Annual Report

2021-2022

Ontario Infrastructure and Lands Corporation

Infrastructure Ontario

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LAND ACKNOWLEDGEMENT

Infrastructure Ontario acknowledges that we work and reside on the traditional territory and treaty lands of many nations. Our head office, located at 1 Dundas Street West in Toronto is covered by Treaty #13 and sits on the treaty lands and territory of the Mississaugas of the Credit and the traditional territory of the Anishnabeg, the Chippewa, the Haudenosaunee, and the Wendat peoples.

We also recognize that the lands on which we live and work are home to, and the result of, the contributions of the Métis, Inuit, and other Indigenous peoples, which have shaped and strengthened our communities, our province, our country, and Turtle Island as a whole.

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

I am pleased to present the annual report of Infrastructure Ontario (IO), highlighting the agency's accomplishments during the 2021-22 fiscal year.

During the past year, despite the ongoing challenges posed by the COVID-19 pandemic, the staff and senior management of IO worked hard to provide exceptional service to the Government of Ontario, delivering infrastructure projects, realty services, infrastructure lending, and commercial advice to meet the needs of communities throughout the province.

IO continued to support the government's commitment to public infrastructure by maintaining a steady and substantive pipeline of projects while employing innovative procurement models to deliver projects more efficiently. The agency further enhanced the value of public assets on behalf of the government through strategic management of the government real estate portfolio and the completion of large commercial transactions. IO's lending program supported the renewal of public sector infrastructure by providing affordable long-term loans to dozens of eligible clients undertaking infrastructure projects across the province.

In late 2021, the Minister of Infrastructure executed a new Memorandum of Understanding between IO and the Ministry of Infrastructure. This governance document establishes the accountability framework within which IO operates. It sets out the expectations for the operational, administrative, financial, auditing, and reporting arrangements between IO and the Ministry that ensures we can demonstrate value for money in everything we do. The new memorandum establishes a foundation upon which we can undertake an ever larger and more complex portfolio of projects on behalf of the government.

We are indebted to our stakeholders and partners who worked with us throughout the second year of the pandemic. Our accomplishments during the past year would have been impossible were it not for the flexibility and resolve they demonstrated in moving our projects forward during a difficult time. We value their advice as to how we can best adapt our program to address changing market dynamics and we take seriously our commitment to the market to maintain a dependable pipeline that is appropriately staged to maximize opportunity and competition.

Joining the Board this year as new directors are Carmine Francella, Carol Pennycook, Mark Romoff, Amit Monga and Bashar Alrehany who together bring a wealth of experience and expertise. On behalf of my fellow Board members, I wish to express my thanks and appreciation to Jane Pepino, Clark Savolaine, and Annesley Wallace who left the Board during the past year. Their insight and commitment to public service proved invaluable to the Board throughout their tenure.

I also wish to thank IO's President and Chief Executive Officer, Michael Lindsay, and all of IO's employees for their commitment to excellence and their dedication during the past year. It is through their hard work and professionalism that IO will continue its record of exemplary service to the government during the year ahead.

David Lindsay
Chair, Board of Directors

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

In 2021-22, Infrastructure Ontario contributed directly and significantly to the creation of a connected, competitive, and modern Ontario.

While the global pandemic continued to pose unprecedented challenges in the past year, I am proud of the demonstrated ability of this organization and its staff to be resilient, inventive, and agile in the conduct of the important work entrusted to us by the Government of Ontario.

I am pleased to highlight a few important achievements.

Executing transactions

The past year saw two major projects achieve substantial completion, five projects reach financial close, and eight new projects enter procurement. Since its establishment, IO has now brought to market 143 major projects. In view of changing market dynamics, and the increasing complexity of the projects in the government's infrastructure program, we have required an ever closer collaboration with our industry partners. This collaboration has led us to consider how best to deliver individual projects, how to better harness private sector innovation, and how to stage our projects in a manner that will ensure the widest possible interest and competition.

IO has now begun the procurement of the first of three health care projects using a new progressive procurement strategy, working with identified development partners to identify and address project risks up-front before advancing to the construction phase. As part of our support for the government's transit plan, we have also worked with Metrolinx to take a different approach to the allocation of risk, and the use of incentives, on the tunneling contracts for both the Eglinton Crosstown West Extension and the Scarborough Subway Extension. As a result, both of these projects began tunnel boring ahead of schedule. Finally, the first of four new 320-bed long-term care homes was completed via our Accelerated Build Program. The new approach to procurement and contracting saw this home constructed in a little over a calendar year – almost four to five times faster than a traditional approach.

Managing assets

Following extensive consultation with industry leaders and provincial ministry partners, IO began procurement of a revised set of Real Property Services and Transaction Management Services contracts. The successful proponents for these contracts will help us optimize property management services and lease transactions across Ontario's multi-billion dollar real estate portfolio. Additionally, working closely with the Ministry of Government and Consumer Services, more than $769 million was committed towards operation and maintenance of the government portfolio, with $285 million in capital repairs and leasehold improvements undertaken to enhance the value and usefulness of public sector real estate assets.

IO also played a critical role in the safe resumption of key in-person meetings and services across the Ontario Public Sector.

Developing commercial solutions

In a little over one year, IO successfully defined and led a new, innovative and transparent procurement process for the Province's Accelerated High-Speed Internet Program to furnish high-speed internet to hundreds of thousands of underserved Ontarians by the end of 2025. Many other jurisdictions in Canada and the United States have recently announced their intent to replicate our approach.

On behalf of the Ministry of Heritage, Sport, Tourism and Culture Industries, IO is also leading the redevelopment of Ontario Place in collaboration with three private-sector tenants selected via a competitive call for development. The combined experiences offered by these tenants will return the site to its former status as a landmark tourism destination, while preserving free and unfettered access to public spaces and the entirety of the Ontario Place shoreline.

Finally, IO's lending program continues to provide affordable, long-term financing to public sector clients, enabling the renewal and revitalization of community infrastructure. IO approved 71 new loans worth approximately $450 million, which brough the total value of loans approved since the program's inception to over $11.9 billion. IO is also working with the Ministry of Long-Term Care to deliver on a government commitment to provide over $300 million in loans with guarantees to select not-for-profit long-term care homes to help increase capacity in communities across the province.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Affirming equity, diversity, and inclusion

Within its workplace, IO has made important progress in promoting greater equity, diversity, and inclusion. In addition to revisions to our code of conduct, and the formation of Employee Resource Groups to foster greater access to resources and mentoring, we continue to evolve our internal processes (i.e., education and training, recruiting, governance) to take constructive steps towards our goal of a truly inclusive and bias-free workplace. Much work remains ahead of us, both within our organization and with our partners across the sectors in which we work.

IO's staff members have demonstrated remarkable versatility and creativity as they have delivered excellent results. I am privileged to work with such a remarkable group of professionals and cannot thank them enough for their dedication and commitment. We look forward to continuing to serve the government and people of Ontario.

Michael Lindsay
President and Chief Executive Officer

VISION, MISSION AND VALUES

Infrastructure Ontario (IO/agency) is a Crown agency of the Government of Ontario that partners with both the public and private sectors to create a more connected, modern, and competitive infrastructure landscape in the province.

The agency is uniquely positioned to align public sector policy and private sector delivery and innovation. Through partnerships with the private sector, IO aims to achieve better outcomes for the Province including higher quality assets delivered quickly and at a low cost.

IO works to understand the needs of public sector clients to provide solutions that meet desired outcomes in an efficient and cost-effective manner. IO's ability to protect the public interest, maximize value to taxpayers, and lead innovative delivery models is dependent upon strong relationships with partners and clients that are rooted in trust and reliability.

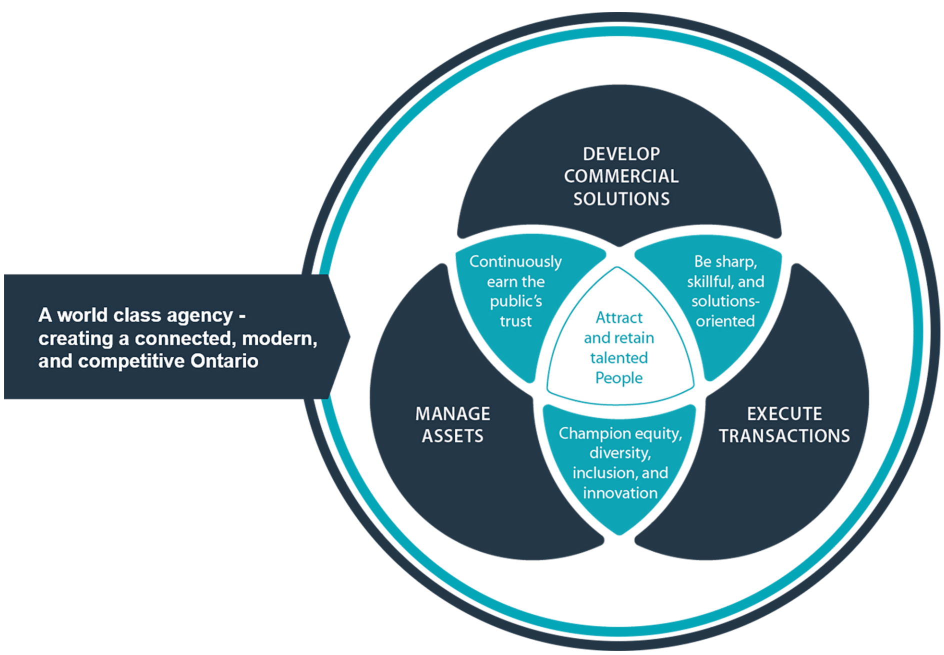
IO's experience and capabilities in infrastructure projects, real estate, lending, development, and commercial projects enables the agency to bring a variety of solutions to bear. When a "whole-of-IO" approach is activated for clients, ministries, partners, and government, the agency can provide its best advice in support of developing solutions, executing transactions, and managing assets.

As the nature of IO's work continues to evolve, the agency continues to manage several key risks, primarily related to delivering on an expanded mandate, ensuring adequate talent and capabilities are available to deliver in a competitive market, and dealing with cost and performance issues caused by the COVID-19 pandemic.

VISION

> IO's vision articulates its purpose; "why the agency exists." The government, through the Ministry of Infrastructure, has entrusted IO with an important mandate to support the design, execution, and delivery of critical services to Ontario across a breadth of solutions. The agency's vision is to continuously and prudently aspire, invest, and grow into an organization capable of achieving this mandate.

Figure 1: IO's Vision, Mission and Values



VISION, MISSION AND VALUES

MISSION

IO's mission builds on its ambitious vision, defining "what we do." Specifically, our mission outlines IO's value proposition to deliver and execute solutions in support of government's top priorities while supporting the planning and development of strategic government properties. There are three interconnected components to our mission:

Develop commercial solutions: Work with government to identify opportunities to implement economical approaches to the delivery of public assets and services.

Execute transactions: Develop new and novel forms of public-private partnerships across new delivery classes and sectors, while continuing to ensure timely delivery.

Manage assets: Maximize opportunities for asset optimization and development, through the expansion of our role in the management of government assets to all Provincial ministries, agencies, and broader public sector entities.

VALUES

IO's values support the vision and mission to define "how we do it." These values are embedded across the organization and upheld to the highest standards in the agency's interactions with clients and the market. This core set of values that guides IO includes:

- Continuously earn the public's trust
- Be sharp, skillful, and solutions-oriented
- Champion equity, diversity, inclusion, and innovation
- Attract and retain talented people

Using the vision, mission, and values as the building blocks, IO has developed a Strategic Plan that aligns its strategic direction around the agency's value proposition to the Province, enabling it to leverage capacity across groups and meet client needs and government priorities. The strategic plan provides the agency with a three-year roadmap to invest in its people, streamline the way it works with its partners, and ultimately grow its impact in a meaningful and structured way.

This Annual Report will describe IO's enterprise governance and corporate structure and detail the agency's 2021-22 operating performance against its four strategic goals. It will also outline key risks and financial results over the fiscal year.

GOVERNANCE

IO applies a high standard of corporate governance to ensure accountability and operational efficiency. IO is governed by a Board of Directors and Chief Executive Officer appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Infrastructure.

The agency is accountable to the Ontario Legislature through the Minister of Infrastructure and reports to the Minister through the Chair of the Board. A Memorandum of Understanding between IO and the Minister clarifies and delineates IO's roles and responsibilities, as well as the accountability framework between the Ministry and the agency.

The business plan and annual report submitted to the Minister are prepared in accordance with applicable legislation and the government's Agencies and Appointments Directive. Decision-making thresholds of IO's management committees and individual staff members are governed by a Delegation of Authority, which is approved by the Board of Directors.

The Code of Conduct is one of IO's internal governing documents designed to provide guidance, principles, and standards for expected ethical behaviour. It applies to the Board of Directors, executive and senior management, and all employees. As a condition of employment, IO employees must annually confirm their commitment to comply with the code.

IO is mindful of its obligations to exercise due diligence, ensure accountability, provide transparency, and demonstrate results to provide real value to the Province in its endeavours.

Several oversight committees monitor financial and operational performance, risk management, and accountability as illustrated in the following chart:

Figure 2: IO's Board and Management Committee Structure

Board of Directors

Audit and Risk Committee

Oversees Enterprise Risk Management, financial reporting processes, effectiveness of internal controls, audit functions, financial management of the General Real Estate Portfolio, and integrity of the financial statements of the Defined Contribution Pension Plan.

Governance and Compensation Committee

Assists with corporate governance of Board and Committees and oversight of CEO, key human resource strategies, compensation, benefits, and pension arrangements.

Infrastructure and Commercial Projects Committee

Oversees commercial and transaction advisory services (Commercial Projects) and infrastructure projects and transactions.

Real Estate and Lending Committee

Oversees lending activities including credit and treasury risk profiles, real estate activities, and land and development transactions including Transit Oriented Communities.

CEO & Executive Team

Real Estate Management Committee

Oversees asset management, strategic asset planning, realty transactions, and land development that impact the General Real Estate Portfolio; also all real estate traditional projects and P3 operations and early works

Project Delivery Steering Committee

Oversees all delivery and operations related to P3 and large traditional projects

Credit Review Committee

Develops/oversees credit risk and treasury policy; monitors all lending functions of the organization

IT Project Prioritization Committee

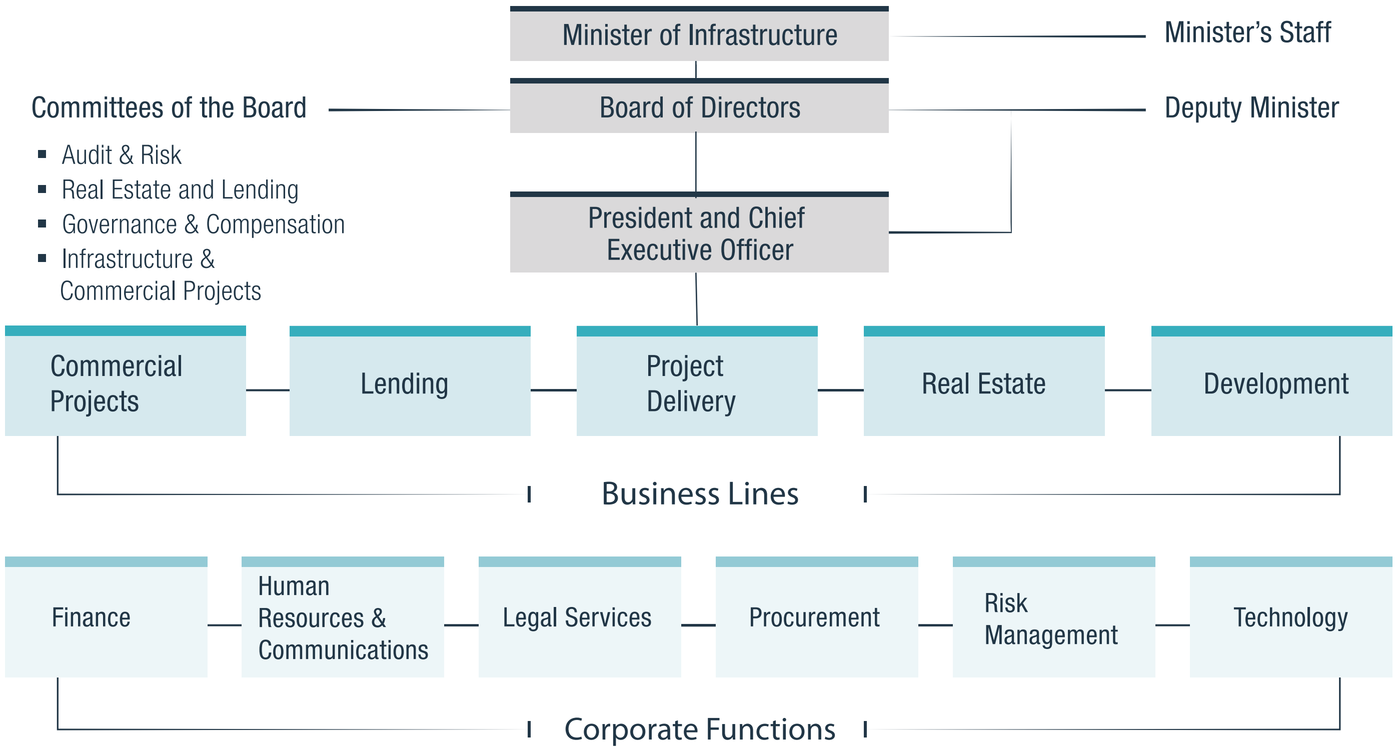
Oversees IT projects across the enterprise

Pension Management Committee

Manages corporation pension plans, reporting to the Governance and Compensation Committee

OUR CORPORATE STRUCTURE

Figure 3: IO's Corporate Structure



BOARD OF DIRECTORS

IO's independent Board of Directors is responsible for the agency's oversight and strategic direction. The board approves corporate objectives, ensures good governance, monitors financial performance, approves the business plan and financial statements, and ensures that risks are identified and managed.

As of March 31, 2022, IO's Board of Directors is made up of 11 experienced and well-informed external members, plus the agency's CEO. The directors have a wide breadth of expertise and private sector knowledge, as well as business, industry, financial, and other relevant experience to carry out their fiduciary duties and uphold the interests of IO.

The remuneration provided to each director (other than the Chair, the CEO, or any public servant appointed by a director) is the sum of $5,000 per year and $500 per day for each day engaged in IO business. The Chair is compensated at the rate of $30,000 annually and $500 per diem.

David Lindsay, Bashar Alrehany, Carmine Francella, Amit Monga, Carol Pennycook, and Mark Romoff joined IO's Board during the year.

OUR CORPORATE STRUCTURE

Director	Period of Service	Annual Remuneration*
David Lindsay, Chair	June 10, 2021 – June 10, 2024	$30,976
Bashar Alrehany	February 17, 2022 – February 17, 2023	N/A**
Carmine Francella	July 8, 2021 – July 8, 2024	$5,912
Lynn A. Kennedy	January 31, 2019 – January 31, 2023	$18,500
Gadi Mayman	January 24, 2017 – January 24, 2024	N/A**
John McDonald	June 26, 2019 – June 26, 2022	$20,500
Amit Monga	March 4, 2022 – March 4, 2024	N/A**
Carol Pennycook	July 8, 2021 – July 8, 2024	$7,912
Mark Romoff	June 24, 2021 – June 24, 2024	$9,096
David Shiner	November 21, 2018 – November 21, 2024	$16,500
Jeff Wesley	March 21, 2019 – March 21, 2025	$22,000

* *Remuneration paid to the Board members in a fiscal year, which may be different from the remuneration accrued in a fiscal year*

** *No remuneration paid in capacity as Board member and/or no fees paid during the fiscal year*

The following board members tenure ended during the year:

Director	Period of Service	Annual Remuneration*
Jane Pepino	April 11, 2018 – April 11, 2021	$1,901
Clark Savolaine	March 28, 2019 – September 9, 2021	$8,457
Annesley Wallace	December 5, 2018 – December 5, 2021	$12,652

* *Remuneration paid to the Board members in a fiscal year, which may be different from the remuneration accrued in a fiscal year*

The President and CEO also serves on Infrastructure Ontario's Board of Directors:

President and CEO	Period of Service	Annual Remuneration
Michael Lindsay	November 1, 2020 to present	N/A **

** *No remuneration paid in capacity as Board member*

2021-22 OPERATING PERFORMANCE

IO has five lines of business delivering results to public sector clients.

Commercial Projects leverages private sector partnerships and investments for revenue generation, liability/cost reduction, and efficiency in government services and investments. The business line provides advice and negotiation support to the government and public sector partners regarding commercial transactions.

Lending administers IO's infrastructure loan program, with $6 billion in current loans outstanding. This program provides Ontario municipalities and eligible public sector and not-for-profit organizations with access to affordable loans to build and renew public infrastructure.

Project Delivery manages large, complex public infrastructure projects using a variety of contracting models, most notably the public-private partnership (P3) approach to procurement and delivery. The P3 model leverages private sector financing and expertise in building public infrastructure with the objective of delivering projects on schedule and on budget. The current P3 project pipeline is valued at more than $50 billion.

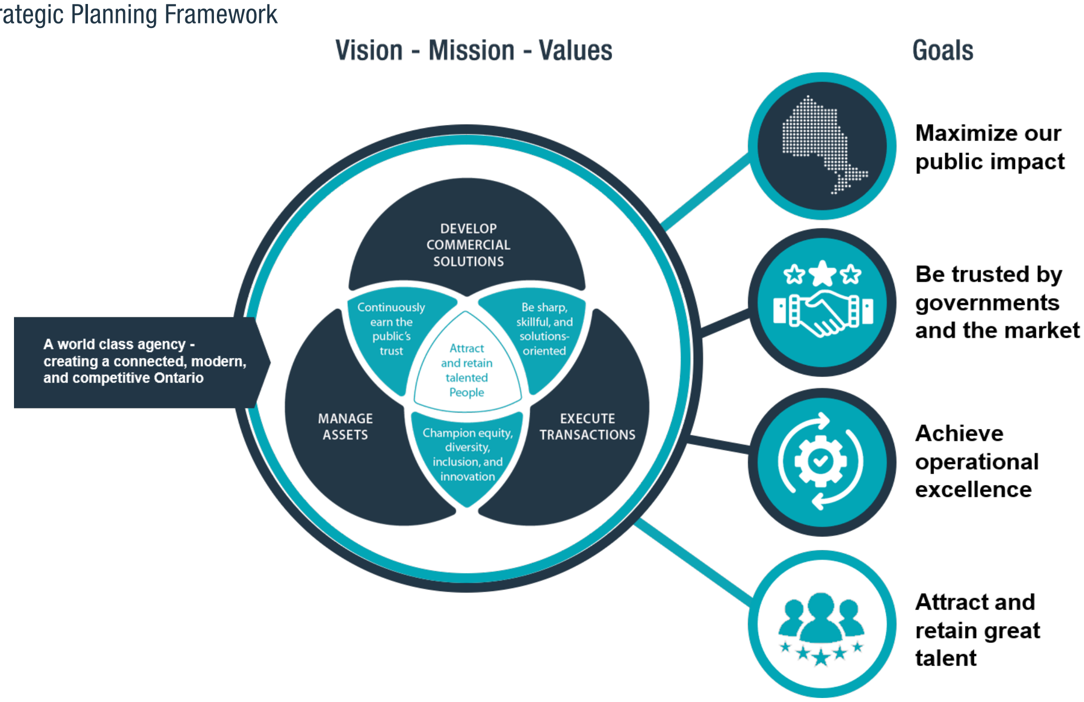
Real Estate provides comprehensive property management services for government owned and leased properties, which includes providing end-to-end real estate accommodation options to client ministries to ensure safe and secure operations through asset management, capital planning, and project management solutions. It also provides strategic asset planning services to maximize the value of government assets through portfolio planning and rationalization. IO currently manages more than 42 million square feet of space on behalf of the Province.

Development is responsible for the delivery of Transit Oriented Communities (TOC): higher density, mixed-use development connected, adjacent to, or within a short walk of transit stations that is intended to catalyze new transit-centric communities. The redevelopment of transit station and construction lands on four priority subway projects within the Greater Toronto Area will create value for the Province that can be redeployed to offset transit infrastructure costs or fund other government priorities. This business line also provides advice and negotiation support to the government and public sector partners regarding major land developments.

IO's business lines are supported by professional staff in finance, treasury, human resources, communications, legal services, procurement, transaction finance, risk management, and information technology.

IO's four strategic goals are the drivers for the agency to achieve its vision of "a world class agency – creating a connected, modern, and competitive Ontario."

Figure 4: IO's Strategic Planning Framework



2021-22 OPERATING PERFORMANCE

During 2021-22, IO created significant value for the Province by delivering commercial solutions, executing transactions, and managing assets for government while effectively navigating the ongoing impact of the COVID-19 pandemic.

Summarized below is IO's corporate performance for each of the agency's four corporate goals, outlining notable achievements and areas of improvement and opportunity.

1. **Maximize our public impact** through the delivery of new assets, the proactive management of existing assets, and by identifying opportunities to optimize commercial assets and services.

   This goal measures IO's ability to deliver timely projects within expected budgets and identify and generate value for its clients.

   Notable achievements include:

   - Achieved key project and program milestones for a variety of client projects while proactively managing the COVID-19 pandemic's impact on current and future projects.
   - Advanced our COVID-19 response plan that outlined key areas of continued focus to support Ontario in managing the crisis, mitigating economic and societal impacts, stimulating recovery, and strengthening resilience. For example, IO worked with government partners to mitigate pandemic delay and disruption impacts by advancing a strategy to deal with legal claims, continued to deliver rapid build hospitals and support long-term care (LTC) facilities by working within existing P3 contracts to create additional urgent care capacity, and using our lands and lending capabilities to support LTC development.
   - Partnered with the Ministry of Long-Term Care to launch the Province's Long-Term Care Development Program and a Not-for-Profit Loan Guarantee Program to address capacity issues in long-term care. This includes establishing a viable strategy to leverage provincial surplus land and provide financing solutions to support the development of long-term care beds.
   - Continued to advance development outcomes for key public projects such as Ontario Place, where world class partners have been secured with no continuing subsidy from government.
   - Undertook a thoughtful approach to the development of Transit Oriented Communities, initiating a robust community engagement program to ensure broader public input to the program.
   - Implemented a progressive approach to public-private partnership (P3) delivery that resulted in positive competitive bidding on multiple projects.
   - Continued to record on-time and on-budget P3 project completion results consistent with previous years. As of March 31, 2022, 78 projects had reached substantial completion since the inception of IO's P3 program. Of these, 94% were completed on-budget and 67% were completed on-time within the substantial completion date established at financial close.[1]

2. **Be trusted by governments and the market** to deliver a breadth of work across a defined set of asset classes and public sector owners.

   This measure echoes IO's commitment to strengthening relationships with all stakeholders and industry partners.

   Notable achievements include:

   - Partnered closely with the Ministry of Infrastructure, Ministry of Energy, a cross section of municipalities, Internet Service Providers (ISPs) and Local Distribution Companies (electricity utilities) to design and execute the Accelerated High-Speed Internet Program, a first-of-its-kind program to bring high-speed Internet to all regions of the province. IO's engagement spanned the full life cycle of the program: from commercial and technical advice during the initial policy development and commercial strategy phase, through to the design and execution of an innovative procurement and transaction model to secure partnerships with ISPs to deliver on the most ambitions and far-reaching broadband program in the country.

[1] *On-time is measured within three months for P3 social projects and P3 highways/transportation projects, and 12 months for transit projects; On-budget is measured as project's final project costs (awarded contract amount plus utilized post contract contingency (PCC)) delivered at substantial completion for less than or equal to the awarded contract amount plus budgeted PCC set at financial close. There is no budget tolerance for P3 projects*

2021-22 OPERATING PERFORMANCE

- The Province is in the process of establishing a Centre of Realty Excellence (CORE), which will enable the Ministry of Government and Consumer Services to optimize government real estate and efficiently realize value from surplus real estate. CORE will leverage IO's sales process, data and analytics, and value enhancement model to apply consistent methods and tools to unlock opportunities.
- Continued to build engagement with government and the market, demonstrated by the recent announcement of 38 projects in pre-procurement and procurement reflecting an estimated $50 billion pipeline.
- Entrusted to support the multi-year capital planning due diligence and approval process and provide risk reporting to the government on its capital plan and capital program.
- Completed the Alliance Development model for the Union Station Enhancement Project, marking the first Alliance project to be jointly managed by IO and Metrolinx. In addition to the Alliance model, IO expanded its delivery models to include the use of construction management at risk and progressive delivery models to build and bring to market critical infrastructure in a compressed time frame.
- Delivered rapid build LTC facilities well ahead of a traditional delivery schedule using an innovative approach to procurement that has garnered interest from other jurisdictions and the government.
- Advised government on creating a "backstop" program to enable broad lending to the not-for-profit LTC sector while maintaining the risk profile of the IO lending program.

3. **Achieve operational excellence** by ensuring our processes are sustainable, transparent, continuously improved, and consistent with the highest standards of professionalism.

   This measure focuses on IO's financial and resource efficiency, as well as progress and results against enterprise-level initiatives.

   Notable achievements include:

   - Operated within budget, achieved surplus target, and demonstrated efficient operations as measured by operating expenses as a percentage of capital under management and delivery, despite an expanded volume of work.
   - Strengthened our business planning and risk management processes to enhance decision making.
   - Advanced efforts to build organizational IT capability through a defined strategy and draft roadmap that focuses on the renewal of key and antiquated systems, and refined project governance and prioritization frameworks.

4. **Attract and retain great talent** through the articulation and delivery of an employee value proposition grounded in empowerment, development, teamwork, diversity, inclusion, and impact.

   This measure evaluates the effectiveness of IO's coaching and development programs, the level of diversity, inclusion, and safety in the work environment, and the degree to which innovation is encouraged and rewarded.

   Notable achievements include:

   - Continued our focus on values around equity, diversity, and inclusion (EDI), including the onboarding of IO's Head of EDI, and the development and communication of IO's full EDI strategy.
   - Annually measured the overall employee experience relative to the Employee Value Proposition (EVP). In 2021, ratings on 14 of 16 elements saw improvement over the previous survey. Key measures of overall engagement remain high and improvements were made in key focus areas related to leadership and coaching.
   - Conducted talent review assessments to ensure targeted development, knowledge management, and retention to support leadership succession.
   - Supported the safe return of employees to civic spaces and served as the primary centre of expertise and execution for government in respect of health and safety protocols and specific investment portfolios.

ENTERPRISE RISK MANAGEMENT

IO has an Enterprise Risk Management (ERM) framework that helps guide the organization's risk management activities. It establishes a governance structure that encourages a risk-aware culture where risk management is an integral part of IO's strategic and operational decision-making processes. It helps ensure risks and opportunities facing IO are identified and facilitates the understanding, discussion, evaluation, and management of risks at all levels of the organization.

IO continues to mature its ERM framework in line with leading practices and in compliance with the new government ERM Directive. The agency's enterprise Risk Register is updated quarterly, with emphasis placed upon top risks, emerging risks, and improvements to risk management reporting. As part of IO's ERM maturity plan, IO is developing formal risk appetite statements and risk tolerance levels to inform strategic decision-making and planning processes, and to further embed risk awareness and alignment across the organization.

IO utilizes a "three lines of defense" model to clarify and delineate roles and responsibilities across the different risk management activities, as outlined below:

Board of Directors and Board Committees

CEO and Executive Team

ASSERT	REPORT	ASSURE
Business & Operations 1st line of defense	**Risk & Compliance** 2nd line of defense	**Internal Audit** 3rd line of defense
"Take and manage risks"	"Oversight functions to support Executive Management and the Board"	"Provide independent assurance"
▪ Responsible for risk identification, assessment, escalation and reporting of risk against approved policies and appetite. ▪ Ownership of risk and responsibility for day-to-day risk management and mitigation.	▪ Set policies, limits and methodologies. ▪ Provide independent monitoring, measurement and reporting.	▪ Responsible for objectively validating controls and assessing effectiveness and efficiency of risk policies and risk management processes. ▪ Provide assurance to the Board's Audit Committee.

ERM POLICY

The ERM policy outlines a framework for risk management, including an overall approach to identifying, assessing, and managing organizational risk. The policy describes the key elements of the ERM program including the governance structure, reporting, and monitoring requirements, and the roles and responsibilities of key stakeholders. Risks are identified according to the following categories:

- **Strategic risks** generally pertain to IO's mandate and business environment risks.
- **Reputational risks** pertain to risks that can impact the IO brand, image, or reputation as the result of: the actions of the agency; indirectly due to the actions of an employee or employees; or tangentially through the actions of others, such as partners or suppliers.

ENTERPRISE RISK MANAGEMENT

- **Operational risks** include risks associated with people, process, technology, security, compliance, and mandate execution, which can affect IO's ability to achieve its corporate objectives.
- **Financial risks** pertain to risks that can impact IO's cash position and financial results and reporting.

IO maintains a robust and integrated internal control framework and policy suite to mitigate risks. Controls are supported by an active management team ensuring IO's processes are efficient and effective. Mitigations are assessed as part of a cyclical process to determine whether the residual risk levels are tolerable, whether new mitigation/treatment plans are needed, and whether the existing plans are effective. IO's mitigation plans are subject to regular independent reviews by IO's Risk Management and Internal Audit teams, as well as the Ontario Internal Audit Division and the Office of the Auditor General of Ontario.

KEY RISKS

As part of IO's risk management framework, key enterprise risks are monitored and reported on an ongoing basis to the Board of Directors and the Ministry of Infrastructure.

Risk	Mitigation Actions
Strategic	
Declining Market Participation Market participation has been affected by construction industry consolidation, growing project complexity, and an evolving tolerance for risk transfer; there exists a risk of higher bid prices, costs of services, and project cancellations or delays.	▸ Scheduled communications of project pipeline information and facilitating market soundings with vendors and associations on upcoming projects. ▸ Perform ongoing reviews of risk transfer in IO contracts to ensure efficient risk allocation is achieved. ▸ Continue to assess procurement and contracting approaches to maximize competitiveness.
Decreased Market Capacity Decreased capacity within the marketplace to perform work resulting in inability to deliver projects and services due to increased cost of service and project cancellations or delays.	▸ IO works with client ministries to ensure that there is a feasible staggering of procurements and transaction, where possible, to minimize the scenarios where the anticipated implementation of transactions do not overlap in a way that causes pressures in supply of consultants or key sub-trades.
Alignment of Objectives, Roles, and Responsibilities Objectives, roles, and responsibilities related to project management and governance between IO and its key partners and stakeholders may be misaligned resulting in underperforming projects.	▸ IO has in place robust governance documents and processes to maintain clarity on project mandates with partners. ▸ Continue to evolve delivery model decision making through an iterative process of interaction with government decision makers and seek clarity where potential objectives compete.
Business Transformation Changes The volume of simultaneous transformational changes may negatively impact IO's delivery results, culture, and people.	▸ IO develops detailed implementation plans for all enterprise initiatives and leverages an integrated view of all initiatives to continuously monitor progress and risks.

ENTERPRISE RISK MANAGEMENT

Risk	Mitigation Actions
Reputational	
Claims and Litigation Increases in the frequency and magnitude of claims against IO and its projects may adversely impact the resources of both IO and the government and could impact IO's reputation.	• A specialized claims department within IO's legal team has been developed to manage claims centrally, train project staff on claims management processes, and standardize processes for future claims.

Performance
Government expectations are not met due to the inability to appropriately manage performance as a result of project delays, cost overruns, service delivery lapses, or loan-related issues.
	• IO continues to monitor key stages of transactions with communication to government stakeholders through regular senior management and executive committees to oversee transactions from procurement to implementation.
	• Ongoing monitoring assessment of cost escalation trends in the market and early involvement in budget planning to ensure trends are reflected in project budgets.
	• Continue to evolve procedures in delivery model selection and the project approval process to require:
	  ◦ certain quality standards of third-party cost estimation due diligence for core scope of each project;
	  ◦ budget development commensurate with actual retained risk, based on rigorous quantitative risk analysis.

Operational	
Attract and Retain Talent IO may experience challenges attracting and retaining high performing, experienced staff, which may occur because of ongoing fiscal restraint and market competition.	• IO has created the Employee Value Proposition to articulate what brings and keeps employees at IO. The key elements include work that has real impact, opportunities to grow and develop, working together as one team and flexibility in how the agency delivers its work. IO's intention is also to ensure competitive compensation. • IO has developed succession plans for all critical roles. The plans are intended to provide continuity in operations.
Cyber Security and Privacy Increases in the frequency and evolving nature of cyber-attacks may result in inappropriate access to confidential and commercially sensitive information.	• IO continues to strengthen and evolve its cyber defense framework and cyber risk awareness and training. • In addition, IO has implemented tools to monitor cyber activity through email security filtering, identification, and removal of known and targeted threats.
Manage Business Disruption The magnitude of changes in the external environment or reliance on partners (e.g., public health crises) may adversely impact operations and thereby its ability to execute and deliver client services due to ineffective preparedness.	• IO has in place a Business Continuity Plan (BCP) and emergency response measure protocols, which are periodically reviewed and updated to ensure they meet the needs of possible future events. • IO also ensures that its service providers have in place a BCP in respect of its management of public assets.

ENTERPRISE RISK MANAGEMENT

Risk	Mitigation Actions
Financial	
Interest Rate and Loan Portfolio Management Declining interest rates may offset the benefits of interest rate swap agreements associated with unhedged loans and previously issued debt, which are intended to reduce exposure to interest rate fluctuations and market volatility. Decreased revenue among IO’s lending clients due to the pandemic may adversely affect the performance of IO’s loan portfolio.	‣ IO measures its interest rate risk regularly and closely monitors the results of interest rate change scenarios against prescribed limits. ‣ Ongoing monitoring, individual loan reviews at regular intervals, and frequent communication with borrower’s help to ensure IO’s lending program continues to support infrastructure growth across the province.

Financial Results

FOR THE YEAR ENDED MARCH 31, 2022

Ontario Infrastructure and
Lands Corporation

Infrastructure
Ontario

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Infrastructure Ontario (IO) is a Crown corporation reporting to the Minister of Infrastructure (Minister) and is classified as a board-governed agency. IO is governed by a Board of Directors pursuant to a memorandum of understanding with the Minister that sets out IO's accountability framework.

IO has five lines of business delivering results to public sector clients.

Project Delivery manages large, complex public infrastructure projects primarily through the Public-Private Partnership (P3) model, where partnerships with the private sector that leverage financing capacity and expertise result in building high quality public infrastructure, delivered on schedule and on budget.

Real Estate provides comprehensive property management services for government owned and leased properties, which includes providing end to end real estate accommodation options to client ministries to ensure safe and secure operations through asset management, capital planning and project management solutions. It also provides strategic asset planning services to the Ministry of Government and Consumer Services (MGCS), to maximize the value of government assets through portfolio planning and rationalization.

Lending administers IO's infrastructure loan program, which provides Ontario municipalities and eligible public sector and not-for-profit organizations with access to affordable loans to build and renew public infrastructure.

Transit Oriented Communities (TOC) delivers higher density, mixed-use development that is connected, next to, or within a short walk of transit stations, and will catalyze new transit-centric communities. The TOC program is charged with the redevelopment of transit station and construction lands across all four of the priority subway projects with the aim of creating value for the province that can be redeployed to offset transit infrastructure costs or fund other priorities of Government.

Commercial Projects leverages private sector partnerships and investments for revenue generation, liability/cost reduction and efficiency in government services and investments. The business line provides advice and negotiation support to the government and public sector partners regarding commercial transactions, including major land developments.

IO's business lines are supported by professional staff in finance, human resources, legal services, procurement and project management, communications, transaction finance, treasury, information technology, internal audit and risk management.

This Management's Discussion and Analysis (MD&A) is intended to provide an overview of IO's financial activities for the year ended March 31, 2022 and should be read in conjunction with the financial statements for the year ended March 31, 2022 and related notes.

IO earned a surplus of $21.0 million for the year, $4.4 million higher than budget primarily due to the recognition of revenues that were previously deferred $1.9 million, the reversal of loss provisions on completed projects $0.6 million, project margins related to Commercial Projects and Transit Oriented Communities (TOC) $1.4 million, and higher net interest margin $0.7 million, partially offset by a loss provision related to a fixed price project $0.2 million.

OPERATING RESULTS

The MD&A discusses revenue and expenses for the five lines of business (refer to Note 19 of the financial statements) compared to budget, in accordance with how performance is measured.

PROJECT DELIVERY

Project Delivery provides professional services for P3 and other large infrastructure projects under either fixed price or cost recovery-based contracts. Revenue is recognized on fixed price contracts prior to reaching financial close when an arrangement is in place, costs are incurred, and collectability is reasonably assured. After financial close, revenue is recognized using the percentage of completion method. Percentage of completion is calculated based on a ratio of costs incurred to total estimated costs. At final completion, any remaining margin on the fixed price contract is recognized. Revenue is recognized on cost recovery-based contracts when an arrangement is in place, costs are incurred, and collectability is reasonably assured.

Year-ended March 31, 2022 vs. Budget

Project Delivery reported a surplus of $2.4 million for the year, $2.1 million above budget.

Revenues

- Project delivery fees were $63.4 million for the year, $1.8 million higher than budget, primarily due to the recognition of revenues that were previously deferred related to five completed or cancelled projects $1.9 million, partially offset by a loss provision related to a fixed price project $0.2 million.
- Project transaction and recoverable costs revenues were $60.0 million for the year, $1.0 million below budget. Lower revenues reflect the recovery of lower project transaction and recoverable costs. During the year we recognized $0.5 million in revenue that was related to prior period transaction and recoverable costs that were previously held in a loss provision.

Expenses

- Salary and benefit expenses were $45.7 million for the year, $0.9 million above budget, primarily due to higher costs related to an increase in leaves of absence, and the transition of staff managing direct delivery capital projects from real estate.
- General and administration expenses were $15.9 million for the year, $0.6 million below budget. The favourable variance was primarily due to lower corporate expenses including IT, office and administration and amortization.
- Project transaction and recoverable costs were $59.5 million for the year, $1.5 million below budget primarily due to lower spending on projects including the Thunder Bay Correctional Complex and New Toronto Courthouse.

Project transaction costs are costs related to external advisors that are incurred to support the procurement of the construction consortium for P3 projects. Other recoverable costs are comprised of external advisor costs incurred to support a project and the development of an asset; these costs can vary depending on the nature and stage of the project. Neither transaction nor other recoverable costs are paid to Project Co.

Year-ended March 31, 2022 vs. March 31, 2021

Project Delivery reported a surplus of $2.4 million for the year, a decrease of $6.6 million compared to the prior year primarily due to $7.1 million higher revenues recognized in the prior year primarily for deferred revenue, net of a reduction of project receivables on completed and cancelled projects.

Revenues

- Project delivery fees were $63.4 million for the year, $1.5 million higher than prior year. The increase in revenue was primarily due to the recovery of $8.6 million in higher operating costs, partially offset by a $7.1 million reduction in revenue related to amounts that were previously deferred.
- Project transaction and recoverable costs revenues were $60.0 million for the year, $12.9 million below prior year. Lower revenues reflect the recovery of lower project transaction and recoverable costs as explained below, with no net impact to surplus. During the year we recognized $0.5 million in revenue that was related to prior period transaction and recoverable costs that were previously held in a loss provision.

Expenses

- Salary and benefit expenses were $45.7 million for the year, $6.6 million above prior year due to increased headcount to support program growth and higher costs related to an increase in leaves of absence.
- General and administration expenses were $15.9 million for the year, $2.0 million above prior year primarily due to higher consulting and corporate expenses, including IT.
- Project transaction and recoverable costs were $59.5 million for the year, $13.4 million below prior year primarily due to lower costs for the GO Expansion Package 1 and Eglinton Crosstown LRT projects.

REAL ESTATE

Real Estate revenues are comprised of management fees, project transaction and recoverable costs revenue and other income. Management fees are earned to recover IO's costs to provide asset management services, facility management oversight and other realty services, including real estate options analysis, leasehold asset management planning (LAMP) services, and management of the hydro corridor program to both the General Real Estate Portfolio (GREP) and corporate realty clients. IO recovers external costs incurred to provide these other realty services to corporate realty clients through project transaction and recoverable costs revenue.

Year-ended March 31, 2022 vs. Budget

Real Estate reported a surplus of $nil for the year, consistent with budget.

Revenues

- Management fees were $57.1 million for the year, $2.2 million above budget primarily due to the recovery of higher operating expenses of $1.9 million as explained below.
- Project transaction and recoverable costs revenues were $17.4 million for the year, $11.4 million above budget. Project transaction and recoverable costs revenue relates to third party project advisor costs. Higher revenues reflect the recovery of higher expenses as explained below, with no net impact to surplus.
- Other income was $0.1 million for the year, $0.2 million below budget and consists of lease commission rebates from CB Richard Ellis (CBRE) reflecting 50% of the net brokerage commission earned executing third party lease agreements at IO's direction to accommodate government tenants. Lower lease commissions were due to fewer leases executed during the year.

Expenses

- Salary and benefit expenses were $36.4 million for the year, $0.1 million below budget, primarily due to lower costs from transition of staff managing direct delivery capital projects to Project Delivery and lower average headcount, partially offset by higher costs related to an increase in leaves of absence.
- General and administration expenses were $11.3 million for the year, $1.9 million above budget due to higher external legal costs to support the transition to a new outsourced delivery model.
- Project transaction and recoverable costs were $17.4 million for the year, $11.4 million above budget due to unplanned projects and updated requirements for clients identified during the year.
- Sub-contracting fees are paid to CBRE to provide operational facility management services to GREP. Sub-contracting fees were $9.5 million for the year, $0.1 million above budget.

Year-ended March 31, 2022 vs. March 31, 2021

Real Estate reported a surplus of $nil for the year, consistent with prior year.

Revenues

- Management fees were $57.1 million for the year, $2.9 million above prior year primarily due to the recovery of higher operating expenses of $2.7 million.
- Other income was $0.1 million for the year, $0.2 million below prior year due to lower lease commission rebate as fewer leases were executed during the year.

- Project transaction and recoverable costs revenues were $17.4 million for the year, $20.5 million below prior year. The lower revenues reflect the recovery of lower expenses as explained below, with no net impact to surplus.

Expenses

- Salary and benefit expenses were $36.4 million for the year, $1.5 million below prior year due to transition of shared service staff managing environmental, energy and heritage activities to the Project Management Office and refinement of costs allocations, partially offset by higher costs related to an increase in leaves of absence.
- General and administration expenses were $11.3 million for the year, $4.0 million above prior year primarily due to higher external legal costs to support the transition to a new outsourced delivery model and higher corporate expenses, including IT.
- Sub-contracting fees paid to CBRE were $9.5 million for the year, $0.2 million above prior year.
- Project transaction and recoverable costs were $17.4 million for the year, $20.5 million below prior year primarily due to external advisors required for hospital projects in support of the Province's response to the pandemic in the prior year.

LENDING

Year-ended March 31, 2022 vs. Budget

Lending reported a surplus of $17.0 million for the year, $0.9 million above budget.

Net interest margin (NIM) for the year was $24.1 million, $0.7 million above budget primarily due to lower swap costs resulting from lower interest rates versus budget.

($ millions)		Actual	Budget	Variance
Interest revenue	$	**223.0**	221.9	1.1
Interest expense		**(198.9)**	(198.5)	(0.4)
NIM	$	**24.1**	23.4	0.7

Other income for the year was $0.5 million, $0.2 million above budget primarily due to make-whole payments associated with two loans from borrowers within the social housing and local distribution sectors repaid during the year.

Expenses

- Salary and benefit expenses were $5.7 million for the year, $0.6 million above budget, primarily due to increased headcount to support program growth and higher costs related to an increase in leaves of absence.
- General and administration expenses were $1.9 million for the year, $0.5 million below budget primarily due to lower corporate expenses including IT, office and administration and amortization.

Year-ended March 31, 2022 vs. March 31, 2021

Lending reported a surplus of $17.0 million for the year, $0.6 million higher than the prior year.

NIM was $24.1 million, $1.9 million higher than the prior year primarily due to higher average cash balances (March 31, 2022 $549M, March 31, 2021 $435M) and savings from lower interest rates.

($ millions)		March 31, 2022	March 31, 2021	Variance
Interest revenue	$	**223.0**	225.4	(2.4)
Interest expense		**(198.9)**	(203.2)	4.3
NIM	$	**24.1**	22.2	1.9

Other income for the year was $0.5 million, $0.2 million lower than the prior year, primarily due to the wind down of grant program activity with the Ministry of Infrastructure, primarily related to the Clean Water and Wastewater Fund Program.

Expenses

- Salary and benefit expenses were $5.7 million for the year, $0.8 million higher than the prior year, primarily due to increased headcount to support program growth and higher costs related to an increase in leaves of absence.
- General and administration expenses were $1.9 million for the year, $0.2 million higher than the prior year primarily due to higher consulting and corporate expenses, including IT.

TRANSIT ORIENTED COMMUNITIES (TOC)

TOC provides professional services on a cost recovery basis. Revenues for project delivery fees, and project transaction and recoverable costs, are recorded when an arrangement is in place, costs are incurred, and collectability is reasonably assured.

Year-ended March 31, 2022 vs. Budget

TOC reported a surplus of $0.6 million for the year, $0.5 million above budget.

Revenues

- Project delivery fees were $5.3 million for the year, consistent with budget.
- Project transaction and recoverable costs revenues were $2.4 million for the year, $5.4 million below budget. Project transaction and recoverable costs revenues relate to third party advisor costs. Lower revenues reflect the recovery of lower expenses as explained below, with no net impact to surplus.

Expenses

- Salary and benefit expenses were $3.9 million for the year, $0.4 million below budget primarily due to savings related to headcount vacancies.
- General and administration expenses were $0.8 million for the year, consistent with budget.
- Project transaction and recoverable costs were $2.4 million for the year, $5.4 million below budget, as the requirement for third party advisors was deferred.

Year-ended March 31, 2022 vs. March 31, 2021

TOC reported a surplus of $0.6 million for the year, $0.6 million above prior year.

Revenues

- Project delivery fees were $5.3 million for the year, $1.2 million above prior year due to program growth.
- Project transaction and recoverable costs revenues were $2.4 million for the year, $1.3 million above prior year. Higher revenues reflect the recovery of higher expenses as explained below, with no net impact to surplus.

Expenses

- Salary and benefit expenses were $3.9 million for the year, $0.5 million above prior year due to increased headcount to support program growth.
- General and administration expenses were $0.8 million for the year, $0.1 million above prior year.
- Project transaction and recoverable costs were $2.4 million for the year, $1.3 million above prior year due to additional third-party advisory support required on the Yonge Subway Extension and Ontario Line projects.

COMMERCIAL PROJECTS

Commercial Projects provides professional services on a cost recovery basis. Revenues for project delivery fees, and project transaction and recoverable costs, are recorded when an arrangement is in place, costs are incurred, and collectability is reasonably assured.

Year-ended March 31, 2022 vs. Budget

Commercial Projects reported a surplus of $1.0 million for the year, $1.0 million above budget.

Revenues

- Project delivery fees were $11.9 million for the year, $0.5 million above budget primarily due to higher revenues for the Broadband Provincial Development Strategy and Ontario Place Development projects.
- Project transaction and recoverable costs revenues were $23.2 million for the year, $0.2 million above budget. Project transaction and recoverable costs revenues relate to third party advisor costs. Higher revenues reflect the recovery of higher costs, with no net impact to surplus.

Expenses

- Salary and benefit expenses were $9.0 million for the year, $0.3 million below budget, primarily due to savings related to vacancies.
- General and administration expenses were $2.0 million for the year, $0.2 million below budget, primarily due to lower corporate expenses including IT, office and administration and amortization.
- Project transaction and recoverable costs were $23.2 million for the year, $0.2 million above budget.

Year-ended March 31, 2022 vs. March 31, 2021

Commercial Projects reported a surplus of $1.0 million for the year, $2.4 million above prior year.

Revenues

- Project delivery fees were $11.9 million for the year, $6.0 million above prior year due to program growth, primarily due to the Broadband Provincial Development Strategy and Ontario Place Development projects.
- Project transaction and recoverable costs revenues were $23.2 million for the year, $18.4 million above prior year primarily due to Broadband Provincial Development Strategy and Ontario Place Development projects.

Expenses

- Salary and benefit expenses were $9.0 million for the year, $4.1 million above prior year due to increased headcount to support program growth.
- General and administration expenses were $2.0 million for the year, $0.5 million below prior year primarily due to a reduction of project receivable on completed and cancelled projects in the prior year, partially offset by higher consulting and corporate expenses, including IT.
- Project transaction and recoverable costs were $23.2 million for the year, $18.4 million above prior year as explained above.

STATEMENT OF FINANCIAL POSITION

Cash

At March 31, 2022, the cash balance was $655.7 million, an increase of $220.3 million from the March 31, 2021 balance of $435.4 million. The increase is primarily due to loan repayments exceeding debt payments in the lending portfolio and improved collections of receivables in the period.

Restricted Cash and Liabilities Held in Trust

At March 31, 2022, restricted cash and liabilities held in trust were $84.6 million, a decrease of $13.7 million from the March 31, 2021 balance of $98.3 million. The decrease is due to payment of $61.0 million for the New Toronto Courthouse project, offset by $44.0 million funds received from MGCS for the MacDonald Block project and $3.3 million for other P3 projects.

Accounts Receivable

At March 31, 2022, accounts receivable was $37.8 million, a decrease of $61.0 million from the March 31, 2021 balance of $98.8 million. Accounts receivable over 90 days totaled $10.9 million, including $5.6 million from the Ministry of Health, $1.7 million from the Ministry of Transportation, $0.7 million from the Ministry of Infrastructure and $0.6 million from Ministry of Natural Resources and Forestry. As of April 30, 2022, $1.4 million of the $10.9 million has been collected.

Loans Receivable and Debt – Loan Program

At March 31, 2022, loans receivable was $6,173.2 million, an increase of $8.5 million from $6,164.7 million at March 31, 2021 due to loan growth.

During the year, IO entered into the following transactions to fund new loans and repay existing debt:

- Repaid $85.0 million of Ontario Infrastructure Projects Corporation bonds to the Province.
- Repaid $166.8 million of long-term non-revolving debt to the Province.
- Borrowed $378.7 million on the long-term non-revolving credit facility with the Province to fund back to back loans.
- Borrowed $61.0 million on the short-term revolving credit facility with the Province to finance construction loans.

Loan Valuation Allowance

The loan valuation allowance is comprised of a general and a specific valuation provision.

The general valuation allowance is a provision for losses on the existing loan portfolio which are considered to be likely in the future but are not yet known and cannot be determined for any specific loan. The total general loan allowance was $26.7 million as at March 31, 2022, consistent with the balance as at March 31, 2021.

The specific valuation allowance is a provision of probable identifiable losses on existing loans. The total specific loan valuation allowance was $4.5 million as at March 31, 2022, consistent with the balance as at March 31, 2021.

Derivatives

IO, being a borrower and a lender, uses derivatives to minimize the Agency's interest rate risk exposure related to its loan receivables and debt obligations. IO is hedged through interest rate swaps in which certain of its fixed rate loans receivable and fixed rate debt portfolio are swapped into floating rate instruments. All interest rate swap agreements are with the Province.

Derivatives are recorded at fair value and presented on a net basis on the Statement of Financial Position. At March 31, 2022, the fair value of derivatives had increased by $74.5 million, from a liability of $26.9 million at March 31, 2021 to an asset of $47.6 million, primarily due to interest rate changes and a reduction of the notional balances in the year.

Projects Receivable

At March 31, 2022, projects receivable was $72.4 million, a decrease of $2.1 million compared to $74.5 million at March 31, 2021. The balance is made up of revenues earned which have not yet been invoiced to clients and includes project delivery fees and project transaction and recoverable costs revenues.

Accrued Liabilities

At March 31, 2022, accrued liabilities were $37.9 million, an increase of $3.5 million from the March 31, 2021 balance of $34.4 million. The balance includes $19.7 million for operating expenses including salaries/benefits, accrued vacation, and other expenses, and $18.2 million for project related advisory costs.

Deferred Revenue

Based on agreements with certain clients, IO invoices and recovers project costs based on periodic payment schedules. The amounts are reported as deferred revenue until the work is performed, at which time they are recognized into revenue based on IO's revenue recognition policy. At March 31, 2022, deferred revenue was $42.0 million, a decrease of $6.6 million from March 31, 2021, including the recognition of $1.9 million of deferred revenue for completed projects during the year. The majority of deferred revenue is related to Project Delivery and P3 projects.

Capital – Loan Program and Liquidity Reserve

IO has a $400.0 million liquidity reserve funded by its capital loan program, comprised of $280.0 million subordinated 50-year loan from the Province of Ontario (Province) and a $120.0 million subordinated 20- year loan from the Ontario Clean Water Agency (refer to Note 9 of the financial statements). These funds are held in cash ($201.2 million) and investments ($198.8 million), provide credit protection to holders of senior debt such as Infrastructure Renewal Bonds, and a liquidity backstop for Infrastructure Ontario's financing needs.

Financial Statements

FOR THE YEAR ENDED MARCH 31, 2022

Ontario Infrastructure and
Lands Corporation

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Independent auditor's report

To the Directors of Ontario Infrastructure and Lands Corporation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Infrastructure and Lands Corporation (the Organization) as at March 31, 2022 and the results of its operations, changes in its net debt, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited
The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information obtained prior to the date of this auditor's report comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 29, 2022

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Ontario Infrastructure and Lands Corporation have been prepared in accordance with accounting principles for governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and, where applicable, the recommendations of the Accounting Standards Board of the Chartered Professional Accountants of Canada and are the responsibility of management.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit and Risk Committee. The Audit and Risk Committee reviews the financial statements and recommends them to the Board for approval.

The financial statements have been audited by PricewaterhouseCoopers LLP. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's report outlines the scope of the Auditor's examination and opinion.

On behalf of management,

Michael Lindsay
President and Chief Executive Officer

Priyal Thakrar
Chief Financial Officer and Executive Vice President, Lending and Technology

STATEMENT OF FINANCIAL POSITION

As at March 31 (in thousands of dollars)

	March 31 2022	March 31 2021
Financial assets		
Cash	$ **655,662**	$ 435,388
Restricted cash (Note 2 & 18)	**84,600**	98,297
Accounts receivable (Note 3)	**37,766**	98,757
Interest receivable	**42,768**	43,968
Investment income receivable	**2,109**	1,473
Loans receivable (Note 4)	**6,173,209**	6,164,741
Derivatives (Note 5)	**47,641**	-
Projects receivable (Note 6)	**72,385**	74,504
Investments (Note 7)	**201,579**	168,481
	7,317,719	7,085,609
Liabilities		
Accounts payable	**8,229**	15,011
Accrued liabilities	**37,892**	34,375
Liabilities held in trust (Note 2 & 18)	**84,600**	98,297
Interest payable	**39,707**	40,137
Derivatives (Note 5)	**-**	26,860
Deferred revenue	**42,005**	48,654
Debt - loan program (Note 9)	**6,391,065**	6,202,619
Capital - loan program (Note 9)	**399,681**	399,681
	7,003,179	6,865,634
Net financial assets	**314,540**	219,975
Non-financial assets		
Prepaid expenses	**2,253**	1,607
Tangible capital assets (Note 10)	**10,731**	10,448
	327,524	232,030
Accumulated surplus	**279,883**	258,890
Accumulated remeasurement gains/(losses) (Note 5)	**47,641**	(26,860)
	$ **327,524**	$ 232,030

Contingencies (Note 16)

Commitments (Note 17)

The accompanying notes are an integral part of these financial statements.

Approved

Board Chair

Director, Chair Audit Committee

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31 (in thousands of dollars)

	2022 Budget	2022	2021
Revenues			
Interest revenue (Note 11)	$ 221,881	**$ 223,013**	$ 225,392
Project delivery fees (Note 13)	78,344	**80,655**	71,880
Management fees - GREP (Note 13)	49,908	**51,367**	49,270
Management fees - Corporate Realty (Note 13)	5,084	**5,776**	4,956
Project transaction and recoverable costs (Note 13)	97,750	**103,038**	116,808
Other income	666	**663**	1,042
	453,633	**464,512**	469,348
Expenses			
Salaries and benefits	99,927	**100,672**	90,103
General and administration (Note 12)	31,426	**31,923**	25,947
Interest expense (Note 11)	198,524	**198,903**	203,176
Project transaction and recoverable costs	97,750	**102,497**	116,808
Sub-contracting fees	9,404	**9,524**	9,355
	437,031	**443,519**	445,389
Surplus	16,602	**20,993**	23,959
Accumulated surplus, beginning of year	258,890	**258,890**	234,931
Accumulated surplus, end of year	$ 275,492	**$ 279,883**	$ 258,890

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31 (in thousands of dollars)

	2022	2021
Accumulated remeasurement losses, beginning of year	$ (26,860)	$ (77,390)
Realized losses - reclassified to the Statement of Operations	30,895	32,992
Remeasurement gains	43,606	17,538
Net remeasurement gains in the year	74,501	50,530
Accumulated remeasurement gains/ (losses), end of year	$ 47,641	$ (26,860)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31 (in thousands of dollars)

	2022	2021
Surplus	$ 20,993	$ 23,959
Change in prepaid expenses	(646)	(1,607)
Acquisition of tangible capital assets	(2,567)	(1,886)
Amortization of tangible capital assets	2,284	2,257
Net remeasurement gains in the year	74,501	50,530
Net change in net financial assets	94,565	73,253
Net financial assets at beginning of year	219,975	146,722
Net financial assets at end of year	$ 314,540	$ 219,975

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31 (in thousands of dollars)

	2022	2021
Operating activities		
Surplus	$ 20,993	$ 23,959
Items not requiring a current cash outlay:		
Amortization of loan concession costs	(3,497)	(4,058)
Amortization of tangible capital assets	2,284	2,257
Amortization of debt issue cost	474	530
Amortization of investment bond premium	772	636
	21,026	23,324
Changes in working capital items:		
Decrease in restricted cash	13,697	66,674
Decrease/(increase) in accounts receivable	60,991	(45,282)
Decrease in interest receivable	1,200	719
(Increase)/decrease in investment income receivable	(636)	429
Decrease in projects receivable	2,119	(29,162)
Increase in prepaid expenses	(646)	(1,607)
(Decrease)/increase in accounts payable	(6,782)	8,213
Increase in accrued liabilities	3,517	10,027
Decrease in liabilities held in trust	(13,697)	(66,674)
Decrease in interest payable	(430)	(3,901)
Decrease in deferred revenue	(6,649)	(10,580)
Cash provided by/(used in) operating activities	73,710	(47,820)
Capital activities		
Acquisition of tangible capital assets	(2,567)	(1,886)
Cash used in capital activities	(2,567)	(1,886)
Investing activities		
Issuance of loans receivable	(422,054)	(516,393)
Proceeds from loan repayments	417,083	408,313
Purchase of investments	(33,870)	-
Cash used in investing activities	(38,841)	(108,080)
Financing activities		
Increase in short term revolving credit facility	61,000	19,000
Proceeds from debt	378,743	549,514
Debt repayments	(251,771)	(510,526)
Cash provided by financing activities	187,972	57,988
Net increase/(decrease) in cash	220,274	(99,798)
Cash, beginning of year	435,388	535,186
Cash, end of year	$ 655,662	$ 435,388

The accompanying notes are an integral part of these financial statements:
Cash interest paid and received (Note 11)

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2022

NATURE OF THE CORPORATION

Ontario Infrastructure and Lands Corporation (Infrastructure Ontario, Agency, Corporation) is a Crown corporation reporting to the Minister of Infrastructure (Minister) and is classified by the Government of the Province of Ontario (Province, Government) as a board-governed agency.

The mandate of Infrastructure Ontario includes the following:

- Provide advice and services on financial, strategic, or other matters involving the government;
- Carry out powers, duties and functions delegated by the Minister under the Ministry of Infrastructure Act, 2011 or the Building Broadband Faster Act, 2021;
- Implement or assist in the implementation of transactions involving the government;
- Provide advice and services, including project management and contract management, related to infrastructure projects in Ontario that are not government property;
- Provide advice and services related to government property, including project management, contract management and development;
- Provide financial management for government property held by the Ministry of Government and Consumer Services (MGCS) or by a Crown agency for which the Minister of Government and Consumer Services is responsible;
- Provide advice and services related to real property to prescribed public sector organizations;
- Provide advice and services to non-Ontario entities related to development of public infrastructure loan programs; real property; financial strategic or other matters; and the implementation of transactions;
- Provide financing for infrastructure purposes to municipalities and to other eligible public organizations.

As a Crown corporation, Infrastructure Ontario is exempt from federal and provincial income taxes under paragraph 149(1) (d) of the Income Tax Act of Canada. Infrastructure Ontario is subject to Harmonized Sales Tax (HST).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Canadian Public Sector Accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Management estimates

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Key areas where management has made estimates are in the percentage of completion for the determination of revenue from project delivery fees, the loan portfolio valuation allowance and the fair value of derivatives. Actual results could differ from those and other estimates, the impact of which would be recorded in future periods.

In March 2020, the COVID-19 pandemic resulted in organizations and governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, remote working and social distancing, have caused material disruption to businesses globally and resulted in a sudden economic slowdown. In response to the pandemic, a Loan Payment Deferral Program was launched, to assist borrowers who were facing financial challenges. The program supported municipal, health care and housing borrowers to address specific financial challenges, such as liquidity or a material decline in operating revenues and enabled borrowers to prioritize and budget for immediate needs resulting from the COVID-19 crisis. The loan deferral program is now closed with no losses incurred and all amounts repaid. Management has evaluated the potential impact of the pandemic on the fair value of derivatives as well as the credit risk of our borrowers, the latter impacting the development of the estimates of the portfolio loan valuation allowance and incorporated assumptions on the impact of the pandemic in these financial statements.

Financial instruments

Infrastructure Ontario's financial assets include cash, restricted cash, accounts receivable, interest receivable, investment income receivable, loans receivable, derivatives, projects receivable, and investments.

Infrastructure Ontario's financial liabilities include accounts payable, accrued liabilities, liabilities held in trust, interest payable, deferred revenue and the debt supporting the loan program.

Initial recognition and measurement

Financial instruments are classified at initial recognition as either (i) cost or amortized cost or (ii) fair value. In these financial statements, all financial instruments, other than derivatives are classified at cost or amortized cost. Derivatives are presented on a net basis as permitted by our agreement with our counterparty on the Statement of Financial Position as either financial assets or liabilities depending if the net balance is either in a receivable or liability position. Fair value is the amount of the consideration that would be agreed on in an arm's length transaction between knowledgeable willing parties, who are under no compulsion to act.

The amortized cost of the 2003-04 program loans (see Note 4) issued by Infrastructure Ontario, which were considered to have concessionary terms, was determined as the present value of the future cash flows of the loan, and discounted using Infrastructure Ontario's cost of borrowing at the time of issuance. The difference between the face value of the loan and its present value is, in substance, a grant. The grant portion is recognized as a concession cost at the date of issuance of the loan and amortized to match the underlying interest subsidy, over the term of the loan.

Transaction costs for financial instruments measured at cost or amortized cost are added to or netted against the carrying value of the financial asset or financial liability, respectively.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

i. Financial instruments at fair value

Financial instruments at fair value are remeasured at their fair value at the end of each reporting period. Any unrealized gains and losses are recognized in the Statement of Remeasurement Gains and Losses and are subsequently reclassified to the Statement of Operations upon disposal or settlement and remain a component of net financial assets on the Statement of Financial Position.

Infrastructure Ontario uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: valuation techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: valuation techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The fair value of financial instruments not traded in an active market is determined by appropriate valuation techniques, including forward pricing and swap models, using present value calculations. The models incorporate various inputs including forward interest rate curves.

ii. Financial instruments at cost or amortized cost

Financial instruments not measured at fair value are measured at cost or amortized cost.

For financial assets and financial liabilities measured at amortized cost, interest is recorded using the effective interest rate (EIR) method. The EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period.

Impairment

i. Loss in value of an investment

A write-down is recognized in the Statement of Operations and Accumulated Surplus when there has been a loss in the value of the investment considered as an 'other than temporary' loss. A loss is considered 'other than temporary' when the carrying value of the investment exceeds its anticipated value for a prolonged period of time. If the anticipated value of the portfolio investment subsequently increases, the write-down to the statement of operations is not reversed.

ii. Loans receivable impairment

A loan valuation allowance is established against the loan portfolio after management's review of existing economic, industry and portfolio conditions across the different loan segments. The general valuation allowance is underpinned by a model in which risk ratings are assigned at the time of loan origination, monitored on an ongoing basis, and adjusted to reflect changes in underlying credit risk. A specific valuation allowance is also established in instances of known borrower credit deterioration on the expected non-recoverable portion of the loan receivable.

Funds held in Trust

The Agency is required to maintain trust funds for collection of property taxes and reserve funds as part of the CMHC certificate of insurance. In addition, certain borrowers set up trust funds as a requirement of the loan agreement. The Agency also maintains a project trust general ledger account for funds received from various ministries for purpose of payments to project construction consortiums and contract change orders. All of these amounts held in trust are recognized as restricted cash on the statement of financial position.

The Agency also maintains several operating bank accounts which it administers on behalf of MGCS and related to the operations of MGCS's general real estate portfolio. The Agency is the financial manager pursuant to the Ontario Infrastructure and Lands Corporation Act, 2011 and these funds are therefore not recorded in these financial statements.

Derivative financial instruments

Infrastructure Ontario uses derivative financial instruments, specifically interest rate swaps, to manage its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and subsequently remeasured to fair value at each reporting date. Derivatives are carried as financial assets when the fair value is in a receivable position and as financial liabilities when the fair value is in a payable position.

Any unrealized gains or losses arising from changes in the fair value of derivatives are recorded in the Statement of Remeasurement Gains and Losses and are subsequently re-classified to interest income or interest expense as appropriate on the Statement of Operations and Accumulated Surplus upon disposal or settlement.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful lives of the assets beginning in the fiscal year of acquisition, with a half-year provision in the year of acquisition and a half-year in the year of disposal. The estimated useful lives of the assets are as follows:

Computer equipment	3 years
Software	5 years
Furniture, fixtures and office equipment	10 years
Leasehold improvements	10 years

Impairment of tangible capital assets

The Agency reviews the carrying value of tangible capital assets for potential impairment when there is evidence that events or changes in circumstances exist, that indicate a tangible capital asset no longer contributes to the Government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. In these circumstances, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. No such impairment losses have been incurred to date.

Revenue recognition

Interest revenue

Interest on investments and loans receivable are recognized using the effective interest rate method.

Project delivery fees, management fees, and project transaction and recoverable costs

Project delivery fees and management fees represent the recovery of Infrastructure Ontario's staff salaries and benefits, general and administration costs, and sub-contracting fees in delivering services. Project transaction and recoverable costs include the recovery of external advisor costs and project cost contingencies.

Infrastructure Ontario provides professional services under either cost based or fixed price contracts. For cost based contracts, revenue is recorded when an arrangement is in place, costs are incurred, and collectibility is reasonably assured. For fixed price contracts before financial close, revenue is recorded when an arrangement is in place, costs are incurred, and collectibility is reasonably assured. After financial close, revenue is recorded using the percentage of completion method. Percentage of completion is calculated based on a ratio of cost incurred to total estimated costs. At final completion, any remaining margin on the fixed price contract is recognized. Losses, if any, on fixed price contracts are recognized during the period they are identified. Deferred revenue is set up when amounts billed on a project exceed the revenue recognized to date under both cost based and fixed price contracts.

Employee Benefits

The Agency provides a defined contribution pension plan for certain full-time employees and also contributes to the Public Service Pension Plan, a multi-employer plan established by the Province of Ontario, for pension benefits for certain full-time employees. The Agency's obligation to the Public Service Pension Plan is based on formulas set by the Ontario Pension Board. The contributions made by the Agency to the defined contribution pension plan and multi-employer plans are expensed in the Statement of Operations on an accrual basis. The cost of post-retirement, non-pension employee benefits to employees for the multi-employer plan is paid by MGCS and is not included in the financial statements.

2. RESTRICTED CASH

Restricted cash includes funds held in trust for Infrastructure Ontario's lending clients of $8.8 million (2021 - $8.0 million) and project construction consortiums of $75.8 million (2021 - $90.3 million), detailed further in Note 18.

3. ACCOUNTS RECEIVABLE

($ thousands)	2022	2021
Net trade accounts receivable	$ 32,566	$ 85,740
HST receivable	5,200	13,017
	$ 37,766	$ 98,757

4. LOANS RECEIVABLE

($ thousands)	2022		2021	
Construction advances		Interest %		Interest %
Infrastructure renewal loan program	$ **364,516**	**0.90-1.30**	$ 318,846	0.60-1.00
Debentures receivable				
Concessionary loan program				
Remaining terms to maturity:				
1 to 5 years	**65,484**	**2.36-2.95**	55,410	2.36-2.95
6 to 10 years	**52,327**	**2.52-2.87**	89,122	2.38-2.87
11 to 15 years	**32,210**	**2.52-2.73**	20,496	2.54-2.73
16 to 20 years	**2,146**	**2.80-2.80**	16,487	2.52-2.80
Greater than 20 years	**9,851**	**2.63-3.05**	10,135	2.63-3.05
	162,018		191,650	
Infrastructure renewal loan program				
Remaining terms to maturity:				
1 to 5 years	**420,620**	**0.84-5.26**	384,145	1.00-5.51
6 to 10 years	**889,550**	**1.22-5.89**	810,919	1.12-5.89
11 to 15 years	**872,557**	**1.76-5.44**	902,642	1.76-5.44
16 to 20 years	**1,212,437**	**1.94-5.91**	1,308,609	1.94-5.91
Greater than 20 years	**2,295,835**	**1.97-5.60**	2,295,751	1.97-5.60
	5,690,999		5,702,066	
Total	**6,217,533**		6,212,562	
Deferred costs on concessionary loans				
Deferred costs, beginning of year	**(16,648)**		(20,706)	
Amortization of concession costs	**3,497**		4,058	
Deferred costs, end of year	**(13,151)**		(16,648)	
Loan valuation allowance	**(31,173)**		(31,173)	
Loans receivable	$ **6,173,209**		$ 6,164,741	

Construction advances are loans due from municipalities, other public sector bodies and not for profit entities. The interest rate on these construction loans is based on the Ontario three month treasury bill plus a fixed spread in basis points depending on the risk categorization of the counterparty. These loans are of a shorter term than the debentures (usually less than five years), and are repaid when construction is complete.

Debentures receivable are due from municipalities, other public sector clients and not for profit entities, with loan maturity terms ranging from five to forty years since inception.

Infrastructure Ontario manages its credit risk with the current loan portfolio through various provisions in the loan agreements. The Agency has an intercept mechanism with the Province, which allows for funds owing to a borrower from the Province to be redirected to Infrastructure Ontario. Loans to non-government borrowers are subject to restrictive covenants on assets and the borrower is required to provide security and in some cases, provide loan insurance.

The loan valuation allowance is based on an assessment of existing economic, industry and portfolio conditions which may indicate that a loan is impaired or losses will be incurred. At March 31, 2022, Infrastructure Ontario has a loan valuation allowance of $31.2 million (2021 - $31.2 million).

5. DERIVATIVES

Infrastructure Ontario operates within strict risk limits to ensure exposure to interest rate risk is managed in a prudent and cost effective manner. A variety of strategies are used to manage this risk, including the use of interest rate derivatives. Infrastructure Ontario does not use derivatives for speculative purposes, and no new derivative contracts have been entered into with respect to back to back loans since it was initiated with the Province in April 2015.

Derivatives are financial contracts, the value of which is derived from underlying instruments. Infrastructure Ontario, which is a borrower and lender, uses derivatives to create hedges for instruments with differing maturity dates. The interest rate variability risk is managed through interest rate swaps, which are legal contracts under which Infrastructure Ontario agrees with another party to exchange cash flows based on one or more notional amounts using stipulated reference interest rates for a specified period. Interest rate swaps allow Infrastructure Ontario to more closely match its existing loans receivable and debt obligations and thereby effectively convert them into instruments with terms that minimize the Agency's interest rate risk exposure. Infrastructure Ontario has swapped certain of its fixed rate loans receivable and fixed rate debt portfolio into floating rate instruments.

The table below presents a maturity schedule of Infrastructure Ontario's derivatives, outstanding as at March 31, 2022, based on the notional amounts of the contracts. The notional amounts of interest rate swaps represent the amount to which the fixed and floating rates are applied in order to calculate the exchange of cash flows. The notional amounts are not recorded in the Statement of Financial Position. They represent the volume of outstanding derivative contracts and are not indicative of credit risk, market risk or actual cash flows of such instruments.

	Maturity					
($ thousands)	Within 1 year	Within 2 to 5 years	Within 6 to 10 years	Within 11 to 15 years	Over 15 years	Total Notional Value
Asset swap	$ 276,154	818,664	637,024	421,870	390,903	$ 2,544,615
Liability swap	$ 360,600	310,000	-	-	852,857	$ 1,523,457

Derivatives are recorded at fair value as at March 31, 2022 resulting in net derivative assets of $47.6 million and accumulated unrealized gains on the Statement of Remeasurement Gains and Losses of $47.6 million (2021 – net derivative liabilities of $26.9 million on the Statement of Financial Position and accumulated unrealized losses on the Statement of Remeasurement Gains and Losses of $26.9 million). Fair values were determined using level 2 basis of valuation as defined in Note 1.

The fair values of these derivatives were determined using pricing models, with market observable inputs which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve underlying the positions. The determination of the fair value of derivatives includes consideration of credit risk and ongoing direct costs over the life of the instruments.

As at March 31, 2022, all interest rate swap agreements are with the Province.

6. PROJECTS RECEIVABLE

Projects receivable are amounts which have been recognized as revenue either on a percentage of completion basis or when the recoverable expenses were incurred, but have not yet been invoiced. Certain projects receivable, will not be invoiced until the completion of the project. Projects receivable are due from various Provincial ministries, agencies and other public sector organizations.

7. INVESTMENTS

Investments consist of bonds carried at amortized cost. As at March 31, 2022, the interest rates on these investments ranged from 2.30% to 3.50% (2021 – 2.30% to 3.50%) with maturities from September 2023 to September 2024.

8. ONTARIO FINANCING AUTHORITY (OFA) CREDIT FACILITY

Infrastructure Ontario has a 5 year subordinated revolving credit facility of up to $100.0 million with the OFA, an agency of the Province, to provide working capital for the Public-Private Partnership (P3) program. Advances are to be repaid within 3 months of the borrowing date, unless an extension is requested. The revolving credit facility expires March 27, 2023. As at March 31, 2022 and 2021, the full balance of the facility remains undrawn.

9. DEBT AND CAPITAL – LOAN PROGRAM

All facilities are available exclusively for the lending program.

($ thousands)		2022			2021	
a) Debt - loan program			**Interest %**			Interest %
Senior debt						
Infrastructure Renewal Bonds	**$**	**300,000**	**4.70**	$	300,000	4.70
Subordinate debt						
Short-term revolving credit facility		**375,000**	**0.26-0.78**		314,000	0.17-0.25
OIPC/OILC bonds		**1,355,000**	**2.92-4.96**		1,440,000	2.92-4.96
Long-term non-revolving credit facility						
Fixed		**3,304,287**	**0.90-3.58**		3,092,315	0.90-3.58
Floating Rate Notes (FRN)		**1,060,000**	**1.39-1.71**		1,060,000	0.57-0.89
		6,394,287			6,206,315	
Debt issue costs		**(3,222)**			(3,696)	
	$	**6,391,065**		$	6,202,619	
b) Capital - loan program						
Province of Ontario loan	**$**	**279,681**	**0.18**	$	279,681	0.11
Ontario Clean Water Agency loan		**120,000**	**0.69**		120,000	0.38
	$	**399,681**		$	399,681	

All capital funding and subordinated debt is subordinate to the senior debt and rank pari passu amongst each other.

The following table illustrates the debt principal and estimated interest payments for the next five years and thereafter:

($ thousands)

Fiscal year		Amount
2022-2023	$	1,402,826
2023-2024		916,132
2024-2025		461,498
2025-2026		765,016
2026-2027		316,398
Thereafter		4,908,078
	$	**8,769,948**

Infrastructure Renewal Bonds

On April 19, 2007, Infrastructure Ontario issued $300 million of Infrastructure Renewal Bonds. The bonds bear interest at 4.70% per annum and mature on June 1, 2037.

Short-term Revolving Credit Facility

In May 2014, Infrastructure Ontario began issuing short term notes under a short term revolving credit facility to fund its short term construction loans. The revolving credit facility with the Province is authorized to issue a maximum of $600 million for terms ranging from three months to one year, with an expiry date of May 2024. As at March 31, 2022, maturities ranged from April 2022 to June 2022, while interest on the notes ranged from 0.26% to 0.78% (2021 – 0.17% to 0.25%).

OIPC / OILC Bonds

Infrastructure Ontario issued Ontario Infrastructure Projects Corporation (OIPC) and Ontario Infrastructure and Lands Corporation (OILC) bonds to the Province for the purpose of funding its loan program. The bonds are subordinated obligations of Infrastructure Ontario and rank behind all other existing and future senior obligations of Infrastructure Ontario.

As at March 31, 2022, interest on fixed rate bonds ranged from 2.92% to 4.96% (2021 – 2.92% to 4.96%) per annum and maturities ranged from June 2022 to June 2045. Interest is paid semi-annually on these bonds until maturity.

Long-term Non-Revolving Credit Facility

In April 2015, Infrastructure Ontario began funding long term loans on a back to back basis directly with the Province through a long term non-revolving credit facility. The new debt structures mirror the underlying loans receivable they fund and have similar terms including maturity, payment frequency and type of amortization. This funding structure creates a match between the assets and liabilities and eliminates the need to use derivatives to hedge interest rate risks. In November 2018, Infrastructure Ontario was approved to borrow an additional $4.0 billion from the Province for the purposes of funding the loan program from November 2018 to May 2022. As at March 31, 2022, $2.5 billion of the facility is available and undrawn.

As at March 31, 2022, interest with fixed rates on the back to back loans ranged from 0.90% to 3.58% (2021 – 0.90% to 3.58%) and maturities ranged from April 2022 to March 2052. The FRNs bear interest from three month CDOR plus 13 basis points to three month CDOR plus 45 basis points and the maturity of the notes ranged from June 2022 to June 2025. Interest is reset and paid quarterly until the maturity of the FRNs.

Province of Ontario Loan

The Province provided Infrastructure Ontario with a 50 year subordinated loan of approximately $280 million in exchange for a promissory note that matures on March 31, 2053. The interest on the note is reset quarterly

at the Province's three month Treasury bill rate and payable quarterly. On March 31, 2022, interest on the note was reset at 0.18% (2021 – 0.11%).

Ontario Clean Water Agency Loan

The Ontario Clean Water Agency (OCWA), an agency of the Province, provided a 20 year subordinated loan of $120 million to Infrastructure Ontario secured by a promissory note due on March 1, 2023. The interest rate on the note is reset monthly at four basis points below the one month CDOR payable quarterly. On March 31, 2022, interest on the note was 0.69% (2021 – 0.38%).

Together, the Province and OCWA loans provide Infrastructure Ontario with long term subordinate funding which provides: (i) credit protection to holders of senior debt such as Infrastructure Renewal Bonds; and (ii) a liquidity backstop for Infrastructure Ontario's financing needs.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2022

10. TANGIBLE CAPITAL ASSETS

	Year ended March 31, 2022									
($ thousands)		**Computer Equipment**		**Software**		**Furniture, Fixtures and Office Equipment**		**Leasehold Improvements**		**Total**
Cost										
Balance, April 1, 2021	$	21,052	$	7,767	$	2,630	$	17,615	$	49,064
Additions		441		2,126		-		-		2,567
Balance, March 31, 2022		21,493		9,893		2,630		17,615		51,631
Accumulated amortization										
Balance, April 1, 2021		19,918		5,193		2,187		11,318		38,616
Additions		671		758		65		790		2,284
Balance, March 31, 2022		20,589		5,951		2,252		12,108		40,900
Net book value - March 31, 2022	$	**904**	$	**3,942**	$	**378**	$	**5,507**	$	**10,731**

	Year ended March 31, 2021									
($ thousands)		Computer Equipment		Software		Furniture, Fixtures and Office Equipment		Leasehold Improvements		Total
Cost										
Balance, April 1, 2020	$	20,190	$	6,734	$	2,630	$	17,624	$	47,178
Additions		862		1,033		-		(9)		1,886
Balance, March 31, 2021		21,052		7,767		2,630		17,615		49,064
Accumulated amortization										
Balance, April 1, 2020		19,148		4,573		2,122		10,516		36,359
Additions		770		620		65		802		2,257
Balance, March 31, 2021		19,918		5,193		2,187		11,318		38,616
Net book value - March 31, 2021	$	1,134	$	2,574	$	443	$	6,297	$	10,448

11. INTEREST INCOME (EXPENSE)

($ thousands)		2022		2021
Interest revenue	$	**223,013**	$	225,392
Interest expense		**(198,903)**		(203,176)
Net interest margin	$	**24,110**	$	22,216

The breakdown of interest expense on debt is as follows:

		2022		2021
Program funding				
Infrastructure Renewal Bonds	$	**(14,100)**	$	(14,100)
Short-term revolving credit facility		**(936)**		(1,417)
OIPC/OILC Bonds		**(51,832)**		(57,417)
Long-term non-revolving credit facility		**(98,965)**		(94,669)
		(165,833)		(167,603)
Interest rate swap costs		**(30,895)**		(32,992)
Debt issue cost amortization		**(474)**		(530)
Investment bond premium amortization		**(772)**		(636)
		(197,974)		(201,761)
Capital funding				
Province of Ontario loan		**(426)**		(810)
Ontario Clean Water Agency loan		**(503)**		(605)
		(929)		(1,415)
Total interest expense	$	**(198,903)**	$	(203,176)

The reconciliation of cash interest received and paid to net interest margin is as follows:

		2022		2021
Cash interest received	$	**220,213**	$	222,475
Cash interest paid		**(198,085)**		(205,912)
		22,128		16,563
Non-cash interest				
Amortization of loan concession costs (Note 4)		**3,497**		4,058
Other non-cash interest		**(1,515)**		1,595
Net interest margin	$	**24,110**	$	22,216

Other non-cash interest includes net interest accrued (revenue and expense), and the amortization of debt issue costs and bond premiums.

12. GENERAL AND ADMINISTRATION EXPENSES

($ thousands)	2022 Budget	**2022**	2021
Professional and consulting	$ 11,819	**$ 14,785**	$ 7,544
Information technology	10,563	**8,850**	7,235
Premises	4,588	**4,775**	4,948
Office and administration	1,548	**1,155**	3,886
Communications	130	**74**	77
Amortization	2,778	**2,284**	2,257
	$ 31,426	**$ 31,923**	$ 25,947

13. RELATED PARTY TRANSACTIONS

The Agency is economically dependent on the Province as a significant portion of its revenue is received from the Province for the provision of services to various Ontario Crown Agencies and Ministries, including the Ministry of Health, the Ministry of the Attorney General, MGCS, the Ministry of the Solicitor General, the Ministry of Transportation and the Ministry of Infrastructure.

Infrastructure Ontario's prime sources of revenue from the Province are:

1. Project delivery fees and project transaction and recoverable costs:
   Fees based on a percentage of project costs or on a cost recovery basis charged for services, including project and contract management, provided to various Ontario Crown Agencies and Ministries. Project transaction and recoverable costs include external advisor services and project cost contingencies.
2. Management fees:
   Fees charged for services, including property and project management, provided to MGCS's General Real Estate Portfolio (GREP) and the corporate realty portfolio.

Infrastructure Ontario has interest bearing investments (Note 7) and loans from the Province and OCWA (Note 9) and a line of credit with the OFA (Note 8).

14. FUTURE EMPLOYEE BENEFITS

The Agency provides a defined contribution pension plan for certain full-time employees. The Agency's contribution to this plan for the year ended March 31, 2022 was $5.1 million (2021 – $4.6 million).

The Agency provides pension benefits to certain of its full-time employees through participation in the Public Service Pension Plan, which is a multi-employer defined benefit plan established by the Province. The contribution to the pension plan of $0.3 million for the year ended March 31, 2022 (2021 – $0.3 million) is based on formulas set by the Ontario Pension Board and has been expensed. The cost of post-retirement, non-pension employee benefits for these employees is paid by MGCS and is not included in the financial statements.

15. RISK MANAGEMENT

The principal risks that Infrastructure Ontario is exposed to as a result of holding financial instruments are credit, market, liquidity and interest rate risks. The Real Estate and Lending Committee of the Board of Directors reviews policies for managing each of these risks, which are summarized below.

Credit risk

Credit risk is the risk of loss arising from a counterparty's inability to fulfill its financial contractual obligations to Infrastructure Ontario. The Agency is exposed to credit risk on cash accounts, investments and receivables, but primarily on loans receivable. The Agency manages credit risk through the implementation of policies and review processes.

Credit risk – loans receivable

Oversight of the credit risk of the lending program is monitored by the Real Estate and Lending Committee of the Board of Directors.

The credit risk policy ensures loan amounts are commensurate with both the borrower's ability to service debt and Infrastructure Ontario's own risk tolerance. The credit risk policy establishes principles for evaluating credit risk for each sector based on an established set of risk factors. Separate underwriting and credit functions exist to ensure an independent review and challenge through the adjudication process. Due diligence is conducted and a final scoring and recommendation for each applicant is presented to the Real Estate and Lending Committee and to the Board of Directors for approval, if necessary, based on Infrastructure Ontario's delegation of authority.

Infrastructure Ontario has a risk based loan review process that covers all lending sectors and provides early identification of possible changes in the credit worthiness of counterparties. The objectives of the loan review are to: assess the status of funded projects in construction; ensure payment and covenant compliance over the term of the loan; initiate timely corrective action to minimize any potential credit loss; and escalate potential loan repayment issues to the Real Estate and Lending Committee and the Board of Directors.

Infrastructure Ontario's maximum exposure to credit risk on loans receivable, without taking into account any collateral held or other credit enhancements, as at March 31, 2022 was $6,173.2 million.

Infrastructure Ontario classifies and manages its loans by tiers. Tier 1 borrowers have a tax base and/or receive provincial transfers which provide a strong source of debt repayment. Tier 2 borrowers are in sectors that are either regulated or entitled to government based revenue contracts and therefore have a stable source of debt repayment. Tier 3 borrowers are organizations dependent on self generated revenues either by market-set prices or donations and fund raising. The profile of the loans receivable at March 31, 2022 is as follows:

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2022

($ thousands)	Outstanding	Loan Valuation Allowance [2]	2022	2021
Tier 1				
Municipalities	$ 3,963,159			
City of Toronto (as guarantor)	1,019,745			
Universities	125,000			
Local service boards	104			
Social housing (with municipal guarantee)	160,541			
Affordable housing (with municipal guarantee)	1,090			
Community health & social service hubs (with municipal guarantee)	5,943			
Sports & Recreation (with municipal guarantee)	65,823			
	5,341,405	(706)	**5,340,699**	5,284,336
Tier 2				
Local distribution corporations	175,543			
Long-term care	125,811			
Affordable housing (insured by CMHC)[1]	121,178			
Affordable housing (not insured by CMHC)[1]	133,153			
Social housing	85,715			
Aboriginal health access centres	969			
Community health & social service hubs	17,359			
	659,728	(4,711)	**655,017**	693,024
Tier 3				
Power generators	79,314			
District energy	21,222			
Municipal corporations (other)	27,283			
Beneficial entities (arts training, etc.)	77,955			
Sports and recreation	10,626			
	216,400	(25,756)	**190,644**	204,029
Deferred costs on concessionary loans				
Deferred costs, beginning of year	(16,648)			
Amortization of concession costs	3,497			
Deferred costs, end of year	**(13,151)**	-	**(13,151)**	(16,648)
Loans receivable	$ **6,204,382**	$ (31,173)	$ **6,173,209**	$ 6,164,741

[1] CMHC is defined as Canada Mortgage and Housing Corporation.

[2] Consists of $26.7 million for general loan valuation allowance and $4.5 million for specific loan valuation allowance

Collateral – loans receivable

Infrastructure Ontario lends on the strength of the applicants' ability to service loan payments over time. The Agency does not lend on a residual asset value basis and does not factor in possession or control of an asset in the evaluation of debt service coverage. It lends on the basis of a strong assurance of permanent sources of cash flow, namely the unique position of many borrowers to generate tax revenue or receive funding from the Province. Infrastructure Ontario mitigates its credit risk from the loan portfolio through various mitigation control provisions. The Agency has an intercept mechanism with the Province which allows for funds owing to certain borrowers (including municipalities) that receive funding from the Province, to be redirected to Infrastructure Ontario. Clients that do not receive provincial funding are required to provide adequate security such as: guarantees, first ranking mortgage/charge, general security agreement, assignment of rents and leases and assignment of accounts, agreements and collateral.

Impairment – loans receivable

The loan valuation allowance is established against the loan portfolio after management's review of existing economic, industry and portfolio conditions across the different loan segments. The general valuation allowance is underpinned by a model in which risk ratings are assigned at the time of loan origination, monitored on an ongoing basis, and adjusted to reflect changes in underlying credit risk. A specific valuation allowance is also established in instances of known borrower credit deterioration on the expected non-recoverable portion of the loan receivable.

Credit risk – cash, receivable and investments

The maximum exposure to credit risk on the cash, restricted cash, receivables and investments, without taking into account any collateral held or other credit enhancements, as at March 31, 2022 was:

($ thousands)	2022	Past Due >90 days
Cash	$ 655,662	$ -
Restricted cash	84,600	-
Accounts receivable	37,766	10,896
Interest receivable	42,768	-
Investment income receivable	2,109	-
Derivative assets	47,641	-
Projects receivable	72,385	-
Investments	201,579	-
	$ 1,144,510	$ 10,896

Market risk

Market risk is the risk that the fair value or future cash flows for a financial instrument will fluctuate due to changes in market prices. Infrastructure Ontario only invests in authorized liquid assets prescribed by the approved Treasury policies and guidelines, which can be easily liquidated.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows for a financial instrument will fluctuate because of changes in market interest rates. This could occur when the re-pricing of assets is not aligned with the re-pricing of liabilities. As a result of entering into back to back loan arrangements with the OFA, this re-pricing mismatch has been eliminated on all loans issued after April 1, 2015.

Management also manages interest rate risk through the use of interest rate swap derivatives as well as through the alignment of asset and liability risk structures and maturities.

Sensitivity to variations in interest rates

A +/- 100 basis point change in the interest rate for the year ended March 31, 2022 would have had a $2.6 million / ($8.5 million) impact on the surplus, and a $33.3 million / ($31.4 million) impact on the accumulated remeasurement gains (losses).

Liquidity risk

Liquidity risk is the risk Infrastructure Ontario will not be able to meet its financial obligations as they come due. This risk is managed through capital funding, which is funded by long-term subordinated loans provided by the Province and the OCWA. The capital funding is partially invested in long term liquid instruments that can be converted into cash in the event of any foreseeable liquidity crisis.

Infrastructure Ontario's borrowing by-laws are approved by the Board of Directors, the Minister of Infrastructure and the Minister of Finance. All borrowing is made with prudent consideration of interest rate and liquidity risks and complies with the treasury policy. Infrastructure Ontario borrows directly from the Province for its long-term funding needs through the OFA.

The following illustrates the maturities of contracted obligations as at March 31, 2022:

($ thousands)	Within 1 year	2 to 5 years	Over 5 years	Total
Accounts payable	$ 8,229	$ -	$ -	$ 8,229
Accrued liabilities	37,892	-	-	37,892
Liabilities held in trust	84,600	-	-	84,600
Interest payable	39,707	-	-	39,707
Debt and capital – principal and interest	1,402,826	2,459,044	4,908,078	8,769,948
Total financial liabilities	**$ 1,573,254**	**$ 2,459,044**	**$ 4,908,078**	**$ 8,940,376**

16. CONTINGENCIES

The Agency is involved in various disputes and litigation. In the opinion of management, the resolution of disputes against the Agency, will not result in a material effect on the financial position of the Agency.

17. COMMITMENTS

Minimum base rent annual payments under operating leases for the Agency's office space for the next five years and thereafter are:

($ thousands)

Fiscal year	Amount
2022-2023	$ 3,860
2023-2024	3,930
2024-2025	4,129
2025-2026	4,228
2026-2027	4,304
Thereafter	5,508
	$ 25,959

Infrastructure Ontario has $548.2 million of unadvanced loan commitments as at March 31, 2022.

18. FUNDS HELD IN TRUST

Infrastructure Ontario is required by the CMHC to collect property taxes and reserve funds as a condition of providing certain affordable housing loans. As part of the CMHC certificate of insurance, the funds need to be set up in a trust account and administered by Infrastructure Ontario. In addition, certain borrowers set up reserve funds in the trust account as a requirement of the loan agreement. As at March 31, 2022, the funds under administration were $8.8 million (2021 – $8.0 million).

Infrastructure Ontario has a process to record funds received from various ministries and payable to project construction consortiums related to project substantial completion payments, interim payments, as well as payments received for variations, furniture, fixtures and equipment. Variations are changes to scope agreed to after the initial contract has been executed – also called contract change orders. All the above payments are paid directly by the sponsoring ministries, but flow through Infrastructure Ontario. As at March 31, 2022, Infrastructure Ontario held $75.8 million (2021 – $90.3 million) in its project trust general ledger account.

Infrastructure Ontario maintains several operating bank accounts which it holds in trust and administers on behalf of MGCS. These accounts relate directly to the operations of MGCS's general real estate portfolio, for which the Agency is the financial manager pursuant to the Ontario Infrastructure and Lands Corporation Act, 2011. The funds held in trust for MGCS as at March 31, 2022 were $191.3 million (2021 – $126.0 million) and are not recorded in these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2022

19. SEGMENTED INFORMATION

Infrastructure Ontario's reporting structure reflects how the business is managed. Infrastructure Ontario manages its operations to enable delivery and accountability on priorities such as those set by the Minister as well as corporate objectives determined by the Board. Infrastructure Ontario also assesses and anticipates future assignments and works to align its resources accordingly. As a result, Infrastructure Ontario is able to effectively allocate its resources and responsibilities by operating divisions in order to ensure efficiency and sustainability of operations over the period of the business plan.

The table below is a summary of financial information by segment:

	For the year ended March 31, 2022					
($ thousands)	Project Delivery	Real Estate	Lending	TOC [1]	Commercial Projects	Total
Revenues						
Interest revenue	$ -	$ -	$ 223,013	$ -	$ -	$ 223,013
Project delivery fees	63,438	-	-	5,331	11,886	80,655
Management fees - GREP	-	51,367	-	-	-	51,367
Management fees - Corporate Realty	-	5,776	-	-	-	5,776
Project transaction and recoverable costs	60,029	17,383	-	2,392	23,234	103,038
Other income	-	125	538	-	-	663
	123,467	74,651	223,551	7,723	35,120	464,512
Expenses						
Salaries and benefits	45,717	36,419	5,670	3,895	8,971	100,672
General and administration	15,868	11,325	1,943	837	1,950	31,923
Interest expense	-	-	198,903	-	-	198,903
Project transaction and recoverable costs	59,488	17,383	-	2,392	23,234	102,497
Sub-contracting fees	-	9,524	-	-	-	9,524
	121,073	74,651	206,516	7,124	34,155	443,519
Surplus	**$ 2,394**	**$ -**	**$ 17,035**	**$ 599**	**$ 965**	**$ 20,993**

[1] TOC is defined as Transit Oriented Communities.

($ thousands)	Project Delivery	Real Estate	Lending	TOC	Commercial Projects	Total
	For the year ended March 31, 2022 - Budget					
Revenues						
Interest revenue	$ -	$ -	$ 221,881	$ -	$ -	$ 221,881
Project delivery fees	61,610	-	-	5,300	11,434	78,344
Management fees - GREP	-	49,908	-	-	-	49,908
Management fees - Corporate Realty	-	5,084	-	-	-	5,084
Project transaction and recoverable costs	61,000	6,000	-	7,750	23,000	97,750
Other income	-	340	326	-	-	666
	122,610	61,332	222,207	13,050	34,434	453,633
Expenses						
Salaries and benefits	44,769	36,482	5,080	4,306	9,290	99,927
General and administration	16,513	9,446	2,478	845	2,144	31,426
Interest expense	-	-	198,524	-	-	198,524
Project transaction and recoverable costs	61,000	6,000	-	7,750	23,000	97,750
Sub-contracting fees	-	9,404	-	-	-	9,404
	122,282	61,332	206,082	12,901	34,434	437,031
Surplus	$ 328	$ -	$ 16,125	$ 149	$ -	$ 16,602

	For the year ended March 31, 2021					
($ thousands)	Project Delivery	Real Estate	Lending	TOC	Commercial Projects	Total
Revenues						
Interest revenue	$ -	$ -	$ 225,392	$ -	$ -	$ 225,392
Project delivery fees	61,896	-	-	4,124	5,860	71,880
Management fees - GREP	-	49,270	-	-	-	49,270
Management fees - Corporate Realty	-	4,956	-	-	-	4,956
Project transaction and recoverable costs	72,937	37,919	-	1,085	4,867	116,808
Other income	-	300	742	-	-	1,042
	134,833	92,445	226,134	5,209	10,727	469,348
Expenses						
Salaries and benefits	39,130	37,893	4,875	3,363	4,842	90,103
General and administration	13,822	7,278	1,698	698	2,451	25,947
Interest expense	-	-	203,176	-	-	203,176
Project transaction and recoverable costs	72,937	37,919	-	1,085	4,867	116,808
Sub-contracting fees	-	9,355	-	-	-	9,355
	125,889	92,445	209,749	5,146	12,160	445,389
Surplus/(deficit)	$ 8,944	$ -	$ 16,385	$ 63	$ (1,433)	$ 23,959

20. SUBSEQUENT EVENTS

Subsequent to March 31, 2022, Infrastructure Ontario entered into the following agreements:

Short-term Revolving Credit Facility

An amendment was issued on the short term revolving credit facility. Effective April 7, 2022, the revolving credit facility with the Province is authorized to issue a maximum of $1.1 billion for terms ranging from three months to one year, with an expiry date of April 7, 2027.

Long-term Non-Revolving Credit Facility

A new long term non-revolving credit facility was executed. Effective May 14, 2022, Infrastructure Ontario was approved to borrow $4.0 billion from the Province for the purposes of funding the loan program with an expiry date of May 14, 2025.

APPENDIX

LEGISLATIVE MANDATE

Infrastructure Ontario is an agency of the Province of Ontario with a Board of Directors. The agency's mandate is set out in legislation, under the Ontario Infrastructure and Lands Corporation Act 2011 (OILC Act), and includes:

- providing advice and services on financial, strategic, or other matters involving the government
- carrying out powers, duties and functions delegated by the Minister of Infrastructure under the Ministry of Infrastructure Act, 2011 or the Building Broadband Faster Act, 2021;
- implementing or assisting in the implementation of transactions involving the government;
- providing advice and services, including project management and contract management, related to infrastructure projects in Ontario that are not government property;
- providing advice and services related to government property, including project management, contract management, and development;
- providing financial management for government property held by the Ministry of Government and Consumer Services or by a Crown agency for which the Minister of Government and Consumer Services is responsible;
- providing advice and services related to real property to prescribed public sector organizations;
- providing advice and services to non-Ontario entities related to development of public infrastructure loan programs; real property; financial strategic or other matters; and the implementation of transactions;
- providing financing for infrastructure purposes to municipalities and to other eligible public organizations.

COMMUNITY INVOLVEMENT – IO GIVES BACK

IO and its employees care about the vitality of the communities in which they live and work. IO Gives Back is an employee-led committee focused on providing staff with opportunities to give back to the community, engage in physical activity, and participate in social activities.

In 2021-22, IO continued to face the challenge of finding creative ways to give back to the community during an ongoing unprecedented time when help was needed the most. With tremendous support and participation from employees across all teams and regions, IO was able to raise $35,735 for United Way through several virtual events, such as the GetUP Challenge, Halloween costume and pumpkin carving contests, auction, and payroll deduction donations.

Employees also led additional fundraising efforts in support of LGBT Youthline, Egale, Rainbow Railroad, Holiday Helpers, Canadian Connections Afghanistan, Fred Victor, and Pendo International, as well as continuing to participate in an ongoing product drive for Native Women's Resource Centre of Toronto.

APPENDIX

2021-22 AWARDS

Cortellucci Vaughan Hospital
Gold Award – Infrastructure
National Awards for Innovation and Excellence in Public-Private Partnership
Canadian Council for Public-Private Partnerships

Cortellucci Vaughan Hospital
Global Best Projects – Award of Merit
Engineering News Record

Cortellucci Vaughan Hospital
Highly Commended – Social Infrastructure Project of the Year
P3 Awards
P3 Bulletin

GO Rail Expansion - Cooksville GO Station
World Architecture Community Award – Architecture-Realised
World Architecture Community

GO Rail Expansion - Cooksville GO Station
Award of Excellence in Architectural Design
International Parking & Mobility Institute

GO Rail Expansion - Cooksville GO Station
People's Choice Awards – Public Projects
Mississauga Urban Design Awards

GO Rail Expansion - Highway 401 Rail Tunnel
Silver Award – Infrastructure
National Awards for Innovation and Excellence in Public-Private Partnerships
Canadian Council for Public-Private Partnerships

Oakville Trafalgar Memorial Hospital
Earth Award – Healthcare Facility
BOMA Canada

Quinte Consolidated Courthouse
Earth Award – Universal Facility
BOMA Canada

Quinte Consolidated Courthouse
Section Award and Award of Merit
Illuminating Engineering Society

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