFING THE OTHER AGE CLASSES.”

WHERE WILL THE JOBS COME FROM? – KAUFFMAN FOUNDATION
MaRS opened its doors and launched a modest suite of programs for startups in late 2005. Since then, our programs and services have expanded to meet the rapidly growing demand from entrepreneurs – both those based in the MaRS Centre and in the larger community.

Today, MaRS offers a broad range of support services, from entrepreneurship education and market intelligence to hands-on mentorship and access to talent, customer and capital networks. These services focus on providing entrepreneurs with the knowledge, talent and tools they need to launch, grow and scale their businesses.

MaRS focuses its services on startups and emerging companies in four broad areas: ICE (information technology, communications and entertainment); life sciences and healthcare; physical sciences, engineering and cleantech; and social purpose ventures.

ENTREPRENEURSHIP EDUCATION

MaRS designs and delivers education programs that help entrepreneurs navigate the different stages of their growing businesses. Our programs are practitioner focused – for entrepreneurs, by entrepreneurs. We offer unparalleled access to business and sector experts, as well as to valuable tools through seminars, workshops and online resources.

MaRS’ many ongoing educational events include our flagship introductory course, Entrepreneurship 101. Now in its eighth year, this free, 30-week series provides essential information for emerging entrepreneurs – both in person and online. E101 welcomes students, researchers, active entrepreneurs and intrapreneurs, new Canadians, and those in career transition who are exploring entrepreneurship. In addition, more intensive workshops such as MaRS Best Practices, a monthly seminar series, deliver practical insights for startups.

The online Entrepreneur’s Toolkit includes extensive articles, videos and workbooks that are designed to help early-stage companies launch and grow – and are used by thousands of entrepreneurs in Ontario, across Canada and around the world.

The MaRS Centre is a vibrant gathering place for the innovation community. Our Global Leadership series, innovation breakfasts, Market Insights sessions, angel and investor showcases, and sector-based education workshops and conferences foster greater collaboration between researchers, innovators, startups, policy-makers, and the business and investment communities, all with the singular goal of accelerating innovation.
ADVICE AND MENTORSHIP

We strongly believe that hands-on mentorship provides a critical boost to new companies entering the complex, competitive innovation marketplace. MaRS advisors and associates have provided support to a growing number of entrepreneurs over the past six years. In 2011 alone, MaRS advisory services supported more than 1000 Ontario startups.

Advisors work closely with startups to help develop and validate their product and business strategies, build their teams, and connect to the right customers, partners and investors. MaRS advisors are an accomplished group of business leaders, experienced entrepreneurs and subject matter experts – over 70% are volunteers from Canada’s business and technology communities. By sharing their knowledge and networks, and providing practical advice and guidance, they help promising companies get to market faster.

MARKET INTELLIGENCE

MaRS gives clients access to the critical market information they need to succeed — about trends in their industry, market dynamics, potential partners or investors, and more.

In 2011, our sector experts completed over 1000 research requests for more than 1000 Ontario companies and entrepreneurs, helping them determine their competitive advantage, market opportunity or most effective go-to-market strategy.

We provide access to market research from leading private research firms and the University of Toronto’s world-renowned library system, offer connections to thought leaders through group workshops and teleconferences, and compile industry-specific reports tailored for entrepreneurs and decision-makers.

IMPACT HIGHLIGHT

2011-2012 INITIATIVES TO BUILD HIGH-GROWTH FIRMS

JOLT

Accelerating the most promising web and mobile companies

Launched in early 2012, JOLT is a technology accelerator focused on building web and mobile companies aiming to transform the way consumers and enterprises connect, work and play. Up to 15 high-potential startups a year are selected to participate in an immersive four-month program – delivered in the dynamic MaRS Commons co-working space – with access to seed financing, intensive mentorship, partners and investors – all designed to prepare them for rapid growth in the fast-paced digital marketplace.

MaRS Cleantech Fund

Unlocking funding for a sustainable future

The global demand for clean and sustainable technologies continues to grow in both developed and emerging economies. The MaRS Cleantech Fund LP provides critical funding to enable Canadian companies to leverage this global market opportunity, while developing solutions to some of our planet’s most pressing challenges. Offering a new model of collaboration between MaRS and the private sector, the $30-million, privately backed fund launched in spring 2012. The fund focuses on high-potential, early-stage cleantech companies, providing ~$1 million as an initial investment, with follow-on funding. The fund has a non-exclusive window on companies in the MaRS pipeline, and a portion of its proceeds will return to MaRS to continue its work.

1000 RESEARCH REQUESTS COMPLETED FOR 1000 COMPANIES; $15.8 MILLION IN FREE RESEARCH IN 2011
MaRS INFORMATION TECHNOLOGY, COMMUNICATIONS AND ENTERTAINMENT (ICE) STARTUPS BY THE NUMBERS 2011

CAPITAL RAISED
$116 MILLION

CLIENT REVENUE
$66 MILLION

NEW JOBS REPORTED (4)
1027 NEW JOBS CREATED IN 2011

TOP CLIENTS
1. Wave Accounting
2. Polar Mobile
3. PerspecSys

TOP CLIENTS
1. Polar Mobile
2. Phybridge
3. TELoIP

TOP CLIENTS
1. TELoIP
2. Polar Mobile
3. Wave Accounting

JANICE DINER, FOUNDING PARTNER AND CEO, HORIZON STUDIOS | CATALYSTA

“Just as it takes a village to raise a child, it takes a village to raise a startup! The MaRS ecosphere has been instrumental in helping us raise Horizon Studios and our product, Catalysta. In the role of both an advisor and a client of the MaRS ICE practice, I’ve been fortunate to have access to incredible business resources and really smart people.”
MaRS LIFE SCIENCES AND HEALTHCARE STARTUPS BY THE NUMBERS 2011

CAPITAL RAISED
$38 MILLION

CLIENT REVENUE
$12 MILLION

NEW JOBS REPORTED (#)
213 NEW JOBS CREATED IN 2011

180 Clients in portfolio
Number of Advisors 25

78% Growth in portfolio size, year over year

TOP CLIENTS

$CAP
1. ProQura Medical
2. Client Outlook Inc.
3. ArcticDx Inc.

$REV
1. ArcticDx Inc.
2. Infnaut
3. Saniory Technologies

TOP CLIENTS

JOBS
1. Client Outlook Inc.
2. Quantum Dental Technologies
3. ArcticDx Inc.

NIALL WALLACE,
CEO, INFONAUT INC. EVIDENCE-BASED INFECTION CONTROL

“MaRS is Infonaut’s innovation catalyst, providing us with access to senior advisors, market intelligence and investors. We would not have the same perspective to think big and globally without their ongoing services, encouragement and support.”
NIC MORGAN (at right), CO-FOUNDER VP BUSINESS DEVELOPMENT, MORGAN SOLAR (shown with his brother, John Paul Morgan, company co-founder and Chief Technology Officer)

“MaRS has been an outstanding partner in our development. Since our founding in 2007, they have provided mentorship, assistance with our early fundraising, and access to high-value educational resources and seminars. This year, the inaugural Future of Energy summit advanced the creation of a strong, diversified clean energy technology community in Ontario, proving that MaRS is always one step ahead in helping to support companies like ours through sustained growth.”
As a hands-on business operator, I sometimes find it difficult to see the forest for the trees, and my MaRS advisor is the first person I reach out to for perspective. Over the past several years, my business has also benefited immensely from MaRS’ expertise with market research, business planning, financing preparation and networking.”
While today’s constantly evolving social media and digital communications platforms have transformed the way we interact and do business, the connections that happen when people meet in person remain critical to innovation.

MaRS offers a central place to discover, share ideas and collaborate. Since 2006, MaRS has hosted more than 13,000 meetings, conferences and events, bringing together more than 500,000 attendees.

Emerging science firms eager to be part of the MaRS community can apply to be part of the MaRS Incubator, which provides furnished offices, outfitted laboratories and meeting rooms, giving companies the space they need to build their new ventures.

In the fall 2011, we launched a co-working space, the MaRS Commons, for the large and rapidly growing number of web and mobile client companies that use MaRS services. The MaRS Commons complements the more traditional MaRS Incubator, and brings the total number of start-ups physically working at MaRS to over 70. The MaRS Commons offers an informal meeting and program space for community members, entrepreneurs, investors and advisors. It also houses JOLT, our new accelerator program for companies in this sector.
 Already a world-leading complex, the completion of the 780,000-square-foot, state-of-the art MaRS Centre Phase 2 facility will increase MaRS’ footprint to over 1.5 million square feet, making it one of the largest urban innovation hubs in the world.

The project recommenced in August 2011, after being delayed in late 2008 by the global recession. To finance the project, Infrastructure Ontario is providing a fully repayable loan to MaRS, which, along with investments by MaRS and the existing investment of Alexandria, the world’s leading life science developer and owner, is enabling completion of the project. MaRS Centre Phase 2 is being developed and operated by MaRS and has an anticipated completion date of September 2013.

MaRS Centre Phase 2 will provide innovative corporations and their employees with a unique mix of advanced laboratory and office space, award-winning communications capabilities and access to exceptional conference, meeting and collaboration facilities, all created to exceed the demanding performance requirements of business, science and research organizations.

Two prominent tenants are already preparing for their tenancy in the new building:

- The Ontario Institute for Cancer Research, with its exceptional translational cancer research and commercialization programs, presently in the South Tower, will expand into MaRS Centre Phase 2 by means of an internal bridge, connecting its current offices with state-of-the-art laboratories in the new building.
- Public Health Ontario, a central player in public health research and policy, and in infectious disease management, will establish the research core of its provincial network in MaRS Centre Phase 2.

These anchor tenants are just the beginning of what makes Phase 2 exceptional. The MaRS Centre offers a globally unique, large-scale collaboration platform for organizations like these that are creating the future.
While MaRS works with entrepreneurs and partners to create thriving, knowledge-based businesses in Canada, we still need to improve our adoption of Canadian innovation in key sectors. In addition, deep challenges persist that transcend single ideas, companies or even industries. MaRS is collaborating to address these challenges through unique public-private partnership initiatives to achieve **systems-level innovation**.

**MaRS EXCITE**

Healthcare consumes close to half the provincial budget. It’s essential, therefore, that we put this multi-billion dollar investment to work for Ontario’s economic benefit. MaRS Excellence in Clinical Innovation and Technology Evaluation (‘EXCITE’) promises to do just that.

Launched at the end of 2011 with a call for the first pilot projects, EXCITE is a world first – a MaRS-based partnership between government, the healthcare system, academia, clinicians and industry (both established, large firms and emerging Ontario companies).

EXCITE harmonizes health technology evaluation into a single, *pre-market*, evidence-based process that supports regulatory reviews, accelerates reimbursement and strengthens competitive positioning. EXCITE is designed to improve the adoption and uptake for breakthrough health technology innovations, enabling better health technologies to get to market – and to patients – faster for improved health outcomes.

Pilot evaluation protocols were developed in 2012, with studies set to commence in early 2013.

**MaRS Centre for Impact Investing**

Over the past five years, MaRS has branched out in a measured way to advance social innovation and to propel a new generation of high-growth social purpose enterprises. These enterprises need new models of investment and are catalyzing an emerging social finance marketplace.

In 2010, MaRS CEO Ilse Treurnicht chaired the Canadian Taskforce on Social Finance, which identified key actions Canada can take to effectively mobilize private capital for public good. To address some of these actions, in fall 2011, we launched the MaRS Centre for Impact Investing with founding support from the J. W. McConnell Family Foundation, the Rockefeller Foundation and the TMX Group.

The Centre brings a number of social finance initiatives under one umbrella – among them, the Social Venture Exchange (SVX), B Corporation registration in Canada and [socialfinance.ca](http://socialfinance.ca) – and will help build tools, investment products and support services. We are actively working with Canadian and international partners on advancing this marketplace in the coming years.

**MaRS Solutions Lab**

Pervasive, seemingly intractable societal problems – resulting from our aging population, shifting labour markets, environmental pressures and other forces – have eluded traditional approaches and exact a terrible toll on society’s most vulnerable people. Around the world, lab models are being developed to stimulate new approaches to solving complex problems, using creative, user-centric design methodologies and multidisciplinary teams.

The MaRS Solutions Lab launched in February 2012 at an event honouring MaRS founder Dr. John Evans, whose collaborative innovation legacy is its inspiration. Informed by best-in-class labs globally, the MaRS Solutions Lab takes a uniquely MaRS approach: a diverse cross-section of today’s leaders will work alongside younger generations to define problems and work on solutions for a better future. Partnership with the Ontario Public Sector and others will ensure close collaboration with those who can implement the best solutions for lasting impact.

"WE KNOW OUR SOCIETIES HAVE TO RADICALLY CHANGE...IN SCIENCE, WE DO EXPERIMENTS SYSTEMATICALLY...IN SOCIETY, THERE’S ALMOST NOTHING COMPARABLE – NO COMPARABLE INVESTMENT, NO SYSTEMATIC EXPERIMENT – IN THE THINGS CAPITALISM ISN’T VERY GOOD AT, LIKE COMPASSION, OR EMPATHY, OR RELATIONSHIPS OR CARE."

– GEOFF MULGAN, CEO OF NESTA – *POST-CRASH, INVESTING IN A BETTER WORLD*, TED
“CONVERGING TECHNOLOGIES HAVE THE PROMISE TO ACHIEVE TREMENDOUS IMPROVEMENTS IN HUMAN CAPITAL, INNOVATION, ECONOMIC PERFORMANCE AND THE QUALITY OF LIFE.”

— DR, JOHN EVANS, CHAIR EMERITUS, MaRS DISCOVERY DISTRICT
Here are a few examples of how MaRS partners with the public sector to deliver a range of programs and services to Ontario entrepreneurs.

INVESTMENT ACCELERATOR FUND
There are many ingredients required for new companies to grow and prosper. Access to early-stage funding is critical, and has presented a particular challenge for startups during the recent economic crisis.

Funded by the province of Ontario and delivered by MaRS, the Investment Accelerator Fund (IAF) focuses on this challenge by providing seed funding of up to $500,000 to qualified emerging companies in Ontario. As a key component of the Ontario Network of Excellence (ONE), the IAF supports the development of innovative startups in Ontario’s priority sectors of advanced materials and manufacturing, information technology, cleantech and life sciences.

Given the lengthy development cycles in life sciences, funding needs can be higher and available funding more elusive than in other sectors. To address this gap, the $7-million Investment Accelerator Fund-Life Sciences (IAF-LS) invests up to $1 million in life sciences companies that have the potential to be global leaders in their field and provide sustainable economic benefits to Ontario.

Since the first investment in 2008 through to March 31, 2012, the IAF has invested $23.3 million in 51 emerging companies.

• The IAF has leveraged its investments with $102.5 million in concurrent and follow-on capital for IAF clients, representing a 4.4x multiple
• 5 exits (71% gain)
• 18 significant follow-on investments
• 161 new jobs in portfolio companies (31% increase) in FY2012 alone

BUSINESS ACCELERATION PROGRAM
Funded by Ontario’s Ministry of Economic Development and Innovation (MEDI), the Business Acceleration Program (BAP) supports entrepreneurship education, market research, mentorship (through entrepreneurs-in-residence) and small critical projects (intellectual property strategy, primary market research, and so on) to help strengthen and accelerate the growth of Ontario’s innovative startups. The BAP suite of offerings is delivered through the 14 Regional Innovation Centres (RICs) located across the province that comprise the ONE. In February 2011, MaRS was named as Toronto’s RIC.

MaRS serves as the Ontario government’s partner in co-ordinating BAP. In this role, MaRS supports communications among and between the RICs; provides the RICs with key resources,
including market intelligence and entrepreneurship education; and aggregates and reports the outcomes of the program to MEDI.

MaRS DATA CATALYST

The importance of tracking and evaluating innovation programs and systems is clear: using good data to drive insight can help all of us make better decisions. However, data often resides in silos and is seldom integrated to inform strategic decision-making and spur further innovation.

MaRS INNOVATION

MaRS Innovation serves as the commercialization agent for the most promising discoveries created by 15 of Toronto’s leading academic institutions, including four universities, nine teaching hospitals and two research institutes. This single storefront allows bundling of assets from multiple institutions into robust startup companies or strategic, commercially relevant intellectual property (IP) portfolios. Companies created by MaRS Innovation from the IP of its member institutions will grow and scale with support from MaRS.

From 2009 until March 31, 2012, MaRS Innovation identified and qualified over 700 intellectual property disclosures from its members, launched 12 spin-off companies and created 18 technology license options.

MaRS Innovation is, itself, an innovation. Reflecting the origins of MaRS, its development speaks to the commitment of Toronto’s academic and innovation community to create a new commercialization paradigm focused on significant economic and societal impact.

MaRS serves as an enabling and acceleration platform for this effort.

With generous support from the Ontario government, MaRS Data Catalyst was launched in 2011 with the goal of developing a more advanced information layer for Ontario’s innovation economy. To this end, MaRS Data Catalyst brings together data and analysis from a variety of partners (public sector, business, academia) to track, quantify and grow Ontario’s knowledge sectors, thereby helping to support the province’s entrepreneurs, researchers, policy-makers and innovators.

MaRS Data Catalyst focuses on two key activity areas:
• Using data to track the development and economic impact of the startup ecosystem
• Accelerating innovation in the energy and health sectors through wider access to data

Capturing value through collaboration

Canada is home to exceptional academic research. As Canada’s largest research cluster, Toronto’s Discovery District attracts more than $1 billion in research funding every year and is one of the world’s most productive and highly ranked research districts in multiple disciplines. Where we historically fall short, however, is in converting our discoveries into products and services that drive economic results in Canada.

Canadians create value and we too often fail to capture it.

This challenge was seminal to the creation of MaRS in 2000, and remains a critical priority today. MaRS continues to work with academic partners in the GTA and elsewhere to develop more effective ways of turning academic discoveries into viable business opportunities. This collaboration was formalized with the creation of a sister organization, MaRS Innovation, in 2008, which develops Toronto’s discovery assets through a radically new commercialization model. MaRS worked closely with its academic partners on the launch and incubation of MaRS Innovation, and continues to support its development.
MaRS Discovery District is a registered charity, incorporated on August 27, 2001 under the laws of Canada. The organization’s financial and real estate assets are dedicated to supporting our charitable mission of improving outcomes from Canada’s science, technology and social innovations. Our operations consist of three primary streams of activity: real estate operations, core programs and partner programs.

In 2011, MaRS Discovery District changed its fiscal year end from December 31 to March 31. Financial results for the reporting period ended March 31, 2011 span 15 months; for the fiscal year end of March 31, 2012, results span 12 months.

SUMMARIZED STATEMENT OF OPERATIONS (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>12 months ended March 31, 2012</th>
<th>15 months ended March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real estate operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental revenue</td>
<td>$12.9</td>
<td>$16.0</td>
</tr>
<tr>
<td>Capital grant revenue</td>
<td>$2.7</td>
<td>$3.4</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>$3.3</td>
</tr>
<tr>
<td>Real estate operations revenue</td>
<td>$15.6</td>
<td>$22.7</td>
</tr>
<tr>
<td>Property operating expense</td>
<td>$8.4</td>
<td>$11.2</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$1.0</td>
<td>$1.3</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>$4.5</td>
<td>$5.7</td>
</tr>
<tr>
<td>Real estate operations expense</td>
<td>$13.9</td>
<td>$18.2</td>
</tr>
<tr>
<td>Net surplus, real estate operations</td>
<td>$1.7</td>
<td>$4.5</td>
</tr>
</tbody>
</table>

| **Core programs** |                                 |                                |
| Operating grant revenue | $10.0                        | $3.1                           |
| Restricted program grant revenue | $6.6                       | $8.7                           |
| Donations, sponsorships and other revenue | $0.6                  | $0.9                           |
| Core programs revenue | $17.2                          | $12.7                          |
| Employee and contractor expense | $9.4                       | $9.9                           |
| Program expense       | $1.8                            | $3.9                           |
| General and administrative expense | $1.4                    | $1.3                           |
| Information technology expense | $0.9                   | $0.7                           |
| Core programs expense | $13.5                          | $15.8                          |
| Net surplus (deficit), core programs | $3.7                   | ($3.1)                         |

| **Partner programs** |                                 |                                |
| Partner program revenue | $11.2                        | $8.8                           |
| Partner program grants expense | $11.2          | $8.8                           |
| Net partner programs | -                              | -                              |

MaRS administers multi-year grant programs on behalf of the provincial and federal governments by providing flow-through funding to funding recipients, including the Premier’s Summit Awards and Business Acceleration Program payments to Ontario Regional Innovation Centres.

In 2012 total revenues exceeded total expenses by $5.4 million. Our net surplus will be invested to support our mission-driven programs as well as to serve as a reserve for the Phase 2 development.
SUMMARIZED STATEMENT OF FINANCIAL POSITION  (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$9.4</td>
<td>$5.5</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>$22.7</td>
<td>$19.3</td>
</tr>
<tr>
<td>Receivables and other assets</td>
<td>$2.1</td>
<td>$2.4</td>
</tr>
<tr>
<td>Capital assets</td>
<td>$113.8</td>
<td>$116.9</td>
</tr>
<tr>
<td>Total assets</td>
<td><strong>$148.0</strong></td>
<td><strong>$144.1</strong></td>
</tr>
</tbody>
</table>

|                  |                |                |
| **Liabilities**  |                |                |
| Payables and accrued liabilities | $4.3           | $5.5           |
| Loan and mortgages payable | $22.6          | $23.4          |
| Deferred capital grants | $64.9          | $67.6          |
| Restricted and partner program grants | $18.7          | $18.5          |
| Total liabilities | **$110.5**     | **$115.0**     |

|                  |                |                |
| **Net Assets**   |                |                |
| Unrestricted     | $8.9           | $3.6           |
| Investment in land and building | $25.5          | $25.5          |
| Endowment        | $3.1           | -              |
| Total liabilities and net assets | **$148.0**     | **$144.1**     |

MaRS Discovery District holds unrestricted cash and restricted cash reserved for restricted programs funded by the Province and other funders. Capital assets consist largely of the building and property of the MaRS Centre located at 101 College Street, Toronto.

Capital assets are supported by the investment made by generous donations and government grants, recognized as deferred capital grants and also financed by a mortgage and term loan.

The increase in unrestricted net assets to $8.9 million is due to the net surplus earned in 2012. Maintaining unrestricted net assets is critical to the long-term financial stability of the organization.

In 2012 MaRS was the recipient of a generous endowment donation to support the MaRS Solutions Lab.

The MaRS Investment Accelerator Fund (IAF) is managed in a dedicated corporate entity and all proceeds from the delivery of this program are returned to the province of Ontario. The operations and assets of the Phase 2 building project are also reported through a separate legal entity.

The operations and assets for both of these entities are not included in the financial figures above.

Full audited financial statements are available on our website: www.marsdd.com/aboutmars/.
SUPPORTERS

BOARD OF DIRECTORS

John R. Evans, Chair Emeritus
President Emeritus, University of Toronto

Gordon M. Nixon, Chair
President and CEO of RBC, Toronto

Hon. John P. Manley, Vice Chair
President and CEO, Canadian Council of Chief Executives, Ottawa

Lawrence S. Bloomberg
Director of National Bank of Canada, Toronto

Derek Evans**
President, CEO and Director of Pengrowth Energy Corporation, Calgary

Richard W. Ivey
Chairman, Ivest Properties Limited, Toronto

Geoffrey Matus
President of Mandukwe Inc., Toronto

Michael H. McCain
President and CEO of Maple Leaf Foods Inc., Toronto

Tim McTiernan*
Assistant Vice President, Government, Institutional and Community Relations, University of Toronto

Sheila O'Brien
President of Belvedere1 Investments, Calgary

Jack Rabinovitch
Founder of The Giller Prize, President of Nodel Investments Ltd., Toronto

Joseph L. Rotman
Chairman and CEO, Roy-L Capital Corporation, Toronto

Calvin R. Stiller
Chair of Genome Canada, Chair and CEO of Stilco Corp., London, Ontario

Ilse Treurnicht
CEO of MaRS Discovery District, Toronto

William White
Partner, CBW Associates, Toronto

Paul Young**
Vice President, Research, University of Toronto

FOUNDING FUNDERS

These visionary individuals and organizations – each concerned about Canada’s performance in the global innovation economy – contributed to the creation of MaRS.

AIC Limited*
AstraZeneca Canada Inc.*
Baycrest Centre for Geriatric Care
Lawrence S. Bloomberg˚
Cancer Care Ontario˚
CIBC
Eli Lilly Canada Inc.*
John R. Evans*
The Henry White Kinnear Foundation
Arthur S. Labatt˚
Wilf and Anne Lewitt
MDS Inc.*
St. Michael’s Hospital
Peter Munk˚
NPS Pharmaceuticals
RBC Financial Group˚
Joseph L. Rotman˚
Allan Slaitgh˚
Toronto Rehabilitation Institute
William P. Wilder˚

Government of Ontario
Government of Canada
City of Toronto
University of Toronto

*MaRS College of Founders

MULTI-YEAR PLEDGES

$250,000 +
- The William and Nona Heaslip Foundation
- The Henry White Kinnear Foundation
- Wilf and Anne Lewitt
- The J.W. McConnell Family Foundation
- Ontario Trillium Foundation
- The Rockefeller Foundation
- Anonymous (1)

$50,000 +
- CIBC
- Richard and Donna Ivey Fund at the Toronto Community Foundation

$10,000+
- Eurest Services
- A Member of Compass Group Canada

ANNUAL SUPPORT

$50,000+
- Gowling Lafleur Henderson LLP
- Miller Thomson LLP
- MNP Chartered Accountants & Business Advisors
- Norton Rose LLP
- OneConnect
- Postmedia Network Inc.
- Torys LLP
- WIND Mobile

Funded in part by the Government of Canada’s Social Development Partnerships Program.

Canada

Ontario

MaRS gratefully acknowledges the generous support of the Province of Ontario.
$25,000 - $49,999
Avie Bennett, C.C., O.Ont.
Deloitte.
Hill+Knowlton Strategies
KPMG LLP
TMX Group Inc.
University of Toronto
Office of Vice President Research:
Innovation and Partnerships

$10,000 - $24,999
Robert and Mary Pat Armstrong
Lorna Bethell
Vivian and David Campbell
Gerald Heffernan, O.C., BaSC.
Bart MacDougall
MaRS Innovation
Ontario Brain Institute
SAP Canada Inc.
Ilse Treurnicht

$5,000 - $9,999
Gail Drummond and Bob Dorrance
Richard M. Ivey
Microsoft Canada
Mobilicity
Saint Joseph’s University
Pharmaceutical & Healthcare
Marketing MBA for Executives
Scottish Development International

$2,000 - $4,999
University of Toronto Faculty of
Information McLuhan Program in
Culture and Technology
Anonymous (1)
IDEAS
ENTREPRENEURS
PROSPERITY
“MaRS HAS BECOME ONE OF THE MOST IMPORTANT COMPONENTS OF CANADA’S INNOVATION SYSTEM. MaRS BRINGS INNOVATION SPARKS INTO A PLACE TIGHTLY PACKED WITH COMBUSTIBLE KNOWLEDGE. THE RESULTS WILL BE EXCITING BEYOND OUR IMAGINATION.”

– HON. JOHN P. MANLEY, PRESIDENT AND CEO, CANADIAN COUNCIL OF CHIEF EXECUTIVES