



Sustainability Tranche Impact Report – FY2021

Bayfront Infrastructure
Capital II Pte. Ltd.

March 2022

Introduction

This report provides details on the allocation of net proceeds and associated impact for the sustainability tranche (Class A1-SU Notes) issued in June 2021 under Bayfront Infrastructure Capital II Pte. Ltd. ("**BIC II**"), a standalone Special Purpose Vehicle (SPV) set up by Bayfront Infrastructure Management Pte. Ltd. ("**Bayfront**") for the sole purpose of issuing the securitisation notes.

The report has been prepared in accordance with the commitments set out in Bayfront's Sustainable Finance Framework and with reference to the impact reporting with the portfolio approach described in "*Handbook - Harmonized Framework for Impact Reporting (April 2020)*".

DNV-GL has provided a second party opinion on Bayfront's Sustainable Finance Framework. Both documents are available on [Bayfront's website](#). Bayfront have not sought any independent assurance on the information provided in this report.

Impact Highlights for FY2021

US\$102.5 million

Allocated to investments in renewable energy projects

2,625 GWh

Aggregate renewable energy generation

1,873,553 tCO₂eq

Estimated annual GHG emissions avoided from renewable energy project investments

856 million cubic metres

Annual gross amount of water supplied from Independent Water and Power Projects ("IWPPs") invested

Impact metrics prepared by:



A Message from Bayfront's CEO



Mr. Premod Thomas
Chief Executive Officer

Global developments around climate change and ESG themed investing are moving at a tremendous pace. At Bayfront, sustainability is an important pillar of our business and a focus area that we are devoting increasing attention and resources to.

During the year, we unveiled a series of initiatives to support Bayfront's sustainability strategy and vision. A key milestone was achieved with the publication of our Sustainable Finance Framework in March 2021, which demonstrates how entities within the Bayfront group intend to issue green, social or sustainability notes, through infrastructure asset-backed securities ("**IABS**"). The Sustainable Finance Framework lays out the principles and guidelines for our loan investments and emphasizes our dedication to the advancement of the United Nations Sustainable Development Goals ("**SDGs**").

Our follow-on issuance in June 2021, Bayfront Infrastructure Capital II, featured a sustainability tranche, which sought to address three SDGs - SDG6 Clean Water and Sanitation, SDG7 Affordable and Clean Energy and SDG9 Industry, Innovation, and Infrastructure, through a portfolio of eligible green and social assets.

In addition, our Environmental & Social ("**E&S**") Framework, which was published in 2020, sets the guardrails in the due diligence and screening phase for potential loan investments by Bayfront.

With the support of our key stakeholders, who are important infrastructure development players, such as the Asian Infrastructure Investment Bank, the Asian Development Bank and Temasek Holdings, we will actively participate in new regional initiatives where feasible, such as in the areas of carbon credits, financing for infratech and exploring local currency financing solutions.

At the same time, we will continue to focus on the acquisition of green and social assets, and the delivery of sustainability related investment products for the institutional market.

About Bayfront

Business Overview

Bayfront is a Singapore-based platform with a mandate to invest in and distribute project and infrastructure loans in the Asia Pacific and Middle East regions.

It was established in 2019 in connection with the Infrastructure Take-Out Facility initiative sponsored by the Government of Singapore.

Bayfront intends to be a repeat issuer of IABS

Our Shareholders



Key Highlights



Strategic partnership between **Clifford Capital Holdings** and the **Asian Infrastructure Investment Bank**.



Seeks to **address the large infrastructure financing gap** in Asia and the Middle East by **mobilising institutional capital** for project and infrastructure debt through IABS.



Strong balance sheet with ~US\$2bn of capital base to support asset acquisitions and distributions.



Structured and issued two transactions to date – Bayfront Infrastructure Capital (BIC) in July 2018 and Bayfront Infrastructure Capital II (BIC II) in June 2021, **Asia's first securitisations of project finance and infrastructure loans**.



Strong sponsorship by the Government of Singapore, where the Ministry of Finance provides a funding guarantee, and the Monetary Authority of Singapore.



Our Business Model

Bayfront's business model is to acquire and warehouse infrastructure debt, as well as structure, execute and manage securitisations or other forms of distribution to institutional investors.

BAYFRONT INFRASTRUCTURE MANAGEMENT



Eligibility Framework

Bayfront's Take-Out Eligibility Framework governs the criteria for loan take-outs.

The Framework includes:

1. Loan selection criteria
2. Due diligence parameters
3. Take-out commitment mechanism
4. Acceptance tests

MOUs in relation to the Take-Out Eligibility Framework with contributing banks

Designed to encourage banks to increase origination appetite given increased confidence of take-out



Warehousing Facility

Bayfront to acquire loans from banks and hold them on its balance sheet while building a portfolio of loans for distribution, thus enabling Bayfront to:

1. Provide certainty to banks that the loans would be taken out;
2. Accumulate sufficient volume of loans;
3. Identify the optimal market timing to launch a distribution transaction; and
4. Hold the loans in the event of adverse market conditions



Distribution Platforms

Distribution platforms would be established to act as entities issuing securities to institutional investors

Successfully executed two transactions - BIC and BIC II
Other distribution formats (in addition to securitisations) can also be considered

Bayfront will also invest in the equity tranches of these issuances to demonstrate alignment of interest with investors.



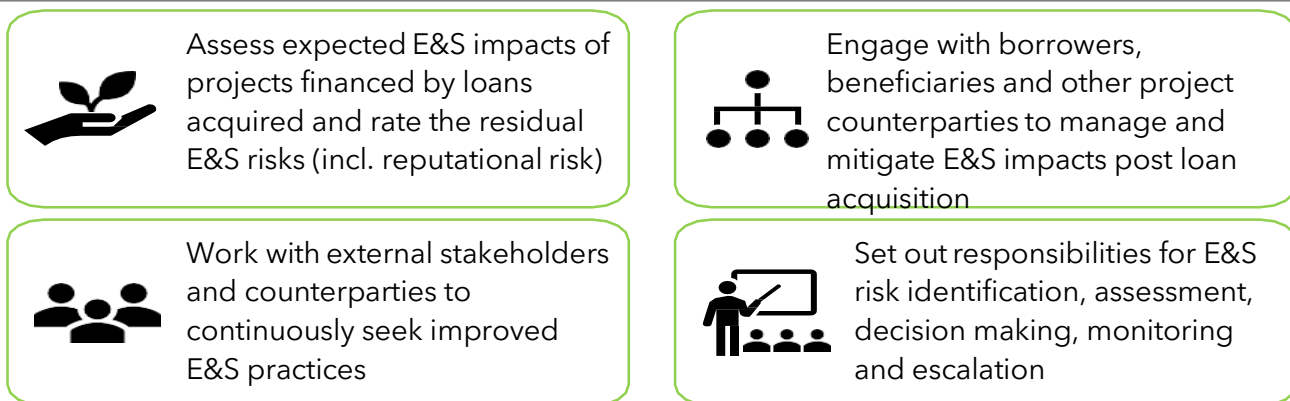
Our Sustainability Focus

Our strategic sustainability focus is enabled through our E&S Framework and Sustainable Finance Framework.

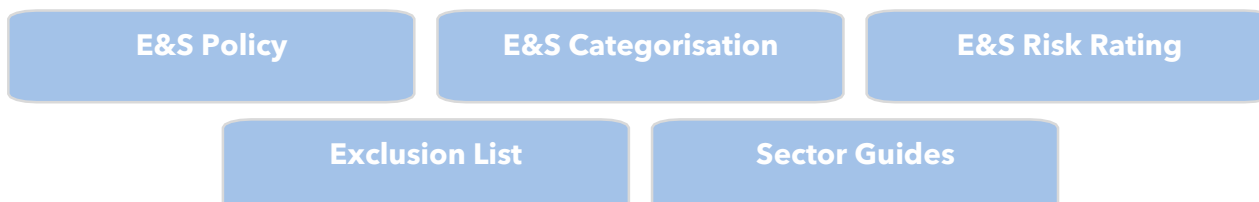
Bayfront is committed to contributing meaningfully to the United Nations Sustainable Development Goals through the mobilisation of institutional investment in sustainable infrastructure financing and facilitating the recycling of capital by banks through loan take-outs, helping banks and institutional investors channel additional capital into financing green and social projects.

Our key strategic sustainability focus is twofold: (i) incorporation of Environmental, Social and Governance (“ESG”) factors into our loan portfolio selection criteria; and (ii) acquisition and distribution of green and social projects, thereby supporting sustainable development.

E&S Framework - Objectives



E&S Framework - Components



Sustainable Finance Framework - Objectives



- To demonstrate how Bayfront intends to issue green, social or sustainability notes, through IABS
- Sustainability notes are notes where the proceeds will be applied to finance or re-finance a combination of both eligible green loans and eligible social loans
- The issuance of green, social or sustainability notes will help to deliver positive environmental and/or social outcomes

Alignment with Market Standards



- Green Bond Principles 2018
- Social Bond Principles 2020
- Sustainability Bond Guidelines 2018



- Green Bond Standards 2018
- Social Bond Standards 2018
- Sustainability Bond Standards 2018

Sustainable Finance Framework - Key Pillars



USE OF PROCEEDS



PROJECT EVALUATION
AND SELECTION



MANAGEMENT OF
PROCEEDS



REPORTING



EXTERNAL REVIEW

Bayfront Infrastructure Capital II (BIC II)

Transaction Summary

Bayfront's Roles	<ul style="list-style-type: none"> ▪ Sponsor and Retention Holder: Bayfront ▪ Manager: BIM Asset Management Pte. Ltd. (<i>wholly owned subsidiary of Bayfront</i>) 					
Issuance Size	▪ US\$401.2 million					
Sustainable Assets	▪ US\$184.8 million (~46% of the portfolio) are considered eligible green or social assets in accordance with Bayfront's Sustainable Finance Framework					
Listing	▪ Singapore Exchange (SGX)					
Capital Structure	Class A1	Class A1-SU	Class B	Class C	Class D	Pref Shares
Issuance (US\$m)	176.9	120.0	33.3	22.1	8.8	40.1
Rating (Moody's)	Aaa	Aaa	Aa1	A3	Baa3	NR
Tranche %	74.0%		8.3%	5.5%	2.2%	10.0%
Subordination	26.0%		17.7%	12.2%	10.0%	-
Margin over 6M LIBOR	125 bps	120 bps	185 bps	235 bps	340 bps	N/A
Weighted Average Life	3.9 yrs		8.6 yrs	10.3 yrs	11.8 yrs	N/A

*Sustainability
tranche*

BIC II Sustainability Tranche

Overview

The US\$120 million Class A1-SU Notes (representing c.30% of the total transaction size of US\$401.2m) were fully allocated on closing to US\$184.7m of eligible green and social assets (by commitment amounts) that meet the eligibility criteria stated in Bayfront's Sustainable Finance Framework.

Eligible Sustainable Assets Breakdown

Green Asset Category	Use of Proceeds	Original Commitment Amount (US\$m)	Outstanding Commitment Amount* (US\$m)	Outstanding Par Amount* (US\$m)
Renewable Energy	Solar Energy	47.4	38.4	33.1
	Wind Energy	41.1	36.1	33.4
	Run-of-river Hydropower	14.0	13.3	13.3
Green Asset Category	Use of Proceeds	Original Commitment Amount (US\$m)	Outstanding Commitment Amount* (US\$m)	Outstanding Par Amount* (US\$m)
Affordable Basic Infrastructure	Desalination (climate resilient drinking water supply)	45.0	43.8	43.8
	Transmission and Distribution (access to electricity)	17.0	15.4	15.4
	Roadway Upgrades (road safety improvements; improved access to impoverished areas)	20.3	19.0	19.0
Total		184.8	166.0	158.0

* Amounts as of 31 December 2021

BIC II Sustainable Assets

As of 31 December 2021

No.	Borrowers	Sector	Location of Project	Outstanding Par Amount (US\$m)	Outstanding Commitment Amount (US\$m)	Expected Maturity (Year)	Sustainability Eligibility (%)
1	Adani Hybrid Energy Jaisalmer One/Two/Three/Four Limited	Renewable Energy	India	11.9	20.0	2025	100%
2	Cambodian Transmission Limited	Electricity Transmission	Cambodia	15.4	15.4	2029	100%
3	EDC Burgos Wind Power Corporation	Renewable Energy	Philippines	1.8	1.8	2029	100%
4	EDC Burgos Wind Power Corporation	Renewable Energy	Philippines	14.8	14.8	2029	100%
5	Green Infra Solar Projects Limited	Renewable Energy	India	8.4	8.4	2026	100%
6	Jubail Water and Power Company	Conventional Power & Water	Saudi Arabia	27.9	27.9	2029	53%
7	Ras Girtas Power Company	Conventional Power & Water	Qatar	10.8	10.8	2033	16%
8	Ruwais Power Company PJSC	Conventional Power & Water	United Arab Emirates	15.3	15.3	2031	44%
9	SB Energy Six Private Limited	Renewable Energy	India	7.1	7.1	2025	100%
10	Shamal Az-Zour Al-Oula for the Building, Execution, Operation, Management and Maintenance of the First Phase of Az-Zour Power Plant K.S.C.	Conventional Power & Water	Kuwait	18.7	18.7	2036	50%
11	Umm Al Houll Power	Conventional Power & Water	Qatar	29.4	29.4	2041	38%
12	Vena Energy Shivalik Wind Power Private Limited	Renewable Energy	India	4.9	4.9	2030	100%



No.	Borrowers	Sector	Location of Project	Outstanding Par Amount (US\$m)	Outstanding Commitment Amount (US\$m)	Expected Maturity (Year)	Sustainability Eligibility (%)
13	Project A	Transportation	Southeast Asia	19.0	19.0	2029	100%
14	Project C	Renewable Energy	South Asia	7.9	7.9	2024	100%
15	Project E	Renewable Energy	Southeast Asia	13.3	13.3	2031	100%
16	Project G	Renewable Energy	Southeast Asia	9.7	9.7	2035	100%
Total outstanding amount per sustainability eligibility				158.0	166.0		

Sustainable Overcollateralisation	Outstanding Par Amount (US\$m)	Outstanding Commitment Amount (US\$m)
Sustainable Assets	158.0	166.0
Outstanding Class A1-SU Notes	120.0	120.0
Sustainable O/C Ratio	131.6%	138.4%

Pro-forma post payment on 11 January 2022

Sustainable Overcollateralisation	Outstanding Par Amount (US\$m)	Outstanding Commitment Amount (US\$m)
Sustainable Assets	158.0	166.0
Outstanding Class A1-SU Notes	111.0	111.0
Sustainable O/C Ratio	142.3%	149.6%

Green Assets

Use of Proceeds and Allocation

Impact metrics prepared by:

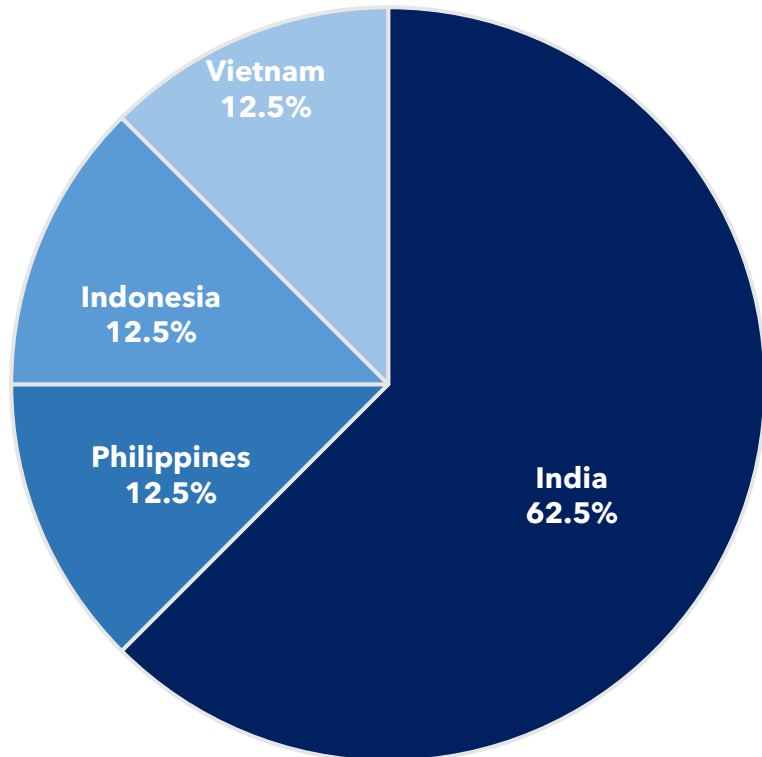


Green Asset Category	Aggregated Proceeds Allocated to Eligible Loans	Number of Eligible Loans	Balance of Unallocated Proceeds	% of New Finance vs. Refinancing
Renewable Energy	100%	9	Nil	100% / 0%

Contribution to the SDGs



Projects Financed By Geography (%)



Social Assets

Use of Proceeds and Allocation

Impact metrics prepared by:

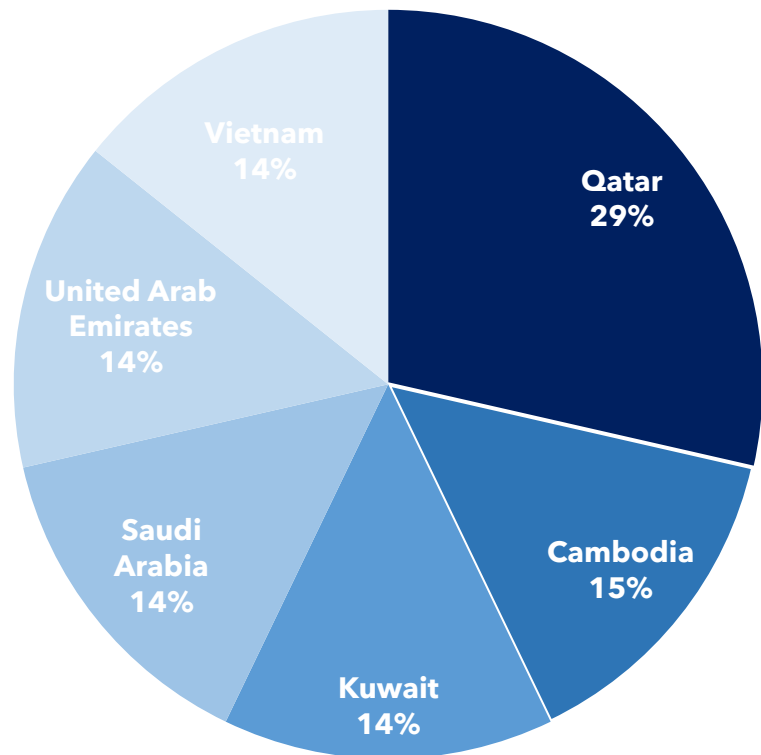


Social Asset Category	Aggregated Proceeds Allocated to Eligible Loans	Number of Eligible Loans	Balance of Unallocated Proceeds	% of New Finance vs. Refinancing
Affordable Basic Infrastructure	100%	7	Nil	71% / 29%

Contribution to the SDGs



Projects Financed By Geography (%)





Impact Reporting

Bayfront is committed to reporting on the impact of its green and social loans to the extent that it is practical, using recognised methodologies where they exist. The impact metrics reported below have been compiled in accordance with Bayfront’s Sustainable Finance Framework and aligned, on a best-efforts basis, to the impact reporting portfolio approach described in the Handbook – Harmonized Framework for Impact Reporting (April 2020).

The impact metrics below have been prepared by independent consulting firm Corporate Citizenship. The data covers the reporting period 1st January 2021 to 31st December 2021, unless stated otherwise. The metrics have been estimated based on available actual data or proxy data where actual data is unavailable. Data has been annualised for projects where full year data are not available.

The portfolio of projects financed is composed of refinanced assets, with some completed and fully operational, some completed and ramping up, and some still under construction. Two projects within the portfolio that were not fully operational as of 31st December 2021 have not been included in the metrics below. The inclusion of such projects in future reports will be reviewed as appropriate.

Green Projects Impact Metrics

Use of Proceeds	Installed Capacity of renewable energy (MW)	Renewable energy generation (MWh)	Estimated annual GHG emissions avoided (in tCO ₂ eq) ¹
Solar Energy	282	324,410	214,569
Wind Energy	247	2,021,260	1,443,121
Run-of-river Hydropower	55	279,074	215,863
Total	584	2,624,744	1,873,553

¹ Avoided GHG emissions assume that green electricity generated from the projects replaces an equal quantity of electricity provided by the national grid. Emission factors for each country are obtained from the International Energy Agency 2021 database.

Social Projects Impact Metrics

Use of Proceeds	Annual gross amount of water supplied (m ³) ²	Kilometers of road upgraded / improved	Available electricity capacity (GWh) ³
Desalination	856,006,444	-	-
Roadway upgrades	-	123	-
Transmission and distribution	-	-	12,264
Total	856,006,444	123	12,264

² Reported metrics are an aggregation of both actual performance data and estimated performance data. Estimations have been made based on partial data for the calendar year 2021 and/or performance in previous years.

³ Data represents operating performance for the calendar year 2020, as more recent data was not available at the time of publication of this report.

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Contact Us

Bayfront Infrastructure Management Pte. Ltd.

1 Raffles Quay, #23-01, North Tower,
Singapore 048583

T: +65 6229 2900

E: enquiry@bayfront.sg

<https://www.bayfront.sg/>

Corporate Citizenship Southeast Asia Pte. Ltd.

9 Straits View, Marina One West Tower #05-07,
Singapore 018937

T: +65 6822 2203

E: singapore@corporate-citizenship.com

<https://corporate-citizenship.com/>