A Partner to Invest in Canada’s New Infrastructure

August 2020
Our three central responsibilities

Advise
public sponsors on project development and innovative investment options

Invest
$35B to attract additional private and institutional capital into projects

Develop
knowledge, research, data and information
Our main functions

- Acting as a centre of expertise
- Advising all levels of governments
- Fostering evidence-based decision making
- Structuring proposals and negotiating agreements
- Collecting and disseminating data
- Receiving unsolicited proposals
- Investing in infrastructure projects
## Investing $35B in four priority sectors

<table>
<thead>
<tr>
<th>Green Infrastructure</th>
<th>Public Transit</th>
<th>Trade and Transport</th>
<th>Broadband</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include: water services and wastewater treatment, renewable energy, electricity transmission, interties and district energy</td>
<td>Examples include: light rail transit, subways, bus rapid transit, commuter / inter-regional and passenger rail and transit-oriented development</td>
<td>Examples include: ports, freight rail, highways, all-season and resource roads, bridges and tunnels</td>
<td>Example includes: broadband infrastructure bringing 50/10 high-speed connectivity to unserved and underserved communities</td>
</tr>
</tbody>
</table>
Advantages of the CIB approach

- Expertise allows the CIB to play an active **advisory role with public sector sponsors** to assist them in bringing forward project proposals for potential CIB investments.
- Focus is on **investing** and being a **catalyst** for new transformational infrastructure.
- **Investment fills the gap** in capital structures for new projects.
- **Flexibility** to invest across the capital structure and brings a disciplined investment approach to projects, including appropriate risk transfer.
- **Project investment decision-making and oversight** by the CIB Board of Directors.
- Complementary to, yet **distinct from, existing government departmental programs** that invest in infrastructure through grants and contributions.
Leading advisory and investment expertise

- We play an **active advisory role with public sector project sponsors**
  - Increase awareness regarding innovative investment and financing models
  - Assess, at no cost to project sponsors, revenue-generating project proposals
  - Build relationships with the market through tools such as market soundings to determine private sector interest
  - Evaluate the public interest and bankability of projects

- We offer specialized commercial and **investment expertise**
  - Structuring debt, equity, hybrid investments
  - Complex financial modeling
  - Financial advisory
  - Project structuring and procurement options
Working with our partners

- Partner with governments on their priority projects
- Invest to fill financing gap in projects
- Focus on new revenue generating projects in priority sectors
- Attract new private capital to infrastructure projects
- Transfer appropriate risk to the private sector
- Structure terms to drive private sector performance
- Align risk with reward
- No sales of existing assets
Influencing private investment and risk transfer

<table>
<thead>
<tr>
<th>Financing</th>
<th>Increased Private Sector Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public</strong></td>
<td>Public</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>Private (short-term)</td>
</tr>
<tr>
<td><strong>CIB</strong></td>
<td>CIB Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Allocation</th>
<th>Increased Risk Transfer to Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
<td>Public</td>
</tr>
<tr>
<td><strong>Build</strong></td>
<td>Private</td>
</tr>
<tr>
<td><strong>Maintain</strong></td>
<td>Public</td>
</tr>
<tr>
<td><strong>Operate</strong></td>
<td>Public</td>
</tr>
<tr>
<td><strong>Revenue/usage</strong></td>
<td>Public</td>
</tr>
</tbody>
</table>

Public-Private Partnership Models
Project process flowchart

Intake  Appraisal  Formal Engagement  Investment Structuring & Commitment  Final Negotiation & Closing  Funding, Monitoring & Exit
Investment approach is flexible and customized

**Instruments**
- Debt or equity investment
- Senior/preferred or subordinated
- Long term or short term

**Structures**
- No grants
- Investment: market pricing or below
- Pricing below commercial rates, customized to each project

**Terms**
- Protect investment, allow sponsor and proponent to manage project effectively
- Allocation of risks and alignment of interests between all parties
Appraisal of potential advisory/investment mandates

- Public sponsor?
- New and in Canada?
- Sector?
  - Transit
  - Trade and Transport
  - Green Infrastructure
  - Broadband
  - Other
  - Aligned with government policy objectives?
- Potential to generate revenue?
- Potential to attract private capital?
- Capable of being financed completely commercially?
- Long-term private sector risk transfer?
- Estimated capital cost?
- Potential project for the CIB advisory and/or investment commitment

Note: projects not satisfying all criteria may still be considered in certain circumstances.
Our commitment to accountability and transparency

The Minister’s Statement of Priorities and Accountabilities provides direction on the CIB’s overall goals. The CIB’s governance system for accountability and transparency includes:

- Board of Directors
- Corporate Plan, Annual Report and Quarterly Financial Reports
- Disclosure related to Privacy, Expenses, Access to Information
- Annual audit and other required reviews
-Appearances before Parliamentary Committees
Connect in-person or online

Learn:  www.cib-bic.ca
Follow: twitter.com/cib_en
        linkedin.com/company/canada-infrastructure-bank
Inquire: investments@cib-bic.ca
Appendix – Projects details
Participating in nine projects

Green benefits include greenhouse gas reductions from:
- Sustainable transit and transportation
- Renewable energy

Projects include:
- Pirate Harbour Wind Farm
- GO Expansion
- VIA Rail Canada
- Alberta
- Lulule Island Energy Company
- Kivalliq Hydro-Fibre Link
- Composite 2020
- Composite 2020 Quebec
- Composite 2020 Montreal
- Composite 2020 West
- Composite 2020 East
- Composite 2020 Central
- Composite 2020 North
Timeline showing momentum

August 2018
- Réseau express métropolitain (REM): $1.28 billion investment in Montreal transit project

June 2019
- VIA Rail High Frequency Rail: $55 million commitment for planning and pre-procurement

August 2019
- Contrecoeur Port Terminal: Memorandum of Understanding with the Montreal Port Authority

December 2019
- Contrecoeur Port Terminal: Up to $300 million investment commitment with the Montreal Port Authority

February 2020
- Kivalliq Hydro-Fibre Link: Memorandum of Understanding with Kivalliq Inuit Association

May 2019
- GO Expansion – On Corridor: Up to $2 billion investment commitment to Metrolinx / IO transit project

August 2019
- Lulu Island District Energy: Memorandum of Understanding with City of Richmond

August 2019
- Taltson Hydroelectricity Expansion: Advisory work with the Government of Northwest Territories

December 2019
- Pirate Harbour Wind Farm: Memorandum of Understanding

June 2020
- Calgary-Banff Rail: Memorandum of Understanding with Province of Alberta
## Building a pan-Canadian portfolio

<table>
<thead>
<tr>
<th>Project</th>
<th>Sector</th>
<th>Urban</th>
<th>Rural</th>
<th>Northern</th>
<th>Advisory</th>
<th>MOU</th>
<th>Investment</th>
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<tbody>
<tr>
<td>REM</td>
<td>transit</td>
<td>X</td>
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<td>GO Expansion</td>
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<td>VIA Rail</td>
<td>transit</td>
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<tr>
<td>Lulu Island</td>
<td>green</td>
<td>X</td>
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<td>Contrecœur</td>
<td>trade</td>
<td>X</td>
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<td>Taltson</td>
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<td>Pirate Harbour</td>
<td>green</td>
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<td>X</td>
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<td>X</td>
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<tr>
<td>Kivalliq</td>
<td>green / broadband</td>
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<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Calgary Banff</td>
<td>transit</td>
<td>X</td>
<td>X</td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Priority Sector</td>
<td>Location</td>
<td>CIB Engagement</td>
<td>CIB Commitment</td>
<td>Public Sponsor</td>
<td>Policy Goals</td>
<td>Revenue Generating</td>
<td>Private Investment Role</td>
</tr>
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<tr>
<td>Réseau express métropolitain</td>
<td>Urban public transit</td>
<td>Investment Commitment</td>
<td>$1.28B ($6.3 billion total project capital cost)</td>
<td>Province of Quebec</td>
<td>Job creation, green house gas reduction, lower congestion</td>
<td>Yes – fare box</td>
<td>Yes – CDPQ investment</td>
</tr>
<tr>
<td>GO Rail Expansion</td>
<td>Regional transit</td>
<td>Investment commitment prior to RFP</td>
<td>Up to $2B (estimated $12 billion total project capital cost)</td>
<td>Province of Ontario, Metrolinx</td>
<td>Expanded access to two-way all-day regional transit for 200 million trips per year</td>
<td>Yes – fare box</td>
<td>Design-build-finance-operate-maintain model selected by Metrolinx</td>
</tr>
<tr>
<td>VIA Rail</td>
<td>High Frequency Rail</td>
<td>Planning and pre-procurement activities</td>
<td>$55 million</td>
<td>Transport Canada, VIA Rail</td>
<td>Faster, expanded and more frequent service to communities on corridor</td>
<td>Yes – fare box</td>
<td>To be confirmed during planning and pre-procurement by joint project office</td>
</tr>
<tr>
<td>Lulu Island Energy</td>
<td>District energy</td>
<td>Memorandum of Understanding</td>
<td>Memorandum of Understanding</td>
<td>City of Richmond</td>
<td>Green, renewable energy for municipality</td>
<td>Yes – district energy users</td>
<td>To be confirmed through due diligence</td>
</tr>
</tbody>
</table>

**Montreal metropolitan region (QC)**

**Greater Toronto Hamilton Area (ON)**

**Quebec City to Toronto corridor**

**Richmond (BC)**
## Project highlights (cont’d)

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<thead>
<tr>
<th>Priority Sector</th>
<th>Location</th>
<th>CIB Engagement</th>
<th>CIB Commitment</th>
<th>Public Sponsor</th>
<th>Policy Goals</th>
<th>Revenue Generating</th>
<th>Private Investment Role</th>
<th>Risk Transfer to Drive Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contrecoeur</td>
<td>Contrecoeur (QC)</td>
<td>Investment commitment prior to RFP</td>
<td>Up to $300 million (estimated between $750 and $950 million total project capital cost)</td>
<td>Port of Montreal</td>
<td>Economic growth through import and export</td>
<td>Yes – port operations</td>
<td>To be confirmed through due diligence</td>
<td>To be confirmed through due diligence</td>
</tr>
<tr>
<td>Taltson</td>
<td>Green Infrastructure</td>
<td>Advisory Engagement</td>
<td>Advisory Engagement</td>
<td>Gov’t of Northwest Territories</td>
<td>Clean, power via hydroelectric plant</td>
<td>Yes</td>
<td>To be confirmed through due diligence</td>
<td>To be confirmed through due diligence</td>
</tr>
<tr>
<td>Hydroelectricity</td>
<td>Northwest Territories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pirate Harbour</td>
<td>Nova Scotia</td>
<td>Memorandum of Understanding</td>
<td>Memorandum of Understanding</td>
<td>Nova Scotia</td>
<td>Green power</td>
<td>Yes</td>
<td>To be confirmed through due diligence</td>
<td>To be confirmed through due diligence</td>
</tr>
<tr>
<td>Kivalliq</td>
<td>Nunavut</td>
<td>Memorandum of Understanding</td>
<td>Memorandum of Understanding</td>
<td>Kivalliq Inuit Association</td>
<td>Clean, power via hydroelectric plant and broadband</td>
<td>Yes</td>
<td>To be confirmed through due diligence</td>
<td>To be confirmed through due diligence</td>
</tr>
<tr>
<td>Calgary-Banff</td>
<td>Alberta</td>
<td>Memorandum of Understanding</td>
<td>Memorandum of Understanding</td>
<td>Province of Alberta</td>
<td>Faster regional transit from airport to Banff National Park</td>
<td>Yes</td>
<td>To be confirmed through due diligence</td>
<td>To be confirmed through due diligence</td>
</tr>
</tbody>
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Canada Infrastructure Bank | Banque de l’infrastructure du Canada
Réseau express métropolitain (REM)

- **CIB**: $1.283 billion
  - 15-year loan, 1-3% interest

- **CDPQ**: $2.961 billion
  - preferred equity
  - 8% preferred return

- **Government of Quebec**: $1.283 billion
  - non-voting subordinated equity

**Structuring**

- Role improved risk transfer to the institutional investor (CDPQ Infra)
- Concessional investment improved project affordability
- Shift to innovative loan structure rather than a grant

**Benefits of CIB participation**
GO Rail Expansion – On Corridor

- **New, transformational project** in the Greater Toronto and Hamilton Area
- **Low-interest financing** to proponents balanced with risk transfer to the private sector
- Funding commitment **supports the CIB’s mandate** to invest in transportation
- **Partnering** with Metrolinx and Infrastructure Ontario who are leading competitive procurement process
- Optimizing risk transfer and crowding-in more private capital than originally planned

Up to $2 billion
VIA Rail Canada – High Frequency Rail

- New, **transformational project** benefitting those in the Quebec City to Toronto corridor
- Funding commitment **supports the CIB’s mandate** to invest in public transit
- **Partnering** with VIA Rail and Transport Canada on pre-procurement and de-risking activities
- Bringing **expertise** in infrastructure and financing to support planning work during 2019-2021

**Up to $55 million**
Lulu Island Energy Company – District Energy

Memorandum of Understanding

- **First** opportunity in **district energy**
- City to expand its **clean, renewable district energy** system from 3 million square feet to 50 million square feet
- **City of Richmond will own** all existing and new infrastructure assets
- Consistent with the CIB’s mandate to **advise on** and **invest in** green infrastructure projects
Contrecoeur Port Terminal

Up to $300 million

- **First** investment in trade-related project
- Montreal Port Authority’s new terminal will enable importers and exporters to get products to market quicker **supporting Canada’s economic growth and international trade**
- **$300 million** investment commitment, following the Memorandum of Understanding
Taltson Hydroelectricity Expansion

Advisory engagement

- **Advisory engagement** to develop project’s business case
- **First** opportunity in **hydroelectricity** and in **Northwest Territories**
- Proposed expansion of the existing Taltson generating station by constructing a new 60 megawatt, **clean energy hydroelectric facility** and 270 kilometres of transmission lines
- Consistent with the CIB’s mandate to **advise on and invest in green** infrastructure projects
Pirate Harbour Wind Farm

Memorandum of Understanding

- **First** opportunity in **Nova Scotia**
- Potential development of a 112 megawatt wind farm, with 28 four megawatt wind turbines, 15 kilometres of overland transmission lines and two kilometres of subsea cables
- Project would add **clean, renewable energy generation** and reduced greenhouse gas emissions
- Consistent with the CIB’s mandate to **advise on and invest in green** infrastructure projects
Kivalliq Hydro-Fibre Link

Memorandum of Understanding

- **First** opportunity in **Nunavut**
- Connecting **two** jurisdictions – Nunavut and Manitoba – and **two** priority sectors – **green infrastructure and broadband**
- Proposed construction of a **new** 1,200-kilometre, 150-megawatt **clean energy** hydroelectric line between Nunavut and Manitoba
- Consistent with the CIB’s mandate to **advise on and invest in green** infrastructure and **broadband** projects
Calgary-Banff Rail

Memorandum of Understanding

- **First** project in Alberta
- New 130-kilometre **sustainable passenger rail** would introduce service between Calgary International Airport and Banff National Park
- The project would **support Alberta’s economy**, increase labour mobility and **reduce vehicle greenhouse gas emissions**
- Commitment supports the CIB’s **mandate** to **advise on transit projects**