Ridership Forecasts Background

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Union Pearson Express

A Division of METROLINX

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The Air Rail Link has been in planning and implementation over the past 15 years

Transport Canada Ridership Studies

— 1999 by IBI Group

— 2002 by Halcrow Group Ltd (Bankable**)

SNC-Lavalin Ridership Studies

— 2004 by Steer Davies Gleave* (Bankable**)

— 2009 by Steer Davies Gleave* (Bankable**)

Metrolinx Ridership Studies

— 2011 by Steer Davies Gleave (Update based on above studies)

— 2013/14 update will be underway

Additional Supportive Studies

— 2001 Traffic and Financial Projections Study by KPMG

— 2010 Ridership Due Diligence Audit by Jacobs Consultancy* (for the Lenders)

— 2012 Discrete Choice Market Research Study by Deloitte/Ipsos Reid

* Some commercial elements of these documents are confidential (SNC-Lavalin Capital)
** During the Request for Business Case Process, the bidders requested a bankable ridership study that would be accepted by potential lenders

Ridership forecasts have been largely consistent over the years

Forecasts		Ridership (Opening Year)	Opening Year Airport Traffic[3]	Opening Year Market Share	Ridership (Maturity)	Maturity Year Airport Traffic[3]	Maturity Year Market Share
2002 Halcrow (Transport Canada)		1.57M (2005)	24.6M	6.3%	3.15M (2010)	33.6M	10.6%
2004 SDG[1] (Private Sector)	Exclusion per Committee Direction	2.21M (2008)	25.2M	8.8%	2.73M (2013) 3.13M (2018)	31.0M	8.8%
2009 SDG[1] (Private Sector)		1.49M (2015)	29.5M	5.1%	2.63M (2020) 2.56M (2018)	33.5M	7.9%
2011 SDG[1] (Metrolinx)		1.35M (2015) *Apr-Dec*	20.1M *Apr-Dec*	6.7%	3.08M (2020) 2.97M (2018)	29.9M	10.3%

— Repeated attitudinal surveys and global best practices have shown consistent price point and service level preferences

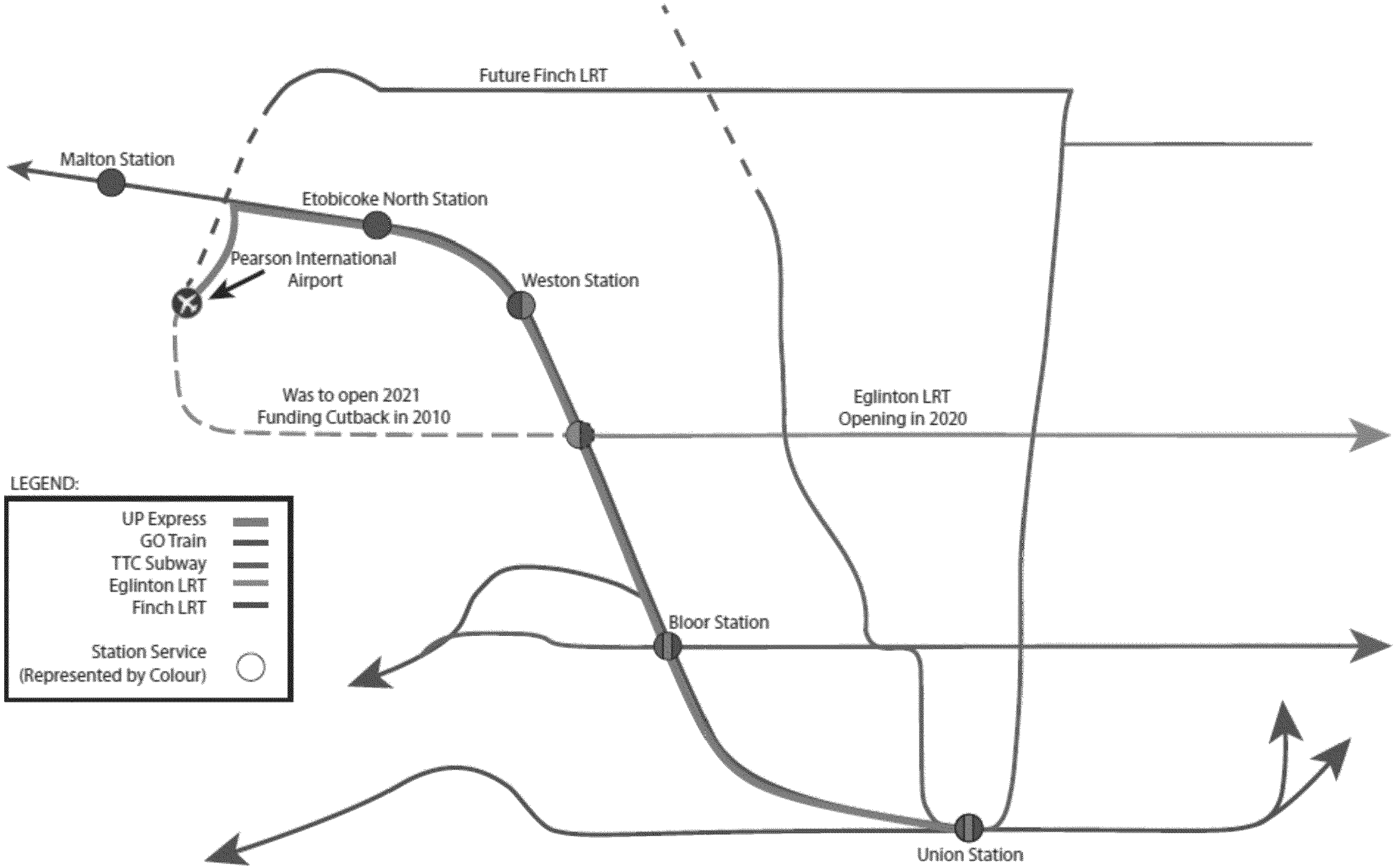
— The 2011 SDG study showed a meaningful demand for the service under the current business model, consistent with ridership studies to date (e.g. Halcrow, previous SDG)

— Conservative assumptions were used to address ridership forecasts:

- Only air travellers included in the ridership forecast
- 65% - 95% ramp-up assumed for the first three years of operation
    - Elements of differentiated services not included in customer surveys

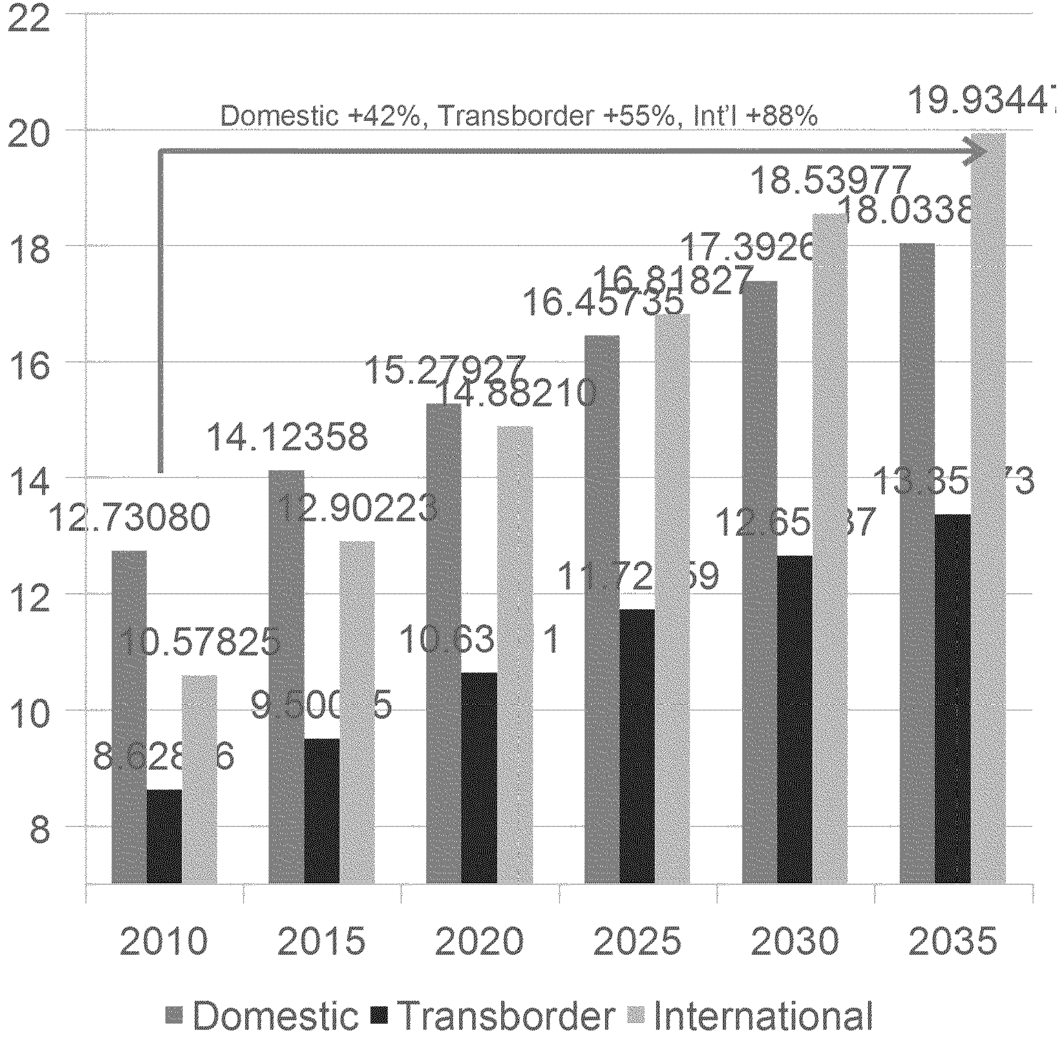
[1] Steer Davies Gleave
[2] **Exclusion per Committee Direction**
[3] Excludes connecting passengers

Until recently the Eglinton Crosstown connection at Pearson was assumed for 2021

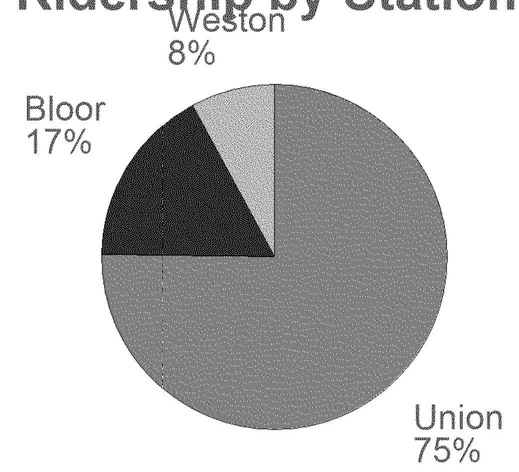


Pearson international passenger traffic will increase by 88% in 25 years

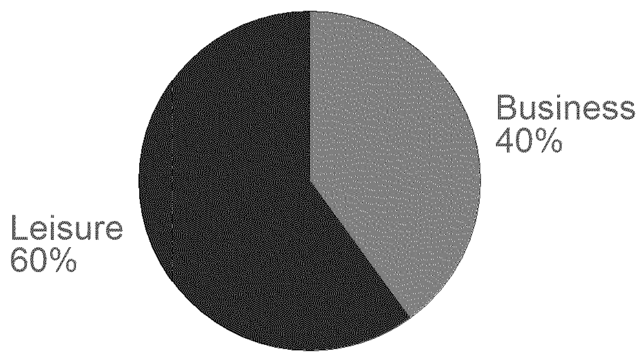
Pearson Traffic by Flight Sector[1]



Ridership by Station[1]



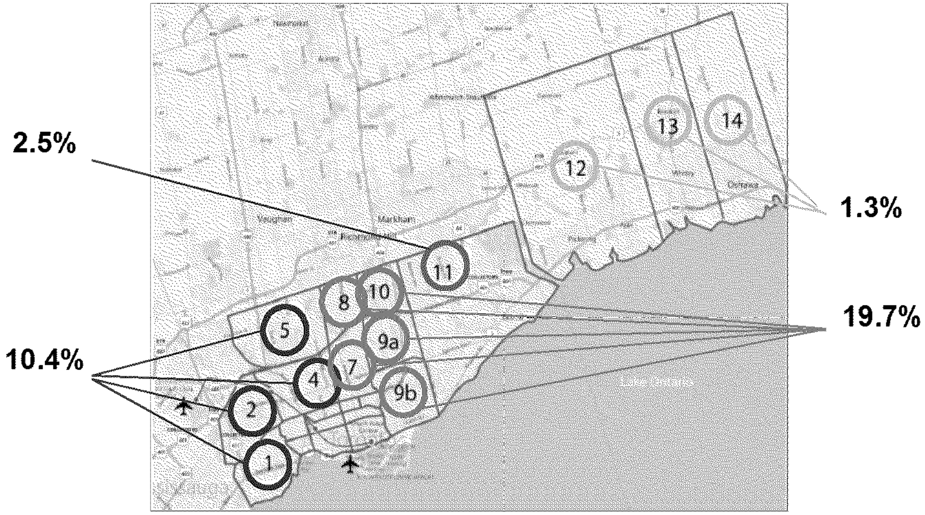
UP Passenger Trip Purpose[1]



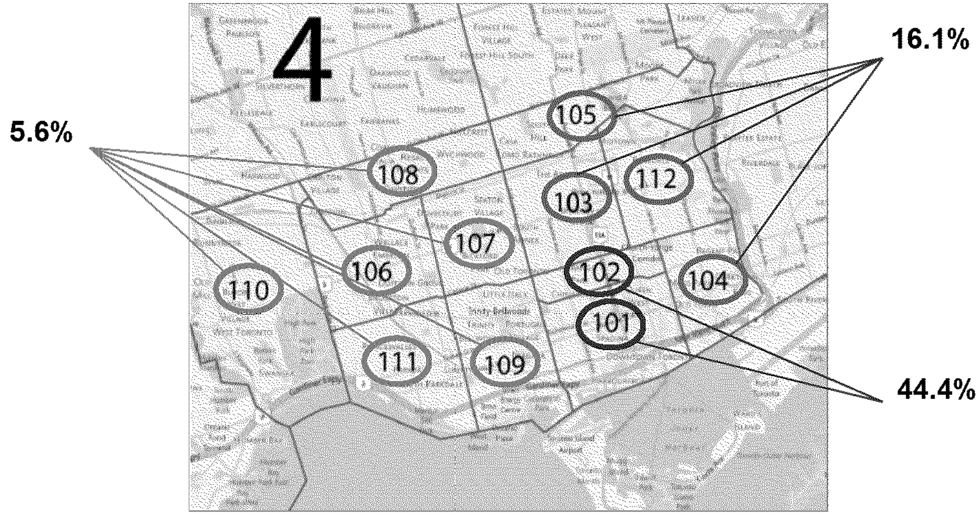
[1] Steer Davies Gleave, 2011

Downtown is the primary catchment area for UP Express ridership

All Catchment Areas[1]



Downtown Catchment Areas[1]



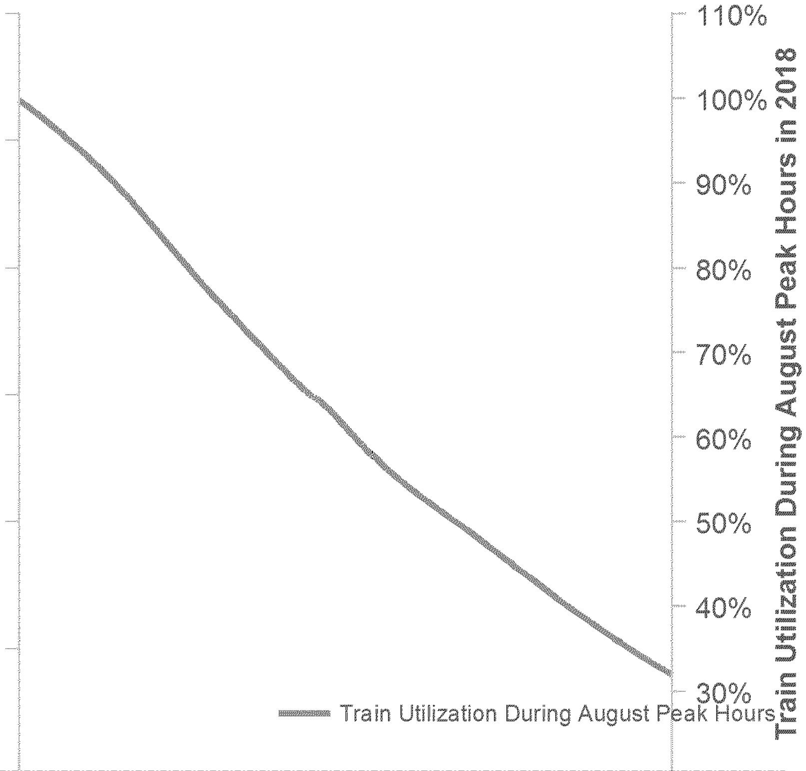
Area	Definition	Area	Definition
1	Etobicoke South	9B	Central Area – Danforth/Beaches
2	Etobicoke Central – Humber Valley	10	Central Area – Steeles
4	Central Area/Weston – Eglinton West/York	11	Scarborough
5	Central Area – Downsview/Jane & Finch	12	Pickering/Ajax
7	Central Area – Forest Hill	13	Whitby
8	Central Area – Thornhill	14	Oshawa
9A	Central Area – Ellesmere/Eglinton East		

Area	Definition	Area	Definition
101	Core – South of Dundas	108	West – Wychwood Park
102	Core – North of Dundas	109	West – Little Italy/Trinity-Bellwoods/King West/Liberty Village
103	East – The Annex		
104	East – Corktown/Distillery/Moss Park	110	West – Bloor West Village/High Park/The Junction
105	East – Casa Lomo/Moore Park/Leaside		
106	West – Brockton Village	111	West – Roncesvalles/Parkdale
107	West – Dovercourt/Bickford Park	112	East – Summerhill/Rosedale/Regent Park

[1] Steer Davies Gleave, 2011

All ridership studies included comprehensive price sensitivity analysis to understand ridership impacts

There is a need to balance train capacity with passenger demand



Exclusion per Committee Direction

Ridership by Station

Exclusion per Committee Direction

The system is designed to comfortably accommodate the projected demand

[1] Steer Davies Gleave, 2011

Exclusion per Committee Direction

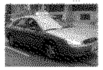
* As of June 2012, airport taxi fare is fixed at $55+tip and Airport Express Bus single fare is $26.95 ($40.00 for return)

Exclusion per Committee Direction

Exclusion per Committee Direction

Exclusion per Committee Direction

Benchmarks

Local Competitive Modes	Trip Duration / Frequency	2012 Price
 Airport Limo	30-60 mins / on demand	~$62 + tip
 Taxi	30-60 mins / on demand	~$55 + tip
 Airport Express Bus	40-60 mins / every 30 mins	$26.95*

Exclusion per Committee Direction

Exclusion per Committee Direction

Price Sensitivity

- Discrete Choice study conducted by Ipsos Reid in May 2012 included an analysis on relative value attributed by potential customers to different fare prices
- **Exclusion per Committee Direction**
-
- Discrete Choice study also found that ~50% of airport travelers currently pay more than $40 for their current mode of transport to get to the airport offering minimal or no differentiated services

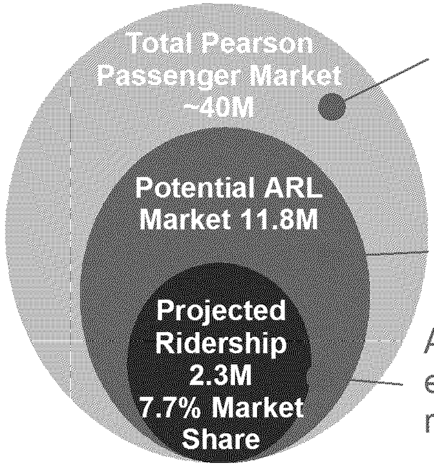
Source: Deloitte Best Practices Research, 2012; Google Exchange, January 2012

* Airport Express offers one-way fares at $26.95

Exclusion per Committee Direction

Exclusion per Committee Direction

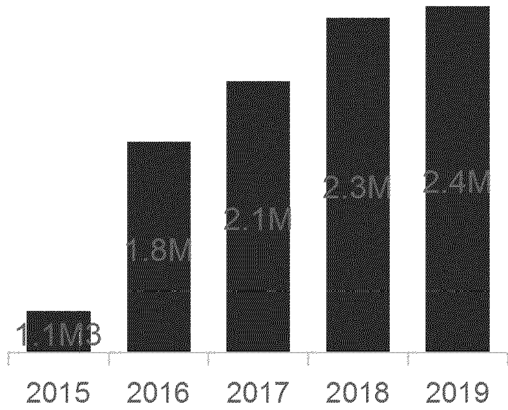
Market Size



Total Toronto Pearson air passenger market

In-scope market based on identified catchment areas

At base prices[1,2], the Union Pearson Express is expected to capture 2.3M riders in 2018, representing 7.7% of total airport market share



Ridership studies confirmed a strong demand for a dedicated rail service

— The 2011 SDG ridership forecast was used as a base model in the development of the business plan and financial model in 2012

Exclusion per Committee Direction

[1] Source: Ridership and Revenue Forecast, Steer Davies Gleave, 2011

Exclusion per Committee Direction

[3] 2015 ridership represents the first calendar year of UP Express service or the nine month period from April 2015 to December 2015

Opportunities Exist to Leverage New Markets and Increase Demand

Exclusion per Committee Direction

Potential Partners

Strategic Partnerships

- Government
- Airlines
- Hotels
- Tourism
- Financial
- Entertainment
- Conferences
- Telecommunications
- Retail

Regional / Local Transit
(GO, TTC)

Taxi Transfer
(Pick-up services)

Corporate
(Volume based B2B)

We are **exploring additional opportunities to extend market share** through:

- Identifying potential **partnerships;**

Exclusion per Committee Direction

* For trips that originate or terminate at a station other than Union Station or Toronto Pearson

Next Steps

— A transportation study for the Airport area will be underway beginning in Spring 2013 to identify short and long term potential transportation improvements

— Later in 2013, a Benefit Cost Analysis (BCA) will be underway and will re-confirm overall project feasibility and opportunities for future expansion of service

— A comprehensive update to the 2011 SDG ridership forecast is scheduled for late 2013

— Beginning this March, additional market research will be undertaken to better understand, size, and determine price sensitivity for new markets excluded from the ridership forecasts:

- Airport Employees
- Meeters and Greeters

Exclusion per Committee Direction