

Building Ontario Fund 2024-25 Annual Report

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Message from the Chair and Chief Executive Officer

The past year has been transformational for the Building Ontario Fund (BOF). In April 2024, we were still laying the groundwork for a new agency. By the close of our fiscal year in March 2025, BOF had evolved into a partially operational organization and was actively scaling its capabilities to finance large-scale projects and help shape the infrastructure landscape in Ontario.

From the outset, our team—including the Board of Directors, the Building Ontario Fund Secretariat, and later, Building Ontario Fund executives and staff—has been focused on building the foundation for long-term success: establishing processes, consulting with key stakeholders, and setting up the frameworks needed to deliver on our mandate. With those pieces in place, the team quickly shifted into action, moving from planning to execution.

We proudly announced Building Ontario Fund's first two investments—Rekai Centre at Cherry Place and four Arch Corporation long-term care homes, which together will create 924 new and redeveloped beds—a major milestone that signals the kind of impact we are here to make.

None of Building Ontario Fund's early successes, from laying the foundation to making our first investments, would have been possible without the expert advice and thoughtful oversight of our Board of Directors. We are also deeply grateful to the Building Ontario Fund team for their dedication and hard work, as well as to Minister Bethlenfalvy for his vital support in our startup phase. Their passion for driving meaningful change have been essential to our progress, and we are truly grateful for their contributions.

We are proud of what the team accomplished in our first year and optimistic about the impact BOF can make on infrastructure development in the province by financing innovative projects in our focus areas. Thank you to everyone who helped launch the Building Ontario Fund and create the momentum that will carry us forward into the next phase of our journey.



Brian Porter
Chair



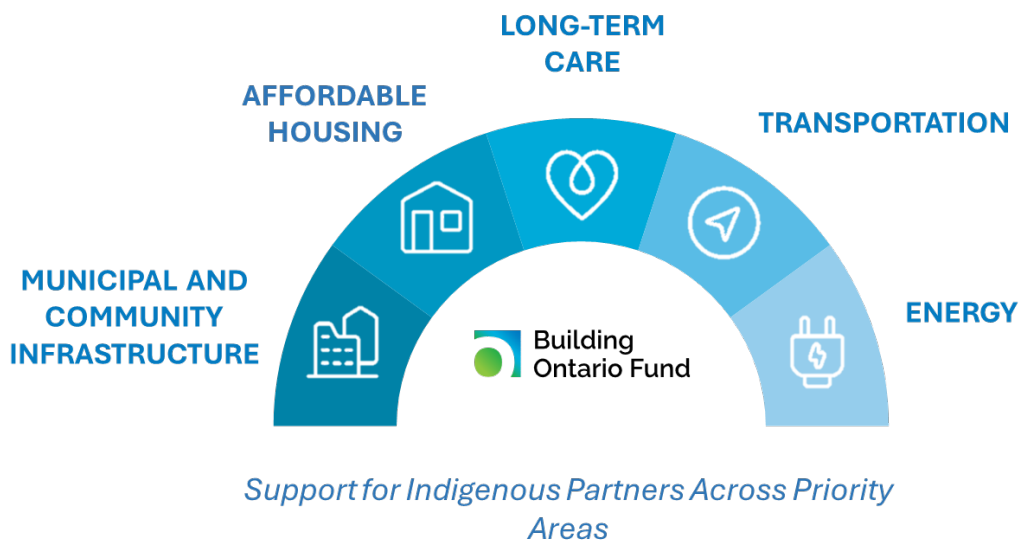
Michael Fedchyshyn
Chief Executive Officer

About the Building Ontario Fund

Background

Ontario requires more infrastructure, faster, to keep pace with the province's growth and support its long-term prosperity. The Building Ontario Fund (BOF) is playing an important role in meeting this demand to advance key infrastructure projects. As a provincial infrastructure fund, BOF bridges the gap between a project's overall financing needs and what external capital sources can provide. Harnessing a full range of investment tools—including debt, equity and guarantees—BOF works with institutional investors and Indigenous partners to catalyze investment in priority infrastructure to advance innovative, high priority projects.

To address Ontario's most immediate infrastructure needs, the BOF invests in projects within five focus areas:



The BOF is uniquely positioned to identify financing gaps that are caused by systemic issues. In addition to providing financing to get projects across the line, the agency is uniquely positioned to identify patterns in the types of projects that are unable to secure full financing through market channels and pinpoint market gaps. The BOF has therefore established a feedback loop between project owners, investors, and government to help inform future policy changes.

Vision/Mission

The BOF is a board-governed independent provincial agency created in November 2023 by a regulation under the *Development Corporation Act*. It was then codified in legislation in May 2024, under the *Building Ontario Fund Act, 2024*.

The BOF's vision is to finance large infrastructure projects in the province and contribute to a sustainable model for public financing in BOF priority areas.

The BOF's mission is to catalyze investment in priority infrastructure projects that would otherwise not get built. Working with trusted institutional investors and Indigenous partners, the BOF will close financing gaps to enable priority infrastructure projects to move from vision to reality.

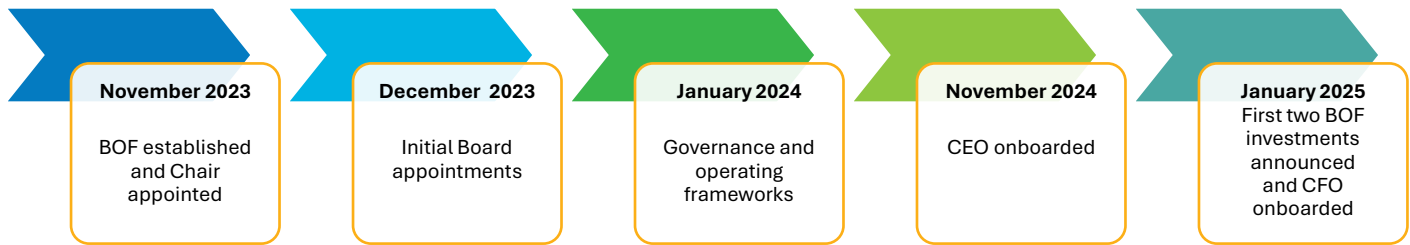
Mandate

The BOF's mandate, as set out in the *Building Ontario Fund Act, 2024*, is to invest and seek to attract investment from qualified institutional investors, public sector entities, governments and Indigenous partners, with priority given to Canadian investors, in Ontario infrastructure projects in the priority areas identified by the government, and that will generate revenue and be in the public interest. The BOF will carry out its mandate by,

- investing in infrastructure and appropriately allocating risks amongst the agency and other investors,
- structuring proposals and negotiating agreements with investors in infrastructure projects,
- receiving and assessing unsolicited ideas and proposals for infrastructure projects that come from qualified institutional investors, public sector entities, governments and/or Indigenous partners, and
- providing advisory services with respect to financing infrastructure projects, including loan structures and areas of investment opportunity.

2024-2025 Achievements

Since its establishment in November 2023, the BOF has made significant progress establishing its operations and beginning to deliver on its mandate. Highlights include:



Setting Up the Agency

CEO and the Executive Team

Strong leadership is critical to BOF's growth during its initial years and is key to advancing the agency's mandate. A major milestone for the agency this year was the Board's appointment of BOF's inaugural CEO, Michael Fedchyshyn, in November 2024, and inaugural CFO, Inna Kravitz, in January 2025.

Michael Fedchyshyn brings more than 20 years of leadership experience in strategic corporate development, infrastructure investing, structured finance, and public-private contracting.

Inna Kravitz has more than 27 years of progressive leadership experience in Finance, IT, procurement and risk management, both in Canada and internationally, including 16 years in the Ontario public sector.

The agency continues to recruit for the remaining executive positions.

Organizational Culture, Capacity, and Support

2 Two executives were onboarded.	25 Twenty-five positions were filled.	4 Four functional areas were established
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The Board of Directors and executive team are working to build an organizational culture that values collaboration, innovation, and inclusivity.

Over the last year, BOF established an overall talent acquisition strategy to attract and hire top candidates. Recruitment has been an organizational priority to ensure that the agency has the capacity to fulfill its mandate, and since November 2024, 25 positions have been filled.

Additionally, BOF has implemented staff benefits and pension plans, and established foundational systems such as ADP which allowed BOF to successfully run its first payroll in October 2024. The first set of HR-related policies were approved and rolled out, including:

- Occupational Health and Safety
- Respectful Workplace Policy
- Short-term sickness plan policy
- Statutory and Corporate Holiday Policy
- Recruitment Policy

Corporate Services

Over the course of the year, the agency developed corporate services capabilities to operationalize and implement processes across finance, payroll, human resources, accounting, and other administrative services.

Enterprise Technology Solutions

IT Services supports the BOF's operations by delivering secure, reliable, and innovative technology solutions and services. IT Services is committed to continuous improvement, prioritizing automation and integration to continue to optimize performance and maximize capabilities, while ensuring there are robust redundancies and contingency measures in place to protect business continuity in the event of service disruptions.

Embracing a hybrid service delivery model that integrates SaaS, Cloud, and MSP-based infrastructure, the agency is in various stages of rolling out key operational functions, including:

- Payroll and financial processes
- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Investment/Asset management systems

Cybersecurity and Risk Management

Partnering with the OPS cybersecurity division, BOF has developed and is executing a comprehensive cybersecurity framework. This framework includes the creation of robust policies, the establishment of continuous monitoring processes, and the provision of ongoing employee training to mitigate security risks. By empowering staff to proactively identify and respond to potential threats, BOF has significantly reduced the risk of data breaches while keeping both its people and assets safe.

Strategic Priorities and Performance Measures

The BOF's 2025-30 Business Plan outlines key strategic priorities and performance measures. Among them will be completing the operational build-out of the agency, including hiring more staff and moving into a long-term office space to accommodate staffing capacity, investing in infrastructure projects within the BOF's priority focus areas and for Indigenous partners, and continuing to build and strengthen relationships with stakeholders.



Internal Controls

The BOF entered into a Service Level Agreement with the Ontario Financing Authority (OFA) to leverage OFA's operational and administrative support on an interim basis. For most of 2024-25, BOF relied on OFA's system of internal controls and procedures (e.g., procurement and operating expense payments, including salaries). As BOF transitioned toward operational independence, it documented and established its own system of internal controls that ensure:

- Reliability of financial reporting;
- Appropriate record keeping;
- Effective operations; and
- Compliance with applicable legislations, regulations, directives, and policies.

Investment Framework Overview

At the core of all BOF investments is a focus on value for money, sustainability of capital, and catalyzing infrastructure development across the province. BOF developed an investment framework that includes an investment selection process to ensure decision-making prioritizes public benefit and adequately manages risks. All investment decisions require approval from the BOF Board of Directors.

To be eligible for financing, the project must:

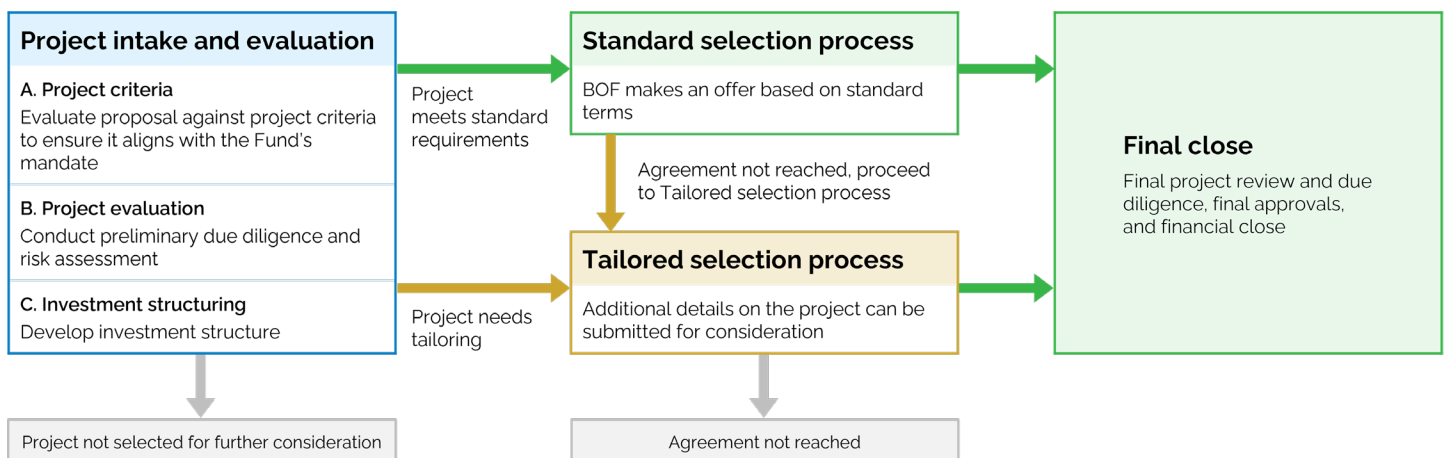
- Be located in Ontario, in the public interest, and within one of the five focus areas;
- Require a BOF investment of at least \$100 million, or \$50 million for projects that advance community and economic well-being for Indigenous partners;
- Not be able to proceed without BOF investment support;
- Include external capital comprising at least 50 percent of the overall financing needs; and
- Generate revenue from non-taxpayer derived sources.

If a project meets all the above criteria, BOF assesses the specific financing challenges it faces and develops a customized solution to overcome them. With the flexibility to draw from a full range of investment instruments, including debt, equity, and guarantees, BOF can tailor its approach to meet the unique needs of each project and enable it to proceed.

Financing Instruments		
Loans	Equity	Loan Guarantees
<p>BOF can offer loans with below-market interest rates or other flexible / outcomes focused terms to provide significant cost savings for project proponents compared to commercial lenders. By making financing more affordable, organizations can allocate more funds toward projects that provide a public benefit.</p>	<p>BOF can invest directly in projects that face a capital shortfall through equity participation. This may include supporting high-risk or early-stage projects. By taking an ownership stake, BOF can provide essential support and share in the project's financial risks and returns.</p>	<p>BOF can provide loan guarantees for projects that require de-risking to attract capital from institutional investors.</p>

Investment Selection Process

BOF developed the following investment framework, which includes an investment selection process that was successfully applied to the first two projects announced this year. The agency will continue to evaluate and refine the process over time, based on experience with a wider sample of investments,



Recent Investments

In January 2025, BOF announced its first two investments: Reikai Centre at Cherry Place and Arch Corporation long-term care homes, which will collectively create 924 new and redeveloped long-term care beds in a high-needs area of Toronto and four rural communities in the province.



924

New & redeveloped long-term care beds expected to be created from initial BOF investments

5

New long-term care homes

\$309 million

Capital committed across two transactions within first four months of operation



Rekai Centre at Cherry Place

With Building Ontario Fund investment, long-delayed project finally moves forward

Sector: Long-term care

Location: Toronto

Participation: \$176.1 million construction loan + term loan

Partners: The Rekai Centres and a major Canadian bank, in collaboration with the Ministry of Long-Term Care

An innovative multi-use facility, Rekai Centre at Cherry Place will provide long-term care services for 348 residents and medical services for the community, creating the opportunity for some of Toronto's most vulnerable seniors to receive personalized care and thrive.

Cherry Place is a clear example of how the Building Ontario Fund can partner with institutional capital to close a financing gap and move vital infrastructure projects from vision to reality.



Arch Long-Term Care Homes

Building Ontario Fund invests in four rural long-term care homes across Ontario

Sector: Long-term care

Location: Amherstburg, Lancaster, Prescott, and Tay Valley

Participation: Senior secured loan of \$133.6 million

Partners: Arch Corporation and a major Canadian financial institution, in collaboration with the Ministry of Long-Term Care

The Building Ontario Fund has entered into an agreement in principle with Arch Corporation to finance four new and redeveloped long-term care homes in rural communities across the province.

A total of 576 beds – including 276 new, and 300 redeveloped – beds will be created from this investment, providing more seniors the opportunity to live in a supportive, modern environment close to their loved ones.

The four long-term care homes were assessed as a group to balance their overall risk and financial profile, enabling the smaller homes, in Lancaster and Prescott, to be feasible to develop. Through this innovative bundling approach, the Building Ontario Fund is once again demonstrating its role as a catalyst in advancing high-priority infrastructure projects that would not otherwise proceed.

Stakeholder Engagement

Over the past year, BOF met with government officials, Indigenous partners, industry, financial institutions, investors, project proponents, and other stakeholders from our priority sectors to engage in meaningful discussions, solicit valuable feedback, and leverage stakeholder expertise for better collaboration and to attract new investment in priority infrastructure in Ontario.

The BOF will continue these conversations through regular stakeholder and sector specific tables to drive ongoing dialogue and discussion. The BOF is in a position to ensure that input from the government, industry, and institutional capital is translated into actionable recommendations and implementation to ensure effective delivery of the BOF's mandate. The BOF provides a venue for iterative conversations, policy development, and feedback loops to address sector challenges.

Corporate Governance

The BOF is a board-governed independent provincial agency operating under the *Building Ontario Fund Act, 2024*, whereby the Board is required to approve all investment decisions. The BOF is accountable to the Ontario Legislature through the Minister of Finance. A Memorandum of Understanding (MOU) with the Minister of Finance establishes the accountability relationship between the BOF and the Minister. The Minister, in turn, is accountable to the Legislature for the BOF's fulfilment of its mandate and its compliance with government directives and policies, and for reporting to the Legislature on the affairs of the BOF.

The BOF is subject to the Management Board of Cabinet's Agencies and Appointments Directive (AAD), a key government directive setting out agency governance and accountability, requiring the BOF to provide an annual multi-year business plan to the Minister of Finance.

Board Composition

As per the *Building Ontario Fund Act, 2024*, the Board of Directors shall be appointed by the Lieutenant Governor in Council (LGIC) on the recommendation of the Minister of Finance in accordance with the *Agencies and Appointments Directive*. The Board shall manage or supervise the management of the Building Ontario Fund's affairs, and will be composed of at least three and at most 11 members. On the recommendation of the Minister, See Appendix D for a list of the Board Members, their terms, and remuneration.

Since its establishment, the BOF has made significant progress in constituting its governance framework, most notably through the appointment of eight members, including the Chair, to its Board of Directors. The inaugural Board is empowered to make key decisions for the agency and approve key instruments such as the project selection framework and other governing documents. The Board has also executed service level agreements with government partners; secured Board approval of several BOF governing documents; and finalized a Memorandum of Understanding with MOF and agency By-law.

A board skills matrix has been leveraged to support a skills gap analysis that informs the selection and appointment of Board members. This ensures that the Board is made up of members with diverse backgrounds, expertise, and experiences to support effective decision-making and strong governance and oversight on agency operations.

Board Committees

The Board established three committees to facilitate the execution of its responsibilities:

- The **Finance and Audit Committee** supports the Board in fulfilling its oversight responsibilities with respect to:
 - the integrity of the BOF's financial statements prepared by management;
 - the BOF's accounting and financial reporting processes and internal controls;
 - the BOF's internal audit function;
 - the independence and appointment of the external auditor, and the audit of the BOF's annual financial statements;
 - the BOF's enterprise risk management processes; and
 - operational risk governance, including compliance with laws, regulations and ethical conduct concerning the financial affairs of the BOF

- The **Investment Committee** supports the Board in fulfilling its oversight responsibilities with respect to:
 - the BOF's Investment Policy (as such term is defined in Section 4(a) of this Charter);
 - investment proposals;
 - delegations of investment authorities;
 - investment risk management; and
 - such other matters as may be determined by the Board

- The **Human Resources and Governance Committee** supports the Board in fulfilling its oversight responsibilities with respect to:
 - the BOF's human resources and compensation framework, including key human resources policies, processes, and strategies, senior management succession planning, and the process for the appointment, annual objectives and annual performance evaluation of the Chief Executive Officer; and
 - the BOF's corporate governance framework, including the processes, structures and information necessary for the effective oversight of the businesses, activities and other affairs of the BOF

Previously, all Committees at BOF operated as committees of the whole. This year the BOF began operating its committees independently under the guidance of their respective Chairs with the exception of the Investment Committee that remains a committee of the whole.

Letter of Direction

As part of its commitment to transparency and accountability, the Building Ontario Fund has made available a Letter of Priorities issued by the Minister of Finance to the Chair of the Board. The letter outlines the Government of Ontario's immediate priorities for the BOF for the 2024–25 fiscal year and sets out the government's expectations for the BOF's role in building critical infrastructure in Ontario, including the sectors where investments should be focused.

Memorandum of Understanding (MOU)

The Building Ontario Fund entered into a Memorandum of Understanding with the Minister of Finance, which establishes accountability relationships between the Ministry of Finance (MOF) and the agency, clarifies roles and responsibilities of the Minister, Chair, Deputy Minister, CEO, and the Board, and clarifies key arrangements between the Ministry and the BOF. The MOU is of particular importance because it provides the framework through which the BOF can draw on funds and is structured to ensure that it is done through a nimble process. The initial MOU was signed by MOF and the Chair of the BOF and came into force on September 16, 2024. The Memorandum is posted on the agency website.

By-Laws

The BOF By-law provides rules and regulations for the internal operations of the agency. The BOF's By-law serves as a framework and governance tool for the Board over the operation, management, and decision-making processes of the agency. Where applicable, provisions within the By-law follow language and requirements of the *Building Ontario Fund Act, 2024*.

Agency Risk Management

The risks often associated with an Agency start-up were identified early on by Ministry staff, the Board, and the agency leadership team. Some of these risks were amplified by external factors, such as rising inflation, conventional restrictions imposed by the provincial election, and dynamics in talent availability and recruiting. Proactive measures have been put in place to monitor and mitigate risks and their potential impacts, including:

Risk

Timely build of organizational capacity:

The risk that BOF is unable to build organizational capacity due to time restraints associated with defining and aligning organizational needs, designing functional structures and recruiting talent.

Cyber Security Risk: The risk of operational disruption due to compromised cyber security and potential cyber-attacks stemming from a lack of robust cyber security monitoring and response services in place.

Mitigation Strategies Employed

- Appointed CEO and CFO.
- Appointed experienced board of business executives.
- BOF has staff and external support in place to help recruit and attract talent.

- Agency is leveraging OPS Cyber Security products and services to provide enhanced monitoring and incident response services to address and identify potential cyber-attacks.

Outcome Risk: The risk of failing to deliver intended public outcomes due to inadequate public interest assessment or misalignment with policy outcomes stemming from lack of solidified public interest framework. For example, not engaging the necessary stakeholders or including public interest assessments at an early stage of project development.

Investment Risk (Individual Projects):

The risk of incurring losses on investments projects due to various internal and external factors, resulting in negative fiscal outcomes and impact on financial sustainability of the agency.

- Adopted Cyber Security Policies and Standards to guide the development and implementation of solutions for cyber security.
- BOF evaluates public interest outcomes during project selection and engage stakeholders to ensure alignment with public interest.
- BOF conducts regular impact assessments to evaluate the effectiveness of investments in achieving desired public interest outcomes.
- BOF is creating mechanisms for ongoing feedback from stakeholders to capture lessons learned and incorporate them into future projects.
- There are due diligence processes for project evaluation in place, including risk assessments via BOF Investment Framework and external advisory support when appropriate.
- BOF is safeguarding its interests by integrating specific contractual covenants into investment agreements and has developed contingency plans for identified risks during the project life cycle.

Investment Risk (Portfolio of Projects):

The risk of negative fiscal impacts hindering the organization's financial sustainability and reputational damage due to improper evaluation of asset classes (i.e., priority investment area - e.g., long-term care, affordable housing, transportation, energy, municipal and community infrastructure) and unforeseen changes in macroeconomic conditions affecting asset classes.

- Agency is closely monitoring project performance closely to proactively address any emerging issues.
- Investment portfolio is being diversified across priority sectors and risk profiles to spread and manage risk.
- The agency is conducting regular market analysis to identify early signs of downturn and adjust investment strategies accordingly.

The Board and CEO also identified anticipated future risks as the agency scales and expands investment activities. To ensure vulnerabilities will be more easily and objectively identified and addressed, the agency has begun procurements for market databases, Customer Relationship Management software, external stakeholder consultations, and new office floorspace necessary to support the expected growth of BOF.

Financial Performance

This section provides an overview of the BOF's financial results for the year ended March 31, 2025, and should be read in conjunction with the audited financial statements and accompanying notes in Appendix C. The independent auditor's report for the same period is included in Appendix B.

Revenue

Total revenue for the year was \$6.21 million consisting of \$6.16 million in transfer payments from the Ministry and \$0.05 million in deposit interest. The BOF ended its inaugural year with a surplus of \$0.88 million. This surplus reflects the deferral of certain operational activities to fiscal 2025-26

and includes an anticipated \$0.49 million Harmonized Sales Tax (HST) refund from the Canada Revenue Agency that remains outstanding as of year-end.

Expenses

Total expenses for the year were \$5.33 million, primarily supporting the BOF's start-up activities and initial operations. Salary and benefit costs were \$3.0 million as the Agency started building organizational capacity, continued to recruit for critical roles and scale up its operations.

The \$2.04 million was incurred in legal, advisory, and other professional services to support the intake, structuring, and execution of early-stage investment transactions. Supplies and equipment expenses were \$0.30 million for the year, accounting for office occupancy, IT systems and software licenses, and other operational requirements. The \$0.02 million in amortization was recognized for capital assets acquired during the year.

The BOF remains focused on building a sustainable financial foundation to support its long-term mandate while ensuring prudent management of public funds.

2025–26 Outlook

This year the Building Ontario Fund laid important groundwork to become fully operational, which has positioned the organization to successfully address new opportunities.

In the 2025-26 Ontario Budget, the government announced an additional \$5 billion in new capitalization, bringing the Fund to \$8 billion. The Budget also relaunched the Ontario Financing Authority's Aboriginal Loan Guarantee Program under the Building Ontario Fund as the new Indigenous Opportunities Financing Program. This program has been expanded to support \$3 billion in loan guarantees for Indigenous participation in electricity, critical minerals, resource development, and related infrastructure components.

As part of the Minister of Finance's recent Letter of Direction, the Building Ontario Fund has also expanded into critical minerals as a new priority area for investments.

Looking ahead, there is a need to accelerate the organization's staffing capacity plans, operational functions, and expertise. The organizational capacity planning and associated financial plan will continue to be fine-tuned through the 2025-26 Annual Report and 2026-2031 Business Plan.

To ensure the success of these additional responsibilities while continuing to execute on its existing workstreams, the agency will focus on achieving the following objectives to accelerate key infrastructure growth in Ontario.

Deliver projects in the public interest

- Improve social outcomes, including affordability, financial, and/or accessibility
- Align with government policy objectives
- Generate positive economic impact
- Support Indigenous partners

Attract investments from external capital

- Amplify the impact of its investments and public benefit by attracting external capital
- Engage the investment community to better understand the types of financing needed and available

Support BOF's long-term viability by moving toward self-sustainability

- Invest in a diversified portfolio using a mix of financial tools to balance risk and build resilience
- Allocate risks among investment partners
- Ensure investment pricing reflects the associated level of risk and the public benefit generated
- Monitor changes to project, market, and economic conditions that might affect the investment

Be a trusted partner

- Solicit feedback from stakeholders to identify areas for improvement in service levels and processes
- Assess key measures related to reporting, governance, and public dealings

APPENDIX A: Board of Directors

Name of Appointee	Position	Appointed Since	Term Expiry	Total Annual Remuneration Paid for 2024-25	Board Meeting Dates and Attendance for 2024-25
Brian J. Porter	Chair of the Board	November 23, 2023	November 22, 2027	Remuneration waived	October 10, 2024 November 28, 2024 January 28, 2025 March 31, 2025
Bryan Davies	Director	December 14, 2023	December 13, 2027	\$4,800.00	October 10, 2024 January 28, 2025 March 31, 2025
Jan De Silva	Director	December 14, 2023	December 13, 2027	\$4,700.00	October 10, 2024 January 28, 2025 March 31, 2025
James Cowan	Director	March 28, 2024	May 15, 2026	\$3,700.00	October 10, 2024 November 28, 2024 January 28, 2025 March 31, 2025
Arshil Jamal	Director	May 30, 2024	May 29, 2025	\$3,900.00	October 10, 2024 November 28, 2024 January 28, 2025 March 31, 2025
Constance L. Sugiyama	Director	May 30, 2024	May 29, 2025	\$3,300.00	October 10, 2024 November 28, 2024 January 28, 2025 March 31, 2025
Helen Bobiwash	Director	June 26, 2024	June 25, 2025	\$3,000.00	October 10, 2024 November 28, 2024 January 28, 2025 March 31, 2025
R. Michael Latimer	Director	January 28, 2025	January 27, 2026	Remuneration waived	March 31, 2025



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This Annual Report is also available in French