



Bridging Finance Inc.

Empowering Communities in Financing Renewable Energy

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First Nation Lending Landscape

- Limited history of defaults by First Nations/Inuit
- Availability of debt capital for FNs still very limited
- Financial Institutions view space as “emerging” and limited resources dedicated to the space and inefficiencies in the market created by:
 - Slow response from Financial Institutions – therefore challenges for FNs to meet project timelines and cost overruns result
 - Limited appetite for risk (e.g. construction)

- Difficulty securitizing debt within First Nations communities
- Traditional Real-Estate Development does not work
- Liquidation value is well below recovery cost

- Bridging Finance Inc. (“Bridging”) provides more flexible financial solutions than those offered by traditional lenders.
- Bridging funds are used to address short-term needs, including restructuring existing debt, providing working capital for growth, supporting inventory purchases and acquisitions/buyouts.
- Bridging facilities are quick, flexible and creative – based on the value of the assets of the company and the borrowing needs.

- **Access to Capital**
 - For First Nations traditional financing is especially difficult because banks cannot take security on reserve. Bridging Finance provides access to capital for situations where bank loans are not an option
- **No Interest Payments**
 - Cash flow is limited for First Nations, this is why we offer a loan structure where all interest is added to the total loan amount instead of demanding monthly interest payments. This is referred to as capitalizing the interest.
- **Shared Risk**
 - Our business model aligns the interest of all parties. Once a loan is advanced we are heavily invested in ensuring you have a completed project at the end of our relationship. Bridging Finance only provides financing for projects where we are confident of future success

- Bridging Finance has lent over \$250 million to First Nations and \$40 million to Inuit since 2014 for infrastructure projects and growth
- Projects have included fisheries, housing, renewable energy, gaming, commercial development, cannabis production & retail.
- Financing structure is adaptable to meet development needs
- Establish an Interest Reserve (capitalize the interest) so that First Nations do not deplete cash position
- Ensure that there is a defined exit so that the First Nation can access a cheaper cost of capital when project is cash flowing

Example Deal



Overview

- > 100% Inuit-owned organization headquartered in Nunavut.
- > We were approached to provide acquisition financing to purchase a 63 meter arctic trawler from Norway to expand their fleet.
- > Second facility to provide financing to buyout their Icelandic minority partner.
- > Canadian Banks not nimble enough to react to the opportunity.
- > Within a week of introduction, Bridging had been to Nunavut and St. John's, and funded the opportunity within 3 weeks.
- > Refinanced by a Bank thereafter

- Long Term Thinking
 - Nations often have long-term goals that address needs in the community. Asking what these goals are will give you a good starting place when discussing your working relationship.
- Leverage First Nations Knowledge
 - First Nations have a wealth of knowledge either from past work done on reserve or from traditional knowledge. Taking this information into account may result in cost savings.
 - Past geological surveys or traditional information on good potential sites are likely available.

- Engage early
- Keep communication open and maintain the relationship
- Strong Governance
- Partnerships
- Corporate Finance
- Support community initiatives