Overview of Clifford Capital

Clifford Capital is a specialist provider of project and structured finance solutions established with support from the Government of Singapore

- Established in 2012, upon recommendation from the Economic Strategies Committee to address gaps in project financing markets\(^1\)
- **Remit** is to support the internationalisation efforts of Singapore-based companies and catalyse the development of a vibrant capital market in the infrastructure and maritime sectors
- **Global coverage** - portfolio is spread across Asia, the Middle East, Africa, Europe and South America
- **Wide range of product offerings** across debt capital structure including both debt and mezzanine financing
- **> US$2 billion committed** to various projects since inception
- **Stable portfolio** and profitable since year-2 of inception

<table>
<thead>
<tr>
<th>Strong Government Support</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>All debt issued by Clifford Capital is unconditionally and irrevocably guaranteed by the Government of Singapore (“GoS”) (rated “AAA” by Fitch, Moody’s and S&amp;P)</td>
<td>40.5% TEMASEK via Kovan Investments Pte. Ltd. (wholly-owned by Temasek)</td>
</tr>
<tr>
<td>- US$1.35 billion Euro Medium Term Note (“EMTN”) Programme rated AAA by S&amp;P</td>
<td>9.9% Manulife</td>
</tr>
<tr>
<td>Operates independently as a commercial entity on an arms-length basis with the GoS</td>
<td>9.9% DBS</td>
</tr>
<tr>
<td>19.9% Prudential</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)The Economic Strategies Committee (ESC) was established in May 2009 by Government of Singapore to develop strategies for Singapore to maximise opportunities in a new world environment. In 2010, ESC identified structural gaps in Singapore’s cross border project and structured financing landscape, leading to the recommendation for and inception of Clifford Capital.
Take-Out Facility – Concept Overview

The TOF allows banks to free up balance sheets and recycle capital to originate new project and infrastructure loans. It also enables institutional investors to invest in this asset class.

CONCEPT OVERVIEW

- **Borrowers (Infrastructure & Project Finance Projects)**
  - Originate & structure Project & Infrastructure Loans
  - ✓ Gain new source of liquidity from institutional investors

- **Lending Banks**
  - Provide $ Project & Infrastructure Loans
  - ✓ Free up balance sheet for banks to originate new Project and Infrastructure loans

- **Proposed Platform**
  - Provide $ Issue Proposed Notes
  - ✓ Gain exposure to Project and Infrastructure loans

- **Institutional Investors**
  - Issue Proposed Notes

PROPOSED TOF MODEL

The proposed offering is part of a broader longer term model to take-out, warehouse and distribute Project and Infrastructure Loans to investors.

- **Take-out Eligibility Framework**
  - Investment criteria
  - Due diligence principles
  - Loan performance criteria

- **Warehousing Facility**
  - To facilitate loan take-out in a timely manner

- **Distribution Platform**
  - Issuance of securities to institutional investors
Take-Out Facility – Strategic Rationale

Infrastructure Market

i. Plug significant funding gap of estimated US$459 billion\(^1\) per annum in infrastructure financing in Asia Pacific

ii. Mobilise a new source of liquidity into infrastructure financing

iii. Provides banks with additional headroom to originate new Project & Infrastructure Loans

iv. Enhance the infrastructure financing market in Singapore and Asia Pacific

Investors

i. Unique access to a diversified pool of seasoned Project & Infrastructure Loans

ii. New asset class to access Project & Infrastructure Loans in a credit enhanced structure

iii. Mitigates barriers to entry such as specialised resources and capabilities, portfolio concentration and emerging market risk etc.

Clifford Capital

i. Act as effective intermediary between commercial banks and institutional investors

ii. Aligned with Clifford Capital’s longer term distribution strategy

iii. Leverage on Clifford Capital’s expertise and domain knowledge in Project and Infrastructure loans

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Take-Out Facility – Transaction Structure

Manager
Clifford Capital Pte. Ltd.

Transaction Administrator
Deutsche Bank AG, Singapore Branch

Collateral Management and Administration Agreement

Account Bank Agreement

Account Bank
DBS Bank Ltd

Transfer of Loans

Issuer
Bayfront Infrastructure Capital Pte. Ltd.

Sponsor
Clifford Capital Pte. Ltd.

Trustee
DB International Trust (Singapore) Limited

Corporate Service Provider
TMF Singapore H Pte. Ltd.

Subordinated Note Investor
Clifford Capital Pte. Ltd.

Class A, B, C Notes
Institutional Investors

Contributing Asset-holders

DBS
HSBC
MUFG
SMBC

Subordinated First Loss / "equity" piece (10% of the total offering) solely retained by Clifford Capital.
Take-Out Facility – Investment Highlights

The TOF allows institutional investors to invest into Project and Infrastructure Loans and benefit from Clifford Capital’s project finance and loan portfolio management expertise.

**KEY INVESTMENT HIGHLIGHTS**

- Diversified Portfolio of High-Quality Project & Infrastructure Loans
- Experienced and Dedicated Project Finance Specialist with Appropriate Alignment of Interests with Noteholders
- Multi-Layered Credit Approval Process
- High Quality Assets with Credit Enhancement Features
- Stable and Predictable Cash Flows

Opportunity to Invest in a Diversified, Credit Enhanced Project & Infrastructure Loan Portfolio in Asia Pacific and the Middle East
# Take-Out Facility – Transaction Overview

On 31 July 2018, Bayfront Infrastructure Capital Pte. Ltd. issued US$458m of notes to institutional investors – the first project & infrastructure securitisation in Asia

## Transaction Summary

<table>
<thead>
<tr>
<th>Overview</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateral Manager</td>
<td>Clifford Capital Pte. Ltd. (&quot;Clifford Capital&quot;)</td>
</tr>
<tr>
<td>Issuer</td>
<td>Bayfront Infrastructure Capital Pte. Ltd. (Singapore SPV)</td>
</tr>
<tr>
<td>Trustee</td>
<td>DB International Trust (Singapore) Limited</td>
</tr>
<tr>
<td>Transaction Administrator</td>
<td>Deutsche Bank AG, Singapore Branch</td>
</tr>
<tr>
<td>Issuance Size ($mm)</td>
<td>458.0</td>
</tr>
<tr>
<td>Format</td>
<td>RegS</td>
</tr>
<tr>
<td>Pricing / Closing Date</td>
<td>July 25th, 2018 / July 31st, 2018 (T+4)</td>
</tr>
<tr>
<td>Listing</td>
<td>Singapore Exchange (SGX)</td>
</tr>
<tr>
<td>Roles</td>
<td>Joint Global Coordinator – Citi, Standard Chartered Bank</td>
</tr>
<tr>
<td></td>
<td>Joint Lead Managers – DBS, SMFG, HSBC</td>
</tr>
<tr>
<td></td>
<td>Co-Manager – MUFG</td>
</tr>
</tbody>
</table>

## Capital Structure

<table>
<thead>
<tr>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
<th>Sub Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance ($mm)</td>
<td>320.6</td>
<td>72.6</td>
<td>19.0</td>
</tr>
<tr>
<td>Rating (Moody’s)</td>
<td>Aaa</td>
<td>Aa3</td>
<td>Baa3</td>
</tr>
<tr>
<td>Tranche %</td>
<td>70.0%</td>
<td>15.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Subordination</td>
<td>30.0%</td>
<td>14.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Margin (over 6mL)</td>
<td>L + 145bps</td>
<td>L + 195bps</td>
<td>L + 315bps</td>
</tr>
<tr>
<td>Weighted Average Life</td>
<td>3.7 years</td>
<td>8.5 years</td>
<td>9.8 years</td>
</tr>
<tr>
<td>Legal Final Maturity</td>
<td>January 11th, 2038 (~20 years)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Transaction Features

<table>
<thead>
<tr>
<th>Features</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinvestment Period</td>
<td>2 years until July 11th, 2020 (exclusive); limited replenishment permitted</td>
</tr>
<tr>
<td>Non-call Period</td>
<td>4 years until July 11th, 2022 (exclusive)</td>
</tr>
<tr>
<td>Notes Payment Sequence</td>
<td>Sequential repayment</td>
</tr>
</tbody>
</table>

## Key Transaction Highlights

- **First of its kind.** First ever securitisation of project & infrastructure finance loans out of the APAC
- **Unique investment opportunity.** Unique access to a diverse, seasoned portfolio of 37 loans against 30 marquee projects in APAC and the Middle East
- **Specialist sponsor.** Clifford Capital a project finance specialist acts as sponsor and collateral manager
- **Alignment of interest.** Clifford Capital is the investor in the 10% Sub Notes, ensuring alignment of interest between the collateral manager and investors
- **Quality collateral assets.** Underlying assets are contributed by leading APAC international commercial banking institutions. Each of the underlying loans assigned a Credit Estimate by Moody’s, with a weighted average rating factor of 722, equivalent to a Ba1 / Baa3 rating
- **Part of a larger initiative.** Solidifies Singapore’s position as a key project & infrastructure finance hub within APAC by leading the development of institutional capital markets as an alternative capital source for project finance
Take-Out Facility – Portfolio Overview

Underlying portfolio loans are sourced from leading commercial banking institutions, comprised of 37 PF and infrastructure loans diversified across 8 sectors with meaningful ECA/MFI coverage

Overview of Underlying Project Asset Pool

- 37 Project and Infrastructure loans in respect of 30 projects
  - 16 countries in 8 sectors
  - MFI and ECA covers further diversifies risk across 22 countries
- 38.2% of loans have credit-enhancement
  - 22.8% supported by export credit agencies (“ECAs”)
  - 15.4% supported by multilateral financial institutions (“MFIs”)
- Weighted average spread and weighted average life of c. 2.5% and c. 5.4 years, respectively

By Country of Project
Based on geographical project location

By Ratings Distribution
Based on Moody’s credit estimate

By Credit Enhancement

By Country of Risk
Based on ultimate source of payment risk

By Sector
Based on indicative sector categorisation

Note: Loan Portfolio and above statistics are indicative only and subject to change.

1 By Moody’s Rating Factor (please refer to Appendix 5 – Moody’s Rating Factor Matrix). Please note majority of 1,766 – 2,220 (Ba3 – B1) consists of loans with credit estimates of 1,766 (Ba3).
Take-Out Facility – Risk Mitigation

“Deep” Emerging Markets\(^1\) Exposure

- 36% of the portfolio is exposed to deep EM exposure
  - Deep EM countries include Bangladesh, Jordan, Mongolia, Papua New Guinea, Sri Lanka, and Vietnam
- Of the 36% portion located in deep EM jurisdictions, 27%p receive credit enhancing support in the form of ECA / MFI guarantees and B-Loans\(^2\)
- Only 2 loans in the portfolio (8% of total value) are “unwrapped” loans in deep EM
  - Both financings feature ECAs and / or DFIs in pari passu tranches, mitigating country / political risks

Commodity Price Exposure

- 34% of the portfolio is exposed to commodity price risk
  - This represents 5 projects only, comprised of marquee, world-class LNG, iron ore and copper-gold projects
- Remaining 66% projects are underpinned by robust availability-based / fixed-price offtake or charter contracts
- Of the 34% portion exposed to commodity price risk, 7%p receive comprehensive ECA / MFI guarantees
- Only 27% of the portfolio is “unwrapped” to commodity price exposure
- One of the loans within this portion enjoys explicit sponsor guarantee for a partial duration of the loan (during which c.80% of the loan amortizes). This exposure translates to 6%p

Construction Risk

- 24% of the portfolio nearing completion
- Of this, 5%p enjoy direct financial guarantees from the government while 19%p receive completion guarantees from reputable sponsors
- Entire portion under construction is supported by explicit and irrevocable sovereign / sponsor guarantees
- Additionally, 20%p enjoys credit enhancing support from ECA / MFI guarantees and B-loans\(^2\) on top of the guarantees

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\(^1\)Defined as countries rated Ba3 and below by Moody’s.

\(^2\)Includes ECA coverage, MIGA PRI and NHSFO guarantees and IFC B-Loan formats.

\(^3\)Includes ECA coverage and MIGA NHSFO guarantees only.
Take-Out Facility – Marketing and Allocations

**Marketing & Allocation Overview**

- Extensive investor pre-marketing was conducted across APAC (Singapore, Hong Kong, Japan, Korea, Philippines, Australia & New Zealand), Europe and the Middle East

- The transaction announced on July 17th with indication of interest (“IOI”) oversubscription for each of the classes

- Through comprehensive and strategic marketing process, the IOI-to-final order conversion rate was high

- Until pricing on July 25th, orders totalled over US$750mm from ~25 different investors, featuring notable sponsorship from high quality institutional buyer base not typically active in the structured financing / project & infrastructure finance space

- Class A was 2.0x oversubscribed, Class B 1.1x and Class C 1.4x

**Key Transaction Statistics**

- **Orderbook size: >US$750m**
- **Number of accounts: c. 25**

**Investor Breakdown – By Geography**

- Oceania 7%
- US 1%
- Singapore 26%
- Europe 22%
- Middle East 12%
- Rest of Southeast Asia 16%
- North Asia 16%

**Investor Breakdown – By Type**

- Bank Treasury 33%
- Insurance 22%
- Family Office / Private Banks 7%
- Asset Managers 21%
- Pension / Endowment 17%
- Bank

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