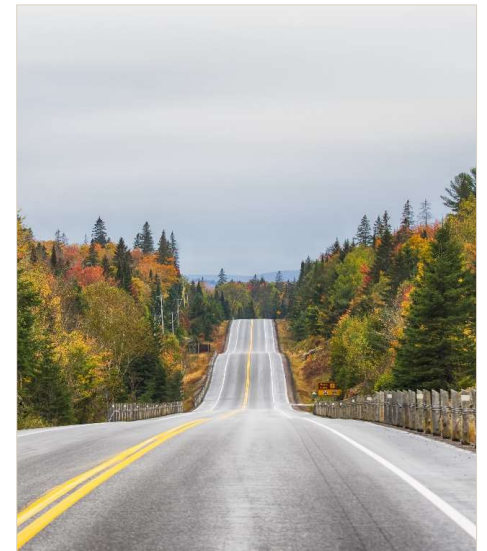


Infrastructure Ontario

REIC – Realty Corner Presentation

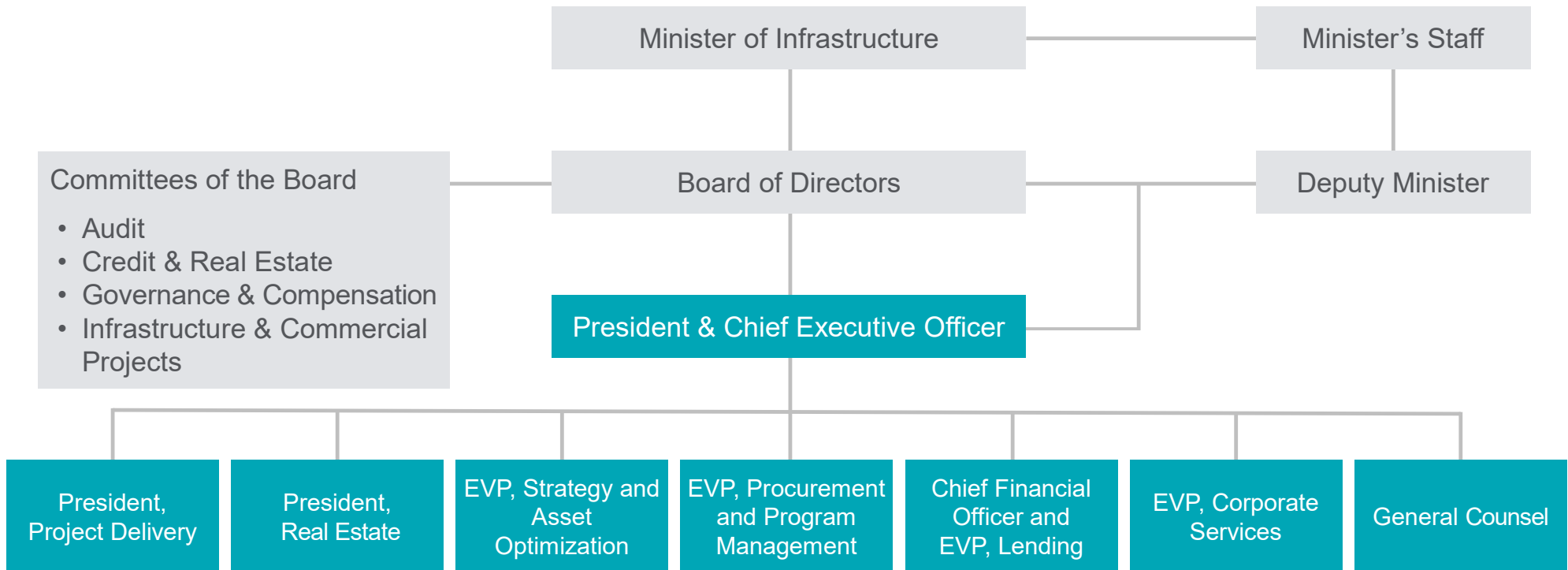


Infrastructure Ontario (IO)

- ▶ Infrastructure Ontario (IO) is a Crown agency owned by the Province of Ontario
- ▶ Provides a range of services that support the Ontario government's initiatives to modernize and maximize the value of public infrastructure and realty
- ▶ Upholds Ontario's commitment to renew public services, in partnership with the private sector



IO's governance structure



IO's services

▣ Major Projects

- Acts as procurement and commercial lead for all major public infrastructure projects in the province

▣ Real Estate Services

- Modernizes and enhances the government real estate portfolio through asset planning, facilities contract management, and real estate advisory services

▣ Commercial Projects

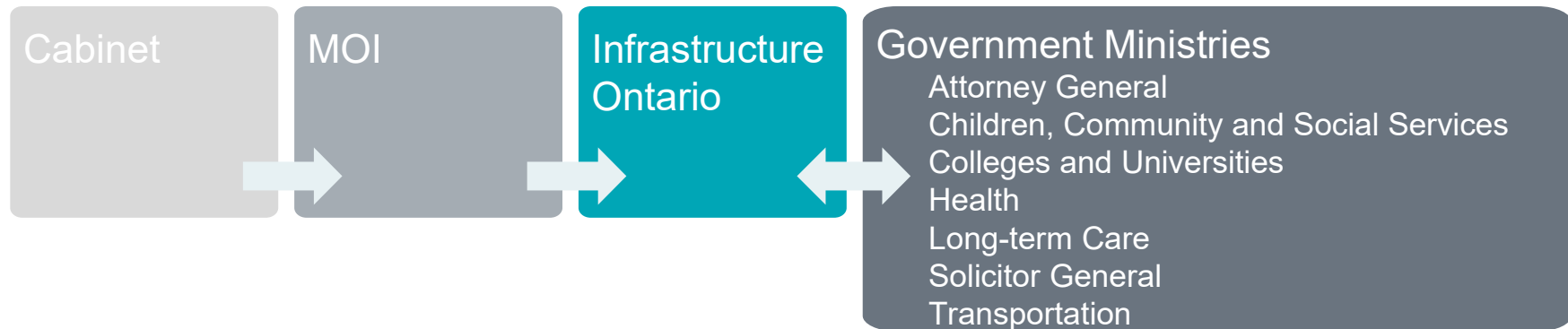
- Provides advice and negotiation support to the government and public sector partners regarding commercial transactions, including major land developments

▣ Infrastructure Lending

- Supports the renewal of public sector infrastructure by delivering low-cost and low-risk loans to eligible clients

P3 project assignment

- ▶ The Ministry of Infrastructure (MOI), in consultation with other government ministries, determines the infrastructure renewal budget
- ▶ The ministry identifies which projects will be assigned to IO or to a provincial ministry
- ▶ Following Cabinet approval, IO receives a Letter of Direction from the Minister to confirm an approved project, its construction start date, and total project budget
- ▶ IO works in partnership with its client ministries to manage the projects



MAJOR PROJECTS

▶ REAL ESTATE SERVICES

COMMERCIAL PROJECTS

INFRASTRUCTURE LENDING

Real Estate division responsibilities

- ▣ IO fulfills a range of responsibilities to meet the realty needs of public sector stakeholders

Realty advisory and asset management

- Optimize and manage the size, composition, capital planning priorities, and financial administration of the portfolio
- Enhance the investment value of underutilized/vacant assets
- Provide accommodation services and space utilization advice
- Provide a wide range of technical services

Project management

- Deliver construction project management on behalf of client ministries to support program requirements
- Invest in energy retrofits to promote environmental sustainability

Realty transactions

- Conduct required due diligence and execute property acquisitions, dispositions, leases, and licenses

Real estate portfolio

- ▶ The provincial real estate portfolio is one of Canada's largest and most diverse
- ▶ Realty is integral to the delivery of public services across Ontario
- ▶ IO is fully responsible for the General Real Estate Portfolio, which is comprised of:



Nearly 4500 buildings and structures
in communities across the province



More than 42 million
rentable square feet



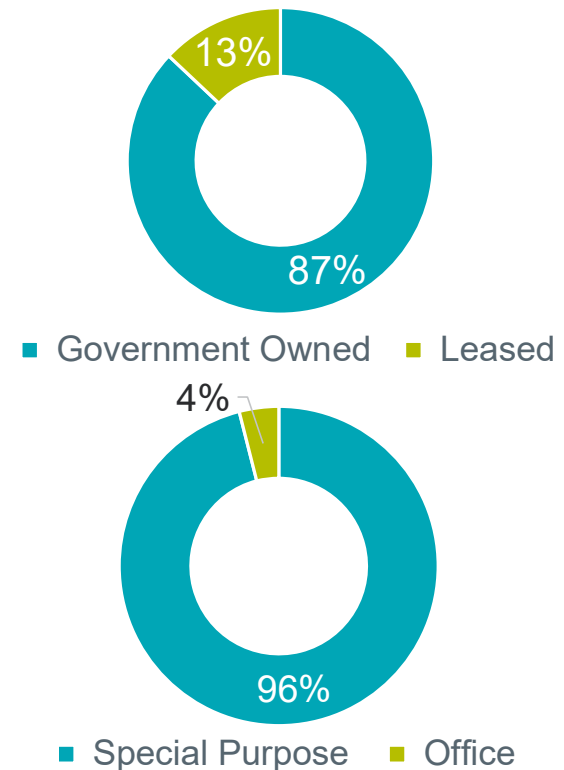
Nearly one million acres of
land throughout the province

- ▶ IO also delivers realty services to other provincial and broader public sector entities

Real estate portfolio – Buildings

- ▶ IO's building portfolio is comprised of both owned and leased properties:
 - Over three-quarters of the properties are government-owned
 - Over 95% of the properties are special purpose buildings, e.g., courthouses and laboratories
- ▶ Over 60,000 Ontario public service employees work in facilities within the portfolio

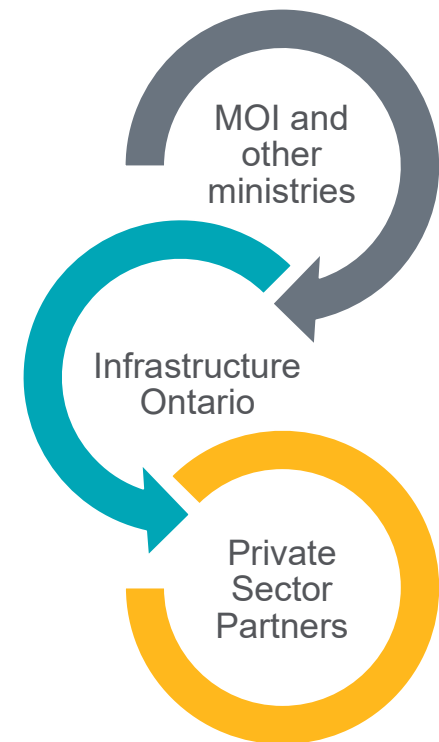
Portfolio Composition



(as of December 31, 2020)

Partnering to modernize real estate

- ▣ IO provides centralized real estate management in collaboration with government ministries and the private sector
 - Manages the General Real Estate Portfolio on behalf of the Ministry of Infrastructure (MOI)
 - Provides realty advice, capital planning, asset management and data analytics to client ministries, agencies, and other government realty owners to meet their program delivery needs
 - Draws on private-sector expertise to deliver construction project management, day-to-day facility operations, realty services transactions, land-use planning, environmental services, and other technical services



Value of outsourcing

- ▣ IO is a leader among public sector jurisdictions in outsourcing facility and project management:
 - Employing sophisticated outsourcing contracts and rigorous procurement methodology
 - Procuring high quality vendors to deliver quality work on time and on budget
- ▣ Benefits of outsourcing delivery of real estate services to private sector partners:
 - increased focus on core strategic services
 - improved ability to manage project complexity/scalability and adapt to changing client service requirements
 - improved service consistency and quality, and increased customer satisfaction levels
 - reduced operating costs
 - transfer of risk to the private sector

MAJOR PROJECTS
REAL ESTATE SERVICES
▶ COMMERCIAL PROJECTS
INFRASTRUCTURE LENDING

Commercial Projects mandate

- ▶ To develop, evaluate, structure, and negotiate commercial transactions on behalf of the Government of Ontario
- ▶ To identify and create strategic partnerships with the private sector to generate revenue, reduce costs, and create efficiencies within the public sector
- ▶ To oversee commercial projects from business development (pre-transaction) through to implementation



Commercial Projects – The things we do

▣ P3 business development

- Provide commercial advice/analysis to support investigation of those initiatives that might ultimately lead to an P3 project

▣ “Bricks and mortar” commercial advice

- Play a specialized (and well defined) advisory role wherever:
 - We are uniquely equipped (given our skills and experience) to offer valuable advice
 - We are confident that our advice will be impactful

▣ “Land development” commercial advice

- Play a specialized (and well defined) advisory role wherever:
 - There is a significant provincial interest in the outcome of development
 - We are confident that we can provide unique and impactful advice

PRIORITY SUBWAY PROGRAM – TOC MAP

Legend

-  Yonge–University Line
-  Bloor–Danforth Line
-  Sheppard Line
-  Eglinton Line
-  GO Lines
-  Yonge North Subway Extension to Richmond Hill
-  Three-stop Scarborough Subway Extension
-  Ontario Line
-  Eglinton West Extension to Pearson Airport
-  Sheppard East Extension
-  Hurontario LRT
-  Finch West LRT



40 kilometres of new subway lines



5 municipalities served



22 new subway stations



28.5 billion capital investment in new subways

15/10/2019

Diagram is not to scale

TOC POLICY OBJECTIVES

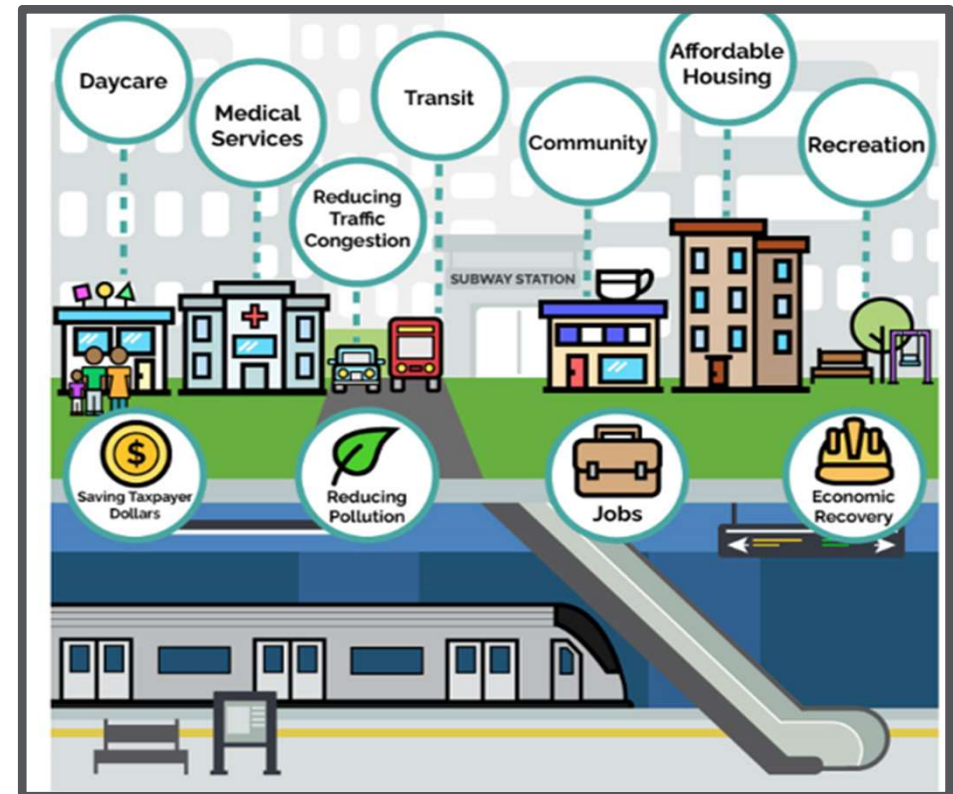
Finding the appropriate balance of TOC objectives is site-specific, requires an overall benefits perspective, and will never satisfy all stakeholders

The Transit Oriented Communities (TOC) development program is part of the government's plan to build new, sustainable transit by placing more housing and jobs at transit stations along the province's four priority subway projects.

The program balances several government objectives:

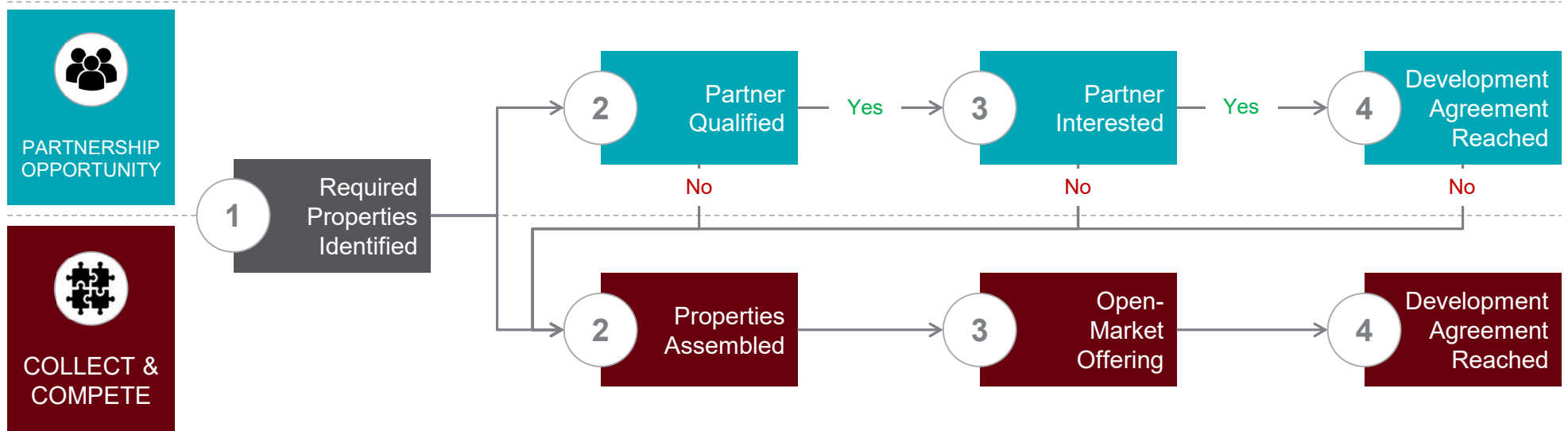
- increasing **transit ridership** and reducing traffic congestion
- increasing **housing supply** (including affordable housing) and jobs
- **catalyzing complete communities** based on good planning principles
- **offsetting the cost of station construction** which would save taxpayers' money
- **stimulating the economy** through major projects for years after COVID-19

The province will partner with third parties to build TOC developments, creating value through streamlining of the development process in collaboration with municipal partners



TOC TRANSACTION MODELS

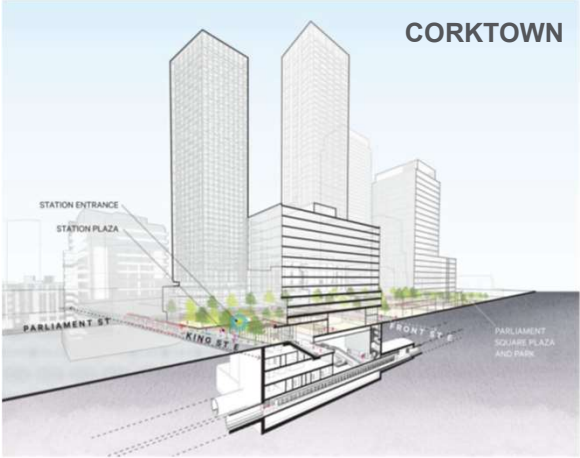
The TOC program employs two transaction types depending on the nature of ownership at a site. Sites that are pursued as a partnership opportunity may revert to the Collect & Compete model if negotiations fail



- **PARTNERSHIP OPPORTUNITY:** Qualifying landholders that are majority owners of parcels impacted by transit construction/infrastructure and are willing and able to transact on a TOC opportunity. Potential partners are solicited directly by the TOC program.
- **COLLECT & COMPETE:** Assembly and aggregation of numerous smaller land holdings into parcels necessary for transit construction and conducive to later redevelopment. Development partners will be selected through an open competitive process.

TOC DEVELOPMENTS IN PROCESS

The TOC program is in active public consultation on Ontario Line South segment sites



Visit
EngageIO.ca
For full details



MARKET TIMING FOR TOC TRANSACTIONS

For open market offerings, TOC sites will be brought to market in approximate coordination with financial close of the respective transit procurements (civil contracts)

Project	Model	PDC/TA Procurement	Issue RFQ	Issue RFP	Contract Execution	Location	Estimated Total Capital Costs
**Yonge North Subway Extension	TBD	Awarded	Winter 2022	Summer 2022	Summer 2023	Toronto/York Region	> \$5B
*Ontario Line – Northern Civil, Stations and Tunnel	DBF	Awarded	Spring 2022	Fall 2022	Spring 2024	Toronto	> \$3B
***Eglinton Crosstown West Extension	TBD	Awarded	TBD	TBD	TBD	Toronto	\$2B - \$4B

SOURCE: Infrastructure Ontario Market Update – www.infrastructureontario.ca

Best timing when estimating market release timing of TOC sites

- Timing of TOC offerings are closely associated with the underlying transit procurements to maximize the ability of the winning DevCo and PCo's to interface during the final design of the station infrastructure.
- This model also allows for development planning work to occur in parallel to transit construction and minimize site downtime between the completion of transit construction and the start of TOC construction.



Follow us
www.infrastructureontario.ca

