



# CIB Product Summary Memorandum

*Supplementary Information to the CIB  
Royalty and Contribution Agreement*

February 25, 2022



To be read in conjunction with the CIB Royalty and Contribution Agreement (the “**Agreement**”) released on February 25, 2022. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

## ROYALTY FINANCING PRODUCT

Should the Project elect to use the CIB royalty financing product (“**CIB Royalty**”), the CIB will contribute up to 50% of capital costs in exchange for a royalty at a fixed “**Royalty Rate**” on all Project revenues for up to 40 years.

## THE ROYALTY RATE

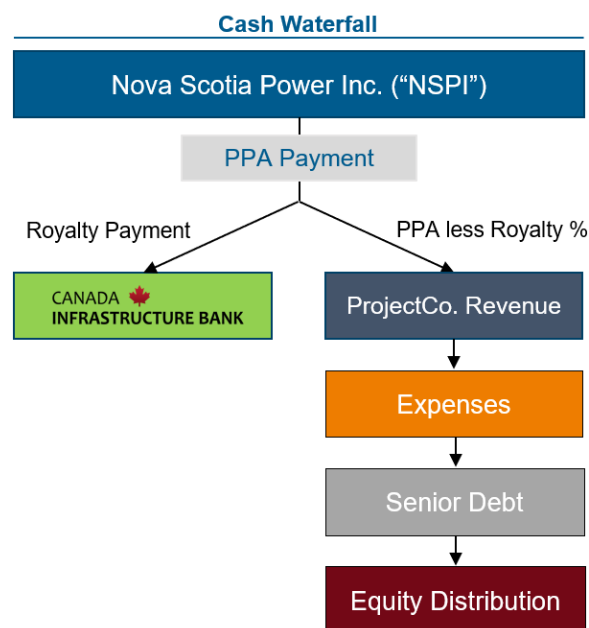
The Royalty Rate will be a single fixed rate, set at the Closing Date and applicable to all revenues earned by the Project, and is defined in the Royalty and Contribution Agreement as follows:

“**Royalty Rate**” means the percentage of Project Revenues determined by the CIB as of the Closing Date to be required for the CIB to achieve an IRR equal to the Government of Canada Bond yield as of the Closing Date, interpolated for 25 years, based on the P90 production forecast for the Project (as verified by the Independent Engineer), and calculated from the first Contribution Payment to the expiry date of the PPA.

In the event royalty payments result in the CIB achieving an IRR of 5%, the CIB Royalty will terminate prior to the 40-year maturity. The CIB does not have any minimum return requirements.

## ROYALTY STRUCTURE AND CASHFLOW WATERFALL

The CIB Royalty structure is illustrated below:

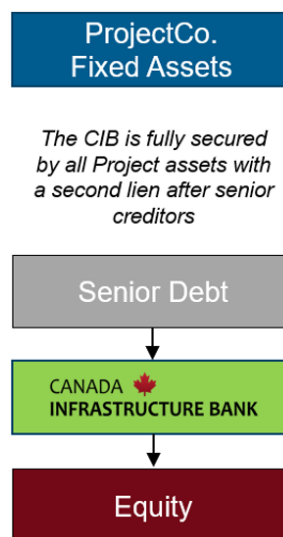


The CIB Royalty payment will be at the top of the cash flow waterfall from each Project, with monthly royalty payments payable directly from Nova Scotia Power Inc. (“NSPI”). Royalty payments will be unaffected by project level expenses and capital structure considerations.

In the event royalty payments result in the CIB achieving an IRR of 5%, the CIB Royalty will terminate prior to the 40-year maturity.

## INTERCREDITOR CONSIDERATIONS

The CIB Royalty will have priority over its share of revenues as determined by the Royalty Rate. The CIB Royalty will take a second lien position behind Project level senior lenders on project assets, with market standard intercreditor principles, resulting in an unencumbered security package for senior lenders.



The CIB contribution amount (limited to 50% of Project Capital Costs) will be determined by Proponents as required to meet their capital structuring requirements. The CIB financing will be made pro-rata with other sources of Proponent capital. The minimum equity requirement will mirror the requirements imposed by senior lenders, to the extent applicable.

The sizing of the Royalty Rate will be dependent upon the contribution amount requested by each Proponent.