

Indigenous Equity Initiative (IEI)

Overview
November 2023



Indigenous Equity Initiative (“IEI”)

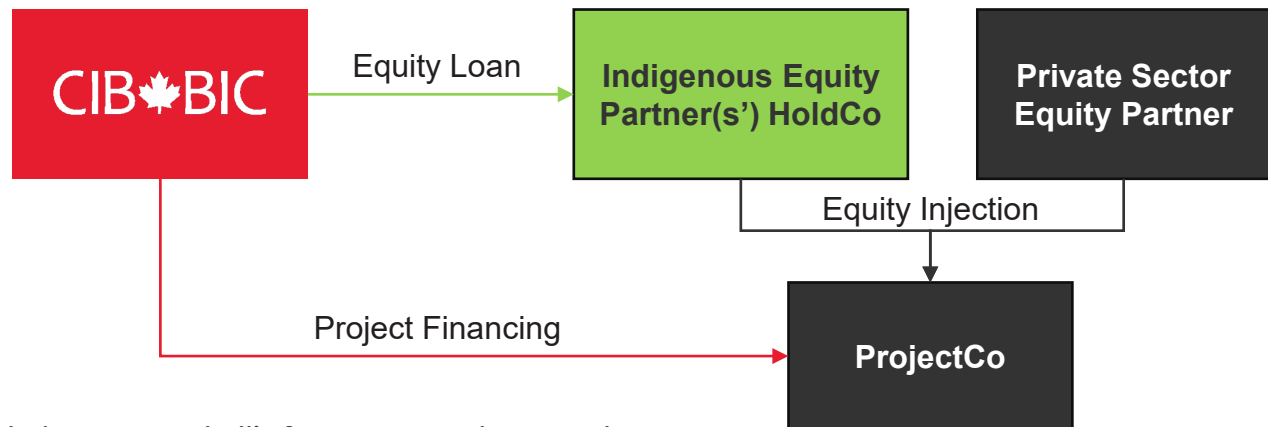
- Enabling Indigenous participation is an important element to get more infrastructure built faster while bringing long-term economic benefits to Indigenous communities.
- The CIB is offering loans to Indigenous communities to support them in purchasing equity stakes in projects where the CIB is also investing.
- Economic returns from these projects can be reinvested in the community, narrowing the economic and infrastructure gap among Indigenous communities.
- The CIB recognized Indigenous equity and ownership will:
 - Align stakeholder interests to accelerate transformative infrastructure projects across Canada which are in the public interest;
 - Fill a market gap by providing access to capital currently unavailable for most Indigenous communities; and
 - Be another step toward to the federal objective of reconciliation and economic inclusion of Indigenous communities and peoples.

IEI Criteria

- The Canada Infrastructure Bank (“**CIB**”) will provide loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects
 - The CIB welcomes partnership as private sector lenders have expressed interest in co-investing alongside CIB for an equity loan within viable projects

Qualifying Criteria

1. CIB must be investing in the project for an Indigenous community proponent to access the equity loan program
2. The Project must be located on First Nation, Métis, or Inuit traditional territory
 - Communities can choose to invest through their economic development entities that are community owned
3. The Project sponsors must demonstrate the financing gap that exists for the purchase of the Indigenous Equity stake

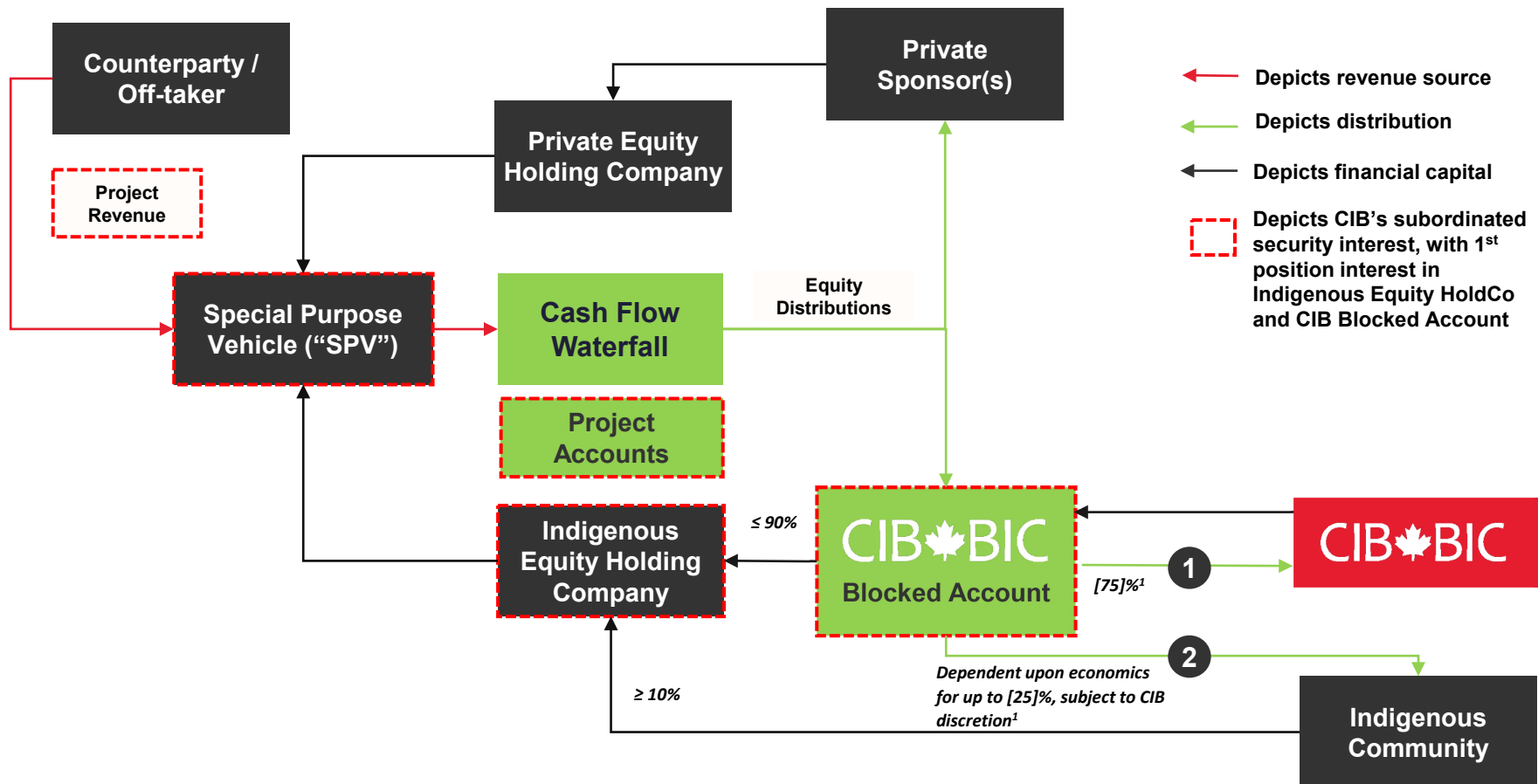


Indicative IEI Loan Terms

Overview of Proposed Terms	
Borrower	An Indigenous Equity Holdco to be newly established by all participating Indigenous communities and established as a Special Purpose Vehicle (also known as a Special Purpose Entity)
Eligible Projects	Projects across sectors approved within CIB's mandate, where the CIB is already an active investor
Investment Size	\$5M - \$100M and up to 90% of the Indigenous equity interest
Investment Product / Approach	Loans to Indigenous Equity Holdco to facilitate their participation in equity or equity-like investments in projects in which the CIB is also considering an investment
Availability	The loan will be available from financial close to substantial completion or commercial operation date
Pricing	Return equivalent to the minimum of a Government of Canada (" GoC ") bond yield matching to weighted average life of the outstanding loan, predicated on a 75% cash sweep on equity distributions to achieve target return by end of Term
Repayment / Term	<ul style="list-style-type: none"> ▪ Repayment via cash sweep on Indigenous community equity distributions with target loan tenor of 15 years ▪ Cash sweep sized to achieve early distributions for the community
Security	<ul style="list-style-type: none"> ▪ Senior secured interest in Borrower's assets, including Project Accounts (blocked distribution account and debt service reserve account with 6 months of interest) ▪ Secured interest in equity share or LP unit pledge ▪ Non-recourse to Indigenous communities (except with regard to the limited guarantee in respect of the pledge of shares)

Example: Equity Distributions and CIB Security

Through the Indigenous Equity Initiative, the CIB invests directly to the Indigenous Equity Holding Company and will take subordinated security from all Project assets.



Note 1: All Indigenous Equity HoldCo distributions flow to CIB-controlled blocked account out of which CIB sweeps (a) the lesser of its target annualized return (principal + GoC + [0.00% to 3.00%]) based on its investment horizon (amortization), and (b) 75% of the distribution entitled to Class B; the Indigenous communities receive the residual distribution.

Thank you

Contact us at indigenous@cib-bic.ca

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