

OILC Merger June 6, 2011 Investor Speech

Presented by David Gossen, Vice President, Treasury and Risk Management, June 7, 2011

<p>The event</p>	<p>Good afternoon ladies and gentlemen and thank you for calling in to hear about the merger of Ontario Infrastructure Projects Corporation the Ontario Realty Corporation and the Stadium Corporation of Ontario Limited.</p> <p>We distributed a Fact Sheet for investors that can also be downloaded from our website at Infrastructureontario.ca and located in the Investor Relations section. My comments will also be available on the website following the call.</p> <p>I will now provide you a brief recount and impact of the event primarily as it pertains to our commercial paper and bond investors.</p>
<p>The timeline</p>	<p>Recapping the timeline of events,</p> <ul style="list-style-type: none"> • On January 25 the Province announced intention to merge ORC and OIPC; • On March 29 Bill 173 was introduced into the legislature to enact among other items, the <i>Ontario Infrastructure and Lands Corporation Act, 2011</i>; • This was then followed by two further readings on April 14 and May 10 in the legislative assembly, • Royal Assent to the Bill was provided on May 12 and the Act was proclaimed into force yesterday on June 6; • the amalgamated corporation is now in force.
<p>Legal structure</p>	<p>From a legal structure perspective, the merger between these three pre-existing corporations is enacted through legislation (the <i>Ontario Infrastructure and Projects Corporation Act, 2011</i>) as an amalgamation, and under the Act all three entities ‘continue’ on as one entity, named, the Ontario Infrastructure and Lands Corporation.</p> <p>The corporation as stated in the Fact Sheet is a 100% wholly owned non-share capital statutory corporation of the Province of Ontario in the same fashion as OIPC was previously incorporated.</p> <p>OILC will continue to report to the Ministry of Infrastructure.</p> <p>Please note that the organization will continue to be branded as “Infrastructure Ontario”, but many of you will see us on Bloomberg under the new ticker symbol of ‘OILC’.</p>
<p>Reason</p>	<p>The reason for the merger is threefold:</p> <ul style="list-style-type: none"> • One, to strengthen Ontario’s position as an international leader for infrastructure investment and innovation • Two, to create a new, efficient organization to implement the government’s new infrastructure plan • And, three, to reduce expenses and inefficiencies associated with running two agencies <p>OILC will, however, continue to deliver the mandates of its predecessor entities, namely:</p> <ul style="list-style-type: none"> • One, its Alternative Financing and Procurement activity which includes construction of hospitals, justice facilities, transit and other Provincial works. • Second, the Management of the Province’s real estate needs and assets. • And lastly, and most significantly for the investor, as a provider of funding for the broader public sector through the Loan Program

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Impact on investors	<p>OILC's issuance of public debt to the capital markets will continue to be driven by the activities of the loan program. As discussed in the Fact Sheet, OILC issues debt to the capital markets to support the lending activities of the loan program. The capital markets Commercial Paper and Infrastructure Renewal Bond debt is senior to any province or provincial agency debt as prescribed in our bond indentures. As of March 31, 2011 this senior capital markets debt comprised about half of the balance sheet. Furthermore, our liquid cash reserves comprise about 50% of the outstanding senior public debts as of March 31, 2011. Both figures demonstrate substantial collateral coverage to investors. Investors should note that OILC will continue the practice of obtaining subordinated term funding from the Province in place of Infrastructure Renewal Bonds as OIPC had been doing since 2009. Current provincial bond issuances have exceeded \$1b since 2009.</p> <p>There are no changes to the loan program activities, its reserves or funding practices as a result of the merger. The loan portfolio continues to be dominated by municipal loans, currently 73% of outstanding commitments, and we monitor our risk exposures to new loans outside the municipal sector to ensure there is adequate collateralization to investors. We also conduct commercially reasonable credit due diligence and approval processes on all loans.</p> <p>Note that all three rating agencies have ascribed a 'AA' rating to OIPC's activities.</p> <p>The former ORC and Stadium Corporation, and OIPC's existing Alternative Financing and Procurement business do not require public financing, but rather finance their ongoing operational needs through revenues and make use of subordinated lines of credit from the Province as relates to timing of revenues and expenses. As well, the merged entities do not present material assets and liabilities to the amalgamated entity, generally these are limited to operational payables and receivables. Any lands and related liabilities will be transferred to government's real estate portfolio directly. Additionally, apart from the loan program, activities are conducted as Agent of the Crown and therefore any legal liability for activities is ultimately the responsibility of the Province.</p> <p>Therefore, from a financial perspective, the merger will have no material impact on the balance sheet.</p> <p>In terms of Leadership, David Livingston continues to be the Chief Executive Officer of the merged entity. David has been at the helm of OIPC since its inception. There have been as you can imagine departmental re-alignments and changes in the organization to meet the efficiency and accountability objectives, but these will have no material impact on the health or direction of the loan program.</p>
Closing	<p>In closing, OILC considers the amalgamation of the three corporations into one as not having a material impact on OILC's investors.</p> <p>With that I will now open up the lines to questions.</p>