

Province of Ontario 7-year - \$1 Billion Global CAD Green Bond

Background

- On January 25, 2018 the Province of Ontario successfully priced a \$1 billion Global Green Bond. This is currently the largest issue to be priced in the Canadian dollar Green Bond market.
- The transaction represents the fourth and largest Green Bond offering from the Province of Ontario, currently the largest issuer of Canadian dollar Green Bonds.
- The global offering format and overnight marketing period allowed for the broadest possible domestic and international participation.
- Eligible projects selected to receive funding from the issue include a basket of seven projects with an emphasis on Clean Transportation and Energy Efficiency and Conservation categories, and also aligning with four of the United Nations Sustainable Development Goals.
- Ontario strives to be a leader in its transparency and impact reporting efforts with the publication of its annual newsletter.

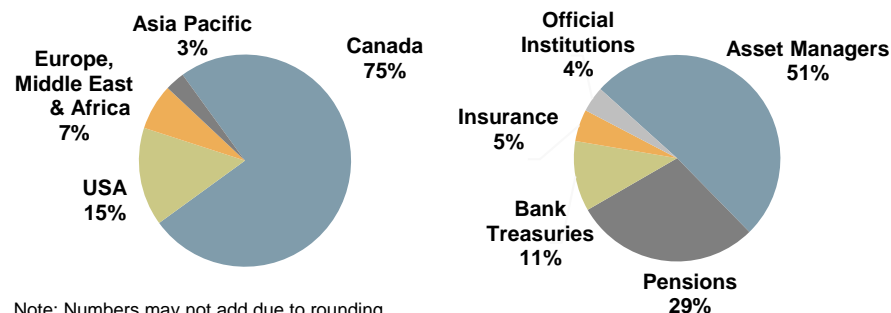
Execution Highlights

- On Friday, January 19th, a mandate announcement was released at Toronto market open and an invitation to a global investor presentation was sent to market participants.
- On Wednesday, January 24th, the deal was officially announced. Books were opened at a minimum size of \$500 million, with initial spread guidance set in the context of the market, which was in the area of +54.5 bps.
- The transaction was met with strong demand and the order book grew rapidly in excess of \$1.6 billion. The final size and spread were set at \$1 billion and +53.3 bps (53 bps plus 0.3 bps for delay).
- 71 investors participated in the issue with interest driven by Asset Managers (51%) and Pensions (29%). Ontario added eight new investors and expanded its Canadian dollar investor base by eleven names.
- Demand was largest from domestic Canadian investors, highlighting the increasing number of Canadian funds with socially responsible investing mandates and needs. Investors with Green mandates and/or UN PRI signatories represented over 85% of overall sales.

Transaction Summary

Issuer:	Province of Ontario
Issuer Ratings:	Aa2/AA-/AA (low)/A+ (all stable)
Size:	CAD 1 Billion
Coupon:	2.65%
Pricing Date:	January 25, 2018
Settlement date:	February 5, 2018
Maturity date:	February 5, 2025
Re-offer spread:	+53.3 bps over the CAN 2.50% June 1, 2024
Re-offer price:	\$99.759
Listing:	Luxembourg Stock Exchange Euro MTF and Luxembourg Green Exchange
Joint Bookrunners:	BofA Merrill Lynch, BMO Capital Markets, HSBC, RBC Capital Markets, and TD Securities

Investor Demand by Region and Investor Type





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Ontario's Green Bond Framework

- To ensure alignment of Ontario's Green Bond program with the Green Bond Principles, Ontario's Green Bond Framework was developed in consultation with the Center for International Climate and Environmental Research – Oslo (CICERO).
- Ontario's Green Bond Framework sets out the types of projects that may be eligible for proceeds from Green Bonds and excludes fossil fuel and nuclear energy projects. Eligible project categories include, without limitation:
 - Clean Transportation;
 - Energy Efficiency and Conservation;
 - Clean Energy and Technology;
 - Forestry, Agriculture and Land Management; and
 - Climate Adaptation and Resilience.

Use and Management of Proceeds

- Green Bond proceeds are paid into the Consolidated Revenue Fund of Ontario.
- The proceeds are invested short-term in Government of Canada treasury bills.
- An amount equal to the net proceeds of each Green Bond issue is recorded in a designated account in the Province of Ontario's financial records.
- Designated accounts are used to track the use and allocation of funds to eligible projects.
- An assurance audit is performed by the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the Green Bond proceeds. This assurance audit is expected within a year of the issue date. The most recent Assurance Audit was completed on December 15, 2017.

Eligible Projects for Ontario's Fourth Green Bond

- A basket of projects, including the seven projects below, have been selected as eligible and are expected to receive funding from this Green Bond.
- This basket approach allows a level of funding flexibility, should some of the chosen projects experience different spending patterns than those forecast at the time of issue.

Clean Transportation Category

Eglinton Crosstown Light Rail Transit (LRT)

York Viva Bus Rapid Transit

Finch West LRT

Hurontario LRT

Energy Efficiency & Conservation Category

Whitby Rail Maintenance Facility

Joseph Brant Hospital (JBH) – Redevelopment Project Phase 1

Seneca College King Campus Expansion

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No PRIIPs KID – No PRIIPs key information document (KID) has been or will be prepared as the bonds, if issued, will not be available to retail investors in the European Economic Area.

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