

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES ARE BEING OFFERED OR SOLD ONLY OUTSIDE THE UNITED STATES TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT AND THE LAWS OF THE JURISDICTION IN WHICH THOSE OFFERS AND SALES OCCUR. THIS INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THIS INFORMATION MEMORANDUM.

Confirmation of your Representation: In order to be eligible to view this information memorandum or make an investment decision with respect to the notes, investors must not be U.S. persons (within the meaning of Regulation S under the Securities Act). This information memorandum is being sent at your request and by accepting the e-mail and accessing this information memorandum, you shall be deemed to have represented to us that (1) you are not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase any notes described in this information memorandum, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of such information memorandum and any amendments and supplements thereto by electronic transmission.

By accepting this document and accessing this information memorandum, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the SFA), a relevant person (as defined in Section 275(2) of the SFA) or a person to whom an offer, as referred to in Section 275(1A) of the SFA is being made, and (B) agree to be bound by the limitations and restrictions described herein. Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

You are reminded that this information memorandum has been delivered to you on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this information memorandum, electronically or otherwise, to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Bayfront Infrastructure Management Pte. Ltd. in such jurisdiction.

This information memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Bayfront Infrastructure Management Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch or Standard Chartered Bank (Singapore) Limited or any person who controls Bayfront Infrastructure Management Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch or Standard Chartered Bank (Singapore) Limited or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the information memorandum distributed to you in electronic format and the hard copy version available to you on request. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



**BAYFRONT INFRASTRUCTURE**

## **BAYFRONT INFRASTRUCTURE MANAGEMENT PTE. LTD.**

*(incorporated with limited liability in Singapore with Company Registration No. 201937700G)*

**U.S.\$500,000,000 4.257 per cent. Notes due 2026 (the “Notes”)**

**guaranteed by**

**THE GOVERNMENT OF SINGAPORE**

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**Issue Price: 100.0 per cent.**

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Bayfront Infrastructure Management Pte. Ltd. (the “**Issuer**”, the “**Company**” or “**Bayfront**”) is offering US\$500,000,000 in aggregate principal amount of the Notes.

The Notes will be issued pursuant to a trust deed (the “**Trust Deed**”) dated on or about 16 May 2023 (the “**Issue Date**”), made between the Issuer and The Hongkong and Shanghai Banking Corporation Limited as trustee (the “**Trustee**”). The Notes will mature on 2026 and bear interest from and including the Issue Date at the rate of 4.257 per cent. per annum, payable in equal instalments semi-annually in arrear on 16 May and 16 November of each year, commencing on 16 November 2023.

The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding. The payment of principal sums and interest on principal sums (including interest owing on such interest) in respect of the Notes will be unconditionally and irrevocably guaranteed by The Government of Singapore (the “**Guarantor**”) subject to, and in accordance with, the terms of the second amended and restated guarantee deed poll entered into by the Guarantor on 18 January 2023 (the “**Guarantee**”) and the Creditor Nomination Letter in respect of the Notes (as described in the section “*Summary of the Guarantee*”) executed by the Guarantor on 26 April 2023. References in this Information Memorandum to the “**Guarantee**” shall, unless the context otherwise requires, be deemed to include Creditor Nomination Letter in respect of the Notes. There are limits on the amounts that are recoverable under the Guarantee. For a summary of the terms of, and certain risks relating to, the Guarantee, see “*Summary of the Guarantee*” and “*Risk Factors – Factors Relating to the Guarantee*”.

For a more detailed description of the Notes, see the section entitled “*Terms and Conditions of the Notes*” beginning on page 28.

**An investment in the Notes involves certain risks. For a discussion of these risks, see “*Risk Factors*”.**

Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Approval in-principle for the listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of Bayfront, the Guarantor or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum.

The Notes will be represented on issue by a permanent global certificate, in fully registered form, without interest coupon or principal receipts (the “**Global Certificate**”) deposited with, and registered in the name of, a common depository (or a nominee thereof) for Euroclear Bank SA/ NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except as described herein, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate. It is expected that delivery of the Global Certificate will be made on 16 May 2023 or such later date as may be agreed by the Issuer and the Joint Lead Managers.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may not be offered or sold in the United States or, in certain circumstances, to, or for the account or benefit of, U.S. persons (“**U.S. Persons**”, as defined in Regulation S under the Securities Act (“**Regulation S**”)) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Accordingly, the Notes are being offered and sold only to non-U.S. Persons in offshore transactions as defined in and in reliance on Regulation S. See “*Form of the Notes*” for a description of the manner in which Notes will be issued. The Notes are subject to certain restrictions on transfer, see “*Subscription and Sale*”.

The Notes are expected to be rated “AAA” by Standard & Poor’s Ratings Services. Such ratings of the Notes do not constitute any recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time.

**Joint Lead Managers**



The date of this Information Memorandum is 9 May 2023.

Bayfront accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of Bayfront (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*”. This Information Memorandum must be read and construed together with any amendments or supplements hereto.

The only persons authorised to use this Information Memorandum in connection with an offer of Notes are the persons named herein as the Joint Lead Managers.

None of the Joint Lead Managers, the Trustee, the Principal Paying Agent (as defined below), the Transfer Agent (as defined below) or the Registrar (as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by Bayfront or the Guarantor in connection with the Notes. None of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by Bayfront or the Guarantor in connection with the Notes. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar or on their behalf in connection with Bayfront, the Guarantor or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar accordingly disclaims all and any liability, whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

No person is or has been authorised by Bayfront, the Guarantor, any of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Bayfront, the Guarantor, any of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar.

Neither this Information Memorandum nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by Bayfront, the Guarantor, any of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar that any recipient of this Information Memorandum or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of Bayfront and/or the Guarantor. Neither this Information Memorandum nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of Bayfront or the Guarantor, any of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning Bayfront and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar expressly do not undertake to review the financial condition or affairs of Bayfront or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

**The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or, in certain circumstances, to, or for the account or benefit of, U.S. Persons (see “*Subscription and Sale*”). Accordingly, the Notes are being offered and sold only to non-U.S. Persons in offshore transactions as defined in and in reliance on Regulation S.**

**The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of notes or the accuracy or the adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.**

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Bayfront, the Guarantor, the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar do not represent that this Information Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Bayfront, the Guarantor, the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar which is intended to permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of the Notes in the United States, the European Economic Area (including France and Italy) (the “**EEA**”), the United Kingdom (the “**UK**”), Japan, Hong Kong, Singapore and Korea, see “*Subscription and Sale*”.

## PRESENTATION OF INFORMATION

The audited financial statements for the period from 8 November 2019 to 31 December 2020, FY2021 and FY2022 included in this Information Memorandum have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) and International Financial Reporting Standards (“**IFRSs**”). SFRS(I)s are issued by the Accounting Standards Council, and comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are hereafter referred to as “**SFRS(I)**” in this Information Memorandum unless otherwise specified.

In this Information Memorandum, references to:

- the “**Government**” refer to the Government of Singapore;
- the “**Group**”, “**we**”, “**our**” or “**us**” refer to Bayfront together with its consolidated subsidiaries. As at the date of this Information Memorandum, the subsidiaries of Bayfront are BIM Asset Management Pte. Ltd. (“**BIMAM**”), Bayfront Infrastructure Capital Pte. Ltd. (“**BIC I**”), Bayfront Infrastructure Capital II Pte. Ltd. (“**BIC II**”), and Bayfront Infrastructure Capital III Pte. Ltd. (“**BIC III**”);
- “**US dollars**”, “**U.S. dollars**”, “**US\$**” and “**U.S.\$**” refer to United States dollars; and
- “**FY**” refer to the respective financial years of Bayfront ended 31 December.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

The websites referenced in this Information Memorandum are intended as guides as to where other public information relating to the Guarantor may be obtained. Information appearing in such websites does not form part of this Information Memorandum and none of Bayfront, the Joint Lead Managers or the Trustee accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum, statements made in press releases and oral statements that may be made by Bayfront, the Guarantor or each of their respective officers, directors or employees acting on Bayfront’s or the Guarantor’s behalf that are not statements of historical fact constitute “forward-looking statements”. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding the financial position of the Group, business strategy plans and objectives of management for future operations, are forward-looking statements.

Prospective investors can identify some of these forward-looking statements by terms such as will, would, aim, aimed, is likely, are likely, believe, expect, expected to, will continue, anticipated, estimate, estimating, intend, plan, seeking to, future, objective, should, can, could, may or similar words. However, investors should note that these words are not the exclusive means of identifying forward-looking statements.

All statements regarding Bayfront’s or the Group’s expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause Bayfront’s or the Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

All forward-looking statements speak only as at the date of this Information Memorandum. Given the risks and uncertainties that may cause Bayfront’s or the Group’s actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Information Memorandum, prospective investors are advised not to place undue reliance on those statements. Bayfront makes no representation or warranty that its actual future results, performance or achievements, or that of the Group’s, will be as discussed in those statements. Each of Bayfront and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Bayfront’s or the Guarantor’s expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

## NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

This Information Memorandum has been prepared on the basis that any offer of Notes in any member state of the European Economic Area (the “**EEA**” will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”)) from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in a Member State of the EEA of Notes that are the subject of an offering contemplated in this Information Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to publish a prospectus pursuant to the Prospectus Regulation in relation to such offer. This Information Memorandum is not a prospectus for the purpose of the Prospectus Regulation.

**Prohibition of Sales to EEA Retail Investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Information Memorandum has been sent to you in the belief that you are (a) a person in member states of the EEA that is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation and (b) a person to whom the document can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return or, in the case of an electronic transmission, delete the document immediately.

## NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE NOTES MUST NOT BE OFFERED OR SOLD AND THE DISTRIBUTION OF THIS INFORMATION MEMORANDUM AND ANY OTHER DOCUMENT IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE NOTES MUST NOT BE ISSUED OR PASSED ON TO PERSONS IN THE UNITED KINGDOM EXCEPT TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE PERSONS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“**FSMA**”) (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2) (a) TO (d) OF THE ORDER; OR (III) ARE PERSONS TO WHOM THIS INFORMATION MEMORANDUM OR ANY OTHER SUCH DOCUMENT MAY OTHERWISE LAWFULLY BE ISSUED OR PASSED ON (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

A PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS INFORMATION MEMORANDUM OR ANY OF ITS CONTENTS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS INFORMATION MEMORANDUM RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

This Information Memorandum has been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended, the “**UK Prospectus Regulation**”) from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the United Kingdom of Notes that are the subject of an offering contemplated in this Information Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to publish a prospectus pursuant to the UK Prospectus Regulation in relation to such offer. This Information Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

**Prohibition of Sales to UK Retail Investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### **SECTION 309B NOTIFICATION**

The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE TO PROSPECTIVE INVESTORS**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are “capital market intermediaries” (“**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**Code**”). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMI, which require the attention and cooperation of prospective investors. Certain CMI may also be acting as “overall coordinators” (“**OC**s”) for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMI). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMI in accordance with the Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.



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**In connection with this offering, any of the Joint Lead Managers appointed as and acting in its capacity as the stabilising manager (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**

## SUMMARY

*The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Information Memorandum, including the sections “Risk Factors” and “Description of the Issuer”.*

### INTRODUCTION AND BACKGROUND

Bayfront is a Singapore-based entity with a mandate to invest in and distribute project and infrastructure loans and bonds in the Asia Pacific and Middle East regions. Bayfront was established in connection with the Infrastructure Take-Out Facility initiative sponsored by the Monetary Authority of Singapore (“MAS”), which was designed to help mobilise institutional capital for infrastructure debt in Asia.

The establishment of Bayfront builds on the successful issuance of Asia’s first securitisation of project and infrastructure loans through BIC I in 2018. BIC I served as proof of concept of a viable structure to mobilise institutional capital for infrastructure debt in Asia-Pacific and the Middle East, demonstrating the viability of the Infrastructure Take-Out Facility concept. This was followed by the subsequent issuance of US\$401.2 million in infrastructure asset-backed securities (“IABS”) and preference shares by BIC II in June 2021 which was sponsored by Bayfront and featured the first publicly issued securitisation sustainability tranche backed by green and social assets meeting the eligibility criteria specified in Bayfront’s Sustainable Finance Framework, and by the most recent issuance of US\$404.5 million in IABS and preference shares by BIC III in September 2022, which similarly featured a dedicated sustainability tranche backed by eligible green and social assets.

The ordinary shares in Bayfront’s share capital are 100 per cent. held by Clifford Capital Holdings Pte. Ltd. (“CCH”) and the preference shares in Bayfront’s share capital are 100 per cent. held by Asian Infrastructure Investment Bank (“AIIB”).

Bayfront also enjoys strong sponsorship from the Government of Singapore and the MAS. In April 2020, the Government of Singapore, through the Ministry of Finance, entered into a guarantee framework agreement (as such agreement may be amended from time to time) with Bayfront to provide a US\$2.0 billion guarantee comprising US\$1.8 billion principal and US\$0.2 billion interest limits in respect of Bayfront’s debt instruments, loans or other credit or liquidity facilities.

### BUSINESS MODEL, STRATEGY AND BUSINESS ACTIVITIES

Bayfront focuses on acquiring predominantly brownfield project and infrastructure loans and bonds from financial institutions, warehousing and managing them with the primary objective of distributing securitised notes known as IABS to institutional investors. Bayfront sponsors, structures and manages such distribution issuances, and invests in the equity tranches of its securitisation issuances for alignment of interest with investors.

#### Takeout Eligibility Framework

Bayfront’s Takeout Eligibility Framework governs the criteria applied by Bayfront in originating and implementing loan take-outs from banks and other lenders. The framework consists of a robust set of selection criteria, rigorous due diligence parameters, a take-out commitment mechanism and acceptance tests. Bayfront’s Takeout Eligibility Framework has been designed with a view to encourage loan originations by Bayfront’s partner banks by clarifying the criteria for a takeout of a given project or infrastructure loan or bond, and thereby providing increased certainty as to the likelihood of an eventual takeout.

As part of its engagement strategy with financial institutions, Bayfront has entered into memoranda of understanding with a group of 26 banks, all of which are active players in the regional project finance and infrastructure financing landscape.<sup>1</sup> Although these memoranda of understanding do not constitute a legally binding commitment on the part of Bayfront to acquire any loan or bond, nor on the part of any bank to present any loan or bond to Bayfront for consideration or transfer, Bayfront has put these arrangements into place in order to align the understanding between each bank and Bayfront for future collaboration on the take-out

<sup>1</sup> For the list of banks, refer to Bayfront’s website at <https://www.bayfront.sg/>.

mechanism for project and infrastructure loans and bonds, including the key principles and criteria for potential transfers of project and infrastructure loans and bonds from each bank to Bayfront. Bayfront intends to continue to expand this network of bank partnerships going forward.

### **Warehousing Facility**

Following its identification of eligible project loans and bonds for IABS issuances through the Takeout Eligibility Framework, Bayfront initiates the acquisition of loans and bonds, and warehouses the acquired loans and bonds on its own balance sheet (the “**Warehousing Portfolio**”), pending the completion of the buildout of each IABS Portfolio (defined below at “– *Distribution Platforms*”). Bayfront’s warehousing facility permits it to provide additional certainty of takeout to its partner banks while allowing it to accumulate a full portfolio of loans and bonds to support an issuance of IABS. The warehousing function also permits Bayfront to hold the acquired loans and bonds through periods of adverse market conditions, thereby giving it the flexibility to capitalise on optimal market conditions to launch a distribution transaction.

### **Distribution Platforms**

The final stage of Bayfront’s business model entails the development and implementation of distribution platforms to act as issuers of IABS to institutional investors.

Each issuance of IABS is issued by a different special purpose vehicle (each a “**Distribution SPV**”), and collateralised by a specific portfolio of infrastructure loans and/or bonds (each an “**IABS Portfolio**” and the debt assets within such Portfolio each being a “**Collateral Obligation**”). Each issuance of IABS is backed by cash flows from the relevant IABS Portfolio relating to such issuance. Through the issuance of IABS, Bayfront aims to provide investors with exposure to a diversified portfolio of project and infrastructure loans and bonds across multiple geographies and sectors, and address Asia-Pacific’s infrastructure financing gap by creating a new asset class, mobilising a new pool of institutional capital and unlocking and recycling bank capital. While the debt assets acquired for purposes of past IABS issuances have comprised only project and infrastructure loans, to further scale up its business, Bayfront commenced its project bonds strategy in FY2023 to invest into liquid project infrastructure bonds in order to widen its product offering to institutional investors by potentially securitising such bonds with other loan assets in future securitisations. Debt assets considered by Bayfront are within the broader infrastructure ambit, including conventional power and utilities, renewable energy, liquified natural gas (“**LNG**”), oil and gas, energy shipping, transportation, telecommunications, hospitals, metals and mining sub-sectors.

The first distribution platform culminated in July 2018 with the issuance by BIC I, marking Asia’s first successful securitisation of project finance and infrastructure loans. The second distribution platform materialised in June 2021 with the issuance of US\$401.2 million in IABS and preference shares by BIC II. This was followed by the third distribution platform which materialised in September 2022 with the issuance of US\$404.5 million in IABS and preference shares by BIC III. Bayfront also seeks to invest in the equity tranches or vertical slices of these securitisation issuances to demonstrate alignment of interest with investors.

In line with its broader mandate of mobilising institutional capital for project and infrastructure loans and bonds, Bayfront may also consider other distribution formats in addition to securitisations, and intends to build out its distribution platform to explore a variety of financing solutions in the future.

BIMAM, a wholly-owned subsidiary of Bayfront, is appointed by Bayfront pursuant to the asset management agreement (the “**Asset Management Agreement**”) dated 30 March 2020 between BIMAM and Bayfront to provide certain asset management services in relation to the acquisition and warehousing of project and infrastructure loans and bonds, securitisations and other distribution formats, and act as a collateral manager for future issuances of IABS.

Bayfront aims to continue working closely with its stakeholders to gain greater access to project and infrastructure loans and bonds, reach out to a wider network of institutional investors and reinforce Singapore’s status as a leading infrastructure financing hub in Asia.

**Base Portfolio**

Bayfront acquires loan assets on a take-and-hold basis (the “**Base Portfolio**”). Bayfront established the Base Portfolio in FY2022 for purposes of generating net interest income over a long term basis to sustain its operations. These relate to loans that finance operational projects or companies in the business of infrastructure development, have minimum credit ratings of Baa3 or equivalent, and have remaining terms of 10 years or less at the time the loan is acquired.

## THE OFFERING

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum. For a more complete understanding of the Notes, see “Terms and Conditions of the Notes”.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

Issuer:	Bayfront Infrastructure Management Pte. Ltd.
Guarantor:	The Government of Singapore
Risk Factors:	There are certain factors that may affect Bayfront’s ability to fulfil its obligations under the Notes. These are set out under “ <i>Risk Factors</i> ” below. There are also certain factors that relate to the Guarantee. These are also set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “ <i>Risk Factors</i> ” below.
Notes:	U.S.\$500,000,000 4.257 per cent. Notes due 2026
Issue Price:	The Notes will be issued at 100.0 per cent. of their principal amount.
Maturity:	16 May 2026
Issue Date:	16 May 2023
Joint Lead Managers:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch  Standard Chartered Bank (Singapore) Limited
Trustee:	The Hongkong and Shanghai Banking Corporation Limited
Principal Paying Agent:	The Hongkong and Shanghai Banking Corporation Limited
Registrar and Transfer Agent:	The Hongkong and Shanghai Banking Corporation Limited
Status of the Notes:	The Notes are direct, unconditional, unsubordinated and unsecured obligations of Bayfront and rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of Bayfront, from time to time outstanding.
Guarantee:	The payment of principal sums and interest on principal sums (including interest owing on such interest) in respect of the Notes has been guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are direct, unconditional and unsecured obligations of the Guarantor. However there are limits on the amounts that are recoverable under the Guarantee. For a summary of the terms of, and certain risks relating to, the Guarantee, see “ <i>Summary of the Guarantee</i> ” and “ <i>Risk Factors – Factors Relating to the Guarantee</i> ”.
Form of and Denomination of Notes:	The Notes will be issued in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Notes will be represented on issue by a Global Certificate, in fully registered form, without interest coupons or principal receipts, deposited with, and registered in the name of a common depository (or a nominee thereof) for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Global Certificate may at any time be held only through, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg. See “*Form of the Notes*” and “*Clearing and Settlement*”. Interests in any Note may not at any time be held by any U.S. Person or U.S. resident.

Except in the limited circumstances described herein, the Notes in definitive certificated form (“**Definitive Certificates**”) will not be issued in exchange for beneficial interests in the Global Certificate. See “*Form of the Notes – Exchange for Definitive Certificates*”.

Interest:

The Notes bear interest from and including the Issue Date at the rate of 4.257 per cent. per annum, payable in equal instalments semi-annually in arrear on 16 May and 16 November of each year, commencing on 16 November 2023.

Final Redemption:

Save to the extent previously redeemed in full or purchased and cancelled, the Notes will be redeemed on the Maturity Date at their redemption price, being 100.0 per cent. of the aggregate principal amount outstanding at that time thereof (if any), together with any accrued and unpaid interest in respect thereof to the relevant day of redemption.

Redemption for tax reasons:

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14 of the Terms and Conditions of the Notes, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that, as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Terms and Conditions of the Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) the Notes have ceased to qualify as “qualifying debt securities” for the purposes of the Income Tax Act 1947 of Singapore,

provided that, in the case of (i) above, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Notes redeemed pursuant to this provision will be redeemed at their Early Redemption Amount.

“**Tax Jurisdiction**” means Singapore or any political subdivision or any authority thereof or therein having power to tax.

Automatic Redemption following a Missed Payment Event:

If prior to the Maturity Date, a Missed Payment Event has occurred, the Issuer may remedy such Missed Payment Event by making full payment of the Missed Payment Remedy Amount (as defined elsewhere in the Terms and Conditions of the Notes) prior to 5.00 p.m. (Singapore time) on the fifth Business Day (as defined in the Terms and Conditions of the Notes) after the date on which a Missed Payment Event has occurred (the “**Trigger Due Date**”). If the Issuer fails to make full payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date, the Early Redemption Amount in respect of each Note together with interest (if any) accrued to (but excluding) the Trigger Due Date shall be deemed to be due and payable by the Issuer on the Trigger Due Date, whereupon each Note shall be redeemed on the Guarantor Payment Date (as defined elsewhere in this Information Memorandum) by payment by the Guarantor of an amount equal to its Early Redemption Amount together with interest (if any) accrued to (but excluding) the Guarantor Payment Date (as defined elsewhere in this Information Memorandum).

“**Missed Payment Event**” means the non-payment (not taking into account any grace period) of any principal or interest in respect of the Notes by the Issuer on the date on which such principal or interest first falls due for payment or first becomes (whether through an acceleration of payment or otherwise) due and payable in accordance with the Terms and Conditions of the Notes.

See “*Terms and Conditions of the Notes – Condition 5(c) (Automatic Redemption following a Missed Payment Event)*” for further details.

Interest Accrual on the Notes:

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event, interest will continue to accrue (both before and after judgement) to (but excluding) whichever is the earliest of:

- (a) the date on which all amounts due in respect of such Note have been paid;
- (b) as provided in Clause 2.2 of the Trust Deed<sup>2</sup>; and

<sup>2</sup> Clause 2.2 of the Trust Deed provides (amongst other things) that:

- (a) in the case of any payment of principal or premium (if any) which is not made to the Trustee or the Principal Paying Agent on or before the due date, interest shall continue to accrue on the outstanding nominal amount of the Notes and shall accrue on such premium (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid up to (but excluding) the earlier of (i) the date which the Trustee determines to be the date on and after which payment is to be made in respect thereof as stated in a notice given to the holders of such Notes (such date to be not later than seven days after the day on which the whole of such principal amount and premium (if any), together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Trustee or the Principal Paying Agent), and (ii) the last day of the Demand Period (as defined elsewhere in this Information Memorandum); and
- (b) in any case where payment of the whole or any part of the principal amount of or premium (if any) on any Note is improperly withheld or refused upon due presentation thereof (other than in circumstances contemplated by (a) above) interest shall accrue on the outstanding nominal amount of such Note or premium payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid from and including the date of such withholding or refusal up to (but excluding) the earlier of (i) the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in US dollar in respect of such Note is made or (if earlier) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 14 of the Terms and Conditions of the Notes) that the full amount (including interest as aforesaid) in US dollar in respect of such Note is available for payment, provided that, upon further presentation thereof being duly made, such payment is made, and (ii) the last day of the Demand Period.

(c) the last day of the Demand Period (as defined elsewhere in this Information Memorandum).

See “*Risk Factors – The Notes are subject to automatic redemption and cessation of interest accrual following the occurrence of an unremedied Missed Payment Event*”, “*Missed Payment Event*”, “*Terms and Conditions of the Notes – Condition 4(b) (Interest Accrual on the Notes)*” and “*Terms and Conditions of the Notes – Condition 5(c) (Automatic Redemption following a Missed Payment Event)*” for further details.

**Taxation:**

All payments of principal and interest in respect of the Notes by Bayfront will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, Bayfront will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction, save in certain limited circumstances provided in Condition 7.

All payments made by the Guarantor under the Guarantee will be made subject to deduction for or on account of withholding taxes imposed by any Tax Jurisdiction. In the event that any such deduction is made, the Guarantor will not be required to pay additional amounts to cover the amounts so deducted.

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 9 of the Terms and Conditions of the Notes.

**Rating:**

The Notes are expected to be rated “AAA” by Standard & Poor’s Ratings Services.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing and admission to trading:**

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Approval in-principle for the listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of Bayfront, the Guarantor or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum.

**Clearing Systems / Clearance and Settlement:**

Euroclear and Clearstream

The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code 259908787 and the ISIN for the Notes is XS2599087876.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law.

The Guarantee is governed by, and shall be construed in accordance with, Singapore law.



Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including France and Italy), the UK, Japan, Hong Kong, Singapore and Korea, and such other restrictions as may be required in connection with the offering and sale of the Notes, see “*Subscription and Sale*”.

United States Selling Restrictions:

Regulation S, Category 2.

## SUMMARY FINANCIAL INFORMATION

The following tables present the summary financial information for Bayfront as at and for the periods indicated. Bayfront was incorporated on 8 November 2019, and accordingly financial information relating to Bayfront is only available in respect of the period beginning on or after 8 November 2019.

The summary financial information as at 31 December 2020, 2021 and 2022 and for the period from 8 November 2019 to 31 December 2020, FY2021 and FY2022 has been derived from Bayfront's audited financial statements and should be read in conjunction with such audited financial statements as at 31 December 2020, 2021 and 2022 and for the period from 8 November 2019 to 31 December 2020, FY2021 and FY2022 and the notes thereto, which are included elsewhere in this Information Memorandum.

The audited financial statements as at 31 December 2020, 2021 and 2022 and for the period from 8 November 2019 to 31 December 2020, FY2021 and FY2022 included in this Information Memorandum have been prepared in accordance with SFRS(I)s and IFRSs.

### Statements of financial position

	Group			Company		
	As at 31 December					
	2022	2021	2020	2022	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>						
Cash and cash equivalents	94,874	86,961	6,518	30,547	17,686	5,973
Loans and advances	1,303,976	730,218	376,253	605,892	402,958	376,253
Other assets	14,229	2,549	1,387	7,353	1,316	963
Intangible assets	47	91	136	–	–	–
Derivative financial assets	2,496	91	–	–	–	–
Investment in subsidiaries	–	–	–	70,332	40,124	*
<b>Total assets</b>	1,415,622	819,910	384,294	714,124	462,084	383,189
<b>Liabilities</b>						
Loans and borrowings	1,230,681	699,358	285,700	540,355	339,940	285,700
Provision	878	395	–	–	–	–
Other liabilities	18,164	5,425	1,722	2,703	109	303
<b>Total liabilities</b>	1,249,723	705,178	287,422	540,058	340,049	286,003
<b>Equity</b>						
Share capital	160,000	115,000	90,000	160,000	115,000	90,000
Reserves	–	–	8,365	10,314	8,952	8,365
Accumulated profits/(losses)	5,899	(268)	(1,493)	752	(1,917)	(1,179)
<b>Total equity</b>	165,899	114,732	96,872	171,066	122,035	97,186
<b>Total liabilities and equity</b>	1,415,622	819,910	384,294	714,124	462,084	383,189

\* Less than US\$1,000

## Consolidated statement of comprehensive income

	FY2022	FY2021	Period from 8 November 2019 (date of incorporation) to 31 December 2020
	US\$'000	US\$'000	US\$'000
Interest income	48,154	13,339	3,234
Interest expense	(28,433)	(4,446)	(487)
<b>Net interest income</b>	19,721	8,893	2,747
Fee income	161	276	257
Other income	43	53	69
<b>Total other operating income</b>	204	329	326
<b>Net operating income</b>	19,925	9,222	3,073
Staff costs	(3,656)	(3,451)	(1,910)
Other operating expenses	(6,825)	(3,777)	(1,697)
<b>Total operating expenses</b>	(10,481)	(7,228)	(3,607)
Impairment loss on loans and advances	(3,277)	(769)	(959)
<b>Profit/(Loss) before income tax</b>	6,167	1,225	(1,493)
Income tax expense	–	–	–
<b>Profit/(Loss) for the year/period</b>	6,167	1,225	(1,493)
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Loans and advances – net change in fair value	–	(8,365)	8,365
<b>Other comprehensive income for the year/period, net of tax</b>	–	(8,365)	8,365
<b>Total comprehensive income for the year/period</b>	6,167	(7,140)	6,872

## RISK FACTORS

*In purchasing the Notes, investors assume the risk that Bayfront may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in Bayfront becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as Bayfront may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside Bayfront's control. Bayfront has identified in this Information Memorandum a number of factors which could materially adversely affect its business and its ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the Guarantee and the market risks associated with the Notes are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT BAYFRONT'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES**

#### **Bayfront is a recently organised corporation with a brief operating history and therefore has limited historical financial information or operating data from which investors can evaluate its future prospects**

Given that Bayfront was incorporated on 8 November 2019, investors have limited historical financial information or operating data upon which to evaluate its operating history and prospects. There can be no assurance that Bayfront will be able to implement its business objectives, that any of its objectives will be achieved or that it will be able to operate profitably. Bayfront's operational results will depend on various factors, some of which may be beyond its control, including the availability of market opportunities, the ability of Bayfront to capitalise on any such opportunities, the level of volatility of interest rates, the availability of adequate financing, its ability to attract and retain key personnel, its relationship with founding shareholders, conditions in the financial markets and other economic conditions.

#### **Bayfront focuses on acquiring, warehousing and managing project and infrastructure loans and bonds with the primary objective of distributing securitised notes to investors, and Bayfront's business, financial condition and results of operations are therefore heavily reliant on the availability of suitable project and infrastructure loans and bonds to be acquired for this purpose**

Bayfront's mandate is to invest in and distribute project and infrastructure loans and bonds in the Asia Pacific and Middle East regions. Bayfront focuses on acquiring predominantly brownfield project and infrastructure loans and bonds from financial institutions, warehousing and managing them with the primary objective of distributing securitised notes known as IABS to institutional investors. Bayfront sponsors, structures and manages such distribution issuances, and invests in the equity tranches of these securitisation transactions for alignment of interest with investors. While the debt assets acquired for purposes of past IABS issuances have comprised only project and infrastructure loans, to further scale up its business, Bayfront commenced its project bonds strategy in FY2023 to invest into liquid project infrastructure bonds in order to widen its product offering to institutional investors by potentially securitising such bonds with other loan assets in future securitisations. Debt assets considered by Bayfront are within the broader infrastructure ambit, including conventional power and utilities, renewable energy, LNG, oil and gas, energy shipping, transportation, telecommunications, hospitals, metals and mining sub-sectors.

Bayfront derives net interest income from portfolio assets which are acquired and held on its balance sheet on a take-and-hold basis (comprising the Base Portfolio) and for warehousing purposes prior to injection into the relevant Distribution SPV in respect of each IABS issuance (comprising the Warehousing Portfolio). Bayfront in turn derives returns on its investment in the equity tranches of its IABS transactions and BIMAM (a subsidiary of Bayfront) receives collateral management fees for its services rendered in respect of each IABS issuance.

Bayfront's business, financial condition and results of operations are therefore heavily reliant on the availability of suitable project and infrastructure loans and bonds to be acquired. While Bayfront has entered into memoranda of understanding with a group of 26 banks to collaborate on the take-out mechanism for project and infrastructure loans and bonds, there is no assurance that Bayfront will be successful in securing suitable project and infrastructure loans and bonds on a regular basis or at all.

Any material or prolonged delay in the acquisition of suitable assets would have an impact on the net interest income attributable to the Warehousing Portfolio and the Base Portfolio, Bayfront's investment in the equity tranches of its IABS transactions, as well as the collateral management fees payable to BIMAM. Such delay may impact its business, financial condition, results of operations and prospects. Bayfront's business and earnings are affected by general business, financial market, economic and geopolitical conditions throughout the world, which could have a material adverse effect on its results of operations.

Bayfront's business and earnings are affected by global business, financial market, economic and geopolitical conditions. Bayfront may be adversely affected by a recession or worsening of general business, economic and geopolitical conditions, such conditions including the level and volatility of short-term and long-term interest rates, inflation shocks, magnitude of monetary policy tightening by the U.S. Federal Reserve and other central banks, employment levels, bankruptcies, volatility in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor confidence and the strength of the global economy and the local economies in which Bayfront operates.

**Bayfront's business and prospects may be adversely affected by natural disasters and the occurrence of epidemics, pandemics and other outbreaks of contagious diseases**

Natural disasters and epidemics that are beyond Bayfront's control may adversely affect the economy, infrastructure and livelihood of the people in those affected countries or regions. Some countries or regions where Bayfront operates or seeks to acquire project and infrastructure loans and bonds face threats of floods, earthquakes, sandstorms, snowstorms, fires and droughts, and epidemics. An outbreak of an epidemic, or the measures taken by the governments of affected countries, including Singapore, against such an outbreak, could severely disrupt Bayfront's business operations and undermine investor confidence, thereby materially and adversely affecting its financial condition or results of operations.

**Bayfront is dependent on access to external sources of funding to finance its future growth and to acquire and maintain assets necessary to run its business**

Bayfront may require significant financing to purchase assets, to fund any future investments or acquisitions or to refinance existing debt obligations. An interruption of Bayfront's access to the credit markets or a significant increase in Bayfront's cost of funding could materially increase its interest expense and impair its ability to compete effectively. Further, the availability of financing from banks and the capital markets is necessary for Bayfront to fund organic growth or make new acquisitions and investments. Such financing may not be available in the future or at a reasonable cost, which would have a significant impact on Bayfront's business activities. In addition, the ongoing volatility in the international capital markets has also led to reduced liquidity and increased credit risk premiums for certain market participants, and has increased the risk involved in procuring financing. Any failure to secure financing on reasonable terms could materially affect Bayfront's success in pursuing its business strategy and may adversely affect its business, financial condition, results of operations and prospects.

**Bayfront is exposed to interest rate risk**

Bayfront is exposed to interest rate risk arising from mismatches in the interest rate profile of its assets and liabilities. These mismatches could arise from different tenor profiles and the use of different interest rate benchmarks. Bayfront may enter into hedging transactions to limit exposure to interest rate mismatches at a portfolio level, but there is no assurance that it can completely hedge all interest rate mismatches and/or do so on competitive pricing terms.

In addition, a change in interest rates could affect interest income derived from Bayfront's interest-bearing assets or Bayfront's borrowing costs and thereby affect Bayfront's profitability. While Bayfront typically enters into hedging transactions to protect itself from the effects of interest rate fluctuations, there can be no assurance that such hedging transactions would be available in all cases (in particular, during periods of volatile interest rates) or, if available, that such hedging transactions could be entered into on terms which are commercially acceptable to Bayfront. In the event that Bayfront is unable to adequately hedge its interest rate exposure, any change in interest rates, especially for a prolonged period, could have an adverse effect on Bayfront's business, financial condition and results of operations.

**Bayfront is exposed to counter-party risks**

Bayfront may enter into various transactions which will expose it to the credit of its counter-parties and their ability to satisfy the terms of such contracts.

Bayfront's primary business involves acquiring, warehousing and managing project and infrastructure loans and bonds and it is thus exposed to credit risks from such project and infrastructure loans and bonds. The credit risk for the Group includes the exposure to obligations across the Warehousing Portfolio, Base Portfolio and IABS Portfolios (together the "**Bayfront Portfolio**").

The projects and the issuers of the various obligations are subject to significant regulatory, development, operating and market risk (including those arising from political or economic conditions in the relevant jurisdiction), and may experience unexpected disruptions that are beyond their control. The occurrence of one or more of such risks may (alone or in the aggregate) have an impact on the operations and/or financial condition of the project which, in turn, could materially affect the performance of the obligations. A material payment default under one or more of the proportionally larger obligations could have a material and adverse impact on the consolidated financials of the Group. The obligations are subject to concentration risk which may be highly correlated with particular geographic regions or industries. The concentration of the Bayfront Portfolio in any one industry or country would subject the Group to a greater degree of risk with respect to economic downturns relating to such industry or country and could accordingly have a material and adverse impact on the performance of the obligations. The negative impact of the obligations on the performance of the Bayfront Portfolio may have a material adverse effect on Bayfront's financial condition and results of operations.

In addition, Bayfront may enter into derivative transactions (for example, to manage exposure to interest rate and foreign currency risks), which exposes it to the risk that the counter-party may default on its obligations to perform under the relevant contract. Bayfront's surplus funds may be invested in interest-bearing deposits with financial institutions. In the event a counter-party, including a financial institution, is declared bankrupt or becomes insolvent, this may have a material adverse effect on Bayfront's financial condition and results of operations.

#### **Bayfront is exposed to change in valuation of certain financial instruments recorded at fair value**

The fair value of a financial asset classified as held to collect contractual cash flows and sales or designated as such upon initial recognition is determined based on quoted market price at the balance sheet date if it is traded in active market. If the market for a financial asset is not active, Bayfront establishes fair value by using valuation techniques based on discounted cash flow analysis. Factors such as model assumptions, change in the risk profile of underlying assets, change in market yields, market dislocations and unexpected correlation shifts can materially affect these estimates and the resulting fair value estimates which are charged to the reserves.

#### **Bayfront operates in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations may be uncertain**

Bayfront may face difficulties when it operates in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations (including but not limited to laws and regulations relating to ownership of, and title to, property and assets) may be uncertain or unclear and may be subject to considerable discretion. The application of such laws and regulations may depend, to a large extent, upon subjective criteria such as good faith of the parties to the transaction and principles of public policy. Interpretation of, compliance with and enforcement of judicial or regulatory decisions, rulings, directives or guidelines may be uncertain or unclear, and the consequences thereof may not be manageable or predictable. Judicial decisions may not be systematically and publicly available and may not constitute binding precedent. Enforcement of laws and regulations may not be well established. There may not be public consultation or notice prior to changes in interpretation, application and enforcement of laws and regulations. Where the interpretation, application and enforcement of laws and regulations may be subject to uncertainty and considerable discretion, it could in practice lead to a challenging operating environment, increasing the difficulties involved in planning and managing a business. Failure to establish or enforce ownership of, or title to, property or assets acquired by Bayfront could have a material adverse effect on Bayfront's business, financial condition, results of operations and prospects.

#### **In providing financing Bayfront may be exposed to obligations and liabilities**

Bayfront may, in acquiring and warehousing project and infrastructure loans and bonds, provide financing to projects and entities which carry out businesses which are subject to a variety of laws and regulations. There is no assurance that Bayfront would not be exposed to obligations and liabilities arising from providing financing. For example, where the financing provided by Bayfront is secured by assets and Bayfront proceeds to take possession of such assets due to an enforcement of such security, Bayfront may become, directly or indirectly,

liable for ensuring compliance with laws and regulations arising from such possession. These laws and regulations could relate to, among others, environmental and corporate social responsibility issues. Bayfront may provide financing in jurisdictions where the applicable laws and regulations could become more stringent in the future as they develop over time. Any claims against Bayfront, or the failure by Bayfront to comply with applicable laws or regulations, could result in the assessment of damages, the imposition of fines or the suspension or cessation of relevant operations, and which could have a material adverse effect on Bayfront's business, financial condition, results of operations and prospects.

#### **Bayfront is affected by political, economic and regulatory conditions in Singapore and elsewhere**

Changes in political, economic and regulatory conditions in Singapore and in the countries in which Bayfront has and/or may have operations or has acquired and/or may seek to acquire project and infrastructure loans and bonds could materially and adversely affect its financial and business condition and prospects.

Amongst the political, economic and regulatory uncertainties are changes in political leadership, changes in currency exchange rates and interest rates, changes in political or economic conditions, trade protection measures and import or export restrictions, negative consequences from changes in tax laws and unexpected changes in regulatory requirements. Any adverse changes in such political, economic or regulatory conditions could have an adverse effect on Bayfront's business, financial condition, results of operations and prospects.

#### **Bayfront may suffer losses that are not covered by insurance**

Bayfront may not maintain sufficient insurance coverage for the risks associated with its business. While Bayfront maintains certain insurance policies, there may be types of losses for which Bayfront may not be able to obtain insurance at a reasonable cost, or at all. Bayfront may be exposed to uninsured losses or a loss in excess of insured limits. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover losses that may be incurred. Any material uninsured loss could have a material adverse effect on Bayfront's business, financial condition, results of operations and prospects.

In addition, Bayfront may be required to renew insurance policies it holds and to negotiate acceptable terms for coverage. This could expose Bayfront to the volatility of the insurance markets, including the possibility of premium rate increases. Bayfront cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increases in insurance rates or decrease in available coverage in the future could have a material adverse effect on Bayfront's business, financial condition, results of operations and prospects.

### **FACTORS RELATING TO THE GUARANTEE**

#### **There are limits set out in the Guarantee and the Creditor Nomination Letter (as described in the section "*Summary of the Guarantee*") on the amounts that are recoverable under the Guarantee**

Bayfront may enter into other financing arrangements which have the benefit of the Guarantee. Lenders under those financing arrangements will be designated as Creditors (as defined in the section "*Summary of the Guarantee*"). The total aggregate amount recoverable by all Creditors under the Guarantee is subject to certain monetary limits. In addition, notwithstanding the overall guarantee limit under the Guarantee, as between the Guarantor and a Creditor, the total limit of the Guaranteed Obligations (as defined in the section "*Summary of the Guarantee*") recoverable by that Creditor from the Guarantor under the Guarantee in connection with any Relevant Guaranteed Document (as defined in the section "*Summary of the Guarantee*") shall be subject to the US Dollar amount of the guaranteed limit (including the sub-limits for principal sums and interest) set out in the Creditor Nomination Letter. These monetary limits under the Guarantee and the Creditor Nomination Letter in respect of the Notes are more particularly described in the section of this Information Memorandum entitled "*Summary of the Guarantee*".

The interest amount that will be counted under the sub-limit for interest referred to in the Creditor Nomination Letter will be based on the prevailing maximum amount of interest payable on the Notes as determined by the Issuer in accordance with the procedures set out in the DIMIE Procedures Memorandum (see the section "*Summary of the Guarantee*" for further details regarding the DIMIE Procedures Memorandum and the procedures set out therein). In particular, prospective investors should be aware that the Notes are subject to automatic redemption following an unremedied Missed Payment Event and cessation of interest accrual beyond the last day of the Demand Period (please see the section "*Missed Payment Event*" for further details).

### **The Guarantee does not contain a gross-up obligation**

The Guarantee does not contain a gross-up obligation, meaning that, in circumstances where payments made by the Guarantor to a Creditor under the Guarantee are subject to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, no additional amounts will be payable by the Guarantor to the Trustee (or the Noteholders as the case may be) and the Trustee will receive such payments net of any such taxes, duties, assessments or governmental charges.

### **Claims under the Guarantee must be made within a certain time**

Claims under the Guarantee are subject to a claim deadline. In respect of the Notes, the relevant final claim date will be set out in the Creditor Nomination Letter issued by the Guarantor. The claims deadline in respect of the Notes will be the earlier of (i) such final claim date (which shall be no more than three years after the maturity date of the Notes) and (ii) 2 January 2040. The Guarantor is not liable to pay any amount claimed under the Guarantee after the relevant claims deadline.

### **Amounts received by the Trustee under the Guarantee may not be sufficient to discharge all of Bayfront's liabilities to Noteholders**

Under the Guarantee, the Guarantor has only undertaken to guarantee the payment of principal sums and interest on principal sums (and interest owing on such interest) in respect of Notes for which there is a validly issued Creditor Nomination Letter. Any such amounts recovered under the Guarantee will be applied in accordance with the order of payments contained in the Trust Deed, under which certain amounts owing to the Trustee, the Agents and other Appointees (each as defined in the Trust Deed) are entitled to be deducted from the amounts recovered under the Guarantee, prior to repayment of principal of, and interest on, the Notes. To the extent that any such amounts are deducted from the amounts recovered under the Guarantee, the amounts received by Noteholders may not be sufficient to discharge all of Bayfront's liabilities to Noteholders.

### **The Guarantor has not expressly waived any rights it may have to sovereign or other immunity in respect of the Guarantee**

The Guarantor does not, in the Guarantee, waive any rights it may have to claim sovereign or other immunity from jurisdiction or execution and any similar defence. In the event the Trustee or the Noteholders seek to enforce the Guarantee, any such right of the Guarantor to claim any such immunity may inhibit, without limitation, the obtaining of relief, the issue of process and/or the making, enforcement or execution against the Guarantor's property of any order or judgment made or given in connection with any suit, action or proceedings.

### **Noteholders may not be able to enforce the Guarantee in courts outside of Singapore**

The Guarantee does not contain any provision requiring the Guarantor to submit to the jurisdiction of any foreign court. As a result, Noteholders may not be able to enforce the Guarantee in courts outside of Singapore.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES**

### **The Notes are subject to automatic redemption and cessation of interest accrual following the occurrence of an unremedied Missed Payment Event**

Prospective investors should be aware that the Notes will be automatically redeemed if prior to the maturity date of the Notes, a Missed Payment Event has occurred and is still continuing on the fifth Business Day after the date on which such Missed Payment Event has occurred.

In addition, in such circumstances, the Terms and Conditions of the Notes provide that interest on the Notes would not accrue beyond the last day of the Demand Period. Accordingly, interest recovery on the Notes is limited and no further interest will accrue on the Notes even if the Guarantor fails to make payment of the Guarantor Payment Amount by the last day of the Demand Period.

See "*Missed Payment Event*", "*Terms and Conditions of the Notes – Condition 4(b) (Interest Accrual on the Notes)*" and "*Terms and Conditions of the Notes – Condition 5(c) (Automatic Redemption following a Missed Payment Event)*" for further details.



## **The Notes may not be a suitable investment for all investors**

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## **Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

***The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default (as defined in the Terms and Conditions of the Notes) shall not be treated as such, in the circumstances described in Condition 9(a).

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The Notes will be governed by English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the value of any Notes affected by it.

***Investors who purchase Notes in denominations that are not an integral multiple of the minimum specified denomination may be adversely affected if Definitive Certificates are subsequently required to be issued***

In relation to any Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds a principal amount which is less than the minimum specified denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to a specified denomination.

If such Definitive Certificates are issued, holders should be aware that a Definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

### **Singapore taxation risk**

The Notes are intended to be “qualifying debt securities” for the purposes of the Income Tax Act 1947 of Singapore (the “ITA”), subject to the fulfilment of certain conditions more particularly described in the section “Taxation”.

However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Even if an active trading market were to develop, the Notes may trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates and interest rate volatility, the market for similar securities and general market, financial and economic conditions.

***If an investor holds Notes which are not denominated in the investor’s home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on such Notes***

Bayfront will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in U.S. Dollars (the “Specified Currency”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency-equivalent yield on the Notes, (2) the Investor’s Currency-equivalent value of the principal payable on the Notes and (3) the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***The value of the Notes may be adversely affected by movements in market interest rates***

The Notes have a fixed interest rate. Investment in Notes with a fixed interest rate involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

***Credit ratings assigned to Bayfront, the Guarantor or the Notes may not reflect all the risks associated with an investment in the Notes***

The Notes are expected to be rated “AAA” by Standard & Poor’s Rating Services. In addition, one or more independent credit rating agencies may assign credit ratings to the Guarantor. The ratings represent opinions of the rating agencies and their assessment of the ability of Bayfront and the Guarantor to perform their respective obligations under the Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Bayfront has no obligation to inform holders of the Notes of any revision, suspension or withdrawal of the rating assigned to the Notes and/or the Guarantor. A downgrade, suspension or withdrawal at any time of the rating assigned to the Notes and/or the Guarantor may adversely affect the market price of the Notes.

## CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation and indebtedness as at 31 December 2022 and as adjusted to account for the issuance of the Notes. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Information Memorandum.

	As at 31 December 2022			
	Audited		As adjusted	
	Group	Company	Group	Company
	(In US\$'000)			
<b>Short-term Borrowings (repayable within one year)</b>				
Unsecured bank loans <sup>(1)</sup>	370,739	370,739	370,739	370,739
Euro Commercial Papers <sup>(1)</sup>	169,616	169,616	169,616	169,616
Other liabilities	18,164	2,703	18,164	2,703
<b>Total short-term borrowings</b>	<b>558,519</b>	<b>543,058</b>	<b>558,519</b>	<b>543,058</b>
<b>Long-term Borrowings (repayable after one year)</b>				
Notes issued / to be issued	690,326	–	1,190,326	500,000
<b>Total long-term borrowings</b>	<b>690,326</b>	–	1,190,326	500,000
<b>Total Borrowings</b>	<b>1,248,845</b>	<b>543,058</b>	<b>1,748,845</b>	<b>1,043,058</b>
<b>Total Equity</b>				
Share Capital	160,000	160,000	160,000	160,000
Reserves	–	10,314	–	10,314
Accumulated profits	5,899	752	5,899	752
<b>Total Equity</b>	<b>165,899</b>	<b>171,066</b>	<b>165,899</b>	<b>171,066</b>
<b>Total Capitalisation and Indebtedness</b>	<b>1,414,744</b>	<b>714,124</b>	<b>1,914,744</b>	<b>1,214,124</b>

**Note:**

- (1) The Company's loans and borrowings of US\$370,739,000 and Euro Commercial Papers of US\$169,616,000 are unconditionally and irrevocably guaranteed by The Government of Singapore. The total amount recoverable by all creditors from the Guarantor under the Original Guarantee, the Amended and Restated Guarantee and the Guarantee (each as defined in the section "Summary of the Guarantee") is limited to: (a) an aggregate amount of US\$1,800,000,000 in respect of principal sums; and (b) an aggregate amount of US\$200,000,000 in respect of interest (including interest on overdue interest), making an overall aggregate guaranteed limit of US\$2,000,000,000 for both principal and interest payable under all Guaranteed Documents identified in Existing CNLs and Creditor Nomination Letters issued on or after the Amendment and Restatement Date (the terms "Guaranteed Documents", "Existing CNLs", "Creditor Nomination Letter" and "Amendment and Restatement Date" being as defined in the section "Summary of the Guarantee") entered into between all creditors and the Company. For more details regarding the Guarantee, see the section "Summary of the Guarantee".

## SUMMARY OF THE GUARANTEE

The following is a summary of certain provisions of the second amended and restated Guarantee dated 18 January 2023 (the “**Amendment and Restatement Date**”) and entered into by the Guarantor (the “**Guarantee**”), and the Creditor Nomination Letter in respect of the Notes issued by the Guarantor on 26 April 2023.

As used in this Information Memorandum, the term “**Guarantee Business Day**” means a day (other than a Saturday, Sunday or public holiday in Singapore) on which banks are open for general business in Singapore, and the term “**Notice of Demand**” means any notice of demand making a claim on the Guarantee substantially in the form set out in Schedule 2 to the Guarantee.

In this summary, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

- (i) “**Agent**”, in relation to a Creditor Nomination Letter, is the person designated as the agent of any person to whom that Creditor Nomination Letter is addressed;
- (ii) “**Creditor**” means:
  - (1) any Holder;
  - (2) any lender, financier or other provider of any loans or any other credit or liquidity facilities to Bayfront; or
  - (3) any Agent or (in relation to Creditor Nomination Letters in respect of debt instruments only) Trustee,in each case, of, under or pursuant to any Guaranteed Documents from time to time, and who is designated by the Guarantor under a Creditor Nomination Letter as a Creditor for the purposes of the Guarantee;
- (iii) “**Creditor Nomination Letter**” means any Creditor Nomination Letter substantially in the form set out in Schedule 1 to the Guarantee (or such other form agreed between the Guarantor and the addressee or addressees of the Creditor Nomination Letter or their Trustee or Agent), issued by the Guarantor at any time on or after the date of the Guarantee but no later than 2 April 2030, and signed by any of the following persons on behalf of the Guarantor:
  - (1) the Minister for Finance;
  - (2) any public officer authorised in writing by the Minister for Finance;
  - (3) any Permanent Secretary or Deputy Secretary of the Ministry of Finance; or
  - (4) any other persons from time to time notified to a Creditor, or addressee of a Creditor Nomination Letter, by the Guarantor in writing signed by the Minister for Finance, any Permanent Secretary or Deputy Secretary of the Ministry of Finance;
- (iv) “**Existing CNLs**” means the Creditor Nomination Letters issued prior to the Amendment and Restatement Date to lenders, financiers or other providers of any loans or any other credit or liquidity facilities to Bayfront in respect of which either (i) their respective Final Maturity Dates (as set out in such letters) have not occurred or (ii) such loans, credit or liquidity facilities have not been fully repaid and cancelled;
- (v) “**Final Claim Date**” means, in relation to any Guaranteed Document, the date stated to be the Final Claim Date in the Creditor Nomination Letter relating to that Guaranteed Document, being a date which is not later than three years after the Final Maturity Date of that Guaranteed Document provided always that the Final Claim Date must be on or before the date falling 3 months before 2 April 2040;
- (vi) “**Final Maturity Date**” means, in relation to any Guaranteed Document, the date stated to be the Final Maturity Date in the Creditor Nomination Letter relating to that Guaranteed Document;

(vii) “**Guaranteed Documents**” means:

- (1) any debt instruments to which the Guarantee applies (pursuant to the issuance of a Creditor Nomination Letter) and any trust deed, deed poll or other documents relating to any such debt instruments; or
- (2) any loan or other credit or liquidity facility agreements,

in each case, made between Bayfront and any Creditor or the Holders of whom a Creditor is Trustee or Agent, or issued in favour of or held by any Creditor or the Holders of whom a Creditor is Trustee or Agent (whether with or without other parties) and designated by the Guarantor under a Creditor Nomination Letter as Guaranteed Documents for the purposes of the Guarantee;

(viii) “**Holders**” means, at any time in relation to any debt instruments to which the Guarantee applies (pursuant to the issuance of a Creditor Nomination Letter), persons who are for the time being holders of such debt instruments;

(ix) “**Relevant Guaranteed Documents**” of a Creditor or a group of Creditors means the Guaranteed Documents designated by the Guarantor, under a Creditor Nomination Letter addressed to that Creditor or group of Creditors, as Guaranteed Documents for the purposes of the Guarantee; and

(x) “**Trustee**”, in relation to a Creditor Nomination Letter, is the person designated as the trustee in that Creditor Nomination Letter.

The rights of any Creditor under the Creditor Nomination Letters issued after the Amendment and Restatement Date shall be governed by the Guarantee and the applicable Creditor Nomination Letter. The rights and liabilities of Creditors of Existing CNLs (“**Existing Creditors**”) and the Guarantor as against one another, arising at any time whether before, on or after the Amendment and Restatement Date, shall not, in any way, be affected by the Guarantee, but shall continue to be governed by the Guarantee dated 2 April 2020 (the “**Original Guarantee**”) or, as the case may be, the amended and restated guarantee by way of deed poll dated 3 February 2021 (the “**Amended and Restated Guarantee**”), which shall continue in full force and effect for such purpose, and the applicable Creditor Nomination Letter. The Original Guarantee or, as the case may be, the Amended and Restated Guarantee (without any amendment whatsoever) shall continue to apply to the Existing Creditors since no amendments to the Original Guarantee or, as the case may be, the Amended and Restated Guarantee, are being made in relation to such Existing Creditors.

The following summary does not purport to be a comprehensive or exhaustive description of all provisions of the Guarantee or the Creditor Nomination Letter in respect of the Notes. Prospective holders of the Notes are advised that a copy of each of the Guarantee, the Creditor Nomination Letter in respect of the Notes that has been acknowledged by the Trustee and the DIMIE Procedures Memorandum (as defined below) are available for inspection by any holder or prospective holder of the Notes during normal business hours at the registered office of Bayfront and at the specified offices of the Trustee and the Principal Paying Agent for the time being in Hong Kong.

Under and subject to the terms of the Guarantee, the Guarantor unconditionally and irrevocably:

- (a) guarantees to each Creditor the due and punctual payment of all present and future payments of principal sums, interest on principal sums and interest owing on such interest payable by Bayfront to that Creditor under the Relevant Guaranteed Documents (the “**Guaranteed Obligations**”); and
- (b) undertakes to each Creditor that, whenever Bayfront does not pay any amount of Guaranteed Obligations on the date when it first falls due for payment under the relevant Guaranteed Document to that Creditor, it will, within 15 Guarantee Business Days (or if the 15th Guarantee Business Day is not a Business Day<sup>3</sup>, as

<sup>3</sup> “Business Day” is defined in the Terms and Conditions of the Notes as a day which is both: (a) in the case of Notes in definitive form only, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation; and (b) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York city.

extended to the next following Business Day) of delivery to the Guarantor of a duly completed Notice of Demand for that amount, pay that amount to that Creditor as if the Guarantor were the principal obligor and not merely a surety in respect of that amount.

For further information on how demands and payments under the Guarantee shall operate in respect of the Notes, please see the section “*Missed Payment Event*” in this Information Memorandum.

Each Creditor obtains the benefit of the Guarantee in respect of the Notes by way of the Creditor Nomination Letter in respect of the Notes issued by the Guarantor which, among other matters:

- (a) designates the Trustee and the Holders of the Notes as “Creditors” having the benefit of the Guarantee;
- (b) designates the documents relating to such Notes (including the Notes and the Trust Deed) as “Guaranteed Documents”;
- (c) specifies the Final Claim Date (such date being not more than three years after the Final Maturity Date for principal sums for the Notes). If a Creditor makes a claim for payment of any amount under the Guarantee after the Final Claim Date or after 2 January 2040, whichever is earlier, the Guarantor shall not be liable to pay that amount under the Guarantee; and
- (d) specifies the aggregate limit of the Guaranteed Obligations recoverable by the Creditors under the Guarantee in respect of the Relevant Guaranteed Documents, including aggregate sub-limits in respect of principal sums and interest (including interest which continues to accrue in accordance with the Terms and Conditions of the Notes where payment is not made on or before the due date) recoverable.

The Guarantor may designate (i) holders of other debt instruments, (ii) other lenders, financiers or other providers of loans or any other credit or liquidity facilities to Bayfront, and (iii) other Agents or Trustees, as Creditors under other Creditor Nomination Letters. The total amount recoverable by all Creditors from the Guarantor under the Original Guarantee, the Amended and Restated Guarantee and the Guarantee in respect of all Guaranteed Documents identified in Existing CNLs and Creditor Nomination Letters issued on or after the Amendment and Restatement Date is limited to:

- (a) an aggregate amount of US\$1,800,000,000 in respect of principal sums, of which no more than US\$540,000,000 shall be in respect of debt denominated in currencies other than US Dollars; and
- (b) an aggregate amount of US\$200,000,000 in respect of interest (including interest on overdue interest), of which no more than US\$60,000,000 shall be in respect of debt denominated in currencies other than US Dollars; and
- (c) without prejudice to the generality of sub-paragraph (b) above, in relation to any interest on principal sums or interest (whether in default or otherwise), an interest rate of 10 per cent. per annum,

making an overall aggregate guaranteed limit of US\$2,000,000,000 (of which no more than US\$600,000,000 shall be in respect of debt denominated in currencies other than US Dollars) for both principal and interest payable under all such Guaranteed Documents.

Notwithstanding the overall guarantee limit under the Guarantee, regardless of the currencies in which the respective Guaranteed Obligations are denominated, as between the Guarantor and a group of Creditors, the total limit of the Guaranteed Obligations recoverable by that group of Creditors from the Guarantor under the Original Guarantee, the Amended and Restated Guarantee or the Guarantee in connection with any Relevant Guaranteed Document shall be subject to the US Dollar amount of the guaranteed limit set out in the applicable Creditor Nomination Letter in relation to that group of Creditors.

The Creditor Nomination Letter in respect of the Notes provides for an overall aggregate guaranteed limit of US\$660,000,000 for both principal and interest payable under all of the Relevant Guaranteed Documents, comprising an aggregate sub-limit of US\$600,000,000 in respect of principal sums and an aggregate sub-limit of US\$60,000,000 in respect of interest (including interest which continues to accrue in accordance with the Terms and Conditions of the Notes where payment is not made on or before the due date).

For the avoidance of doubt:

- (i) the principal amount that will be counted under the sub-limit for principal sums stated above will be the total of the aggregate principal amount of each issuance of debt instruments to which the Guarantee applies, on their issue date (and in the event that such total is less than the sub-limit for principal sums stated above, the sub-limit shall be adjusted downwards to match such total for purposes of the Guarantee); and
- (ii) the interest amount that will be counted under the sub-limit for interest referred to above will be the prevailing maximum amount of interest (including interest which continues to accrue in accordance with the Terms and Conditions of the Notes where payment is not made on or before the due date) payable under the Relevant Guaranteed Documents (the “**Relevant Guaranteed Debt Instruments Maximum Interest Exposure**”), as determined by the Issuer in accordance with the procedures set out in the procedures memorandum (the “**DIMIE Procedures Memorandum**”).

Accordingly, as the aggregate principal amount of the Notes on the Issue Date will be US\$500,000,000, the sub-limit for principal sums stated above will be adjusted downwards to match such total for purposes of the Guarantee.

The procedures set out in the DIMIE Procedures Memorandum are administrative in nature and address the determination of the prevailing Relevant Guaranteed Debt Instruments Maximum Interest Exposure. Investors should note that pursuant to the Terms and Conditions of the Notes, where a Missed Payment Event has occurred and is still continuing on the fifth Business Day after the date on which a Missed Payment Event has occurred, the provisions relating to automatic redemption of the Notes will apply and interest on the Notes will not accrue beyond the last day of the Demand Period. Please see “*Missed Payment Event*” and “*Terms and Conditions of the Notes – Condition 4(b) (Interest Accrual on the Notes)*” for further details.

Any amounts recovered under the Guarantee will be applied in accordance with the order of payments contained in the Trust Deed, under which certain amounts owing to the Trustee, the Agents (as defined in the Trust Deed) and/or other Appointees (as defined in the Trust Deed) are entitled to be deducted from the amounts recovered under the Guarantee, prior to repayment of principal of, and interest on, the Notes. To the extent that any such amounts are deducted from the amounts recovered under the Guarantee, the amounts received by Noteholders may not be sufficient to discharge all of Bayfront’s liabilities to Noteholders.

For further information on risks relating to the Guarantee, please see “*Risk Factors – Factors relating to the Guarantee*”.

In order to claim under the Guarantee, a Creditor must deliver (by both electronic mail and personal delivery or courier in the manner set out in the Guarantee) a duly completed Notice of Demand to the Guarantor in the form set out in the Guarantee. All notices, consents, claims and other communications under the Guarantee must be made by the Trustee (on behalf of the Noteholders) and no Noteholder may issue any notice, consent, claim or other communications or make any claim directly to the Guarantor unless:

- (a) the Trustee, having become obliged under the Relevant Guaranteed Documents to issue such notice, consent, claim or other communication or take any other step towards enforcing payment of any Guaranteed Obligations, fails to do so within a reasonable period and such failure is continuing;
- (b) the Trustee has resigned or is otherwise no longer acting as trustee and no successor Trustee has been appointed in its place; or
- (c) otherwise provided under the Creditor Nomination Letter in respect of the Notes.

The Guarantee does not contain a gross-up obligation, meaning that, in circumstances where payments made by the Guarantor to a Creditor under the Guarantee are subject to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, no additional amounts will be payable by the Guarantor to the Trustee (or the Noteholders as the case may be) and the Trustee (or the Noteholders as the case may be) will receive such payments net of any such taxes, duties, assessments or governmental charges.

The Guarantee will terminate on 2 April 2040 with the final claim date falling on 2 January 2040.



Under the terms of the Guarantee, if the Guarantor has made payment to a Creditor of all amounts of the Guaranteed Obligations which the Guarantor was liable to pay that Creditor under the Guarantee in relation to a Creditor Nomination Letter, the Guarantor shall be entitled to exercise its rights of subrogation to all rights of that Creditor against Bayfront in respect of those amounts.

The terms in the Creditor Nomination Letter in respect of the Notes and the Guarantee may not be amended save as agreed in writing between the Guarantor and the Trustee (and, for the avoidance of doubt, the agreement of the Trustee shall not be required where the amendment to the Creditor Nomination Letter or the Guarantee does not affect the rights or liabilities of existing Holders of the Notes and of the Guarantor as against one another).

The Guarantee and the Creditor Nomination Letter in respect of the Notes are governed by, and shall be construed in accordance with, the laws of Singapore and any dispute arising out of or in connection with the Guarantee or the Creditor Nomination Letter in respect of the Notes will be subject to the exclusive jurisdiction of the courts of Singapore.

The Creditor Nomination Letter issued by the Guarantor in respect of the Notes is subject to the acknowledgement by the Trustee (the “**Acknowledgement**”) that the Trustee (in its capacity as the Trustee for the Noteholders) acknowledges and accepts the terms and conditions set out in the Creditor Nomination Letter, confirms that it is aware of the contents of the Guarantee and acknowledges that any obligation imposed in the Guarantee on the Trustee forms part of the basis of the provision of the Guarantee by the Guarantor, and agrees that it is bound by the terms of the Guarantee. Only upon the Acknowledgment having been duly signed by the Trustee and returned to the Guarantor in accordance with the Creditor Nomination Letter shall the Trustee and the Holders of the Notes be designated as “Creditors” for the purposes of the Guarantee and if the Trustee fails to do so, the Trustee and the Holders of the Notes would not have the benefit of the Guarantee or the Creditor Nomination Letter. The Terms and Conditions of the Notes provide that the Noteholders are deemed to have notice of, and are bound by and entitled to the benefit of, all of the provisions of (amongst other things) the Guarantee and the Creditor Nomination Letter in respect of the Notes.

## MISSED PAYMENT EVENT

A “Missed Payment Event” is defined in the Terms and Conditions of the Notes as the non-payment (not taking into account any grace period) of any principal or interest in respect of the Notes by the Issuer on the date on which such principal or interest first falls due for payment or first becomes (whether through an acceleration of payment or otherwise) due and payable in accordance with the Terms and Conditions of the Notes.

**Noteholders should note the impact of the occurrence of a Missed Payment Event, as set out below.** Please also see “*Risk Factors – The Notes are subject to automatic redemption and cessation of interest accrual following the occurrence of an unremedied Missed Payment Event*”.

### ***Interest Accrual on the Notes***

Pursuant to the Terms and Conditions of the Notes, where a Missed Payment Event has occurred and is still continuing on the fifth Business Day after the date on which a Missed Payment Event has occurred, the provisions relating to automatic redemption of the Notes (as described below) apply and interest on the Notes will not accrue beyond the last day of the Demand Period (as defined below) (see “*Terms and Conditions of the Notes – Condition 4(b) (Interest Accrual on the Notes)*” for further details).

For example, where the Missed Payment Event relates to non-payment of interest on a semi-annual interest payment date, the maximum amount of interest which Noteholders will be entitled to receive under the Terms and Conditions of the Notes (and in respect of which the Trustee can serve a claim under the Guarantee) will not exceed interest accruing for a period of six months (being the semi-annual interest period) plus (i) six Business Days (the sixth Business Day after the date on which a Missed Payment Event has occurred being the “**Demand Date**”), and (ii) the period commencing on (and including) the Demand Date to (but excluding) the last day of the Demand Period.

For this purpose, “**Demand Period**” means the period commencing on (and including) the Demand Date to (and including) the 15th Guarantee Business Day after the Demand Date, provided that if such 15th Guarantee Business Day is not a Business Day, such period shall be extended to the next following Business Day.

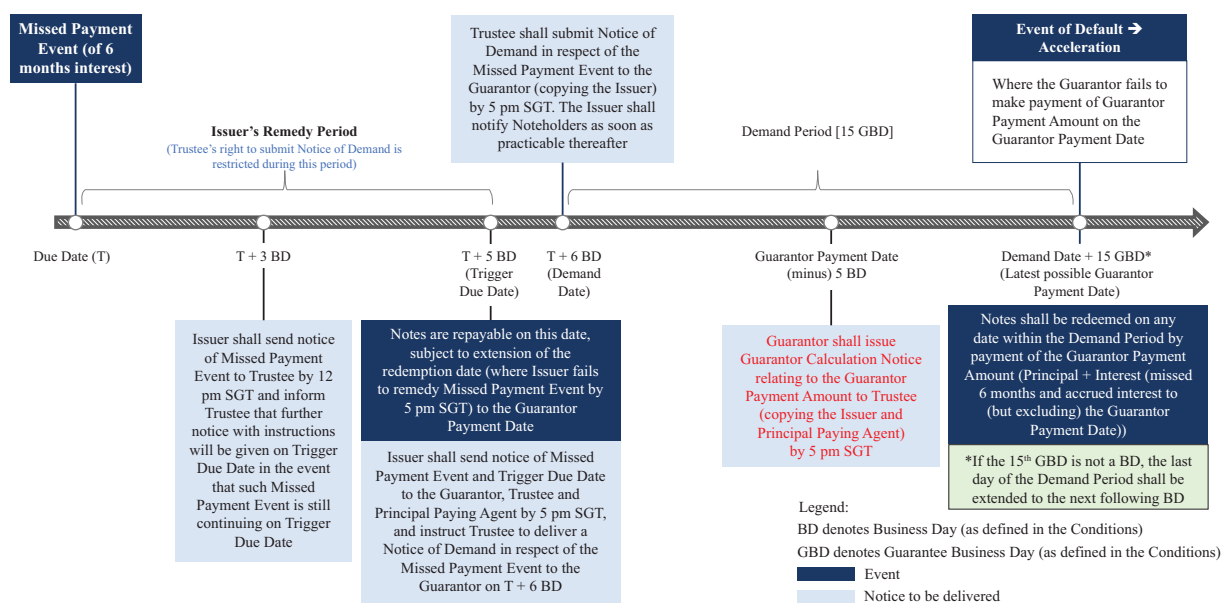
Please also see “*Risk Factors – The Notes are subject to automatic redemption and cessation of interest accrual following the occurrence of an unremedied Missed Payment Event*”.

### ***Automatic Redemption following a Missed Payment Event:***

Further, the Terms and Conditions of the Notes provide for automatic redemption of the Notes if prior to the maturity date in respect of such Notes, a Missed Payment Event has occurred and is still continuing on the fifth Business Day after the date on which a Missed Payment Event has occurred. See “*Terms and Conditions of the Notes – Condition 5(c) (Automatic Redemption following a Missed Payment Event)*” for further details.

A diagrammatic illustration of the automatic redemption mechanism is set out below. This illustration is based on the Notes missing a semi-annual interest payment and having a principal amount which is repayable in full at maturity.

### Missed Payment Event and Auto-Redemption Mechanism (assuming 6 months interest period and full principal amount repayable on maturity)



To summarise:

1. The Issuer has a period of five Business Days (“BD”) from the date on which payment first falls due (the “Due Date” or “T”) to remedy a Missed Payment Event. During this T+5 BD period (referred to in the diagram as the “Issuer’s Remedy Period”), no Notice of Demand can be served on the Guarantor.
2. If on T+5 BD (the “Trigger Due Date”), a Missed Payment Event is still continuing, the Notes become due and repayable on the Trigger Due Date<sup>4</sup>, whereupon such Notes shall be redeemed on the Guarantor Payment Date (as defined below) by payment by the Guarantor of the Guarantor Payment Amount.
3. In connection with the foregoing, the following operational steps apply:
  - on T+3 BD, the Issuer is required to give a notice to the Trustee of the occurrence of the Missed Payment Event and inform the Trustee that in the event such Missed Payment Event is still continuing on T+5 BD, the Issuer will give a further notice to the Trustee on T+5 BD instructing the Trustee on further actions to be taken by the Trustee (as described below);
  - on T+5 BD, in the event that the Missed Payment Event is still continuing on that day, the Issuer is required to send a notice of the Missed Payment Event and the Trigger Due Date to the Guarantor, the Trustee and the Principal Paying Agent and shall instruct the Trustee to deliver to the Guarantor a duly completed Notice of Demand in respect of the Missed Payment Event on T+6 BD;
  - on T+6 BD (the “Demand Date”), the Trustee is required to serve a Notice of Demand to the Guarantor (with a copy to the Issuer) in respect of sums payable in respect of the Missed Payment Event. Under the terms of the Guarantee, the Guarantor undertakes to make payment in respect of a Notice of Demand within 15 Guarantor Business Days (or if the 15th Guarantor Business Day is not a Business Day, as extended to the next following Business Day) of delivery to the Guarantor of a Notice of Demand, and accordingly the period between T+6 BD and the Guarantor Payment Date serves as the “Demand Period”;
  - the Issuer shall upon receipt of a copy of the Notice of Demand give notice of this fact to the Noteholders as soon as possible;

<sup>4</sup> As the Notes become due and repayable on the Trigger Due Date, a Notice of Demand can be served under the Guarantee upon or after the occurrence of a non-payment on the Trigger Due Date. For the avoidance of doubt, any failure by the Issuer to make payment on the Trigger Due Date shall not be considered a default in respect of any payment due under the Notes.

- on the Guarantor Payment Date (*minus*) 5 BD, the Guarantor is required to serve a notice to the Trustee (with a copy to the Issuer and the Principal Paying Agent) showing the calculations for the amount payable by the Guarantor on the Guarantor Payment Date; and
- on the Guarantor Payment Date, the Notes are redeemed by payment by the Guarantor of the Guarantor Payment Amount.

For this purpose:

“**Guarantor Payment Amount**” means, in respect of each Note, an amount equal to its Early Redemption Amount referred to in Condition 5(d) (*Early Redemption Amounts*) of the Terms and Conditions of the Notes together with interest (if any) accrued to (but excluding) the Guarantor Payment Date; and

“**Guarantor Payment Date**” means any date within the Demand Period that has been determined by the Guarantor as the date on which the Guarantor will make payment of the Guarantor Payment Amount (and in the event that the Guarantor fails to make such determination, the Guarantor Payment Date shall be deemed to be the last day of the Demand Period).

As the grace period in respect of the payment Event of Default in Condition 9(a) of the Terms and Conditions of the Notes matches the Guarantor Payment Date, if the Notes are redeemed on the Guarantor Payment Date in accordance with the automatic redemption mechanism described above, no payment Event of Default will occur in respect of the Notes. However, a default in the payment of the Guarantor Payment Amount on the Guarantor Payment Date shall constitute an Event of Default under Condition 9(a) of the Terms and Conditions of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes substantially in the form in which they will be endorsed on such Notes if issued in definitive certificated form and which will be incorporated by reference into the Global Certificate representing the Notes, subject to the provisions of the Global Certificate, some of which will modify the effect of these terms and conditions. See Condition 12 (Meetings of Noteholders, Modification and Waiver).*

The issue of US\$500,000,000 4.257 per cent. Notes due 2026 (the “**Notes**”) of Bayfront Infrastructure Management Pte. Ltd. (the “**Issuer**”) was authorised by resolutions of the board of Directors of the Issuer passed on 22 March 2023. The Notes are constituted by a trust deed (the “**Trust Deed**”) dated on or about the Issue Date between (amongst others) the Issuer and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) in its capacity as trustee for itself and for the Noteholders.

The payment of principal sums and interest (including interest owing on such interest) in respect of the Notes has been guaranteed by The Government of Singapore (the “**Guarantor**”) pursuant to and in the manner provided in the second amended and restated Guarantee dated 18 January 2023, and executed by the Guarantor and the applicable Creditor Nomination Letter executed by the Guarantor (such Guarantee, together with such Creditor Nomination Letter, the “**Guarantee**”).

These terms and conditions of the Notes (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). An agency agreement dated on or about the Issue Date (the “**Agency Agreement**”) between, amongst others, the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the “**Principal Paying Agent**”, which term shall include any successor or substitute principal paying agent appointed pursuant to the terms of the Agency Agreement), registrar (the “**Registrar**”, which term shall include any successor or substitute registrars appointed pursuant to the terms of the Agency Agreement) and as transfer agent (the “**Transfer Agent**” which term shall include any successor or substitute transfer agent appointed pursuant to the terms of the Agency Agreement) has been entered into in relation to the Notes. Copies of the Trust Deed, the Agency Agreement and the Guarantee (including the applicable Creditor Nomination Letter) are available for inspection during usual business hours at the registered office of the Issuer (presently at One Raffles Quay, #23-01 North Tower, Singapore 048583) and at the specified office of the Trustee being at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong. The holders of the Notes are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Deed and the Guarantee (including the applicable Creditor Nomination Letter), and are deemed to have notice of all the provisions of the Agency Agreement.

### 1. DEFINITIONS

Words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail.

“**Authorised Denomination**” means, in respect of any Note, the Minimum Denomination thereof and any denomination equal to a multiple of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

“**Authorised Integral Amount**” means US\$1,000.

“**Business Day**” means a day which is both:

- (a) in the case of Notes in definitive form only, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation; and
- (b) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York city.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time.

“**Definitive Certificate**” means a certificate representing one or more Notes in definitive, fully registered, form.

“**Depository**” means Euroclear SA/NV and Clearstream Banking S.A.

“**Depository Business Day**” means a day on which the Depository is open for business.

“**Directors**” means the person(s) who may be appointed as director(s) of the Issuer from time to time and “**Director**” means any of them.

“**Event of Default**” means each of the events defined as such in Condition 9 (*Events of Default and Enforcement*).

“**Extraordinary Resolution**” means an extraordinary resolution as described in Condition 12 (*Meetings of Noteholders, Modification and Waiver*) and as further described in, and as defined in, the Trust Deed.

“**FATCA**” means:

- (a) Sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to or in connection with the implementation of paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

“**Global Certificate**” means a certificate representing one or more Notes in global, fully registered, form.

“**Indebtedness for Borrowed Money**” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

“**IRS**” means the United States Internal Revenue Service or any successor thereto.

“**Issue Date**” means 16 May 2023.

“**Maturity Date**” means 16 May 2026.

“**Minimum Denomination**” means US\$200,000.

“**Missed Payment Event**” means the non-payment (not taking into account any grace period) of any principal or interest in respect of the Notes by the Issuer on the date on which such principal or interest first falls due for payment or first becomes (whether through an acceleration of payment or otherwise) due and payable in accordance with the Conditions.

“**Noteholders**” means the several persons in whose name the Notes are registered from time to time in accordance with and subject to their terms and the terms of the Trust Deed, and “**holder**” shall be construed accordingly.

“**Principal Amount Outstanding**” means at any time, the aggregate principal amount outstanding under the Note at that time.

“**Record Date**” means:

- (a) in respect of Notes represented by a Definitive Certificate, the fifteenth day before the relevant due date for payment of principal and interest in respect of such Note; and

- (b) in respect of Notes represented by a Global Certificate, the close of business on the Depository Business Day before the relevant due date for payment of principal and interest in respect of such Note.

“**Redemption Price**” means, with respect to any Note, 100.0 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued and unpaid interest in respect thereof to the relevant day of redemption.

“**Register**” means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency Agreement.

“**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

“**SGX-ST**” means Singapore Exchange Securities Trading Limited.

“**Tax Jurisdiction**” means Singapore or any political subdivision or any authority thereof or therein having power to tax.

## **2. FORM AND DENOMINATION, TITLE, TRANSFER AND EXCHANGE**

### **(a) Form and Denomination**

The Notes may be issued in (i) global, certificated, fully registered form, without interest coupons, talons and principal receipts attached or (ii) definitive, certificated, fully registered form, without interest coupons, talons and principal receipts attached, in each case in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. A Global Certificate or Definitive Certificate (as applicable) will be issued to each Noteholder in respect of its registered holding of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar.

### **(b) Title to the Registered Notes**

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### **(c) Transfer**

In respect of Notes represented by a Definitive Certificate, one or more such Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or the Transfer Agent, of the Definitive Certificate representing such Note(s) to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or the Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

Interests in the Global Certificate will be transferable in accordance with the rules and procedures for the time being of the Depository.

### **(d) Delivery of New Certificates**

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer. Delivery of new Definitive

Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be sent by courier, at the risk of the Noteholder entitled to the new Definitive Certificate, to such address as may be so specified.

In this Condition 2(d) (*Delivery of New Certificates*), “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

**(e) Transfer Free of Charge**

Transfer of Notes and the Global Certificate or Definitive Certificates (as applicable) representing such Notes in accordance with these Conditions on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

**(f) Closed Periods**

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

**(g) Regulations Concerning Transfer and Registration**

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void ab initio. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee and subject to not less than 60 days’ notice of any such change having been given to the Noteholders in accordance with Condition 14 (*Notices*)), is not prejudicial to the interests of the holders of the Notes. A copy of the current regulations may be inspected at the offices of the Transfer Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

**3. STATUS**

**(a) Status of the Notes**

The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

**(b) Status of the Guarantee**

The payment of principal sums and interest on principal sums (including interest owing on such interest) in respect of the Notes has been guaranteed by the Guarantor in the Guarantee. The obligations of the Guarantor under the Guarantee are direct, unconditional and unsecured obligations of the Guarantor.

**4. INTEREST**

**(a) Rate of Interest**

The Notes bear interest from and including the Issue Date at the rate of 4.257 per cent. per annum, payable in equal instalments semi-annually in arrear on 16 May and 16 November of each year, commencing on 16 November 2023.



**(b) Interest Accrual on the Notes**

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 4 (*Interest*) (both before and after judgement) to (but excluding) whichever is the earliest of (i) the date on which all amounts due in respect of such Note have been paid, (ii) as provided in Clause 2.2 of the Trust Deed and (iii) the last day of the Demand Period (as defined in Condition 5(c) (*Redemption and Purchase – Automatic Redemption following a Missed Payment Event*)).

**(c) Broken Amounts**

When any interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

**5. REDEMPTION AND PURCHASE**

**(a) Final Redemption**

Save to the extent previously redeemed or purchased in full and cancelled, the Notes will be redeemed on the Maturity Date. In the case of a redemption pursuant to this Condition 5(a) (*Final Redemption*), the Notes will be redeemed at their Redemption Price. Notes may not be redeemed other than in accordance with this Condition 5 (*Redemption and Purchase*).

**(b) Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that, as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) the Notes have ceased to qualify as “qualifying debt securities” for the purposes of the Income Tax Act 1947 of Singapore,

provided that, in the case of (i) above, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that either (i) the Issuer has or will become obliged to pay such additional amounts or (ii) the Notes have ceased to qualify as “qualifying debt securities”, as the case may be, as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 5(b) (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount.

**(c) Automatic Redemption following a Missed Payment Event**

If prior to the Maturity Date, a Missed Payment Event has occurred, the Issuer may remedy such Missed Payment Event by making full payment of the outstanding amount (being the non-payment of which had

caused the occurrence of such Missed Payment Event) together with interest (if applicable in respect of an unpaid principal amount which had caused the occurrence of such Missed Payment Event) accrued to (but excluding) the date of payment in respect of each Note (such amount being the “**Missed Payment Remedy Amount**”) prior to 5.00 p.m. (Singapore time) on the Trigger Due Date. If the Issuer fails to make full payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date, the Early Redemption Amount together with interest (if any) accrued to (but excluding) the Trigger Due Date (the “**Trigger Due Date Redemption Amount**”) shall be deemed to be due and payable by the Issuer on the Trigger Due Date, whereupon each Note shall be redeemed on the Guarantor Payment Date by payment by the Guarantor of an amount equal to its Early Redemption Amount together with interest (if any) accrued to (but excluding) the Guarantor Payment Date (such amount being the “**Guarantor Payment Amount**”). For the avoidance of doubt, (i) such redemption shall be automatic and shall not require any notice of default and/or determination by the Trustee or the Noteholders, (ii) each Note which is redeemed pursuant to and in accordance with this Condition 5(c) (*Automatic Redemption following a Missed Payment Event*) shall forthwith be cancelled and the obligations of the Issuer and the Guarantor in respect of such Note shall be discharged, and (iii) this Condition 5(c) (*Automatic Redemption following a Missed Payment Event*) shall not apply in respect of a Missed Payment Event in the event that the Issuer makes full payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date.

If the Issuer fails to make full payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date, then:

- (i) no amount will be payable in respect of the Notes on the Trigger Due Date;
- (ii) the redemption date of the Notes will be the Guarantor Payment Date;
- (iii) no amounts will be paid in respect of the Notes until the Guarantor Payment Date; and
- (iv) each Note will be redeemed on the Guarantor Payment Date by payment by the Guarantor of an amount equal to the Guarantor Payment Amount.

For the avoidance of doubt, (i) any failure by the Issuer to make payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date or to make payment of the Trigger Due Date Redemption Amount on the Trigger Due Date shall not be considered a default in respect of any payment due under the Notes, and (ii) a default in the payment of the Guarantor Payment Amount on the Guarantor Payment Date shall constitute an Event of Default under Condition 9(a) (*Events of Default and Enforcement – Events of Default*).

In connection with the foregoing:

- (A) the Issuer shall by no later than 12.00 p.m. (Singapore time) on the third Business Day after the date on which a Missed Payment Event has occurred give notice to the Trustee of the occurrence of the Missed Payment Event and inform the Trustee that in the event that such Missed Payment Event is still continuing as at 5.00 p.m. (Singapore time) on the Trigger Due Date, the Issuer shall give a further notice to the Trustee on the Trigger Due Date instructing the Trustee on the further action to be taken by the Trustee (as described in (B) and (C) below);
- (B) in the event the Issuer fails to make full payment of the Missed Payment Remedy Amount prior to 5.00 p.m. (Singapore time) on the Trigger Due Date, the Issuer shall give notice of the occurrence of the Missed Payment Event and the Trigger Due Date to the Guarantor, the Trustee and the Principal Paying Agent by no later than 5.30 p.m. (Singapore time) on the Trigger Due Date and shall instruct the Trustee to deliver (by both electronic mail and personal mail or courier in the manner set out in the Guarantee) to the Guarantor a duly completed Notice of Demand in respect of the Missed Payment Event on the sixth Business Day after the date on which a Missed Payment Event has occurred (as described in (C) below);
- (C) on (but not before) the sixth Business Day after the date on which a Missed Payment Event has occurred and by no later than 5.00 p.m. (Singapore time) on such date (such date being the “**Demand Date**”), the Trustee shall deliver to the Guarantor (with a copy to the Issuer) a duly completed Notice of Demand (as defined in and in accordance with the Guarantee) in respect of the Missed Payment Event and give notice of this fact to the Noteholders as soon as practicable in accordance with Condition 14 (*Notices*);

- (D) the Issuer shall upon receipt of a copy of the Notice of Demand as described in subparagraph (B) above, give notice of this fact to the Noteholders as soon as practicable in accordance with Condition 14 (*Notices*); and
- (E) the Guarantor shall in accordance with the provisions of the relevant Creditor Nomination Letter deliver a notice (the “**Guarantor Calculation Notice**”) to the Trustee (with a copy to the Issuer and the Principal Paying Agent) setting out its calculations in respect of the Guarantor Payment Amount payable on the Guarantor Payment Date, by no later than 5.00 p.m. (Singapore time) on the fifth Business Day before the Guarantor Payment Date, and the Issuer shall upon receipt of a copy of such Guarantor Calculation Notice provide a copy of the same to the Noteholders as soon as practicable in accordance with Condition 14 (*Notices*).

For the purposes of this Condition 5(c) (*Redemption and Purchase – Automatic Redemption following a Missed Payment Event*):

“**Demand Period**” means the period commencing on (and including) the Demand Date to (and including) the 15<sup>th</sup> Guarantee Business Day after the Demand Date, provided that if such 15<sup>th</sup> Guarantee Business Day is not a Business Day, such period shall be extended to the next following Business Day;

“**Guarantee Business Day**” means a day (other than a Saturday, Sunday or public holiday in Singapore) on which banks are open for general business in Singapore;

“**Guarantor Payment Date**” means any date within the Demand Period that has been determined by the Guarantor as the date on which the Guarantor will make payment of the Guarantor Payment Amount (and in the event that the Guarantor fails to make such determination, the Guarantor Payment Date shall be deemed to be the last day of the Demand Period); and

“**Trigger Due Date**” means the fifth Business Day after the date on which a Missed Payment Event has occurred.

**(d) Early Redemption Amounts**

For the purposes of Condition 5(b) (*Redemption for tax reasons*), Condition 5(c) (*Automatic Redemption following a Missed Payment Event*) and Condition 9 (*Events of Default and Enforcement*), each Note will be redeemed at its Early Redemption Amount calculated as an amount equal to 100.0 per cent. of the principal amount in respect of such Note.

**(e) Purchases**

Each of the Issuer and the Guarantor may at any time purchase Notes in any manner and at any price in the open market or otherwise. All such Notes must be surrendered to the Registrar for cancellation.

**(f) Cancellation**

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 5(e) (*Purchases*) above shall be forwarded to the Principal Paying Agent and cannot be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged. The Issuer should, upon request from the Trustee, procure a certificate of cancellation to the Trustee detailing all Notes redeemed, converted or purchased by the Issuer.

**(g) Notice of Redemption**

The Issuer shall procure that notice of any redemption in accordance with this Condition 5 (*Redemption and Purchase*) (which notice shall be irrevocable) is given to the Trustee and Noteholders in accordance with Condition 14 (*Notices*).

**6. PAYMENTS**

**(a) Method of Payment**

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the

Principal Paying Agent by wire transfer. Payments of interest and, prior to redemption in full thereof, principal in respect of each Note will be made by wire transfer to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the Register on the Record Date. Upon application of the Noteholder to the specified office of the Principal Paying Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a US\$ account maintained by the payee with a bank in Singapore.

Payments of principal upon final redemption in respect of each Note represented by the Global Certificate will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Global Certificate at the specified office of the Principal Paying Agent by wire transfer. Payments of interest and, prior to redemption in full thereof, principal in respect of each Note represented by the Global Certificate will be made by wire transfer to the holder (or to the first named of joint holders) of the Global Certificate appearing on the Register at the close of business on the Record Date at his address shown on the Register on the Record Date. On each occasion on which a payment of interest or principal is made in respect of the Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by the Global Certificate to be decreased accordingly.

**(b) Payments**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA. No commission shall be charged to the Noteholders.

**(c) General provisions applicable to payments**

The holder of the Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Certificate and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the Depository as the beneficial holder of a particular nominal amount of Notes represented by such Global Certificate must look solely to the Depository for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Certificate.

**(d) Payments on Business Days**

Subject to Condition 8 (*Prescription*), if the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

**(e) Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Early Redemption Amount of the Notes; and
- (iii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## 7. TAXATION

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) presented for payment in any Tax Jurisdiction; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note (including, without limitation, the holder being a resident or having a permanent establishment in Singapore) or where the holding or deduction could be avoided by the holder making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Business Day; or
- (d) for any taxes imposed under Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements entered into thereunder, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreements.

## 8. PRESCRIPTION

The Notes will become void unless claims in respect of principal and/or interest are made within a period of three years after the Relevant Date therefor.

## 9. EVENTS OF DEFAULT AND ENFORCEMENT

### (a) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution of Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer and the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events ("**Events of Default**") shall occur:

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default is not remedied on or before the Guarantor Payment Date relating to such default; or
- (ii) if (A) the Issuer fails to perform or observe any of its other obligations under the Conditions, the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if (A) any Indebtedness for Borrowed Money of the Issuer or the Guarantor becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (B) the Issuer or the Guarantor fails to make any payment in respect of any Indebtedness for

Borrowed Money of the Issuer or the Guarantor on the final due date for payment (as extended by any applicable grace period (if any) originally specified in the documents evidencing such Indebtedness for Borrowed Money); (C) any security given by the Issuer or the Guarantor for any Indebtedness for Borrowed Money becomes enforceable; or (D) default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person provided that no event described in this subparagraph 9(a)(iii) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (A) to (D) above, amounts to at least U.S.\$100,000,000 (or its equivalent in any other currency); or

- (iv) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders or the Issuer or the Guarantor stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) if (i) proceedings are initiated against the Issuer under any applicable bankruptcy, insolvency, composition, reorganisation, winding up (other than a reorganisation or winding up under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of the Issuer, and (ii) in any such case (other than the appointment of an administrator) is not discharged or stayed within 60 days; or
- (vii) if (A) the Issuer initiates or consents to judicial proceedings relating to itself under any applicable bankruptcy, insolvency, reorganisation (other than a reorganisation, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar laws (including the obtaining of a moratorium in respect of any of its Indebtedness for Borrowed Money or any guarantee of any Indebtedness for Borrowed Money given by it) or (B) the Issuer or the Guarantor makes a conveyance or assignment for the benefit of, takes any action for a readjustment or deferment of any of its obligations with, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (viii) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- (ix) if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed, the Agency Agreement or the Trust Deed, the Agency Agreement, or any of the Notes ceases for any reason (or is claimed by the Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer binding upon it in accordance with its terms, or any litigation, arbitration or administrative proceedings is current or pending to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under the Trust Deed, the Agency Agreement or any of the Notes; or
- (x) if it is or will become unlawful for the Guarantor to perform or comply with any of its obligations under or in respect of the Guarantee, or the Guarantee ceases for any reason (or is claimed by the

Guarantor not) to be the legal and valid obligations of the Guarantor binding upon it in accordance with its terms, or any litigation, arbitration or administrative proceedings is current or pending to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Guarantor under the Guarantee; or

- (xi) if (A) all or substantially all of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (B) the Issuer is prevented by any such person from exercising control over all or substantially all of its undertaking, assets and revenues; or
- (xii) if the Government declares a general moratorium with respect to the repayment of any indebtedness of the Issuer or the Guarantor; or
- (xiii) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (iv) to (xii) above.

**(b) Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Guarantee and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Guarantee or the Notes unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing or, in the case of the Guarantor, as otherwise permitted in the Guarantee.

**10. REPLACEMENT OF NOTES**

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Transfer Agent, subject in each case to all applicable laws, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Transfer Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

**11. PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of the Registrar or the Principal Paying Agent and/or appoint additional or other Principal Paying Agent, Registrar or Transfer Agent and/or approve any change in the specified office through which the Principal Paying Agent and/or Registrar and/or Transfer Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority or entity, there will at all times be a paying agent, which may be the Principal Paying Agent, and a Transfer Agent, which may be the Registrar, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority or entity; and
- (c) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for Notes in definitive form, there will at all times be a Paying Agent in Singapore. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include material information with respect to the delivery of the Definitive Certificates, including details of the Paying Agent in Singapore.

In acting under the Agency Agreement, the Principal Paying Agent acts solely as an agent of the Issuer and, in certain circumstances specified therein, of the Trustee and does not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which the Principal Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor principal paying agent.

## **12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 75 per cent. in principal amount of the Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

The Trustee may without the consent of the Noteholders at any time and from time to time sanction or concur with the Guarantor in making any modification (i) to the Guarantee or the applicable Creditor Nomination Letter which in the opinion of the Trustee it may be proper to make PROVIDED THAT the Trustee is of the opinion that such modification is not materially prejudicial to the interests of the



Noteholders or (ii) to the Guarantee or the applicable Creditor Nomination Letter if in the opinion of the Trustee such modification is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of law. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Noteholders and shall be notified by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In relation to (i) any proposed modification of the Guarantee or the applicable Creditor Nomination Letter not falling within the scope of the preceding paragraph or (ii) any proposed revocation of the Guarantee or the applicable Creditor Nomination Letter, the Trustee shall act on the instructions of the Noteholders in approving or not approving such modification or revocation. Any such approval shall require an Extraordinary Resolution of the Noteholders. Notwithstanding the foregoing, in no case need the Trustee have regard to the effect on individual Noteholders of such modification or revocation or of any action taken or not taken with respect thereto.

### **13. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### **14. NOTICES**

All notices will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Certificates are issued, there may, so long as the Global Certificate representing the Notes are held in their entirety on behalf of the Depository, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the Depository for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to the Depository.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by the Global Certificate, such notice may be given by any holder of a Note to the Registrar through the Depository, in such manner as the Registrar and the Depository may approve for this purpose.

### **15. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **16. THIRD PARTY RIGHTS**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 (the “Act”) but this does not affect any right or remedy of any person which exists or is available apart from the Act.

## **17. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **(a) Governing Law**

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

The Guarantee is governed by, and shall be construed in accordance with, the laws of Singapore.

### **(b) Jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Trustee and the Noteholders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) and accordingly submits to the non-exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Trust Deed and the Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

The courts of Singapore shall have exclusive jurisdiction to settle any dispute arising out of the Guarantee.

### **(c) Agent for Service of Process**

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **(d) Waiver of immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

### **(e) Other documents**

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

Bayfront intends to use the net proceeds raised from the issue of Notes after deducting fees and expenses for its general corporate purposes.

## FORM OF THE NOTES

### Initial Issue of Notes

The Notes will be represented on issue by a Global Certificate deposited with, and registered in the name of, a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Global Certificate may be held at any time only through Euroclear and Clearstream, Luxembourg. See “*Clearing and Settlement*”. Beneficial interests in the Global Certificate may not be held by a U.S. Person or U.S. resident at any time. By acquisition of a beneficial interest in the Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. See “*Transfer Restrictions*”.

### Transfer

Beneficial interests in the Global Certificate will be subject to certain restrictions on transfer set forth therein and in the Trust Deed, and the Notes will bear the applicable legends regarding the restrictions set forth under “*Transfer Restrictions*”.

Except in the limited circumstances described below, owners of beneficial interests in the Global Certificate will not be entitled to receive physical delivery of certificated Notes.

### Bearer Notes

The Notes are not issuable in bearer form.

### Exchange for Definitive Certificates

#### *Exchange*

The Global Certificate will be exchangeable, free of charge to the Noteholder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if the Global Certificate is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

The Registrar will not register the transfer of, or exchange of interests in, the Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

“**Definitive Exchange Date**” means a day falling not less than 30 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

#### *Delivery*

If the Global Certificate is to be exchanged, the Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates as set out under “*Transfer Restrictions*” below.

## CLEARING AND SETTLEMENT

The information set out below has been obtained from sources that Bayfront believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. This information has been accurately reproduced and as far as Bayfront is aware and is able to ascertain from information provided by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of Bayfront, the Joint Lead Managers, the Trustee or any Agent will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (See “*Settlement and Transfer of Notes*” below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Global Certificate directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

### **Book Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

The Global Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee of the common depositary on behalf of Euroclear and Clearstream, Luxembourg.

#### ***Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by the Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants’ or accountholders’ accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in the Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of

the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### **Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in the Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

### **Trading between Euroclear and/or Clearstream, Luxembourg Participants**

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

## DESCRIPTION OF THE ISSUER

### INTRODUCTION AND BACKGROUND

Bayfront was incorporated with limited liability on 8 November 2019 under the Companies Act 1967 of Singapore. Bayfront's registered office is located at 1 Raffles Quay, #23-01, Singapore 048583. Bayfront commenced operations on 1 April 2020.

Bayfront is a Singapore-based entity with a mandate to invest in and distribute project and infrastructure loans and bonds in the Asia Pacific and Middle East regions. Bayfront was established in connection with the Infrastructure Take-Out Facility initiative sponsored by the MAS, which was designed to help mobilise institutional capital for infrastructure debt in Asia.

The establishment of Bayfront builds on the successful issuance of Asia's first securitisation of project and infrastructure loans through BIC I in 2018. This served as proof of concept of a viable structure to mobilise institutional capital for infrastructure debt in Asia-Pacific and the Middle East, demonstrating the viability of the Infrastructure Take-Out Facility concept. This was followed by the subsequent issuance of US\$401.2 million in IABS and preference shares by BIC II in June 2021 which was sponsored by Bayfront and featured the first publicly issued securitisation sustainability tranche backed by green and social assets meeting the eligibility criteria specified in Bayfront's Sustainable Finance Framework, and by the most recent issuance of US\$404.5 million in IABS and preference shares by BIC III in September 2022, which similarly featured a dedicated sustainability tranche backed by eligible green and social assets.

Bayfront's authorised share capital is US\$180,000,000 and Bayfront's issued and paid-up share capital as at the date of this Information Memorandum is US\$160,000,000. The ordinary shares in Bayfront's share capital are 100 per cent. held by CCH and the preference shares in Bayfront's share capital are 100 per cent. held by AIIB.

As at the date of this Information Memorandum, CCH's share capital is held by a group of shareholders comprising Kovan Investments Pte. Ltd. ("**Kovan**") (43.9%), Aranda Investments Pte. Ltd. ("**Aranda**") (2.7%), Prudential Assurance Company Singapore (Pte) Limited (14.9%), the Asian Development Bank (7.5%<sup>5</sup>), Standard Chartered Bank (Singapore) Limited (9.9%), Sumitomo Mitsui Banking Corporation (8.5%), DBS Bank Ltd. (6.3%) and John Hancock Life Insurance Company (U.S.A.) (6.3%). Kovan and Aranda are wholly-owned investment holding vehicles of Temasek Holdings (Private) Limited.

CCH is the holding company of Clifford Capital Pte. Ltd. ("**Clifford Capital**"), a specialist provider of debt financing solutions to companies and projects with a nexus to Singapore in the infrastructure and maritime sectors, as well as Pierfront Capital Fund Management Pte. Ltd. ("**Pierfront Capital**") (a 50:50 joint venture with Keppel Capital) which is a Singapore-based fund manager that offers bespoke private credit and mezzanine financing. CCH is also the holding company of CCH Management Services Pte. Ltd., which provides middle and back-office functions to Clifford Capital, Bayfront and Pierfront Capital.

Bayfront also enjoys strong sponsorship from the Government of Singapore and the MAS. In April 2020, the Government of Singapore, through the Ministry of Finance, entered into a guarantee framework agreement (as such agreement may be amended from time to time) with Bayfront to provide a US\$2.0 billion guarantee comprising US\$1.8 billion principal and US\$0.2 billion interest limits in respect of Bayfront's debt instruments, loans or other credit or liquidity facilities.

### BUSINESS MODEL, STRATEGY AND BUSINESS ACTIVITIES

Bayfront focuses on acquiring predominantly brownfield project and infrastructure loans and bonds from financial institutions, warehousing and managing them with the primary objective of distributing securitised notes known as IABS to institutional investors. Bayfront sponsors, structures and manages such distribution issuances, and invests in the equity tranches of its securitisation issuances for alignment of interest with investors.

Features of IABS distributed by Bayfront include:

- Structured notes backed by a diversified portfolio of high quality, senior ranking infrastructure loans
- Spectrum of investment grade securities across a range of ratings, tenor and returns

<sup>5</sup> Rounded down from 7.55%.

- Investor friendly structural protections, including “first loss” risk retention by Bayfront
- Regular monitoring of performance tests (over-collateralisation, interest coverage, limited asset substitution)
- Dedicated portfolio management with specialised domain knowledge

The distribution of IABS is intended to address key barriers to entry faced by institutional investors into infrastructure debt, in the following manners:

- Limited investment grade / rated opportunities in emerging markets – IABS facilitates access to infrastructure debt (e.g. in Asia Pacific and Middle East) through investment grade rated notes
- Building a diversified portfolio is a challenge without a large capital allocation – IABS offers diversified exposure to multiple loans / projects in a ‘bite-sized’ manner
- Significant resource requirements for credit analysis and portfolio management – IABS manager’s network of banks provides access to loans
- Limited liquidity in secondary loan market for infrastructure loans – IABS has greater liquidity than loans given the bond format issuance and smaller minimum investment
- The need to underwrite direct credit risk exposure for individual bespoke loans – IABS offers an additional layer of credit enhancement through first loss risk retention and subordination

### **Takeout Eligibility Framework**

Bayfront’s Takeout Eligibility Framework governs the criteria applied by Bayfront in originating and implementing loan take-outs from banks and other lenders. The framework consists of a robust set of selection criteria, rigorous due diligence parameters, a take-out commitment mechanism and acceptance tests. Bayfront’s Takeout Eligibility Framework has been designed with a view to encourage loan originations by Bayfront’s partner banks by clarifying the criteria for a takeout of a given project or infrastructure loan or bond, and thereby providing increased certainty as to the likelihood of an eventual takeout.

As part of its engagement strategy with financial institutions, Bayfront has entered into memoranda of understanding with a group of 26 banks, all of which are active players in the regional project finance and infrastructure financing landscape.<sup>6</sup> Although these memoranda of understanding do not constitute a legally binding commitment on the part of Bayfront to acquire any loan or bond, nor on the part of any bank to present any loan or bond to Bayfront for consideration or transfer, Bayfront has put these arrangements into place in order to align the understanding between each bank and Bayfront for future collaboration on the take-out mechanism for project and infrastructure loans and bonds, including the key principles and criteria for potential transfers of project and infrastructure loans and bonds from each bank to Bayfront. Bayfront intends to continue to expand this network of bank partnerships going forward.

### **Warehousing Facility**

Following its identification of eligible project loans and bonds for IABS issuances through the Takeout Eligibility Framework, Bayfront initiates the acquisition of loans and bonds, and warehouses the acquired loans and bonds on its own balance sheet (constituting the Warehousing Portfolio), pending the completion of the buildout of each IABS Portfolio. Bayfront’s warehousing facility permits it to provide additional certainty of takeout to its partner banks while allowing it to accumulate a full portfolio of loans and bonds to support an issuance of IABS. The warehousing function also permits Bayfront to hold the acquired loans and bonds through periods of adverse market conditions, thereby giving it the flexibility to capitalise on optimal market conditions to launch a distribution transaction.

### **Distribution Platforms**

The final stage of Bayfront’s business model entails the development and implementation of distribution platforms to act as issuers of IABS to institutional investors.

<sup>6</sup> For the list of banks, refer to Bayfront’s website at <https://www.bayfront.sg/>.



Each issuance of IABS is issued by a different Distribution SPV, and collateralised by a specific portfolio of infrastructure loans and/or bonds (each an IABS Portfolio, and the debt assets within such Portfolio each a Collateral Obligation). Each issuance of IABS is backed by cash flows from the relevant IABS Portfolio relating to such issuance. Through the issuance of IABS, Bayfront aims to provide investors with exposure to a diversified portfolio of project and infrastructure loans and bonds across multiple geographies and sectors, and address Asia-Pacific's infrastructure financing gap by creating a new asset class, mobilising a new pool of institutional capital and unlocking and recycling bank capital. While the debt assets acquired for purposes of past IABS issuances have comprised only project and infrastructure loans, to further scale up its business, Bayfront commenced its project bonds strategy in FY2023 to invest into liquid project infrastructure bonds in order to widen its product offering to institutional investors by potentially securitising such bonds with other loan assets in future securitisations. Debt assets considered by Bayfront are within the broader infrastructure ambit, including conventional power and utilities, renewable energy, LNG, oil and gas, energy shipping, transportation, telecommunications, hospitals, metals and mining sub-sectors.

The first distribution platform culminated in July 2018 with the issuance by BIC I, marking Asia's first successful securitisation of project finance and infrastructure loans. The second distribution platform materialised in June 2021 with the issuance of US\$401.2 million in IABS and preference shares by BIC II. This was followed by the third distribution platform which materialised in September 2022 with the issuance of US\$404.5 million in IABS and preference shares by BIC III. Bayfront also seeks to invest in the equity tranches or vertical slices of these securitisation issuances to demonstrate alignment of interest with investors.

In line with its broader mandate of mobilising institutional capital for project and infrastructure loans and bonds, Bayfront may also consider other distribution formats in addition to securitisations, and intends to build out its distribution platform to explore a variety of financing solutions in the future.

BIMAM, a wholly-owned subsidiary of Bayfront, is appointed by Bayfront pursuant to the Asset Management Agreement to provide certain asset management services in relation to the acquisition and warehousing of project and infrastructure loans and bonds, securitisations and other distribution formats, and act as a collateral manager for future issuances of IABS.

Bayfront aims to continue working closely with its stakeholders to gain greater access to project and infrastructure loans and bonds, reach out to a wider network of institutional investors and reinforce Singapore's status as a leading infrastructure financing hub in Asia.

### **Base Portfolio**

Bayfront established the Base Portfolio in FY2022, under which Bayfront acquires loan assets on a take-and-hold basis for purposes of generating net interest income over a long term basis to sustain its operations. These relate to loans that finance operational projects or companies in the business of infrastructure development, have minimum credit ratings of Baa3 or equivalent, and have remaining terms of 10 years or less at the time the loan is acquired.

## **RISK MANAGEMENT AND CONTROLS**

Risk management and risk governance are an integral part of Bayfront's overall business strategy and are key focus areas for Bayfront's management team, the ExCo and the Bayfront Board.

### **Risk management framework**

Bayfront's risk management framework has been formulated based on the principles of transparency, management accountability and oversight from Bayfront's ExCo, subject to overall supervision of the Bayfront Board and the CCH Risk Committee (as described in "*Corporate Governance and CCH Board Committees – CCH Risk Committee*"). Bayfront's comprehensive risk policies and procedures are implemented through a combination of resources from Bayfront and CCH and are subject to periodic review to ensure that changes in market conditions and Bayfront's activities are appropriately accounted for.

The Bayfront Board has overall responsibility for the establishment and oversight of Bayfront's risk management framework and is responsible for specific approvals relating to exceptions for concentration limits and sector-specific environmental & social ("E&S") matters, as well as any changes to Bayfront's risk management framework. The Bayfront Board is also required to unanimously approve any loan transaction acquired from or

sold to any related companies of Bayfront, which include Clifford Capital, AIIB, Pierfront Capital or any future companies within the CCH Group. Any acquisitions or sales of such loans are required to be supported by a market reasonableness validation of loan pricing.

As Bayfront is a subsidiary of CCH, board committees formed at CCH (collectively, the “**CCH Board Committees**”) ensure consistency of corporate governance between Bayfront and CCH. For further information regarding the corporate governance framework applicable to Bayfront (including information on the role of the CCH Board Committees in this regard), see “– *Corporate Governance and CCH Board Committees*”.

The CCH Risk Committee and ESG Committee assist the Bayfront Board in fulfilling its oversight responsibilities by providing risk governance guidance in the establishment and supervision of an appropriate risk management and control framework covering areas including reputational, credit, climate, market, liquidity and funding, legal, compliance, operational and conduct risks. From a risk management and control perspective, the Bayfront Board have appointed the CCH Risk Committee to review and propose to the Bayfront Board the guiding principles and framework for risk management and control relative to its operations (such principles and framework comprising Bayfront’s Risk Framework, Policies and Processes (“**RFPP**”)).

### **Credit review and approval process**

Bayfront implements a comprehensive credit review process to ensure that obligations selected for the IABS Portfolio and the Base Portfolio are subject to a robust due diligence process. The multi-layered review processes include the “Red flags” screening for sanctions and regulatory implications, reviewing of documentation for third party consents, assessing of financial and E&S risks, and legal risk assessment in relation to transferability, confidentiality requirements, tax gross-up obligations, potential governing law implications, enforceability of security and other potential credit enhancements that may be available under the relevant obligations.

Following commercial due diligence, the approval of any obligations for the IABS Portfolio and the Base Portfolio are subject to approval by Bayfront’s Executive Committee (“**ExCo**”, as further described in “–*Bayfront’s Executive Committee*”). Any exception to the delegated authority of Bayfront’s ExCo will be escalated to Bayfront’s Board of Directors (the “**Bayfront Board**”, as further described in “– *Bayfront Board*”) and the CCH Group Risk Committee for exceptional approval.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE APPROACH**

Bayfront is committed to contributing meaningfully to the United Nations Sustainable Development Goals (“**SDGs**”) 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.

Bayfront’s key strategic sustainability focus is twofold: (i) incorporation of environmental, social and governance factors into Bayfront’s portfolio selection criteria in compliance with Bayfront’s environmental, social and governance framework, policies and guidelines; and (ii) acquisition and distribution of green and social projects via Bayfront’s IABS programme to support sustainable development, in compliance with Bayfront’s Sustainable Finance Framework (as further described in “– *Sustainable Finance Framework*”).

The key pillars of the environmental, social and governance framework are the:

1. Environmental & Social (E&S) Framework;
2. Governance Risk Assessment; and
3. Climate Risk assessment.

As part of its environmental, social and governance framework, Bayfront also has an external grievance redress mechanism which allows external parties to raise grievances relating to the E&S aspects of Bayfront’s operations and lending activities. These grievances are then addressed in a clear, transparent, fair and impartial manner.

### **Environmental & Social (E&S) Framework**

Bayfront has in place an E&S Framework, pursuant to which any loan or bond acquisition or commitment is screened for inherent E&S impacts and potential residual E&S risks. Bayfront predominantly acquires debt

financing projects that are operational or close to completion, and acquired loans are mostly from financial institutions that have adopted the Equator Principles (“EP”). Bayfront seeks to align with the EP to the extent reasonably practicable, through the purchase of loans from financial institutions that adopt the EP as well as ensuring that the loans and bonds to be acquired comply with the E&S Framework.

The objectives of Bayfront’s E&S Framework are to:

1. Assess the expected E&S impacts of the projects / activities financed by the loans and bonds that Bayfront considers for acquisition;
2. Assess and rate the residual E&S risks of such loans and bonds, including reputational risk;
3. Manage and mitigate the E&S impacts and risks associated with such loans and bonds post acquisition;
4. Work with external stakeholders and counterparties to continuously seek improved E&S practices; and
5. Set out the responsibilities for risk identification, assessment, decision-making, as well as monitoring and escalation.

### **Governance risk assessment**

Bayfront also has in place a governance risk review process to assess and evaluate the governance related risks of any loan or bond acquisition or commitment. This review process comprises three phases:

1. Early “red flags” screening for adverse governance related issues is conducted during the initial screening process for potential loan acquisition or commitment. In the event that any material “red flags” are identified, these are escalated to the Bayfront’s Chief Executive Officer, who can opt to discuss the matter with Bayfront’s ExCo if deemed necessary, before further due diligence is conducted on the potential loan acquisition or commitment.
2. During the due diligence phase, internal governance risk of the underlying borrower or sponsor is assessed and evaluated more extensively, based on available information. In the event that material governance risks are identified, these will be raised and discussed with the underlying borrower or sponsors, where practicable. However, given the nature of Bayfront’s investments where most of its loan acquisitions or commitments are made in the secondary market, such direct discussion may not always be possible. If such material governance risks are found not to be sufficiently mitigated, Bayfront will not proceed further with due diligence and the loan will not be acquired.
3. The proposed mitigation measures (to address identified material governance risks) shall be approved by Bayfront’s ExCo and documented in the credit memo, along with a summary of all other findings from the governance risk assessment process.

### **Climate risk assessment**

In addition to E&S impact and governance risk assessments, Bayfront also assesses the impact of climate change on its loans, bonds and investments, assessing the transition risk, physical risk and emissions intensity of each individual investment. A climate risk scorecard (covering transition and physical risk) is used to screen each prospective investment.

The key risk drivers of the climate risk scorecard comprise:

1. Transition Risk
  - (a) Regulatory: Policy / regulatory changes such as carbon taxes, building energy efficiency standards, carbon footprint disclosures
  - (b) Technology: Cost parity of renewable energy, emission abatement advancement, market eschewal of enabling tech
  - (c) Stakeholder: Shift away from carbon-intensive sectors by customers/consumers, investors, insurers, other lenders, suppliers/vendors, and employees

## 2. Physical Risk

- (a) Acute risk: Increased severity and frequency of extreme weather events such as floods, hurricanes, droughts, wildfires, heat waves, cold waves
- (b) Chronic risk: Increase in mean temperatures, increased variability of precipitation patterns, sea-level rise

As part of its group-wide climate risk strategy, Bayfront will be looking to gradually reduce its exposure to high carbon emission intensity assets (e.g. fossil fuels based projects such as oil & gas) and increase the share of medium (e.g. digital infrastructure, green shipping, transportation) and low (e.g. renewable energy) carbon emissions intensity assets in its portfolio.

### **SUSTAINABLE FINANCE FRAMEWORK**

The Sustainable Finance Framework, which was first issued by Bayfront in March 2021 and subsequently updated in June 2022, guides Bayfront's issuance of green, social and/or sustainability notes through IABS. These instruments finance the purchase of green and/or social loans and bonds that meet the eligibility criteria stated in the Sustainable Finance Framework. The issuance of green, social and/or sustainability notes aims to deliver positive environmental and/or social outcomes, which support Bayfront's sustainability strategy and vision.

The Sustainable Finance Framework has been developed in alignment with the below sustainable finance principles and guidelines:

- International Capital Market Association Green Bond Principles 2021 (ICMA GBP)
- International Capital Market Association Social Bond Principles 2021 (ICMA SBP)
- International Capital Market Association Sustainability Bond Guidelines 2021 (ICMA SBG)
- ASEAN Capital Markets Forum ASEAN Green Bond Standards 2018 (ASEAN GBS)
- ASEAN Capital Markets Forum ASEAN Social Bond Standards 2018 (ASEAN SBS)
- ASEAN Capital Markets Forum ASEAN Sustainability Bond Standards 2018 (ASEAN SUS)

DNV Business Assurance Singapore Pte. Ltd. ("DNV") has opined that the Sustainable Finance Framework meets the criteria established in DNV's Bayfront-specific sustainability bond eligibility assessment protocol and is aligned with the stated definition of green, social and sustainability bonds set out in sustainable finance principles and guidelines above.

### **CAPITAL MANAGEMENT**

Bayfront's capital management objectives are to maintain an optimal capital structure to support Bayfront's business growth, maintain a prudent financial position and deliver sustainable returns to shareholders. The Bayfront Board maintains an oversight of the capital management process by periodically reviewing Bayfront's capital allocation, gearing, liquidity and funding sources to enhance shareholders' returns while ensuring that Bayfront's liquidity requirements and financial covenants in connection with its borrowings are met at all times. Bayfront is not subject to regulatory capital requirements.

### **RESULTS OF OPERATIONS FOR FY2022 AND FY2021**

The Group's net interest income increased from US\$8.9 million in FY2021 to US\$19.7 million in FY2022. The US\$10.8 million year-on-year increase in net interest income was attributable to the earlier acquisition of the Warehousing Portfolio in 2022, the establishment of the Base Portfolio and higher London Inter-Bank Offered Rate (LIBOR) benchmark rate.

The fee income relates primarily to collateral sub-management fee for the management of BIC I.

Group's operating expenses increased from US\$7.2 million in FY2021 to US\$10.5 million in FY2022. The US\$3.3 million year-on-year increase was attributable to higher professional fees incurred for the launch of BIC III and the setting up of the US\$500.0 million Euro-Commercial Paper facility, and an incremental US\$2.1 million service fee for the middle and back office services provided by CCH Management Services Pte. Ltd., higher staff costs and deal related expenses by US\$0.7 million. The US\$2.1 million IABS issuance costs for the launch of BIC III's securitisation transaction were capitalised with US\$0.5 million amortisation being recognised as an expense in FY2022.

In 2022, the Group recognised a loan impairment allowance of US\$3.3 million, which was an increase of US\$2.5 million as compared to FY2021. The increase in the loan impairment allowance was attributable to a larger asset portfolio for the group.

Profit grew year-on-year from US\$1.2 million in FY2021 to US\$6.2 million in FY2022. The US\$5.0 million year-on-year increase is primarily due to higher net interest income, earlier acquisition of the Warehousing Portfolio, growth in the Base Portfolio, and amortisation of IABS issuance costs in accordance with IFRS 9 (Effective Interest Rate) methodology.

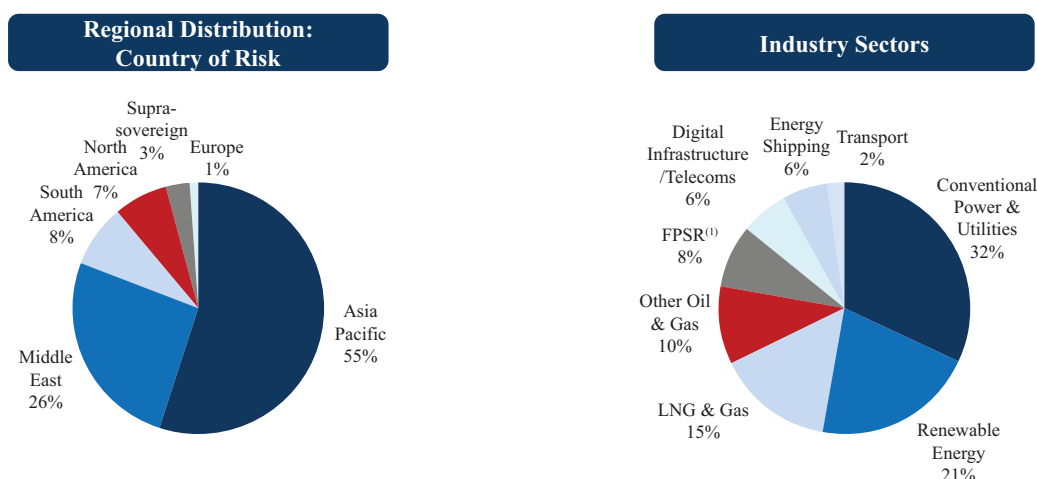
Bayfront and BIC II were granted the Section 13U Master – SPV scheme by the MAS under its enhanced tier fund scheme on 6 May 2021. BIC III, established in 8 July 2022 has applied for the same tax incentive scheme on 11 August 2022 for which approval from the MAS is still pending as at the date of this Information Memorandum. These entities are exempted from Singapore corporate tax in view of the tax exemption scheme.

## ASSET PORTFOLIO

As at 31 December 2022 and 31 December 2021, the Group's gross loans and investments amounted to US\$1,304.0 million and US\$730.2 million respectively, reflecting an increase of US\$573.8 million year-on-year.

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Group's consolidated assets under management (outstanding commitments, including BIC II and BIC III where applicable), was US\$1,361.1 million, US\$829.3 million and US\$395.5 million respectively.

The diagram below shows the distribution of the Group's consolidated assets under management as at 31 December 2022 by region and industry sectors.



(1) FPSR stands for Floating Production, Storage and Regasification

In FY2022, Bayfront acquired loans amounting to US\$718.7 million in gross principal at par value. This compares with US\$505.6 million acquired in FY2021. Bayfront also successfully launched and priced the IABS issuance by BIC III in September 2022. For the establishment of BIC III, assets amounting to US\$402.8 million was transferred from Bayfront to BIC III.

During FY2022, loans and advances were reclassified from financial assets at fair value through other comprehensive income ("FVOCI") to financial assets at amortised cost when they were transferred from Bayfront to BIC III. Similar reclassification was made in FY2021 for the transfer of loans and advances from Bayfront to BIC II. For further details, please see note 5 to the audited financial statements for FY2022.

The Group’s exposure to credit risk, fair value information and impairment losses on loans and advances are disclosed in notes 22 and 23 in the audited financial statements for FY2022.

## ASSET IMPAIRMENT AND LOAN LOSS ALLOWANCES

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost, and loans and advances measured at FVOCI. Loss allowances of the Group are measured on ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months) (“12-month ECLs”) or ECLs that result from all possible default events over the expected life of a financial instrument (“Lifetime ECLs”).

The Group adopts the simplified approach for the ECL provisioning for all trade and other receivables, the approach requires the loss allowance to be measured at an amount equal to Lifetime ECLs. The general approach is applied for the ECL provisioning on all its financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to Lifetime ECLs.

The measurement of ECL takes into consideration external macro-economic forecasts and incorporates a probability-weighted estimate of credit losses under three economic scenarios: a base case, one upside, and one downside.

The key inputs into the measurement of ECL are the probability of default; loss given default; and exposure at default. The parameters are derived from models developed in conjunction with external consultants and historical data, among other inputs, and are adjusted to reflect forward-looking information.

## LIQUIDITY AND FUNDING

Bayfront’s funding sources are shareholder equity, euro commercial paper issuances and bank borrowings. The funding profile of Bayfront is guided by its liquidity risk management framework and calibrated along the Strategic Asset Liability Management Framework (as described in note 21 to the audited financial statements for FY2022).

Bayfront established its US\$500 million Euro-Commercial Paper Programme in February 2021. As at 31 December 2022, the aggregate outstanding principal amount of Notes issued under the Euro-Commercial Paper Programme was US\$169.6 million. Aside from the funding from the Euro-Commercial Paper Programme, Bayfront’s funding was also supplemented by a US\$370.7 million bank loan as at 31 December 2022.

Cash and cash equivalents in Bayfront’s group was US\$94.9 million as at 31 December 2022, which includes US\$30.5 million of cash and cash equivalents held in Bayfront.

At a group level, US\$690.3 million of IABS and subordinated notes were outstanding in BIC II and BIC III as at 31 December 2022.

## BAYFRONT BOARD

The Bayfront Board has the ultimate responsibility for the administration of the affairs of Bayfront. Bayfront’s Constitution provides for a Board of Directors of maximum five persons. As at the date of this Information Memorandum, the Bayfront Board consists of five members, as follows:

Name	Position
Mr Sanjiv Misra	Non-Executive Chairman
Mr Clive Rowland Kerner	Non-Executive Director and CCH Group Chief Executive Officer
Mr Lee Chuan Teck	Non-Executive Director
Mr Sarakorn Gerjarusak	Non-Executive Director
Mr Tan Hanjie Nicholas	Executive Director and Bayfront Chief Executive Officer

**Mr Sanjiv Misra** is the Non-Executive Chairman of CCH, Clifford Capital and Bayfront. He is Chairman of the Asia Pacific Advisory Board for Apollo Global Management, a global private equity and alternative asset management firm, and President of Phoenix Advisers, a boutique advisory and principal investing firm. He also serves as a non-executive director of Clix Capital Services Pvt Ltd, Partners Capital Group LLC and Singapore Symphonia Company (Singapore Symphony Group). He previously served as an independent and non-executive director of Olam Group Limited and as a non-executive director of EDBI Pte Ltd. He has extensive investment banking and management experience at Goldman Sachs and Citigroup. He held several senior positions at Citi; Head of Asia Pacific Investment Banking; Head of the Asia Pacific Corporate Bank; CEO of Citi's Institutional businesses in Singapore and Brunei and Citi Country Officer in Singapore. He previously spent ten years at Goldman Sachs in New York, Hong Kong and Singapore. He holds a Bachelor of Arts Degree in Economics from St. Stephen's College, Delhi University, a Post-Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad, and a Master of Management from the J.L. Kellogg Graduate School of Management at Northwestern University. He is a citizen of Singapore.

**Mr Clive Rowland Kerner** is a Non-Executive Director of Bayfront and Clifford Capital, as well as the CCH Group Chief Executive Officer and Executive Director. He joined Clifford Capital at its inception in 2012 and has led its successful growth as well as the development of two new businesses, Pierfront Capital and Bayfront, both of which are now housed in CCH. As Group CEO, he is responsible for the overall performance of CCH and its strategic direction. He has 35 years of emerging markets finance experience as a CEO and in investment banking. Before joining Clifford Capital, he was CEO of Linq Asia Capital AG, a private credit business focused on South East Asia. He previously spent 20 years with Kleinwort Benson and its successor entities, holding senior positions in advisory and financing divisions covering the utilities, infrastructure and resources sectors, based in Singapore, London and Kuala Lumpur. He was previously a non-executive director of Changi Airports International (2015 – 2021) and a non-executive director of Singapore LNG Corporation (2013 – 2019). He holds an MBA from the Cass Business School in London and a BA in Economics from the University of Sheffield.

**Mr Lee Chuan Teck** is a Non-Executive Director of Bayfront, Clifford Capital, as well as CCH Group. He is the Permanent Secretary (Development) in the Ministry of Trade and Industry (MTI), where he oversees the growth of Singapore-based enterprises, the tourism sector, the utilities sector and competition and consumer protection issues. On the trade front, he focuses on South-East, South and Central Asia and Latin America. He started his public service career in the MAS in 1992. He assumed various roles in the MAS including reserves investment, monetary policy and capital market regulation. Prior to his current appointment in MTI, he held the appointment of Deputy Secretary (Land & Corporate) in the Ministry of Transport from April 2014 to May 2018. In this capacity, he led the restructuring of the public bus and rail sector and also spearheaded the deployment of autonomous vehicles in Singapore. He is currently a member of the management board of the Institute of South Asian Studies. He also serves as a non-executive Director of Singapore Trade Data Exchange Services Pte Ltd.

**Mr Sarakorn Gerjarusak** is a Non-Executive Director of Bayfront. He is a visiting professor of international business at The University of Thai Chamber of Commerce. He is currently on sabbatical at The Chinese University of Hong Kong, focusing on FinTech in Global Banking and Finance with special focus on DLT (blockchain), AI & machine learning, and cryptocurrency. He has over 30 years of banking experience within the most prominent financial institutions globally. Amongst other high-level responsibilities, he served as a managing director at Goldman Sachs and UBS where he headed the FX, Rate and Credit Structuring teams. He was a post-doctoral fellow at the Massachusetts Institute of Technology (MIT), where he acquired his Doctor of Philosophy (Ph.D.) and his Master of Science in Engineering. He also holds a Master of Science in Engineering from Yale University and a Bachelor of Science in Engineering and Applied Sciences (cum laude) from the University of Pennsylvania.

**Mr Tan Hanjie Nicholas** is the Chief Executive Officer and Executive Director of Bayfront. He was previously the Chief Operating Officer and Head of Structuring & Distribution of Bayfront, who was responsible for structuring and distribution activities, as well as operational oversight across a wide range of activities, including financial and management reporting, budgeting, liquidity management, stakeholders' management, development and execution of strategic initiatives. Prior to that, he was a Senior Director in Corporate Strategy at Clifford Capital, where he led the structuring, execution and management of the inaugural project and infrastructure loans take-out facility and issuance by BIC I in July 2018, as well as the CCH Group reorganisation and capital raise. Before joining Clifford Capital in December 2016, he was with Bank of America Merrill Lynch, covering the energy, infrastructure, power and utilities sectors for the investment banking division, where he led in origination and execution of debt and equity capital markets and M&A transactions for South East Asia. He was previously in investment banking with Standard Chartered Bank, covering the Asia mining and metals sector. He holds a Bachelor of Accountancy and Bachelor of Business Management (Summa Cum Laude) from the Singapore Management University.

## BAYFRONT ENVIRONMENTAL AND SOCIAL COMMITTEE

The Bayfront Environmental and Social (E&S) Committee was established in July 2020, comprising the Chairman of the Bayfront Board (as the E&S Committee Chairman), the Bayfront Chief Executive Officer, AIIB's nominee director on Bayfront's Board and an observer appointed by AIIB. The Bayfront management team, including the CCH Group E&S Officer, are permanent attendees for Bayfront E&S Committee meetings. The E&S Committee is tasked to assist the Bayfront Board in fulfilling its oversight responsibility in relation to the implementation of the E&S Framework, and determination of the sustainability impact for Bayfront of any investment in loans or distribution of IABS or any alternate distribution formats. The E&S Committee will also assist the Bayfront Board in the review and endorsement of any high risk, mining extraction and large hydro transactions, as defined in the Bayfront E&S Framework, prior to any submission for Bayfront Board approval. The Bayfront E&S Committee meets once every quarter to receive key E&S updates on Bayfront's portfolio and overall implementation progress or issues with the E&S Framework.

## BAYFRONT'S EXECUTIVE COMMITTEE

Bayfront's ExCo comprises persons who were selected and appointed by the Bayfront Board. A majority of Bayfront's ExCo comprises persons who also hold appointments at CCH, as set out below.

Bayfront's ExCo is responsible for establishing annually the business plan, corporate goals and budget for Bayfront, approving actions and transactions based on the delegated authority in accordance with Bayfront's RFPP, reviewing operational performance, business prospects and financing performance against approved budgets and business plan, and reviewing reputational risk matters escalated to Bayfront's ExCo. Bayfront's ExCo is also responsible for pre-screening and approving all new loan and bond commitments and acquisitions (including the acquisition of any Collateral Obligations for each IABS Portfolio), divestments of any loans or bonds and transfers of loans or bonds to special purpose vehicles in connection with securitisations and other distribution formats.

Bayfront's ExCo reports to the Bayfront Board.

Summary biographies of the members of Bayfront's ExCo are set out below:

Name	Position
Mr Clive Rowland Kerner	CCH Group Chief Executive Officer
Mr Tan Hanjie Nicholas	Bayfront Chief Executive Officer
Mr Teng Wei Ann Adrian	CCH Group Chief Financial Officer and Chief Operating Officer
Mr Richard Cox	CCH Group Chief Risk Officer
Mr David Moffat	CCH Group Legal Counsel

**Mr Clive Rowland Kerner.** See “– Bayfront Board”.

**Mr Tan Hanjie Nicholas.** See “– Bayfront Board”.

**Mr Teng Wei Ann Adrian** is the Chief Financial Officer and Chief Operating Officer of the CCH Group. Mr Teng joined CCH in August 2019 and oversees the Finance, Treasury, Strategy, Technology and Operations departments. He has 25 years of diverse international, financial and operational experience across developed and emerging markets. He is also currently a statutory audit committee member of the Singapore Institute of Directors. Mr Teng spent nine years with Jardine Matheson as the Group Finance Director of Jardine Cycle & Carriage Limited in Singapore and Group Treasurer of Jardine Matheson Limited in Hong Kong. Prior to that, Mr Teng spent a number of years with various global organisations in the areas of financial institution restructuring, as well as corporate and investment banking. Mr Teng holds a Master of Science in Public Policy and Management from the School of Oriental and African Studies, University of London, a Master of Business Administration from the University of Illinois at Urbana- Champaign, and a Bachelor of Science from Creighton University. In addition, he holds the Executive Diploma in Directorship from the Singapore Institute of Directors.



**Mr Richard Cox** is the Chief Risk Officer of the CCH Group. Mr Cox joined CCH in December 2022 and has 25 years of experience in risk management, covering financial and non-financial risk across a range of developed and emerging countries in Asia. A UK chartered accountant, Richard qualified with KPMG in London, and worked with KPMG in Taiwan, Indonesia and China. He later joined ING as Risk Manager for China, and subsequently moved to Singapore to work in regional roles as Head of Restructuring, Senior Credit Officer and Chief Risk Officer for Asia. During this time he served as a Director of ING Vysya Bank in India for eight years. Richard brings a wealth of experience across project and structured finance risk management, together with non-financial risk governance including environmental and social risk. Richard holds a Bachelor of Arts in English Literature from Oxford University and is a Fellow of the Institute of Chartered Accountants in England and Wales.

**Mr David Moffat** joined CCH in November 2022 as Group General Counsel and has responsibility for leading the Legal, Compliance and Corporate Secretary functions of the Group. David has over 20 years of broad experience in advising on legal and regulatory matters across corporate and investment banking and financial markets, including over 16 years in the Asia Pacific region. David also has significant experience in leading transactions and managing major litigation and regulatory enforcement matters. David has previously held roles as Asia Pacific Head of Legal and Compliance at Natwest Markets and as Asia Pacific General Counsel at COFCO International, a global commodity trading business. Prior to that, David spent 9 years at Deutsche Bank in London and Singapore, providing legal support to the bank’s markets and financing divisions. He began his career at Clifford Chance, where he advised on a broad range of debt and project finance transactions in Europe and Asia. David is a qualified solicitor in England and Wales and holds an LL.B (Hons) in Law from Leeds University and a post-graduate diploma in legal practice granted by The College of Law, York.

## MANAGEMENT TEAM

As at the date of this Information Memorandum, the management of Bayfront and BIMAM consists of four members, as follows:

Name	Position
Mr Tan Hanjie Nicholas	Bayfront Chief Executive Officer
Mr Saumitra Shrivastava	Head of Loan Acquisition
Mr Bryan Woon Zhiyang	Head of Structuring and Distribution
Mr Leong Beng Wai David	Head of Risk

**Mr Tan Hanjie Nicholas.** See “– *Bayfront Board*”.

**Mr Saumitra Shrivastava** is the Head of Loan Acquisition of Bayfront and oversees the loan acquisitions activities for Bayfront. He has extensive experience in originating and structuring complex project finance transactions across multiple sectors. Prior to joining Bayfront, he was with multilateral organisations and global commercial banks including the Asian Development Bank, BNP Paribas and Sumitomo Mitsui Banking Corporation. He has financed and advised on projects across various geographies including, Asia Pacific, Central Asia and European and Middle East regions. He holds a Bachelor’s and Master’s in Economics from University College London, United Kingdom.

**Mr Bryan Woon Zhiyang** is the Head of Structuring and Distribution of Bayfront, responsible for structuring and distribution activities, where he has led the execution and management of the BIC II and BIC III IABS transactions. He was previously part of the Corporate Strategy team at Clifford Capital, where he was involved in the day to day management of the inaugural project and infrastructure loans take-out facility and issuance by BIC I in July 2018. Prior to joining Clifford Capital in 2018, he was with Citigroup in London and Singapore, primarily in debt capital markets where he led the origination, structuring and execution of numerous bond and regulatory capital transactions for financial institutions. He holds a Bachelor of Science in Industrial Economics from the University of Warwick, United Kingdom.

**Mr Leong Beng Wai David** is the Head of Risk of Bayfront and oversees the credit risk analysis and portfolio management activities for Bayfront. He was previously a Director in Risk at Clifford Capital, where he was responsible for monitoring and risk management of the project and infrastructure loans within BIC I. Prior to joining Clifford Capital in 2018, he was with PricewaterhouseCoopers, Mizuho Bank, United Overseas Bank and

Bank of China across various roles in project finance, business recovery and forensic accounting. He holds a Bachelor of Accountancy from Nanyang Technological University.

## **CORPORATE GOVERNANCE AND CCH BOARD COMMITTEES**

Within the CCH group, various CCH Board Committees have been formed to ensure consistency of corporate governance for Bayfront as a substantially owned subsidiary of CCH and CCH.

Accordingly, the Bayfront Board has appointed the following CCH board committees to oversee various aspects of corporate governance described below.

### **CCH Governance and Nominations Committee**

The CCH Governance and Nominations Committee assists the Bayfront Board to review its corporate governance framework, manage the nomination, appointment and termination process of all of its directors, and develop succession plans for all of its directors, taking into account board diversity, independence, knowledge and experience of each director.

### **CCH Leadership Development and Compensation Committee**

The CCH Leadership Development and Compensation Committee assists the Bayfront Board in reviewing compensation policies for all of its directors and employees, establishing and reviewing the performance review process for all employees, including the Chief Executive Officer, developing a talent management framework and plan, and jointly (with the CCH Audit Committee Chair) deciding the compensation of employees in the internal audit department (if it is established) to ensure their independence from management.

### **CCH Risk Committee**

The CCH Risk Committee assists the Bayfront Board, among others, in fulfilling its oversight responsibilities by providing risk governance guidance in the establishment and supervision of an appropriate risk management and control framework covering areas including reputational, credit, market, liquidity and funding, legal, compliance, operational and conduct risks. For conflicts of interest management purposes, all related party transactions will require the recommendation of the Chairman of CCH and the CCH Risk Committee before approval by the Bayfront Board in accordance with the CCH Related Party Transactions Approval Framework. The CCH Risk Committee is also responsible for reviewing and monitoring Bayfront's portfolio performance.

### **CCH Audit Committee**

The CCH Audit Committee assists the Bayfront Board, among others, in fulfilling its oversight responsibilities by reviewing key financial reporting issues and judgements so as to ensure the integrity of its financial statements, reviewing the adequacy of internal controls, reviewing the scope, approach and results of the internal audit and external audit functions and their cost effectiveness and the independence of both internal and external auditors, making recommendations on the appointment, re-appointment and removal of the external auditor and the internal auditor and their respective terms of engagement, amongst other matters.

### **CCH Environmental, Social and Governance (“ESG”) Committee**

The CCH ESG Committee was constituted on 1 January 2022 and assists the Bayfront Board and E&S Committee in fulfilling its oversight responsibilities related to material ESG matters including but not limited to climate change. Dedicated oversight of ESG matters by the CCH ESG Committee assists the Bayfront Board in discharging its duties to stay abreast of rapidly evolving ESG risks and opportunities and ensure holistic focus and coordination.

## SHAREHOLDERS

### Issuer

Bayfront's authorised share capital is US\$180,000,000. Bayfront's issued and paid-up share capital as at the date of this Information Memorandum is US\$160,000,000, comprising 112,000,000 ordinary shares and 48,000,000 preference shares.

The ordinary shares in Bayfront's share capital are 100 per cent. held by CCH and the preference shares in Bayfront's share capital are 100 per cent. held by AIIB.

### CCH

As at the date of this Information Memorandum, CCH's share capital is held by a group of shareholders, as follows:

Name of shareholders	Ordinary shares held	
	Number	%
Kovan Investments Pte. Ltd <sup>(1)</sup>	159,210,752	43.9
Aranda Investments Pte. Ltd <sup>(1)</sup>	9,932,841	2.7
Prudential Assurance Company Singapore (Pte) Limited	53,921,036	14.9
Asian Development Bank	27,398,015	7.5 <sup>(2)</sup>
Standard Chartered Bank (Singapore) Limited	35,926,609	9.9
Sumitomo Mitsui Banking Corporation	30,965,777	8.5
DBS Bank Ltd.	22,770,000	6.3
John Hancock Life Insurance Company (U.S.A.)	22,770,000	6.3

#### Note:

(1) Kovan Investments Pte. Ltd and Aranda Investments Pte. Ltd are wholly-owned investment holding vehicles of Temasek Holdings (Private) Limited.

(2) Rounded down from 7.55%.

## OVERVIEW OF SINGAPORE

The following information regarding the Republic of Singapore (“**Singapore**”) is based on data and information available as of the date of this Information Memorandum from publicly available official sources, and has not been independently verified by Bayfront, the Guarantor, the Joint Lead Managers or the Trustee or any of their respective affiliates or advisors.

For updates on such information from time to time, please refer to the Singapore Department of Statistics’ website at [www.singstat.gov.sg](http://www.singstat.gov.sg) or such other website as set out below in respect of such information. For the avoidance of doubt, the information on such websites does not form part of this Information Memorandum.

### LOCATION AND POPULATION

#### Location

Singapore is a Southeast Asian island city-state with a total land area of approximately 734.3 square kilometres.<sup>7</sup> Singapore is located approximately 137 kilometres north of the equator at the southern tip of the West Malaysian peninsula at the point where the Malacca Straits joins the South China Sea.

#### Population

According to the Singapore Department of Statistics, as of June 2022, Singapore had a total population (comprising Singapore residents and non-residents) of approximately 5.6 million, of which approximately 4.0 million were Singapore residents (comprising Singapore citizens and permanent residents).

### GOVERNMENT<sup>8</sup>

Singapore is a sovereign republic, with a legal system whose roots can be traced back to the English legal system and which has since evolved over the years.

The sources of Singapore law are derived from the Constitution of Singapore, legislation, subsidiary legislation and judge-made law.

The Constitution of Singapore is the supreme law of the land and lays down the basic framework for the three organs of state, namely, the Executive, the Legislature and the Judiciary.

The Executive includes the Elected President, the Cabinet and the Attorney-General. The President is elected by Singapore citizens and is empowered to veto Government budgets and appointments to public office. The Cabinet comprises the Prime Minister and Ministers appointed from among the Members of Parliament and is responsible for the general direction and control of the Government and is accountable to Parliament. The Prime Minister is appointed by the President under the Constitution of Singapore and is the effective head of the Executive. The Attorney-General is the principal legal advisor to the Government and has the power and discretion to prosecute offenders.

The Legislature comprises the President and Parliament and is the legislative authority responsible for enacting legislation. Parliament is made up of elected, non-constituency and nominated Members of Parliament. The President’s assent is required for all bills passed by Parliament and he/she may in his/her discretion withhold assent to certain bills.

The Judiciary consists of the Supreme Court and the State Courts and the head of the Judiciary is the Chief Justice. Judicial power in Singapore is vested in the Supreme Court and in such subordinate courts as may be provided for by any written law for the time being in force. The Judiciary is safeguarded by the Constitution of Singapore and its function is to independently administer justice. Singapore has inherited the English common law tradition. The influence of the English common law on the development of Singapore law is generally most evident in certain traditional common law areas, such as contract law. The doctrine of judicial precedent applies

<sup>7</sup> Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

<sup>8</sup> Source: Singapore Government, [www.gov.sg](http://www.gov.sg), The Singapore Ministry of Law, [www.mlaw.gov.sg](http://www.mlaw.gov.sg) and The Singapore Academy of Law, [www.singaporelaw.sg](http://www.singaporelaw.sg).

to the Singapore courts, where judges are generally required to apply the operative reason for a decision of the higher court within the same hierarchy.

## CREDIT RATINGS

Singapore is currently assigned the highest credit rating possible by all three international credit rating agencies. The respective long-term and short-term local and foreign currency ratings are “AAA” and “A-1+” by Standard & Poor’s Rating Services, “Aaa” and “P-1” by Moody’s Investors Service and “AAA” and “F1+” by Fitch, Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

## ECONOMY<sup>9</sup>

The Singapore economy grew by 3.6 per cent. in 2022, moderating from the 8.9 per cent. growth recorded in 2021. The manufacturing sector expanded by 2.5 per cent., which was slower compared to the 13.3 per cent. growth recorded in 2021. Growth was recorded in all industries in the manufacturing sector, except for the chemicals and biomedical manufacturing industries. The construction sector grew by 6.7 per cent., extending the 20.5 per cent. expansion in 2021, supported by both public and private sector construction works. The services producing industries expanded by 4.8 per cent., easing from the 7.6 per cent. expansion in 2021. Growth was mainly driven by the wholesale trade, other services and information and communications sectors.

The Singapore economy is expected to continue recovering in 2023 and the Ministry of Trade and Industry has indicated gross domestic product (“GDP”) growth forecast at “0.5 to 2.5 per cent.” as of 13 February 2023.

In the fourth quarter of 2022, the Singapore economy expanded by 2.1 per cent. on a year-on-year basis, moderating from the 4.0 per cent. growth recorded in the previous quarter. The manufacturing sector shrank by 2.6 per cent. on a year-on-year basis in the fourth quarter of 2022, a reversal from the 1.1 per cent. expansion registered in the previous quarter. The contraction was due to output declines in the biomedical manufacturing, chemicals, electronics and general manufacturing industries. The construction sector grew by 10.0 per cent. on a year-on-year basis in the fourth quarter of 2022, improving from the 8.1 per cent. growth in the preceding quarter, as both public and private sector construction output increased. Within the services sector, the wholesale & retail trade and transportation & storage industries grew 2.4, 5.1 and 2.5 per cent. respectively year-on-year in the fourth quarter of 2022. Meanwhile, the information & communications and professional services industries grew by 5.6 and 6.1 per cent. on a year-on-year basis in the fourth quarter of 2022, whilst finance & insurance weakened moderately by 0.3 per cent. Accommodation & food services, real estate, administrative & support services and other services industries grew by 7.8, 15.2, 10.5 and 6.0 per cent. respectively in the fourth quarter of 2022 year-on-year. The growth was supported by a robust recovery in international visitor arrivals and tourism related activities, while private residential property as well as the commercial office and industrial space segments contributed to the growth in the real estate sector.

## Gross Domestic Product (GDP)

GDP measures the aggregate value of the goods and services produced in the economic territory of the country. The following table sets out the Singapore’s nominal GDP at current market prices for the years 2018 to 2022:

Year	2018	2019	2020	2021	2022
	(S\$ millions)				
Nominal GDP	508,337	514,066	480,691	569,364	643,546

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

<sup>9</sup> Source: MAS, [www.mas.gov.sg](http://www.mas.gov.sg); Ministry of Trade and Industry, [www.mti.gov.sg](http://www.mti.gov.sg).

The following table sets out a breakdown of Singapore's GDP at current market prices by industry for the years 2018 to 2022:

<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	(S\$ millions)				
Goods Producing Industries	129,201	123,787	112,345	138,900	155,642
Manufacturing	105,389	99,694	94,958	118,346	131,933
Construction	17,834	18,055	11,013	14,142	16,797
Utilities	5,826	5,873	6,217	6,233	6,732
Other Goods Industries	153	166	158	179	181
Services Producing Industries	334,807	345,883	327,390	381,223	436,069
Wholesale & Retail Trade	89,123	91,368	88,968	107,801	121,646
Transportation & Storage	30,858	31,506	28,812	48,444	63,568
Accommodation & Food Services	9,807	9,933	6,561	6,523	9,318
Information & Communications	20,329	22,789	25,724	29,564	33,112
Finance & Insurance	62,481	68,146	69,816	74,309	82,394
Real Estate, Professional Services And Administrative & Support Services	69,681	68,024	58,983	61,551	68,881
Other Services Industries	52,529	54,118	48,526	53,031	57,150
Ownership of Dwellings	17,751	18,453	18,785	18,913	19,904
<b>Gross Value Added at Basic Prices</b>	<b>481,759</b>	<b>488,123</b>	<b>458,520</b>	<b>539,035</b>	<b>611,616</b>
Add: Taxes on Products	26,578	25,944	22,171	30,329	31,930
<b>GDP (current market prices)</b>	<b>508,337</b>	<b>514,066</b>	<b>480,691</b>	<b>569,364</b>	<b>643,546</b>

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

### **Inflation and Employment**

Singapore's inflation rate is measured by reference to the annual percentage change in the domestic Consumer Price Index ("CPI"). In 2022, core inflation and year-on-year percentage change in consumer price index rose to 4.1% and 6.1% respectively, as compared to 0.9% and 2.3%, respectively, in 2021.

Singapore's unemployment rate was consistently low, ranging between 2.1 per cent. to 3.0 per cent. during the period from 2018 to 2022 (based on annual averages).

<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Consumer Price Index	99.4	100.0	99.8	102.1	108.4
Consumer Price Index (Year on year percentage change)	0.4%	0.6%	-0.2%	2.3%	6.1%
MAS Core Inflation*	1.7%	1.0%	-0.2%	0.9%	4.1%
Unemployment Rate	2.1%	2.3%	3.0%	2.7%	2.1%

Sources: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg); MAS, [www.mas.gov.sg](http://www.mas.gov.sg) (Monthly Statistical Bulletin); and Ministry of Manpower, [www.mom.gov.sg](http://www.mom.gov.sg).

\* MAS Core Inflation measure excludes accommodation and private transport costs.

## Foreign direct investment in Singapore

The following table sets out the stock of foreign direct investment in Singapore as at year-end for the years from 2017 to 2021:

As at Year-end	2017	2018	2019	2020	2021
	(S\$ millions)				
Foreign Direct Investment in Singapore	1,562,234	1,726,191	1,917,334	2,146,537	2,478,992

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

## CURRENT ACCOUNT

### Current account balance

The Current Account Balance refers to the balance of transactions in goods, services, primary income and secondary income. The following table summarises the current account balance for Singapore for the years 2018 to 2022:

Year	2018	2019	2020	2021	2022
	(S\$ millions)				
Current Account Balance	79,893	83,046	79,081	102,608	124,410
Goods balance	140,869	133,452	146,826	168,940	188,237
Export of Goods	621,662	602,840	579,410	691,271	799,007
Import of Goods	480,793	469,388	432,584	522,331	610,770
Service Balance	9,108	18,122	3,166	31,848	45,001
Exports of Services	279,876	299,831	295,393	358,081	401,544
Imports of Services	270,768	281,709	292,227	326,233	356,543
Primary Income Balance	(62,329)	(58,778)	(65,168)	(93,226)	(103,590)
Secondary Income Balance	(7,755)	(9,750)	(5,743)	(4,954)	(5,237)

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

### Official Foreign Reserves

The following table sets out a breakdown of Singapore's official foreign reserves as at year-end for the years 2018 to 2022:

As at Year-end	2018	2019	2020	2021	2022
	(S\$ millions)				
Special Drawing Rights	1,434	1,426	1,467	8,504	8,501
Reserve Position in the International Monetary Fund	1,447	1,632	2,169	2,075	2,079
Gold and Foreign Exchange	389,215	372,724	475,205	552,761	377,676
Total Official Foreign Reserves	392,096	375,783	478,840	563,339	388,256
Total Official Foreign Reserves (US\$ millions)	287,673	279,450	362,305	417,904	289,484

Source: MAS, [www.mas.gov.sg](http://www.mas.gov.sg).

## EXCHANGE RATE AND MONETARY POLICY

### Exchange Rate Policy

The MAS manages the Singapore dollar exchange rate against a trade-weighted basket of currencies of Singapore's major trading partners. The composition of this basket is reviewed and revised periodically to take

into account changes in Singapore's trade patterns. This trade-weighted exchange rate is maintained broadly within an undisclosed target band, and is allowed to appreciate or depreciate depending on factors such as the level of world inflation and domestic price pressures. MAS may also intervene in the foreign exchange market to prevent excessive fluctuations in the Singapore dollar exchange rate.

## Money Supply

The following table shows the volume of money supply in Singapore as at year-end for the years 2018 to 2022:

As at Year-end	2018	2019	2020	2021	2022
M1 Money Supply <sup>10</sup>	188,797.8	195,665.7	259,878.2	286,176.3	255,547.3
M2 Money Supply <sup>11</sup>	602,700.4	632,541.2	715,980.8	733,241.7	747,021.3
Quasi-Money	413,902.6	436,875.5	456,102.6	447,065.4	491,474.0

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

## BUDGET/PUBLIC FINANCES

### Government Revenue

The main revenue-collecting agencies are the Singapore Customs and the Inland Revenue Authority of Singapore (the "IRAS"). The former is responsible for the collection of import and excise duties on liquors, tobacco, petroleum products and motor vehicles, whereas IRAS is responsible for the collection of income tax, property tax, Goods and Services Tax ("GST"), stamp duty, betting duty, casino tax and private lotteries duty.

### Government Expenditure

Total Expenditure consists of 'Operating Expenditure' and 'Development Expenditure'. Operating Expenditure includes 'Running Costs' and 'Transfers'. 'Running Costs' represent the day-to-day operating expenditure of the Government Ministries and Departments on the maintenance of the operations and other regular activities of the Government. 'Transfers' are payments made by the Government to members of the public and outside organisations. 'Development Expenditure' refers to expenses that represent longer-term investments and/or are incurred on capital assets in respect of or in connection with the economic development or general welfare of Singapore. Examples of spending areas are the acquisition, construction, improvement and replacement of capital assets, for example, buildings and roads.

The following table sets out the Government's revenue and expenditure figures for the financial years ended 31 March 2017 to 2021.<sup>12</sup>

	FY2017	FY2018	FY2019	FY2020	FY2021
	(S\$ millions)				
Operating Revenue <sup>13</sup>	75,816	73,738	74,274	67,377	82,487
Operating Expenditure <sup>14</sup>	55,581	57,561	58,667	72,936	78,543
Development Expenditure <sup>15</sup>	17,975	20,263	16,671	13,430	16,253
Cash Surplus/ (Deficit)	29,899	15,175	32,232	(39,342)	5,204

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

<sup>10</sup> M1 Money Supply refers to the amount of money in the economy. Narrowly defined, M1 Money Supply consists of currency in active circulation and demand deposits.

<sup>11</sup> M2 Money Supply comprises M1 Money Supply and Quasi Money. Quasi Money includes fixed, savings and other deposits with banks as well as negotiable certificates of deposit in Singapore dollar issued by Singapore banks.

<sup>12</sup> The Government's financial year begins on 1 April of each year and ends on 31 March of the following year. The information in this table is for the period up until the financial year ended 31 March 2021, as certain data in this table is not publicly available after the financial year ended 31 March 2021.

<sup>13</sup> Refers to receipts credited to the consolidated revenue account and development fund account but excludes the repayment of loans and advances, interest income, investment income and capital receipts.

<sup>14</sup> Refers to expenditure on manpower, other operating expenditure (excluding expenses on investment and agency fees on land sales, debt servicing costs and principal repayments), operating grants and transfers.

<sup>15</sup> Excludes land-related expenditure, special transfers, spending from government endowment and trust funds.



## Government and Past Reserves

Under the Constitution of Singapore, a distinction is made between the reserves accumulated by the Government during its current term of office, and past reserves, which refer to the reserves accumulated in previous terms of Government. The Government is expected to balance the budget within its term and can only draw on past reserves with the approval of the President of Singapore.

## Singapore Government Borrowings<sup>16</sup>

The large majority of Singapore Government borrowings are not for spending purposes. Singapore Government Securities (Market Development) and T-Bills are issued to develop the domestic debt market. Singapore Saving Bonds are issued to provide a long-term savings option that offers safe returns to individual investors. Special Singapore Government Securities are non-tradable bonds issued primarily to meet the investment needs of the CPF, while Reserves Management Government Securities are issued solely to facilitate the transfer of excess official foreign reserves of Singapore from the MAS to the Government for longer-term investment.

The Singapore Government has a strong balance sheet with no net debt, and has assets well in excess of its liabilities.

## Breakdown of Government Debt

The following table sets out the Government domestic and external debt by instrument as at 31 December in the years 2018 to 2022:

Year	2018	2019	2020	2021	2022
	(S\$ millions)				
Total Debt	546,700	641,094	704,721	777,958	1,079,758
Domestic Debt	546,700	641,094	704,721	777,958	1,079,758
– Registered Stocks & Bonds and Advance Deposits	536,500	582,294	644,721	712,758	1,007,158
– Treasury Bills	10,200	58,800	60,000	65,200	72,600
External Debt	–	–	–	–	–

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

The following table breaks down Government domestic and external debt by maturity as at 31 December in the years 2018 to 2022:

As at Year-end	2018	2019	2020	2021	2022
	(S\$ millions)				
Domestic Debt (excluding Advance Deposits)	531,174	628,217	690,775	762,784	1,066,518
– 1 year maturity or less	46,845	90,658	95,423	101,109	111,169
– more than 1 year maturity	484,329	537,560	595,352	661,675	955,349
External Debt	–	–	–	–	–

Source: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg).

<sup>16</sup> Singapore Government Borrowings, [www.mof.gov.sg](http://www.mof.gov.sg); Singapore Government Securities, <https://www.mas.gov.sg/bonds-and-bills/singapore-government-bonds-information-for-individuals>; MAS, [www.mas.gov.sg](http://www.mas.gov.sg); Department of Statistics Singapore, [www.singstat.gov.sg](http://www.singstat.gov.sg).

## TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of Bayfront, the Guarantor and any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

### 1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act 1947 of Singapore (the “ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 22 per cent. prior to the year of assessment 2024, and 24 per cent. thereafter. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from Singapore income tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

It was announced in the Singapore Budget Statement 2023 that the requirement that qualifying debt securities (“**QDS**”) have to be substantially arranged in Singapore will be rationalised, such that all debt securities that are issued on or after 15 February 2023 must be substantially arranged in Singapore by a financial institution holding a specified licence (the “**Relevant Licence Holder**”), instead of a relevant Financial Sector Incentive Company. In this regard, a Relevant Licence Holder is intended to mean an entity which:

- (i) is any bank or merchant bank licensed under the Banking Act 1970 of Singapore;
- (ii) is any finance company licensed under the Finance Companies Act 1967 of Singapore; or
- (iii) holds a capital markets services licence under the Securities and Futures Act 2001 of Singapore for dealing in capital markets products (securities) or advising on corporate finance.

The MAS will be providing further details by 31 May 2023.

In addition, as the issue of the Notes are jointly lead-managed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited, each of which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) and a Relevant Licence Holder at such time, and the Notes are issued as debt securities prior to 31 December 2023, the Notes would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by Bayfront, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with such Notes as the MAS may require, and the inclusion by Bayfront in all offering documents relating to such Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from such Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires such Notes using the funds and profits from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from such Notes paid by Bayfront and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire such Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by Bayfront, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with such Notes as the MAS may require), Qualifying Income from such Notes paid by Bayfront and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (aa) Bayfront including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from such Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the furnishing by Bayfront, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with such Notes as the MAS may require,payments of Qualifying Income derived from such Notes are not subject to withholding of tax by Bayfront.

Notwithstanding the foregoing:

- (A) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50 per cent. or more of the issue of the Notes is beneficially held or funded, directly or indirectly, by related parties of Bayfront, the Notes would not qualify as QDS; and
- (B) even though the Notes are QDS, if, at any time during the tenure of the Notes, 50 per cent. or more of the Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of Bayfront, Qualifying Income derived from the Notes held by:
  - (I) any related party of Bayfront; or
  - (II) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of Bayfront,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person (A), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from any of the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

It was also announced in the Singapore Budget Statement 2023 that the QDS scheme will be extended until 31 December 2028, and the scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of QDS. The MAS will be providing further details by 31 May 2023.

## 2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or SFRS(I) 9 (as the case may be) may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) even though no sale or disposal of the Notes is made. Please see the section below on “*Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes*”.

### **3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## SUBSCRIPTION AND SALE

The following section consists of a summary of certain provisions of the Subscription Agreement (defined below) which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.

Bayfront has entered into a subscription agreement with the Joint Lead Managers dated 9 May 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, Bayfront agreed to issue and sell, and each of the Joint Lead Managers has agreed, severally and not jointly, to subscribe, purchase and pay for, or to procure purchasers to purchase and pay for, the Notes, in the amounts set out in the Subscription Agreement at a purchase price equal to 100 per cent. of the aggregate principal amount of the Notes. Bayfront has agreed in the Subscription Agreement to pay fees to the Joint Lead Managers in consideration of their subscription and payment of the Notes. In addition, Bayfront has agreed to reimburse each Joint Lead Manager for certain of its expenses in connection with the issue of the Notes and to indemnify each Joint Lead Manager against certain liabilities incurred by them in connection therewith. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of Bayfront in such jurisdiction.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Bayfront or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of Bayfront or its subsidiaries, jointly controlled entities or associated companies, including the Notes, may be entered into at the same time or proximate to offers and sales of the Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Notes. The Notes may be purchased by or be allocated to any Joint Lead Manager or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

### UNITED STATES

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold, within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver any Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Joint Lead Manager, of all the Notes, except to non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act. Each Joint Lead Manager has further agreed that, at or prior to confirmation of a sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession fee or other remuneration that purchases Notes from it during the 40-day distribution compliance period, at or prior to confirmation of such sale of Notes, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the completion of the distribution of the Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

## **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the EEA.

For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

1. a retail client as defined in point (11) of Article 4(1) of MiFID II; or
2. a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the UK.

For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

1. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
2. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## **UNITED KINGDOM**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **FRANCE**

Each of the Joint Lead Managers and Bayfront has represented and agreed that in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Information Memorandum or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to a limited number of investors acting for their own account (*cercle restreint d'investisseurs agissant pour compte propre*) in accordance with Article L.411-2 of the French Code *monétaire et financier* or to qualified investors (*investisseurs qualifiés*) as defined by Article 2(e) of regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended.

## **ITALY**

Each Joint Lead Manager has represented and agreed that the offer of the Notes has not been registered with the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the “**CONSOB**”) pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented

and agreed that no Notes may be offered, sold or distributed, to the public in the Republic of Italy (“**Italy**”) nor may copies of this document or of any other document relating to the Notes be distributed in Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 2, paragraph (e) of the Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”); or
- (ii) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 1 of the Prospectus Regulation, Article 100 of the Italian Legislative Decree No. 58 of 24 February 1998, as amended from time to time, (the “**Financial Services Act**”) and Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the “**Issuers Regulation**”).

Moreover, and subject to the foregoing, each Joint Lead Manager has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the “**Banking Act**”);
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy requests information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

## **JAPAN**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended) (the “**FIEA**”) and each Joint Lead Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **HONG KONG**

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”)) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.



## HONG KONG – NOTICE TO CMIS AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including private banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Information Memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to:

- [hk\\_syndicate\\_omnibus@hsbc.com.hk](mailto:hk_syndicate_omnibus@hsbc.com.hk); and
- [SYNHK@sc.com](mailto:SYNHK@sc.com).

To the extent information being disclosed by CMI and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested. By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organised or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “**Sanctions Authority**” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

## SINGAPORE

Each Joint Lead Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information

Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

## **REPUBLIC OF KOREA**

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea. Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Notes in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transactions Act of Korea and the regulations thereunder) except as otherwise permitted under applicable Korean laws and regulations.

## **GENERAL**

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and any other applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of Bayfront, the Guarantor, the Trustee or any of the other Joint Lead Managers shall have any responsibility therefor.

None of Bayfront, the Guarantor, the Trustee or the Joint Lead Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes and the Guarantee have not been registered under the Securities Act or any state securities or “Blue Sky” laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described herein and set forth in the Trust Deed.

### Notes

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) In connection with the purchase of the Notes: (a) none of the Issuer, the Joint Lead Managers or the Trustee is acting as a fiduciary (other than the Trustee) or financial adviser for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Joint Lead Managers or the Trustee other than in this Information Memorandum for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Joint Lead Managers or the Trustee has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgement and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Joint Lead Managers or the Trustee; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.
- (2) The purchaser is purchasing the Notes for its own account or for an account with respect to which it exercises sole investment discretion, the purchaser and such account is located outside the United States and the purchaser is not a U.S. Person.
- (3) The purchaser understands that the Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons.
- (4) The purchaser agrees, for the benefit of the Issuer, the Joint Lead Managers, and any of their affiliates, that they will not resell or transfer any of the Notes prior to the date that is 40 days after the Issue Date (the “**distribution compliance period**”) except:
  - (a) to the Issuer, the Joint Lead Managers or one of its subsidiaries;
  - (b) under a registration statement that has been declared effective under the Securities Act;
  - (c) outside the United States to persons who are not U.S. Persons in accordance with Regulation S under the Securities Act; or
  - (d) pursuant to another exemption from registration under the Securities Act.
- (5) The purchasers will, and each subsequent holder is required to, notify any purchaser of the Notes from them of the above resale restrictions.
- (6) The purchaser acknowledges that the Issuer, the Joint Lead Managers and the Trustee, and their respective agents, affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

- (7) The purchaser understands that the Notes offered in reliance on Regulation S will be represented by the Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in such Global Certificate, it will be required to provide the Transfer Agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES.**

## GENERAL INFORMATION

### AUTHORISATION

The issue of Notes has been duly authorised by a resolution of the Bayfront Board dated 22 March 2023.

### LISTING OF NOTES

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Approval in-principle for the listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of Bayfront, the Guarantor or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST.

### DOCUMENTS AVAILABLE

Copies of the following documents will be available for inspection from the registered office of Bayfront and from the specified office of the Principal Paying Agent for the time being in Hong Kong:

- (a) Bayfront's Constitution and the Constitution of Singapore;
- (b) the most recent audited annual financial statements of Bayfront and the most recent unaudited interim financial statements (if any) of Bayfront, in each case together with any audit or review reports prepared in connection therewith;
- (c) the Guarantee, the Creditor Nomination Letter in respect of the Notes and the DIMIE Procedures Memorandum;
- (d) the Trust Deed and the Agency Agreement;
- (e) a copy of this Information Memorandum; and
- (f) any future Information Memorandums, prospectuses, information memoranda and supplements to this Information Memorandum and any other documents incorporated herein or therein by reference.

### LEGAL ENTITY IDENTIFIER

The Legal Entity Identifier of Bayfront is 213800L5FSDO5XT2PB37.

### CLEARING SYSTEMS

The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code 259908787 and the ISIN for the Notes is XS2599087876.

### NO MATERIAL ADVERSE CHANGE

Save as disclosed in this Information Memorandum, there has been no material adverse change or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of Bayfront or the Group since 31 December 2022.

### LITIGATION

Bayfront has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Bayfront is aware) during the 12 months prior to the date of this Information Memorandum, which may have or have in such period had a significant effect on the financial position or profitability of Bayfront or the Group.

### AUDITORS

The auditors of Bayfront are KPMG LLP. The auditors of Bayfront have no material interest in Bayfront.

## **JOINT LEAD MANAGERS' TRANSACTING WITH BAYFRONT AND THE GUARANTOR**

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for Bayfront, the Guarantor and their affiliates in the ordinary course of business.



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**Bayfront Infrastructure Management Pte. Ltd.  
and its subsidiaries**

**Registration Number: 201937700G**

Annual Report  
Year ended 31 December 2022

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

## **Directors' statement**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the year ended 31 December 2022.

In our opinion:

- (a) The financial statements set out on pages FS1 to FS51 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"); and
- (b) At the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

The directors in office at the date of this statement are as follows:

Sanjiv Misra  
Clive Rowland Kerner  
Lee Chuan Teck  
Sarakorn Gerjarusak (Appointed on 5 July 2022)  
Premod Paul Thomas

## **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("the Act"), no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Share options**

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

### **Independent auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Sanjiv Misra**  
*Director*



---

**Premod Paul Thomas**  
*Director*

22 March 2023



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## Independent auditors' report

Members of the Company  
Bayfront Infrastructure Management Pte. Ltd.

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Bayfront Infrastructure Management Pte. Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS51.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP

*Public Accountants and  
Chartered Accountants*

**Singapore**  
22 March 2023

**Statements of financial position**  
**As at 31 December 2022**

	Note	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Assets</b>					
Cash and cash equivalents	4	94,874	86,961	30,547	17,686
Loans and advances	5	1,303,976	730,218	605,892	402,958
Other assets	6	14,229	2,549	7,353	1,316
Intangible assets	7	47	91	–	–
Derivative financial assets	20	2,496	91	–	–
Investment in subsidiaries	8	–	–	70,332	40,124
<b>Total assets</b>		<b>1,415,622</b>	<b>819,910</b>	<b>714,124</b>	<b>462,084</b>
<b>Liabilities</b>					
Loans and borrowings	9	1,230,681	699,358	540,355	339,940
Provision	10	878	395	–	–
Other liabilities	11	18,164	5,425	2,703	109
<b>Total liabilities</b>		<b>1,249,723</b>	<b>705,178</b>	<b>543,058</b>	<b>340,049</b>
<b>Equity</b>					
Share capital	12	160,000	115,000	160,000	115,000
Reserves	12	–	–	10,314	8,952
Accumulated profit/(losses)		5,899	(268)	752	(1,917)
<b>Total equity</b>		<b>165,899</b>	<b>114,732</b>	<b>171,066</b>	<b>122,035</b>
<b>Total liabilities and equity</b>		<b>1,415,622</b>	<b>819,910</b>	<b>714,124</b>	<b>462,084</b>

The accompanying notes form an integral part of these financial statements.



**Consolidated statement of comprehensive income**  
**Year ended 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
Interest income	13	48,154	13,339
Interest expense	13	(28,433)	(4,446)
<b>Net interest income</b>		19,721	8,893
Fee income	14	161	276
Other income	15	43	53
<b>Total other operating income</b>		204	329
<b>Net operating income</b>		19,925	9,222
Staff costs	16	(3,656)	(3,451)
Other operating expenses		(6,825)	(3,777)
<b>Total operating expenses</b>		(10,481)	(7,228)
Impairment loss on loans and advances	5, 21	(3,277)	(769)
<b>Profit before income tax</b>	16	6,167	1,225
Income tax expense	17	–	–
<b>Profit for the year</b>		6,167	1,225
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Loans and advances – net change in fair value		–	(8,365)
<b>Other comprehensive income for the year, net of tax</b>		–	(8,365)
<b>Total comprehensive income for the year</b>		6,167	(7,140)

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of changes in equity**  
**Year ended 31 December 2022**

	Note	Share capital US\$'000	Fair value reserve US\$'000	Accumulated (losses)/ profits US\$'000	Total US\$'000
At 1 January 2021		90,000	8,365	(1,493)	96,872
<b>Profit for the year</b>		–	–	1,225	1,225
<b>Other comprehensive income</b>					
Reclassification of financial assets	5	–	(8,365)	–	(8,365)
<b>Total comprehensive income for the year</b>		–	(8,365)	1,225	(7,140)
<b>Transactions with owners, recognised directly in equity</b>					
Issue of ordinary shares	12	17,500	–	–	17,500
Issue of preference shares	12	7,500	–	–	7,500
<b>Total transactions with owners</b>		25,000	–	–	25,000
At 31 December 2021		115,000	–	(268)	114,732
At 1 January 2022		115,000	–	(268)	114,732
<b>Profit for the year/Total comprehensive income for the year</b>		–	–	6,167	6,167
<b>Transactions with owners, recognised directly in equity</b>					
Issue of ordinary shares	12	31,500	–	–	31,500
Issue of preference shares	12	13,500	–	–	13,500
<b>Total transactions with owners</b>		45,000	–	–	45,000
At 31 December 2022		160,000	–	5,899	165,899

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of cash flows**  
**Year ended 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		6,167	1,225
Adjustments for:			
Amortisation of intangible assets	7	50	45
Net allowance for impairment on loan and advances	5, 21	3,277	769
Interest income	13	(48,154)	(13,339)
Interest expense	13	28,433	4,446
		<u>(10,227)</u>	<u>(6,854)</u>
Changes in:			
- Loans and advances		(577,036)	(363,099)
- Other assets		(22,993)	(7,608)
- Other liabilities		(1,503)	(898)
<b>Net cash used in operating activities</b>		<u>(611,759)</u>	<u>(378,459)</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets		(6)	–
Interest income received		57,062	19,694
Bank deposits		(15,495)	(40,195)
<b>Net cash from/(used in) investing activities</b>		<u>41,561</u>	<u>(20,501)</u>
<b>Cash flows from financing activities</b>			
Proceeds from/(Repayment of) bank borrowings	9	348,739	(263,700)
(Repayment of)/Proceeds from Euro Commercial Papers	9	(148,324)	317,940
Repayment of notes		(39,966)	–
Proceeds from notes issued	9	372,494	361,100
Proceeds from issue of preference shares	12	13,500	7,500
Proceeds from issue of ordinary shares	12	31,500	17,500
Interest paid		(15,327)	(1,132)
<b>Net cash from financing activities</b>		<u>562,616</u>	<u>439,208</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(7,582)	40,248
Cash and cash equivalents at beginning of the year		46,766	6,518
<b>Cash and cash equivalents at end of the year</b>	4	<u>39,184</u>	<u>46,766</u>

The accompanying notes form an integral part of these financial statements.

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 March 2023.

### **1 Domicile and activities**

Bayfront Infrastructure Management Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore with its registered office at One Raffles Quay, #23-01 North Tower, Singapore 048583.

The Company’s principal activities are focused on investing and distributing infrastructure debt, primarily in the Asia Pacific and Middle East regions. Its wholly owned subsidiary, BIM Asset Management Pte. Ltd. is involved in providing asset management services to the Group while Bayfront Infrastructure Capital II Pte. Ltd. and Bayfront Infrastructure Capital III Pte. Ltd. are involved in the securitisation of a portfolio of securitised loan assets (the “Portfolio”), financed through the issuance of infrastructure backed asset securities (the “Notes”) to institutional investors (the “Noteholders”).

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is Clifford Capital Holdings Pte. Ltd (“CCH”).

### **2 Basis of preparation**

#### **2.1 Going concern**

As at 31 December 2022, the Company’s current liabilities exceeded its current assets by approximately US\$505,158,000. Notwithstanding, the management has assessed that the going concern assumption is still appropriate as it has sufficient credit facilities which it can draw upon to refinance its existing debts when it falls due.

Accordingly, the directors are of the opinion that it is appropriate for the financial statements to be prepared on a going concern basis.

#### **2.2 Statement of compliance**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and International Financial Reporting Standards (“IFRSs”). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in these financial statements, unless otherwise specified.

### **2.3 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### **2.4 Functional and presentation currency**

These financial statements are presented in United States dollars (“US\$”), which is the Company’s functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

### **2.5 Use of estimates and judgements**

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – determination of fair values of loans and advances at FVOCI; and
- Note 21 – Measurement of expected credit loss (“ECL”) allowance for loans and advances.

#### ***Measurement of fair values***

The Group adopt an independently developed valuation model for the valuation of loans and advances held at FVOCI. Third party information used in the valuation model, such as broker quotes or pricing services, are shared and verified with the Group to support the conclusion that the valuations meet the requirements of SFRS(I) standards. Significant valuation issues are reported to the management.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring the fair values is included in the following notes:

- Note 5 – determination of fair values of loans and advances at FVOCI; and
- Note 20 – financial instruments.

## **2.6 New standards and amendments**

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I)1-1: *Classification of Liabilities as Current or Non-Current*
- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **3.1 Basis of consolidation**

#### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

**(ii) *Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(iii) *Subsidiaries in the separate financial statements***

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

**3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on translation are recognised in profit or loss.

**3.3 Intangible assets**

**(i) *IT software***

IT software that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation.

**(ii) *Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**(iii) *Amortisation***

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current period are as follows:

IT software            -    3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### **3.4 Financial instruments**

#### **(i) Recognition and initial measurement**

##### ***Non-derivative financial assets and financial liabilities***

Loans and advances are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

Valuation adjustments are an integral part of the valuation process.

Where complex valuation models are used, or where less-liquid positions are being valued, the bid-offer levels for those positions may not be available directly from the market, and therefore the close-out cost of these positions, models and parameters must be estimated. When these adjustments are determined, the Company closely examines the valuation risks associated with the models as well as the positions themselves, and the resulting adjustments are closely monitored on an ongoing basis.

If there are significant unobservable inputs used in a valuation technique, the financial instrument is recognised at the transaction price and any trade date profit or loss arising from the difference between the transaction price and initial valuation is deferred as Day 1 reserve. Day 1 reserve is deferred in the balance sheet and only recycled to the profit or loss to the extent it arises from a change in a factor including time, that market participants would take into account in pricing the financial asset or financial liability.

#### **(ii) Classification and subsequent measurement**

##### ***Non-derivative financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### ***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



### ***Loans and advances at FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### ***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### ***Financial assets: Business model assessment***

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### ***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Non-derivative financial assets: Subsequent measurement and gains and losses***

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in the Statement of Comprehensive Income over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

***Loans and advances at FVOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in the Statement of Comprehensive Income over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

***(iii) Derivative financial instruments and hedge accounting***

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

***Fair value hedges of interest rate risk***

The Group enters into interest rate swaps that are fair value hedges for interest rate risk arising from its fixed rate asset (“hedged item”). Receive-floating/pay-fixed interest rate swaps are matched to specific fixed-rate asset with terms that closely align with the critical terms of the hedged item. The fair value changes on the hedged item resulting from interest rate risk are recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly. The fair value changes on the interest rate swaps designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of the interest rate swaps are recognised separately in profit or loss.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties and/or diversifying the hedging relationship with 2 or more counterparties.

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest rate method is used is amortised to profit or loss as part of the recalculated interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is discontinued.

**(iv) *Derecognition***

***Financial assets***

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

### ***Financial liabilities***

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### ***Interest rate benchmark reform***

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met: the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applies the policies on accounting for modifications to the additional changes.

**(v) *Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(vi) *Derivatives held for risk management purposes and hedge accounting***

#### **Specific policies for hedges affected by IBOR reform**

#### **The Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform**

If a hedging relationship is directly affected by IBOR reform, then the Company applies certain exceptions (referred to as ‘the Phase 1 amendments’) to the general hedge accounting policy. The Company considers that a hedging relationship is directly affected by IBOR reform if it is subject to the following uncertainty arising from the reform:

- an interest rate benchmark subject to the reform is designated as the hedged risk, regardless of whether the rate is contractually specified; and/or
- the timing or amounts of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument are uncertain.

The Phase 1 amendments to the Company's policies are as follows:

- a. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Company assumes that the benchmark interest rate is not altered as a result of IBOR reform.
- b. If the Company concludes that the actual result of a hedging relationship is outside the range of 80–125% (i.e. retrospective assessment), then the Company determines whether the hedging relationship continues to qualify for hedge accounting or whether it needs to be discontinued. This includes, for example, determining that the hedge is expected to be highly effective prospectively and that the effectiveness of the hedging relationship can be reliably measured.
- c. For a hedge of a non-contractually specified benchmark portion of interest rate risk, the Company applies the requirement that the designated portion needs to be a separately identifiable component only at the inception of the hedging relationship.
- d. For a cash flow hedge of a forecast transaction, the Company assumes that the benchmark interest rate will not be altered as a result of IBOR reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.
- e. In determining whether a previously designated forecast transaction is no longer expected to occur, the Company assumes that the hedged interest rate benchmark cash flows will not be altered as a result of IBOR reform.

When the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or – except for item (e) – when the hedging relationship is discontinued, the Company will cease to apply the respective Phase 1 amendments.

**The Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform**

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Company amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged;
- updating the description of the hedging instrument; or
- updating the description of how the entity will assess hedge effectiveness.

The Company amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Company amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship. If changes are made in addition to those economically equivalent changes required by IBOR reform described above, then the Company considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Company amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

**(vii) *Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

**(viii) *Share capital***

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SRFS(I) 1-12.

***Preference share capital***

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

### **3.5 *Impairment***

***Non-derivative financial assets***

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- loans and advances measured at FVOCI.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

### ***Simplified approach***

The Group applies the simplified approach to provide for ECLs for all trade and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

### ***General approach***

The Group applies the general approach to provide for ECLs on all its financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assesses whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default ("PD") as at the reporting date, with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

### ***Credit risk grade***

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.



#### *Incorporation of forward-looking information*

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a probability of occurring. External macro variables considered includes economic data and forecasts published by relevant authorities.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

#### *Inputs into measurement of ECL*

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

In general, the Group derives these parameters from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment.

ECLs are discounted at the effective interest rate of the financial asset.

#### ***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost and loans and advances at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### ***Presentation of allowance of ECL in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For loans and advances at FVOCI, loss allowance is charged to profit and loss and recognised in OCI.

#### ***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

### **3.6 Employee benefits**

#### ***(i) Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**(ii) Other long-term employee benefits**

As the Group seeks to align employees' interests with shareholders and to enable employees to share in the Group's growth, it established a Long Term Incentive Unit (LTIU) scheme as part of its long-term employee benefits plan. This is a performance-based incentive scheme administered by the Leadership, Development and Compensation Committee, a committee comprising members who are duly authorised and appointed by the Board of Directors. Participants of this LTIU scheme are awarded units with a future vesting date and target value. On the vesting date, if the actual value of the unit equals or exceeds the target value set, participants are entitled to a cash payment based on the actual value for each unit held.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Long-term employee benefits are measured by amortising to profit or loss the estimated cash payout over the vesting period.

The Company implemented a deferred bonus plan in which a portion of the annual performance bonus are deferred and payable in two tranches over a 2-year period from the end of the period in which it is awarded. The payout of deferred bonus is conditional on the employee remaining in service after the end of the award period up to the time of payout (the "stay period"). As the employee is entitled to a portion of the bonus exceeding 12 months after the end of the reporting period, the deferred bonus plan is classified as a long-term employee benefit for purposes of measurement and recognised over the stay period. The Company's obligation in respect of long-term employee benefits is the amount of benefit the employees have earned in return for their service in the current and prior periods.

**(iii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **3.7 Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **3.8 Interest income and expense**

Interest income and interest expense as presented in Note 13 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement.

Interest income and interest expense are recognised on a time proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

### **3.9 Fee income**

Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates agreed with customers over time.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of SFRS(I) 9 and partially in the scope of SFRS(I) 15. If this is the case, then the Group first applies SFRS(I) 9 to separate and measure the part of the contract that is in the scope of SFRS(I) 9 and then applies SFRS(I) 15 to the residual.

### **3.10 Government grants**

Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### **3.11 Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### 3.12 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 12)
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1)
- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 8)

## 4 Cash and cash equivalents

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Cash at bank	15,079	12,356	5,547	7,686
Bank deposits	79,795	74,605	25,000	10,000
Cash and cash equivalents in the statements of the financial position	94,874	86,961	30,547	17,686
Less: Bank deposits with original maturity of more than three months	(55,690)	(40,195)	(25,000)	–
Cash and cash equivalents in the statement of cash flows	39,184	46,766	5,547	17,686

## 5 Loans and advances

	Note	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Loan and advances - at amortised cost		1,308,981	731,946	165,892	–
Loan and advances - at FVOCI		–	–	442,144	404,002
Less: Allowance for impairment	21	(5,005)	(1,728)	(2,144)	(1,044)
		<u>1,303,976</u>	<u>730,218</u>	<u>605,892</u>	<u>402,958</u>

Loans and advances classified at amortised cost include loans at variable interest rates with stated interest rates ranging from SOFR+1.35% to SOFR+3.4% (2021: Nil), BBSY+1.45% (2021: Nil), LIBOR+0.95% to LIBOR+4.25% (2021: LIBOR+0.95% to LIBOR+4.25%) and maturity dates between 2024 and 2042 (2021: 2024 and 2042) and also include loans at fixed interest rate with stated interest rate of 5.33% (2021: 5.33%) and mature maturity date on 2029 (2021: 2029).

Loans and advances classified at FVOCI include loans at variable interest rates with stated interest rates ranging from SOFR+2.25% to SOFR+2.75% (2021: Nil), LIBOR+1.30% to LIBOR+4.25% (2021: LIBOR+1.15% to LIBOR+4.25%) and maturity dates between 2023 and 2042 (2021: 2024 and 2042).

During the financial year ended 31 December 2021, the Group has reclassified loans and advances from financial assets at FVOCI to financial assets at amortised cost. Due to the reclassification, the fair value reserve recognised was reversed against the fair value amount of the loans and advances. These loans were transferred from Bayfront to BIC II and BIC III. With the updated Group structure, loans sold by Bayfront to BIC II and BIC III are held to collect contractual cashflows and are therefore classified as financial assets at amortised cost by the Group.

The Group's exposure to credit risk, fair value information and impairment losses on loans and advances are disclosed in notes 21 and 22.

## 6 Other assets

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Accrued interest receivable	12,559	2,174	6,223	1,203
Trade and other receivables	1,157	280	753	39
GST receivable and prepayments	513	95	377	74
	<u>14,229</u>	<u>2,549</u>	<u>7,353</u>	<u>1,316</u>

The Group's fair value information related to other assets is disclosed in note 22.

## 7 Intangible assets

<b>Group</b>	<b>IT software</b>
<b>Cost</b>	<b>US\$'000</b>
At 1 January 2021	136
Additions	—
At 31 December 2021	136
Additions	6
At 31 December 2022	142
 <b>Accumulated depreciation</b>	
At 1 January 2021	—
Amortisation	(45)
At 31 December 2021	(45)
Amortisation	(50)
At 31 December 2022	(95)
 <b>Carrying amounts</b>	
At 1 January 2021	136
At 31 December 2021	91
At 31 December 2022	47

As at 31 December 2022, IT software with carrying amount of US\$47,000 (2021: US\$91,000) relates to software development cost.

## 8 Investment in subsidiaries

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Equity investment at cost	70,332	40,124
	70,332	40,124

Details of the subsidiaries is as follows:

<b>Name of subsidiaries</b>	<b>Principal place of business/Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
BIM Asset Management Pte. Ltd. (“BIM AM”) <sup>^</sup>	Singapore	100	100
Bayfront Infrastructure Capital II Pte. Ltd. (“BIC II”) <sup>^</sup>	Singapore	100	100
Bayfront Infrastructure Capital III Pte. Ltd. (“BIC III”) <sup>^</sup>	Singapore	100	—

<sup>^</sup> Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

With regards to the Group's investment in BIC II and BIC III, BIM AM acts as the Collateral Manager for BIC II and BIC III, and the Company owns the preference shares in BIC II and BIC III. The preference shareholder receives residual cash flows from the securitised loan assets and absorbs the first loss arising from any loan default. The Group has assessed its relationship with BIC II and BIC III and concluded that BIC II and BIC III meets the definition of subsidiary of the Group.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## 9 Loans and borrowings

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Unsecured bank loans	370,739	22,000	370,739	22,000
Euro Commercial Papers	169,616	317,940	169,616	317,940
Notes issued	690,326	359,418	–	–
	1,230,681	699,358	540,355	339,940

The Company's unsecured loans and borrowings of US\$370,739,000 (2021: US\$22,000,000) and Euro Commercial Papers of US\$169,616,000 (2021: US\$317,940,000) are unconditionally and irrevocably guaranteed (the Guarantee) by The Government of Singapore (the Guarantor). The total amount recoverable by all creditors from the Guarantor under the Guarantee in respect of all documents relating to such loans and borrowings (Guaranteed Documents) is limited to: (a) an aggregate amount of US\$1,800,000,000 (2021: US\$1,800,000,000) in respect of principal sums; and (b) an aggregate amount of US\$200,000,000 (2021: US\$200,000,000) in respect of interest (including interest on overdue interest), making an overall aggregate guaranteed limit of US\$2,000,000,000 (2021: US\$2,000,000,000) for both principal and interest payable under all Guaranteed Documents entered into between all creditors and the Company.

### *Reconciliation of movements of liabilities to cash flows arising from financing activities*

Group	Loans and borrowings US\$'000
<b>At 1 January 2021</b>	285,700
<b>Changes from financing cash flows</b>	
- Repayment of bank borrowings	(263,700)
- Proceeds from Euro Commercial Papers	317,940
- Proceeds from Notes issued	361,100
<b>Total changes from financing cash flows</b>	415,340
<b>Change in fair value</b>	
<b>Other changes</b>	
- Capitalised borrowing costs	(1,886)
- Interest expense	204
<b>Total other changes</b>	(1,682)
<b>At 31 December 2021</b>	699,358



	<b>Loans and borrowings</b> <b>US\$'000</b>
<b>Group</b>	
<b>At 1 January 2022</b>	699,358
<b>Changes from financing cash flows</b>	
- Proceeds from bank borrowings	348,739
- Repayment of Euro Commercial Papers	(148,324)
- Repayment of Notes	(39,966)
- Proceeds from Notes issued	372,494
<b>Total changes from financing cash flows</b>	532,943
<b>Change in fair value</b>	
<b>Other changes</b>	
- Capitalised borrowing costs	(2,070)
- Interest expense	452
- Senior Loan EIR amortisation	(2)
<b>Total other changes</b>	(1,620)
<b>At 31 December 2022</b>	1,230,681

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
<b>Group</b>					
<b>2022</b>					
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	37,000	37,000
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	200	200
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	43,000	43,000
Unsecured Bank Loans	USD	TERM SOFR + 0.50%	2023	93,000	93,000
Unsecured Bank Loans	USD	ON SOFR + 0.09938%	2023	20,000	20,000
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	7,000	7,000

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<b>Group</b>	<b>Currency</b>	<b>Nominal interest rate per annum %</b>	<b>Year of maturity</b>	<b>Face value US\$'000</b>	<b>Carrying amount US\$'000</b>
<b>2022</b>					
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	5,500	5,500
Unsecured Bank Loans	AUD	BBSY + 0.33%	2023	17,039	17,039
Unsecured Bank Loans	USD	Interpolated LIBOR +0.33%	2023	20,000	20,000
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	50,000	50,000
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	47,000	47,000
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	31,000	31,000
Euro Commercial Paper	USD	3.31%	2023	20,000	19,967
Euro Commercial Paper	USD	3.93%	2023	50,000	49,898
Euro Commercial Paper	USD	4.26%	2023	50,000	49,775
Euro Commercial Paper	USD	4.12%	2023	50,000	49,976
Notes Issued	USD	LIBOR + 1.25%	2044	153,088	152,450
Notes Issued	USD	LIBOR + 1.20%	2044	103,847	103,414
Notes Issued	USD	LIBOR + 1.85%	2044	33,300	33,161
Notes Issued	USD	LIBOR + 2.35%	2044	22,100	22,008
Notes Issued	USD	LIBOR + 3.40%	2044	8,800	8,763
Notes Issued	USD	Term SOFR + 1.55%	2044	187,900	186,903
Notes Issued	USD	Term SOFR + 1.50%	2044	110,000	109,416
Notes Issued	USD	Term SOFR + 2.30%	2044	33,400	33,222
Notes Issued	USD	Term SOFR + 4.60%	2044	43,000	40,989
				1,236,174	1,230,681
<b>2021</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	4,000	4,000
Euro Commercial Paper	USD	0.19%	2022	35,000	34,989
Euro Commercial Paper	USD	0.18%	2022	23,000	22,993
Euro Commercial Paper	USD	0.18%	2022	50,000	49,983
Euro Commercial Paper	USD	0.15%	2022	31,000	31,000
Euro Commercial Paper	USD	0.16%	2022	53,000	52,997
Euro Commercial Paper	USD	0.16%	2022	37,000	36,996

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<b>Group</b>	<b>Currency</b>	<b>Nominal interest rate per annum %</b>	<b>Year of maturity</b>	<b>Face value US\$'000</b>	<b>Carrying amount US\$'000</b>
<b>2021</b>					
Euro Commercial Paper	USD	0.17%	2022	24,000	23,996
Euro Commercial Paper	USD	0.18%	2022	50,000	49,988
Euro Commercial Paper	USD	0.17%	2022	15,000	14,998
Notes Issued	USD	LIBOR + 1.25%	2044	176,900	176,076
Notes Issued	USD	LIBOR + 1.20%	2044	120,000	119,441
Notes Issued	USD	LIBOR + 1.85%	2044	33,300	33,145
Notes Issued	USD	LIBOR + 2.35%	2044	22,100	21,997
Notes Issued	USD	LIBOR + 3.40%	2044	8,800	8,759
				701,100	699,358
<b>Company</b>					
<b>2022</b>					
Unsecured Bank Loans		ON SOFR + 0.1465%+ 0.33 with 5 days lookback			
	USD		2023	37,000	37,000
Unsecured Bank Loans		ON SOFR + 0.1465%+ 0.33 with 5 days lookback			
	USD		2023	200	200
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	43,000	43,000
Unsecured Bank Loans	USD	TERM SOFR + 0.50%	2023	93,000	93,000
Unsecured Bank Loans	USD	ON SOFR + 0.09938%	2023	20,000	20,000
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	7,000	7,000
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	5,500	5,500
Unsecured Bank Loans	USD	BBSY + 0.33%	2023	17,039	17,039
Unsecured Bank Loans	USD	Interpolated LIBOR +0.33%	2023	20,000	20,000
Unsecured Bank Loans	USD	ON SOFR + 0.40 with 5 days lookback	2023	50,000	50,000
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	47,000	47,000

Company	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
<b>2022</b>					
Unsecured Bank Loans	USD	ON SOFR + 0.1465%+ 0.33 with 5 days lookback	2023	31,000	31,000
Euro Commercial Paper	USD	3.31%	2023	20,000	19,967
Euro Commercial Paper	USD	3.93%	2023	50,000	49,898
Euro Commercial Paper	USD	4.26%	2023	50,000	49,775
Euro Commercial Paper	USD	4.12%	2023	50,000	49,976
				540,739	540,355
<b>2021</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	4,000	4,000
Euro Commercial Paper	USD	0.19%	2022	35,000	34,989
Euro Commercial Paper	USD	0.18%	2022	23,000	22,993
Euro Commercial Paper	USD	0.18%	2022	50,000	49,983
Euro Commercial Paper	USD	0.15%	2022	31,000	31,000
Euro Commercial Paper	USD	0.16%	2022	53,000	52,997
Euro Commercial Paper	USD	0.16%	2022	37,000	36,996
Euro Commercial Paper	USD	0.17%	2022	24,000	23,996
Euro Commercial Paper	USD	0.18%	2022	50,000	49,988
Euro Commercial Paper	USD	0.17%	2022	15,000	14,998
				340,000	339,940

The Group's exposure to liquidity risk and fair value information related to loans and borrowings are disclosed in notes 21 and 22.

## 10 Provision

	Employee benefits US\$'000
<b>At 1 January 2021</b>	130
Provision made during the year	265
<b>At 31 December 2021</b>	395
<b>At 1 January 2022</b>	395
Provision made during the year	483
<b>At 31 December 2022</b>	878

**Employee benefits**

*Long Term Incentive Units*

This relates to compensation costs of the Long Term Incentive Units (“LTIU”) scheme administered by the ultimate holding company, Clifford Capital Holdings Pte. Ltd. a deferred compensation plan granted to management personnel of the Company, with the corresponding costs charged directly to the Company.

The LTIU is awarded each year and is vested over a period of 2 to 3 years, at the end of which the LTIU will cash-settle if the Company achieves certain pre-determined book value and return on equity targets.

**11 Other liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Accrued interest	15,420	3,159	2,272	54
Accrued expenses	2,536	2,053	275	55
Derivative financial liabilities	36	–	36	–
Other payables	116	173	120	–
GST payables	56	40	–	–
	<u>18,164</u>	<u>5,425</u>	<u>2,703</u>	<u>109</u>

The Group’s exposure to liquidity risk and fair value information related to trade and other payables is disclosed in notes 21 and 22.

**12 Share capital**

	<b>Ordinary shares</b>		<b>Preference shares</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>No. of shares</b>		<b>No. of shares</b>	
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
At 1 January	80,500	63,000	34,500	27,000
Issued during the year	31,500	17,500	13,500	7,500
At 31 December	<u>112,000</u>	<u>80,500</u>	<u>48,000</u>	<u>34,500</u>

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company’s residual assets.

All issued shares are fully paid, with no par value.

## **Preference shares**

The preference shares have the following rights, benefits and privileges and be subject to the following restrictions:

(a) Dividend

Preference shareholders shall be entitled to be paid out of the distributable profits a preference dividend if the Board of Directors determines in its absolute discretion. The preference dividends, if any, shall rank *pari passu* with ordinary dividends.

(b) Capital

On liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company, the assets of the Company available for distribution among the members shall be applied as follows:

- i) firstly, in paying to the preference shareholders, all outstanding preference dividends which have been declared and which remains unpaid;
- ii) secondly, in paying to the preference shareholders, an amount equal to the 100 per cent of the issue price paid; and
- iii) thirdly, the balance of such assets and profits shall belong to and be distributed *pro rata* among the holders of ordinary shares based on the number of ordinary shares held by each holder.

(c) Redemption

Redemption of preference shares shall be at the sole discretion of the Company's Board of Directors following 10th anniversary and provided certain exit conditions are satisfied. No preference shareholders have the right to require the redemption of any of its preference shares. The redemption of the preference shares shall be at the redemption amount which would provide the holder of such Preference Share the Preferred IRR of 8.00 per cent on the issue price paid together with any outstanding preference dividends which have been declared and which remains unpaid as of the date of redemption of the preference shares. Upon redemption, such preference share shall be deemed to have been cancelled.

(d) Voting

The preference share shall confer on the holder thereof the right to receive notice of, or to attend and vote at, all meetings of the Company and same voting rights as the holders of ordinary shares.

Where the preference shareholders are entitled to vote on any resolution, then, at the relevant general meetings, shall have one (1) vote for every preference share.

**Fair value reserves**

The fair value reserve comprises of unrealised gain or loss on loans and advances instruments measured at FVOCI arising from fair value changes since initial recognition are recorded in Other Comprehensive Income and accumulated in Fair Value Reserves until the assets are derecognised or reclassified. This amount is adjusted by the amount of loan loss allowance. When these assets are sold, the accumulated unrealised gain or loss arising from the fair value adjustments are reclassified to the income statement.

**13 Net interest income**

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Interest income under the effective interest method</b>		
Loans and advances	47,267	13,285
Cash and cash equivalents	887	54
<b>Total interest income</b>	<b>48,154</b>	<b>13,339</b>
<b>Interest expense</b>		
Loans and borrowings – at amortised cost	(28,433)	(4,446)
<b>Net interest income</b>	<b>19,721</b>	<b>8,893</b>

**14 Fee income**

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Collateral sub-management fees	161	276
	<b>161</b>	<b>276</b>

<b>Nature of goods or services</b>	Collateral sub-management services rendered to Bayfront Infrastructure Capital Pte. Ltd.
<b>When revenue is recognised</b>	The fee income is recognised when performance obligations in relation to the fee income has been satisfied over time.
<b>Significant payment terms</b>	The fee is receivable when contractually due for payment.

**15 Other income**

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Government grant	61	53
Miscellaneous income	(18)	*
	<b>43</b>	<b>53</b>

\* Less than US\$1,000

Government grant income relates to subsidies from the Job Support Scheme (“JSS”), Jobs Growth Initiative (“JGI”) and Digital Acceleration Grant (“DAG”) schemes. JSS & JGI are provided by the local government as wage support to help employers retain local employees during the year of uncertainty arising from COVID-19. DAG supports financial institutions to adopt digital solutions to improve productivity, strengthen operational resilience, manage risks better, and serve customers better.

## 16 Profit before income tax

The following items have been included in arriving at the profit before tax for the year:

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Salaries, bonuses and other staff costs	(3,601)	(3,398)
Contributions to defined contribution plans	(55)	(53)
Net foreign exchange (loss)/gain	(107)	19
Professional legal fees	(1,016)	(1,018)
	<u>(5,279)</u>	<u>(5,450)</u>

## 17 Income tax expense

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current tax expense</b>		
Current year	—	—
	<u>—</u>	<u>—</u>
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	6,167	1,225
	<u>6,167</u>	<u>1,225</u>
Income tax using Singapore tax rate of 17% (2021: 17%)	1,048	208
Non-deductible expenses	723	184
Recognition of tax effect of previously unrecognised tax losses	(84)	—
Tax incentive	(32)	(13)
Tax exempt income	(1,655)	(924)
Current year losses for which no deferred tax asset was recognised	—	545
	<u>—</u>	<u>—</u>

### **Section 13U (formerly Section 13X)**

The Company and Bayfront Infrastructure Capital II Pte. Ltd. are approved under MAS Enhanced-Tier Fund Tax Incentive under Section 13X of the Income Tax Act on 3 April 2020 and 6 May 2021 respectively and further submission has been made for admission of Bayfront Infrastructure Capital III Pte. Ltd. under the same scheme on 11 August 2022. Under the terms of the incentive granted, qualifying income derived from qualifying activities is exempted under corporate income tax in Singapore, subject to the Company satisfying certain terms and conditions. The admission for Bayfront Infrastructure Capital III Pte. Ltd. to the incentive scheme is currently pending approval by MAS as at the date of financial statement.



Unutilized tax losses carried forward from FY2021 of US\$491,676 have been fully utilized as at 31 December 2022.

## 18 Significant related party transactions

### *Key management personnel compensation*

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Senior management charged with such authority and responsibility, as well as directors of the Group, are considered key management personnel of the Group. The key management personnel compensation are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Directors' fees	74	51
Salaries, bonuses and other staff costs	2,628	3,944
Contributions to defined contribution plans	32	35
	2,734	4,030

### *Other related party transactions*

Other than as disclosed elsewhere in the financial statements, the carrying amount of the loans and advances at the reporting date, fee and interest income from related corporations are as follows:

<b>Group</b>	<b>Balance Outstanding</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loan and advances	6,856	8,403

<b>Group</b>	<b>Transaction value for the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest income	318	179
Acquisition of loans and advances	117,685	–
Service Level Fees	(3,336)	(1,286)
Dividends received from subsidiary	880	–
Collateral sub-management fees	161	276

## 19 Commitments

### *Loan commitments*

Undrawn loan commitments comprise contractual obligations to provide credit facilities to customers for a fixed period. At 31 December 2022, the Group had undrawn loan commitments amounting to US\$47,042,982 (2021: US\$93,272,000).

## 20 Derivative financial instruments

The table below sets out the notional principal amounts and the positive and negative fair value of the Group's outstanding derivative financial instruments at the reporting date.

	<b>Notional principal amount US\$'000</b>	<b>Positive fair value US\$'000</b>	<b>Negative fair value US\$'000</b>
<b>31 December 2022</b>			
Forward rate currency swaps	605	–	36
Interest rate swaps used for fair value hedge	24,617	2,496	–
<b>31 December 2021</b>			
Interest rate swaps used for fair value hedge	27,093	91	–

## 21 Financial risk management

### *Overview*

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of Bayfront's risk management framework and is responsible for specific approvals relating to exceptions for concentration limits and sector-specific E&S matters, as well as any changes to the Group's risk management framework. The Group's risk management framework has been formulated based on the principles of transparency, management accountability and oversight from its Executive Committee, subject to overall supervision of the Board of Directors and CCH Group Risk Committee.

The Group's Executive Committee is responsible for establishing annually the business plan, corporate goals and budget for Bayfront, approving actions and transactions based on the delegated authority in accordance with the Group's Risk Framework, Policies and Processes ("RFPP"), reviewing operational performance, business prospects and financing performance against approved budgets and business plan, and reviewing reputational risk matters escalated to the Executive Committee. The Executive Committee is also responsible for pre-screening and approving all new loan commitments and acquisitions within certain specified limits, divestments of any loans at or above carrying value and divestments of loans to special purpose vehicles in connection with securitisations and other distribution formats.

The CCH Group Risk Committee supports the Board of Directors in relation to the establishment and supervision of the Group's risk management and control framework, including review and propose guiding principles and framework for risk management and control, and review and approve transactions that are exceptions under the Group's RFPP.

### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group has robust processes in place to assess the credit risk of new loans and advances and actively monitors exposure to credit risk on an on-going basis. Cash is placed with regulated financial institutions with a high credit rating.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

### ***Derivatives***

Derivatives are entered into with regulated bank and financial institution counterparties with a high credit rating. In addition, concentration risk to any one counterparty as well as the total exposure limits of the Company are considered before entering any derivative instrument.

### ***Loans and advances***

The Group's primary business is focused on investing and distributing infrastructure debt; thus is exposed to credit risks from loans issued by corporate customers. The Group applies the Board of Directors' approved RFPP in the evaluation of all new loans and advances. The internal credit rating methodologies are an integral part of the Group's RFPP and are used to determine the likelihood and size of losses arising from a loan default. These methodologies take into account many factors such as qualitative factors and financial metrics of the counterparty, country risk, legal enforceability, structural protection and security package in its credit risk assessment. These assessments are used in the decision-making process, credit approval, monitoring, reporting and internal assessment of the adequacy of impairment allowance. Credit risk is managed to achieve optimal risk-reward performance whilst maintaining exposures within acceptable risk appetite parameters.

The amount of allowance for impairment is inherently uncertain, being sensitive to changes in economic and credit conditions of the counterparties, their place of operations and the sectors in which they operate. It is possible that actual events may differ from the assumptions used in the rating and assessment methodologies and computation.

*Exposure to credit risk*

The Group reviews the credit concentration and loans and advances based on industry sectors.

The exposure to credit risk for loans and advances at reporting date by industry sectors was at follows:

	<b>Group</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Carrying amount</b>		<b>Carrying amount</b>	
	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>%</b>
Conventional power & utilities	433,450	33	245,958	34
Renewable energy	261,537	21	169,479	23
LNG & gas	209,123	16	163,847	22
Other oil and gas	129,806	10	75,802	10
Floating production, storage and regasification	90,757	7	33,571	5
Metals & mining	–	–	22,568	3
Digital infrastructure	67,806	5	–	–
Energy shipping	78,091	5	–	–
Transportation	33,406	3	18,993	3
	<u>1,303,976</u>	<u>100</u>	<u>730,218</u>	<u>100</u>

*Loss allowance*

Loans and advances measured at Amortised Cost are categorised as follows:

- **Pass/Special Mention:** Pass refers to assets with timely repayment and do not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower. Special Mention includes assets with potential weakness, if not corrected on a timely basis, may adversely affect repayment by the borrower at a future date and warrant close attention.
- **Substandard/Doubtful:** Includes assets with definable weakness that may jeopardise repayment on existing terms. Specifically, it includes “Watchlist – Stressed” and Stage 3 assets.
- **Loss:** Refers to outstanding credit facility that is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower generally.

The following tables show the balance of the loans and advances and sets out information about their credit quality.

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>2022</b>				
<b>Loans and advances at amortised cost</b>				
Pass/Special Mention	1,308,981	–	–	1,308,981
Substandard/Doubtful	–	–	–	–
Total	<u>1,308,981</u>	<u>–</u>	<u>–</u>	<u>1,308,981</u>
Loss allowance	(5,005)	–	–	(5,005)
<b>Carrying amount</b>	<u>1,303,976</u>	<u>–</u>	<u>–</u>	<u>1,303,976</u>

	<b>Stage 1</b> US\$'000	<b>Stage 2</b> US\$'000	<b>Stage 3</b> US\$'000	<b>Total</b> US\$'000
<b>2021</b>				
<b>Loans and advances at FVOCI</b>				
Pass/Special Mention	731,946	–	–	731,946
Substandard/Doubtful	–	–	–	–
<b>Total</b>	<b>731,946</b>	<b>–</b>	<b>–</b>	<b>731,946</b>
Loss allowance	(1,728)	–	–	(1,728)
<b>Carrying amount</b>	<b>730,218</b>	<b>–</b>	<b>–</b>	<b>730,218</b>

The following tables show reconciliation from the opening to the closing balance of the ECL of the loans and advances.

<b>Group</b>	<b>12-month ECL</b> US\$'000	<b>Lifetime ECL not credit-impaired</b> US\$'000	<b>Lifetime ECL credit impaired</b> US\$'000	<b>Total</b> US\$'000
<b>2022</b>				
<b>Loans and advances at amortised cost</b>				
Balance as at 1 January	(1,728)	–	–	(1,728)
Net measurement of loss allowance	(1,120)	–	–	(1,120)
New financial asset acquired	(2,157)	–	–	(2,157)
<b>Balance at 31 December</b>	<b>(5,005)</b>	<b>–</b>	<b>–</b>	<b>(5,005)</b>

<b>2021</b>				
<b>Loans and advances at amortised cost</b>				
Balance as at 1 January	(959)	–	–	(959)
Net measurement of loss allowance	(769)	–	–	(769)
<b>Balance at 31 December</b>	<b>(1,728)</b>	<b>–</b>	<b>–</b>	<b>(1,728)</b>

***Amounts arising from ECL***

*Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

The Group uses the following in determining whether there has been a significant increase in credit risk:

- assessment of the rating movements since origination by comparing rating as at reporting date vs at the time of initial recognition of the exposure, and hence impacting PD; and
- quality indicators.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the payment obligations associated with its financial liabilities and contractual commitments to its customers and counterparties. The Group’s approach to managing liquidity risk is to maintain a diversified and flexible funding base to meet its liabilities and commitments under both normal and stressed conditions and to avoid incurring excessive costs or risking damage to the Group’s reputation. The Group is currently funded from equity and bank loans. Other than maintaining an adequate level of cash and cash equivalents to meet expected operational expenses and the servicing of financial obligations, the Group also maintains committed lines of credit with banks and financial institutions which serves as a counterbalancing capacity to meet any potential cash shortfalls.

The Group monitors and manages its funding requirement by projecting cashflows of both contractual and forecasted asset and liabilities. Any net funding requirement is identified and addressed by ensuring adequate liquidity sources are availed to meet the forecasted cash flow shortfall.

The following are the contractual maturities of financial liabilities and excluding the impact of netting agreements:

	<b>Carrying amount</b>	<b>Total contractual cash flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>Within 1-5 years</b>	<b>More than 5 years</b>
	US\$’000	US\$’000	US\$’000	US\$’000	US\$’000	US\$’000
<b>Group</b>						
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured commercial papers	169,616	(170,000)	(170,000)	–	–	–
Notes issued	690,326	(869,692)	(62,303)	(52,699)	(459,193)	(295,497)
Unsecured bank loans	370,739	(374,455)	(374,455)	–	–	–
Other liabilities *	18,072	(18,072)	(18,072)	–	–	–
	<u>1,248,753</u>	<u>(1,432,219)</u>	<u>(624,830)</u>	<u>(52,699)</u>	<u>(459,193)</u>	<u>(295,497)</u>
<b>Derivative financial instruments</b>						
Forward rate currency swap	(36)	605	87	76	442	–
Interest rate swaps used for fair value hedge	2,496	3,512	431	417	2,282	382
	<u>2,460</u>	<u>4,117</u>	<u>518</u>	<u>493</u>	<u>2,724</u>	<u>382</u>

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Group	Carrying amount US\$'000	Total contractual cash flows US\$'000	6 months or less US\$'000	6-12 months US\$'000	Within 1-5 years US\$'000	More than 5 years US\$'000
<b>2021</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured commercial papers	317,940	(318,000)	(318,000)	–	–	–
Notes issued	359,418	(389,213)	(25,416)	(20,379)	(194,060)	(149,358)
Unsecured bank loans	22,000	(22,007)	(22,007)	–	–	–
Other liabilities *	5,385	(5,385)	(5,385)	–	–	–
	<u>704,743</u>	<u>(734,605)</u>	<u>(370,808)</u>	<u>(20,379)</u>	<u>(194,060)</u>	<u>(149,358)</u>
<b>Derivative financial instruments</b>						
Interest rate swaps used for fair value hedge	91	(1,334)	(71)	(208)	(822)	(233)
<b>Company</b>						
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured commercial papers	169,616	(170,000)	(170,000)	–	–	–
Unsecured bank loans	370,739	(374,455)	(374,455)	–	–	–
Other liabilities	2,667	(2,667)	(2,667)	–	–	–
	<u>543,022</u>	<u>(547,122)</u>	<u>(547,122)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Derivative financial instruments</b>						
Forward rate currency swap	(36)	605	87	76	442	–
<b>2021</b>						
Unsecured commercial papers	317,940	(318,000)	(318,000)	–	–	–
Unsecured bank loans	22,000	(22,007)	(22,007)	–	–	–
Other liabilities	109	(109)	(109)	–	–	–
	<u>340,049</u>	<u>(340,116)</u>	<u>(340,116)</u>	<u>–</u>	<u>–</u>	<u>–</u>

\* *Non-financial liabilities have been excluded from these balances.*

The maturity analyses show the contractual undiscounted cash flows of the Group financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled interest rate swaps contracts.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group transacts in derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the CCH Group Risk Committee and Board of Directors.

*Foreign currency risk*

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than US dollars. Such foreign exchange risks may arise from assets or liabilities, incomes or expenses denominated in other currencies. In assessing its exposure to foreign currency risk, the Group adopts a holistic approach, taking into account timing and size of the underlying exposure, including any natural economic hedge if the cash inflow in a foreign currency matches some of the cash flows used by the underlying operation of the Group. Exposure to currency risk is monitored on an ongoing basis and the Group's policy is to keep the net exposure to an acceptable level. In managing its exposure to foreign currency risk, the Group may use derivative instruments such as foreign currency forwards and currency swaps.

The functional currencies of Group entities are primarily the US dollar. The currencies in which these transactions primarily are denominated are the Singapore dollar ("SGD") and US dollar ("USD").

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's and the Company's exposure to foreign currency risk is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Singapore dollars</b>				
Cash and cash equivalents	111	263	35	89
Other assets	444	173	371	68
Other liabilities	(2,163)	(458)	(50)	(82)
	<u>(1,608)</u>	<u>(22)</u>	<u>356</u>	<u>75</u>
<b>Great Britain pounds</b>				
Other assets	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

*Sensitivity analysis*

A 10% strengthening of the United States dollar against the following currencies at the reporting date would increase/decrease profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollars	161	2	(36)	(8)
Great Britain pounds	*	*	*	*
	<u>161</u>	<u>2</u>	<u>(36)</u>	<u>(8)</u>

\* Less than US\$1,000



A 10% weakening of the United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### *Interest rate risk*

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure may arise from mismatches in the maturity profile or the benchmark rates of the Group's interest bearing assets and liabilities. The Group adopts a portfolio approach in evaluating and managing its interest rate risk under its Strategic Asset Liability Management Framework which has been approved by the Board of Directors. This framework sets out the measurement methods and the risk tolerance limits. In managing its interest rate exposure, the Group may use various methods and instruments, including derivatives such as interest rate swaps and treasury locks, to mitigate its interest rate risk. Exposure to interest rate risks are monitored on an ongoing basis and regularly reported to the CCH Group Risk Committee and Board of Directors to ensure consistency with the Group's risk appetite.

#### **Interest Rate Benchmark Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group has exposure to USD IBORs primarily on its financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational, including the renegotiation of contracts through bilateral negotiation with customers and counterparty banks, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

A cross-functional IBOR working group has been established at Clifford Capital Holdings Pte Ltd, to manage the transition to alternative rates for its subsidiaries and associates, including the Group. The objectives of the IBOR working group include evaluating the extent to which loans advanced, loan commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The IBOR working group reports to the Clifford Capital Holdings Exco and Risk Committee and collaborates with other business functions as and when needed, providing reports to support the management of interest rate risk and to identify operational risks arising from IBOR reform.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the IBOR working group has established policies to amend the contractual terms, including the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. The panel bank submissions for USD LIBOR will cease in mid-2023. The alternative reference rate for USD LIBOR is the Secured Overnight Financing Rate ("SOFR").

The Group is on-track to transition all of its loans and advances, and loans and borrowings which are indexed from USD LIBOR to SOFR before 30 June 2023. Consequently, the hedging instruments of the relevant loans and advances will also be transitioned at the same time. The Group has concluded that there is no uncertainty as at 31 December 2022 in relation IBOR reform in respect of its hedging relationships, and there is no net significant hedging risk during the transition period.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate (and referred to as an “unreformed contract”) when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

As at 31 December 2022, the Group has exposure to USD LIBOR, which is in the progress of being transitioned to SOFR. The following table shows the total amounts of unreformed floating rate financial assets and liabilities, and derivatives.

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Variable rate instruments</b>		
Non-derivative financial assets	1,146,711	703,511
Non-derivative financial liabilities	(319,796)	(381,418)
	826,915	322,093
 <b>Derivatives (notional)</b>		
Hedging derivatives	24,617	27,093

*Exposure to interest rate risk*

At the reporting date, the interest rate profile of the Group’s interest-bearing financial instruments, was as follows:

	<b>Notional amount</b>		<b>Notional amount</b>	
	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Fixed rate instruments</b>				
Financial assets	24,617	27,093	–	–
Financial liabilities	(370,739)	(318,000)	(370,739)	(318,000)
Effect of interest rate swaps	(24,617)	(27,093)	–	–
	(370,739)	(318,000)	(370,739)	(318,000)
 <b>Variable rate instruments</b>				
Financial assets	1,289,399	708,897	598,375	397,980
Financial liabilities	(1,066,173)	(383,100)	(370,739)	(22,000)
Effect of interest rate swaps	24,617	27,093	–	–
	247,843	352,890	227,636	375,980

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2022		2022		During the Period - 2022			
	Nominal amount \$'000	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	Line item in the statement of financial position where the hedging instrument is included	Carrying amount of hedged item recognised in the statement of financial position \$'000	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of hedged item recognised in the statement of financial position \$'000	Change in the value of the hedged item used as the basis for recognising hedge ineffectiveness \$'000	Line item in profit or loss that includes hedge ineffectiveness recognised in profit or loss \$'000
<b>Interest rate risk</b>								
Interest rate swaps –								
Fixed rate loans and advances	24,617	2,496	–	Derivative Financial Asset	21,690	(2,496)	–	Loans and Advances
								–



*Cash flow sensitivity analysis for fixed rate instruments*

The Group designates the fixed rate loans and advances as a hedged item and the corresponding derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not have a material impact to profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Profit or loss</b>	
	<b>100 bp increase US\$'000</b>	<b>100 bp decrease US\$'000</b>
<b>Group</b>		
<b>31 December 2022</b>		
Variable rate instruments	2,478	(2,478)
<b>31 December 2021</b>		
Variable rate instruments	3,529	(3,529)
<b>Company</b>		
<b>31 December 2022</b>		
Variable rate instruments	2,276	(2,276)
<b>31 December 2021</b>		
Variable rate instruments	3,760	(3,760)

*Capital management*

The Group's capital management objectives are to maintain an optimal capital structure that supports the Group's business growth, safeguard itself against adverse situations and delivers sustainable returns to shareholders. Capital consists of share capital, reserves and accumulated profits and losses. The Board of Directors maintains an oversight of the capital management process by periodically reviewing the Group's capital allocation, gearing, liquidity and funding sources to enhance shareholder's returns while ensuring that the Group's liquidity requirements and financial covenants in connection with its borrowings are met at all times. Ongoing reporting on capital position is provided to the Board of Directors. The Group is not subject to regulatory capital requirements.

## **22 Accounting classifications and fair values**

### *Fair value hierarchy*

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : unobservable inputs for the asset or liability.

*Accounting classification and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Mandatorily at FVOCI US\$'000	Carrying value -----			Fair value -----		
		Fair value – hedging instruments US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Level 1 US\$'000	Level 2 US\$'000
<b>31 December 2022</b>							
Cash and cash equivalents	–	–	94,874	–	–	–	94,874
Loans and advances	–	–	1,303,976	–	–	–	1,303,976
Derivative financial assets	–	2,496	–	–	–	–	2,496
Other assets *	–	–	13,716	–	–	–	13,716
	–	2,496	1,412,566	–	–	–	1,415,062
<b>Derivative financial liabilities</b>							
Other liabilities *	–	–	–	36	–	36	–
Loans and borrowings	–	–	–	18,072	–	–	18,072
	–	–	–	1,230,681	–	–	1,230,681
	–	–	–	1,248,789	–	–	1,248,789
<b>31 December 2021</b>							
Cash and cash equivalents	–	–	86,961	–	–	–	86,961
Loans and advances	–	–	730,218	–	–	–	730,218
Derivative financial assets	–	91	–	–	–	–	91
Other assets *	–	–	2,454	–	–	–	2,454
	–	91	819,633	–	–	–	819,724
<b>Other liabilities *</b>							
Loans and borrowings	–	–	–	5,385	–	–	5,385
	–	–	–	699,358	–	–	699,358
	–	–	–	704,743	–	–	704,743

\* *Non-financial assets and liabilities have been excluded from these balances.*

**Bayfront Infrastructure Management Pte. Ltd. and its subsidiaries**  
*Financial statements*  
Year ended 31 December 2022

Company	Carrying value			Fair value			
	Mandatorily at FVOCI US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>31 December 2022</b>							
Cash and cash equivalents	–	30,547	–	30,547	–	–	–
Loans and advances	440,266	165,626	–	605,892	–	–	606,340
Other assets *	–	6,976	–	6,976	–	–	–
	440,266	203,149	–	643,415	–	–	–
Derivative financial liabilities	–	–	36	36	–	36	–
Other liabilities	–	–	2,667	2,667	–	–	–
Loans and borrowings	–	–	540,355	540,355	–	–	540,355
	–	–	543,058	543,058	–	–	–
<b>31 December 2021</b>							
Cash and cash equivalents	–	17,686	–	17,686	–	–	–
Loans and advances	402,958	–	–	402,958	–	–	402,958
Other assets *	–	1,242	–	1,242	–	–	–
	402,958	18,928	–	421,886	–	–	–
Other liabilities	–	–	109	109	–	–	–
Loans and borrowings	–	–	339,940	339,940	–	–	339,940
	–	–	340,049	340,049	–	–	–

\* Non-financial assets and liabilities have been excluded from these balances.



### Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
At 1 January	–	376,253	404,002	376,253
Purchases	–	424,993	519,695	398,295
Repayment	–	(347,860)	(83,481)	(30,512)
Transfers	–	–	(407,799)	(340,621)
Unrealised gains recognised	–	7,143	9,727	587
Reclassification of financial assets	–	(460,529)	–	–
At 31 December	–	–	442,144	404,002

### *Sensitivity of fair value measurements to changes in significant unobservable inputs*

For level 3 instruments with a significant unobservable input of cost to income ratio an increase in the significant unobservable input would decrease the fair value.

### *Quantitative disclosures of valuation techniques*

The following table provide the representative range of minimum and maximum values of each significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

Classification	Fair value US\$'000	Valuation technique	Unobservable input	Change in input	Min value US\$'000	Max value US\$'000
<b>Group</b>						
<b>31 December 2022</b>						
Loans and advances	1,338,364	Discounted cash flow approach	Cost to income ratio	+/- 2%	1,336,105	1,340,622
<b>31 December 2021</b>						
Loans and advances	743,993	Discounted cash flow approach	Cost to income ratio	+/- 2%	742,919	745,068

Classification	Fair value US\$'000	Valuation technique	Unobservable input	Change in input	Min value US\$'000	Max value US\$'000
<b>Company</b>						
<b>31 December 2022</b>						
Loans and advances at FVOCI	606,340	Discounted cash flow approach	Cost to income ratio	+/- 2%	605,323	607,357
<b>31 December 2021</b>						
Loans and advances at FVOCI	405,035	Discounted cash flow approach	Cost to income ratio	+/- 2%	404,013	406,058

***Cost to income ratio***

For financial instruments where cost to income ratio is the significant unobservable input, the ratio is determined by taking into account the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

The fair valuation is determined via discounting at risk free rate of future risk adjusted cashflow or economic profit. It considers credit spread and interest rate risk of the assets. At each subsequent valuation date, adjustments will be made to reflect any variation in market data and any improvement or deterioration of the assets.

## 23 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current:

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Assets</b>				
Investment in subsidiaries	–	–	70,332	40,124
Loans and advances	1,303,976	730,218	605,892	402,958
Intangible assets	47	91	–	–
	<u>1,304,023</u>	<u>730,309</u>	<u>676,224</u>	<u>443,082</u>
<b>Liabilities</b>				
Loans and borrowings	690,326	359,418	–	–
Other liabilities	878	395	–	–
	<u>691,204</u>	<u>359,813</u>	<u>–</u>	<u>–</u>



**Bayfront Infrastructure Management Pte. Ltd.  
and its subsidiaries**

**Registration Number: 201937700G**

Annual Report  
Year ended 31 December 2021

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

## **Directors' statement**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the year ended 31 December 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS44 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and the Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

The directors in office at the date of this statement are as follows:

Sanjiv Misra  
Clive Rowland Kerner  
Lee Chuan Teck  
Shin Hyunsang  
Premod Paul Thomas

## **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Share options**

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries .

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

### **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Sanjiv Misra**  
*Director*



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**Premod Paul Thomas**  
*Director*

24 March 2022



## Independent auditors' report

Members of the Company  
Bayfront Infrastructure Management Pte. Ltd.

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Bayfront Infrastructure Management Pte. Ltd. ('the Company') and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS44.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act'), Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs') so as to give a true and fair view of consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP

*Public Accountants and  
Chartered Accountants*

**Singapore**  
24 March 2022



**Statements of financial position  
As at 31 December 2021**

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Assets</b>					
Cash and cash equivalents	4	86,961	6,518	17,686	5,973
Loans and advances	5	730,218	376,253	402,958	376,253
Other assets	6	2,640	1,387	1,316	963
Intangible assets	7	91	136	–	–
Investment in subsidiaries	8	–	–	40,124	*
<b>Total assets</b>		<b>819,910</b>	<b>384,294</b>	<b>462,084</b>	<b>383,189</b>
<b>Liabilities</b>					
Loans and borrowings	9	699,358	285,700	339,940	285,700
Other liabilities	10	5,820	1,722	109	303
<b>Total liabilities</b>		<b>705,178</b>	<b>287,422</b>	<b>340,049</b>	<b>286,003</b>
<b>Equity</b>					
Share capital	11	115,000	90,000	115,000	90,000
Reserves	11	–	8,365	8,952	8,365
Accumulated losses		(268)	(1,493)	(1,917)	(1,179)
<b>Total equity</b>		<b>114,732</b>	<b>96,872</b>	<b>122,035</b>	<b>97,186</b>
<b>Total liabilities and equity</b>		<b>819,910</b>	<b>384,294</b>	<b>462,084</b>	<b>383,189</b>

\* Less than US\$1,000

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of comprehensive income  
Year ended 31 December 2021**

	Note	Year ended 31/12/2021 US\$'000	Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000
Interest income	12	13,339	3,234
Interest expense	12	(4,446)	(487)
<b>Net interest income</b>		8,893	2,747
Fee income	13	276	257
Other income	14	53	69
<b>Total other operating income</b>		329	326
<b>Net operating income</b>		9,222	3,073
Staff costs	15	(3,451)	(1,910)
Other operating expenses		(3,777)	(1,697)
<b>Total operating expenses</b>		(7,228)	(3,607)
Impairment loss on loans and advances	20	(769)	(959)
<b>Profit/(Loss) before income tax</b>	15	1,225	(1,493)
Income tax expense	16	–	–
<b>Profit/(Loss) for the year/period</b>		1,225	(1,493)
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Loans and advances – net change in fair value		(8,365)	8,365
<b>Other comprehensive income for the year/period, net of tax</b>		(8,365)	8,365
<b>Total comprehensive income for the year/period</b>		(7,140)	6,872

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of changes in equity  
Year ended 31 December 2021**

	Note	Share capital US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 8 November 2019 (date of incorporation)		*	–	–	*
<b>Loss for the period</b>		–	–	(1,493)	(1,493)
<b>Other comprehensive income</b>					
Changes in fair value of loans and advances		–	8,365	–	8,365
<b>Total comprehensive income for the period</b>		–	8,365	(1,493)	6,872
<b>Transactions with owners, recognised directly in equity</b>					
Shares issue during the period	11	90,000	–	–	90,000
<b>Total transactions with owners</b>		90,000	–	–	90,000
At 31 December 2020		90,000	8,365	(1,493)	96,872
At 1 January 2021		90,000	8,365	(1,493)	96,872
<b>Profit for the year</b>		–	–	1,225	1,225
<b>Other comprehensive income</b>					
Reclassification of financial assets	5	–	(8,365)	–	(8,365)
<b>Total comprehensive income for the year</b>		–	(8,365)	1,225	(7,140)
<b>Transactions with owners, recognised directly in equity</b>					
Issue of ordinary shares	11	17,500	–	–	17,500
Issue of preference shares	11	7,500	–	–	7,500
<b>Total transactions with owners</b>		25,000	–	–	25,000
At 31 December 2021		115,000	–	(268)	114,732

\* Consists of 1 ordinary share of US\$1.00 each

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of cash flows  
Year ended 31 December 2021**

	Note	Year ended 31/12/2021 US\$'000	Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax		1,225	(1,493)
Adjustments for:			
Amortisation of intangible assets	7	45	–
Net allowance for impairment on loan and advances	20	769	959
Interest income	12	(13,339)	(3,234)
Interest expense	12	4,446	487
		<u>(6,854)</u>	<u>(3,281)</u>
Changes in:			
- Loans and advances		(363,099)	(368,847)
- Other assets		(7,608)	(2,241)
- Other liabilities		(898)	1,654
		<u>(378,459)</u>	<u>(372,715)</u>
<b>Cash used in operations</b>		<u>(378,459)</u>	<u>(372,715)</u>
Interest income received		19,694	4,088
Interest expense paid		(1,132)	(487)
<b>Net cash used in operating activities</b>		<u>(359,897)</u>	<u>(369,114)</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets		–	(68)
Fixed deposits	4	(40,195)	–
<b>Net cash used in investing activities</b>		<u>(40,195)</u>	<u>(68)</u>
<b>Cash flows from financing activities</b>			
(Repayment of)/Proceeds from bank borrowings	9	(263,700)	285,700
Proceeds from Euro Commercial Papers	9	317,940	–
Proceeds from notes issued	9	361,100	–
Proceeds from issue of preference shares	11	7,500	27,000
Proceeds from issue of ordinary shares	11	17,500	63,000
<b>Net cash from financing activities</b>		<u>440,340</u>	<u>375,700</u>
<b>Net increase in cash and cash equivalents</b>		40,248	6,518
Cash and cash equivalents at beginning of the year/period		6,518	–
<b>Cash and cash equivalents at end of the year/period</b>	4	<u>46,766</u>	<u>6,518</u>

The accompanying notes form an integral part of these financial statements.

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 March 2022.

### **1 Domicile and activities**

Bayfront Infrastructure Management Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore with its registered office at One Raffles Quay, #23-01 North Tower, Singapore 048583.

The Company’s principal activities are focused on investing and distributing infrastructure debt, primarily in the Asia Pacific and Middle East regions. Its wholly owned subsidiary, BIM Asset Management Pte. Ltd. is involved in providing asset management services to the Group.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is Clifford Capital Holdings Pte. Ltd (“CCH”).

### **2 Basis of preparation**

#### **2.1 Going Concern**

As at 31 December 2021, the Company’s current liabilities exceeded its current assets by approximately US\$321,047,000. Notwithstanding, the management has assessed that the going concern assumption is still appropriate as it has sufficient credit facilities which it can draw upon to refinance its existing debts when it falls due.

Accordingly, the directors are of the opinion that it is appropriate for the financial statements to be prepared on a going concern basis.

#### **2.2 Statement of compliance**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in these financial statements, unless otherwise specified.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These financial statements are presented in United States dollars (“US\$”), which is the Company’s functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – determination of fair values of loans and advances at FVOCI; and
- Note 21 – Measurement of expected credit loss (ECL) allowance for loans and advances.

**Measurement of fair values**

The Group adopt an independently developed valuation model for the valuation of loans and advances held at FVOCI. Third party information used in the valuation model, such as broker quotes or pricing services, are shared and verified with the Group to support the conclusion that the valuations meet the requirements of SFRS(I) standards. Significant valuation issues are reported to the management.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring the fair values is included in the following notes:

- Note 5 – determination of fair values of loans and advances at FVOCI; and
- Note 21 – financial instruments.

## 2.6 Changes in accounting policies

### **New standards and amendments**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

Other than the interest rate benchmark reform, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Basis of consolidation

#### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

#### **(ii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(iii) Subsidiaries in the separate financial statements**

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

**3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on translation are recognised in profit or loss.

**3.3 Intangible assets**

**(i) IT software**

IT software that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**(iii) Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current period are as follows:

IT software     3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.



## 3.4 Financial instruments

### (i) **Recognition and initial measurement**

#### ***Non-derivative financial assets and financial liabilities***

Loans and advances are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

Valuation adjustments are an integral part of the valuation process.

Where complex valuation models are used, or where less-liquid positions are being valued, the bid-offer levels for those positions may not be available directly from the market, and therefore the close-out cost of these positions, models and parameters must be estimated. When these adjustments are determined, the Company closely examines the valuation risks associated with the models as well as the positions themselves, and the resulting adjustments are closely monitored on an ongoing basis.

If there are significant unobservable inputs used in a valuation technique, the financial instrument is recognised at the transaction price and any trade date profit or loss arising from the difference between the transaction price and initial valuation is deferred as Day 1 reserve. Day 1 reserve is deferred in the balance sheet and only recycled to the profit or loss to the extent it arises from a change in a factor including time, that market participants would take into account in pricing the financial asset or financial liability.

### (ii) **Classification and subsequent measurement**

#### ***Non-derivative financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### ***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### ***Loans and advances at FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### ***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### ***Financial assets: Business model assessment***

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### ***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Non-derivative financial assets: Subsequent measurement and gains and losses***

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

***Loans and advances at FVOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.

***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**(iii) *Derivative financial instruments and hedge accounting***

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

***Fair value hedges of interest rate risk***

The Group enters into interest rate swaps that are fair value hedges for interest rate risk arising from its fixed rate asset (“hedged item”). Receive-floating/pay-fixed interest rate swaps are matched to specific fixed-rate asset with terms that closely align with the critical terms of the hedged item. The fair value changes on the hedged item resulting from interest rate risk are recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly. The fair value changes on the interest rate swaps designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of the interest rate swaps are recognised separately in profit or loss.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties and/or diversifying the hedging relationship with 2 or more counterparties.

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest rate method is used is amortised to profit or loss as part of the recalculated interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is discontinued.

**(iv) Derecognition**

***Financial assets***

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

***Financial liabilities***

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(v) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(vi) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

**(vii) Share capital**

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SRFS(I) 1-12.

***Preference share capital***

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

**3.5 Impairment**

***Non-derivative financial assets***

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- loans and advances measured at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

***Simplified approach***

The Group applies the simplified approach to provide for ECLs for all trade and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Group applies the general approach to provide for ECLs on all its financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assesses whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default ("PD") as at the reporting date, with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

#### *Credit risk grade*

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

#### *Incorporation of forward-looking information*

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a probability of occurring. External macro variables considered includes economic data and forecasts published by relevant authorities.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### ***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

### ***Inputs into measurement of ECL***

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

In general, the Group derives these parameters from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment.

ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost and loans and advances at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



***Presentation of allowance of ECL in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For loans and advances at FVOCI, loss allowance is charged to profit and loss and recognised in OCI.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.6 Employee benefits

***(i) Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***(ii) Other long-term employee benefits***

As the Group seeks to align employees' interests with shareholders and to enable employees to share in the Group's growth, it established a Long Term Incentive Unit (LTIU) scheme as part of its long-term employee benefits plan. This is a performance-based incentive scheme administered by the Leadership, Development and Compensation Committee, a committee comprising members who are duly authorised and appointed by the Board of Directors. Participants of this LTIU scheme are awarded units with a future vesting date and target value. On the vesting date, if the actual value of the unit equals or exceeds the target value set, participants are entitled to a cash payment based on the actual value for each unit held.

Long-term employee benefits are measured by amortising to profit or loss the estimated payout at vesting date on a straight-line basis over the vesting period.

The Company deferred a portion of the annual performance bonus of employees over a 3- year period. Payout of Deferred Bonus is subject to the condition that these employees remain in employment with the Company at the time of the cash payout.

***(iii) Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 3.8 Interest income and expense

Interest income and interest expense as presented in Note 12 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement.

Interest income and interest expense are recognised on a time proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

### 3.9 Fee income

Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates agreed with customers.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of SFRS(I) 9 and partially in the scope of SFRS(I) 15. If this is the case, then the Group first applies SFRS(I) 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies SFRS(I) 15 to the residual.

### 3.10 Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### 3.12 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

#### 4 Cash and cash equivalents

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Cash at bank	12,356	2,518	7,686	1,973
Bank deposits	74,605	4,000	10,000	4,000
Cash and cash equivalents in the statements of the financial position	86,961	6,518	17,686	5,973
Less: Bank deposits with original maturity of more than three months	(40,195)	–	–	–
Cash and cash equivalents in the statement of cash flows	46,766	6,518	17,686	5,973

#### 5 Loans and advances

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Loan and advances - at amortised cost		731,946	–	–	–
Loan and advances - at FVOCI		–	377,212	404,002	377,212
Less: Allowance for impairment	20	(1,728)	(959)	(1,044)	(959)
		730,218	376,253	402,958	376,253

Loans and advances classified at amortised cost include loans at variable interest rates with stated interest rates ranging from LIBOR+0.95% to LIBOR+4.25% (2020: Nil) and maturity dates between 2024 and 2042 (2020: Nil) and also include loans at fixed interest rate with stated interest rate of 5.33% (2020: Nil) and mature maturity date on 2029 (2020: Nil).

Loans and advances classified at FVOCI include loans at variable interest rates with stated interest rates ranging from LIBOR+1.15% to LIBOR+4.25% (2020: 1.37% to 4.50%) and maturity dates between 2024 and 2042 (2020: 2024 to 2036).

During the year, the Group has reclassified loans and advances from financial assets at FVOCI to financial assets at amortised cost. These loans were transferred from Bayfront to BIC II, a newly incorporated subsidiaries of the Group in FY2021. With the updated Group structure, loans sold by Bayfront to BIC II are held to collect contractual cashflows and are therefore classified as financial assets at amortised cost by the Group. Due to the reclassification, the fair value reserve recognised was reversed against the fair value amount of the loans and advances.

The Group's exposure to credit risk, fair value information and impairment losses on loans and advances are disclosed in notes 20 and 21.

## 6 Other assets

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Accrued interest receivable		2,174	779	1,203	779
Trade and other receivables		280	440	39	16
GST receivable		71	166	62	166
Prepayments		24	2	12	2
Derivative financial instruments	19	91	–	–	–
		<u>2,640</u>	<u>1,387</u>	<u>1,316</u>	<u>963</u>

The Group's fair value information related to other assets is disclosed in note 21.

## 7 Intangible assets

	IT software US\$'000
<b>Group Cost</b>	
At 8 November 2019 (date of incorporation)	–
Additions	136
At 31 December 2020	<u>136</u>
Additions	–
At 31 December 2021	<u>136</u>
<b>Accumulated depreciation</b>	
At 8 November 2019 (date of incorporation)	–
Amortisation	–
At 31 December 2020	<u>–</u>
Amortisation	(45)
At 31 December 2021	<u>(45)</u>
<b>Carrying amounts</b>	
At 8 November 2019 (date of incorporation)	–
At 31 December 2020	<u>136</u>
At 31 December 2021	<u>91</u>

As at 31 December 2021, IT software with carrying amount of US\$91,000 (2020: US\$136,000) relates to software development cost for impairment loss calculator.

## 8 Investment in subsidiaries

	Company	
	2021 US\$'000	2020 US\$'000
Equity investment at cost	<u>40,124</u>	*

\* less than US\$1,000

Details of the subsidiaries is as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Ownership interest	
		2021	2020
		%	%
BIM Asset Management Pte. Ltd.	Singapore	100	100
Bayfront Infrastructure Capital II Pte. Ltd.^	Singapore	100	–

^ Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

With regards to the Group's investment in BIC II, BIM AM acts as the Collateral Manager for BIC II, and Bayfront owns the preference shares in BIC II. The preference shareholder receives residual cash flows from the Securitised Loan Assets and absorbs the first loss arising from any loan default. The Group has assessed its relationship with BIC II and concluded that BIC II meets the definition of subsidiary of the Group.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## 9 Loans and borrowings

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Unsecured bank loans	22,000	285,700	22,000	285,700
Euro Commercial Papers	317,940	–	317,940	–
Notes issued	359,418	–	–	–
	<u>699,358</u>	<u>285,700</u>	<u>339,940</u>	<u>285,700</u>

The Company's loans and borrowings of US\$22,000,000 (2020: US\$285,700,000) and Euro Commercial Papers of US\$317,940,000 (2020: NIL) are unconditionally and irrevocably guaranteed (the Guarantee) by The Government of Singapore (the Guarantor). The total amount recoverable by all creditors from the Guarantor under the Guarantee in respect of all documents relating to such loans and borrowings (Guaranteed Documents) is limited to: (a) an aggregate amount of US\$1,800,000,000 (2020: US\$1,800,000,000) in respect of principal sums; and (b) an aggregate amount of US\$200,000,000 (2020: US\$200,000,000) in respect of interest (including interest on overdue interest), making an overall aggregate guaranteed limit of US\$2,000,000,000 (2020: US\$2,000,000,000) for both principal and interest payable under all Guaranteed Documents entered into between all creditors and the Company.

***Reconciliation of movements of liabilities to cash flows arising from financing activities***

	<b>Loans and borrowings US\$'000</b>
<b>Group</b>	
<b>At 8 November 2019 (date of incorporation)</b>	–
<b>Changes from financing cash flows</b>	
- Proceeds from bank borrowings	285,700
<b>Total changes from financing cash flows</b>	285,700
<b>At 31 December 2020</b>	285,700
<b>At 1 January 2021</b>	285,700
<b>Changes from financing cash flows</b>	
- Repayment of bank borrowings	(263,700)
- Proceeds from Euro Commercial Papers	317,940
- Proceeds from Notes issued	361,100
<b>Total changes from financing cash flows</b>	415,340
<b>Change in fair value</b>	
<b>Other changes</b>	
- Capitalised borrowing costs	(1,886)
- Interest expense	204
<b>Total other changes</b>	(1,682)
<b>At 31 December 2021</b>	699,358

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
<b>Group</b>					
<b>2021</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	4,000	4,000
Euro Commercial Paper	USD	0.19%	2022	35,000	34,989
Euro Commercial Paper	USD	0.18%	2022	23,000	22,993
Euro Commercial Paper	USD	0.18%	2022	50,000	49,983
Euro Commercial Paper	USD	0.15%	2022	31,000	31,000
Euro Commercial Paper	USD	0.16%	2022	53,000	52,997
Euro Commercial Paper	USD	0.16%	2022	37,000	36,996
Euro Commercial Paper	USD	0.17%	2022	24,000	23,996
Euro Commercial Paper	USD	0.18%	2022	50,000	49,988
Euro Commercial Paper	USD	0.17%	2022	15,000	14,998
Notes Issued	USD	LIBOR + 1.25%	2044	176,900	176,076
Notes Issued	USD	LIBOR + 1.2%	2044	120,000	119,441
Notes Issued	USD	LIBOR + 1.85%	2044	33,300	33,145
Notes Issued	USD	LIBOR + 2.35%	2044	22,100	21,997
Notes Issued	USD	LIBOR + 3.4%	2044	8,800	8,759
				701,100	699,358

*Bayfront Infrastructure Management Pte. Ltd.  
and its subsidiaries  
Financial statements  
Year ended 31 December 2021*

Group	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
<b>2020</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	10,000	10,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	12,000	12,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	13,000	13,000
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	13,200	13,200
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	15,000	15,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	23,000	23,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	29,500	29,500
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	36,000	36,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	56,000	56,000
				285,700	285,700
<b>Company</b>					
<b>2021</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2022	4,000	4,000
Euro Commercial Paper	USD	0.19%	2022	35,000	34,989
Euro Commercial Paper	USD	0.18%	2022	23,000	22,993
Euro Commercial Paper	USD	0.18%	2022	50,000	49,983
Euro Commercial Paper	USD	0.15%	2022	31,000	31,000
Euro Commercial Paper	USD	0.16%	2022	53,000	52,997
Euro Commercial Paper	USD	0.16%	2022	37,000	36,996
Euro Commercial Paper	USD	0.17%	2022	24,000	23,996
Euro Commercial Paper	USD	0.18%	2022	50,000	49,988
Euro Commercial Paper	USD	0.17%	2022	15,000	14,998
				340,000	339,940
<b>2020</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	10,000	10,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	12,000	12,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	13,000	13,000
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	13,200	13,200
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	15,000	15,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	23,000	23,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	29,500	29,500
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	36,000	36,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	56,000	56,000
				285,700	285,700

The Group's exposure to liquidity risk and fair value information related to loans and borrowings are disclosed in notes 20 and 21.



## 10 Other liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Accrued interest payable	3,159	125	54	125
Accrued expenses	2,053	1,195	55	88
Other payables	173	97	–	90
GST payables	40	32	–	–
Other provision	395	273	–	–
	<u>5,820</u>	<u>1,722</u>	<u>109</u>	<u>303</u>

The Group's exposure to liquidity risk and fair value information related to trade and other payables is disclosed in notes 20 and 21.

## 11 Share capital

	<b>Ordinary shares</b>		<b>Preference shares</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>No. of shares</b>		<b>No. of shares</b>	
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
At 1 January 2021/8 November 2019 (date of incorporation)	63,000	–	27,000	–
Issued during the year/period	17,500	63,000	7,500	27,000
At 31 December	<u>80,500</u>	<u>63,000</u>	<u>34,500</u>	<u>27,000</u>

### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

All issued shares are fully paid, with no par value.

### Preference shares

The preference shares have the following rights, benefits and privileges and be subject to the following restrictions:

(a) Dividend

Preference shareholders shall be entitled to be paid out of the distributable profits a preference dividend if the Board of Directors determines in its absolute discretion. The preference dividends, if any, shall rank pari passu with ordinary dividends.

(b) Capital

On liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company, the assets of the Company available for distribution among the members shall be applied as follows:

- i) firstly, in paying to the preference shareholders, all outstanding preference dividends which have been declared and which remains unpaid;
- ii) secondly, in paying to the preference shareholders, an amount equal to the 100 per cent of the issue price paid; and
- iii) thirdly, the balance of such assets and profits shall belong to and be distributed pro rata among the holders of ordinary shares based on the number of ordinary shares held by each holder.

(c) Redemption

Redemption of preference shares shall be at the sole discretion of the Company's Board of Directors following 10th anniversary and provided certain exit conditions are satisfied. No preference shareholders have the right to require the redemption of any of its preference shares. The redemption of the preference shares shall be at the redemption amount which would provide the holder of such Preference Share the Preferred IRR of 8.00 per cent on the issue price paid together with any outstanding preference dividends which have been declared and which remains unpaid as of the date of redemption of the preference shares. Upon redemption, such preference share shall be deemed to have been cancelled.

(d) Voting

The preference share shall confer on the holder thereof the right to receive notice of, or to attend and vote at, all meetings of the Company and same voting rights as the holders of ordinary shares.

Where the preference shareholders are entitled to vote on any resolution, then, at the relevant general meetings, shall have one (1) vote for every preference share.

**Fair value reserves**

The fair value reserve comprises of unrealised gain or loss on loans and advances instruments measured at FVOCI arising from fair value changes since initial recognition are recorded in Other Comprehensive Income and accumulated in Fair Value Reserves until the assets are derecognised or reclassified. This amount is adjusted by the amount of loan loss allowance. When these assets are sold, the accumulated unrealised gain or loss arising from the fair value adjustments are reclassified to the income statement

## 12 Net interest income

	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
<b>Interest income under the effective interest method</b>		
Loans and advances	13,285	3,172
Cash and cash equivalents	54	62
<b>Total interest income</b>	13,339	3,234
<b>Interest expense</b>		
Loans and borrowings – at amortised cost	(4,446)	(487)
<b>Net interest income</b>	8,893	2,747

## 13 Fee income

	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Collateral sub-management fees	276	257

<b>Nature of goods or services</b>	The fee income generally relates to other services performed by the Group in its ordinary course of business operations.
<b>When revenue is recognised</b>	The fee income is recognised when all performance obligations in relation to the fee income has been satisfied.
<b>Significant payment terms</b>	The fee is receivable when contractually due for payment.

## 14 Other income

	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Government grant	53	45
Miscellaneous income	*	24
	53	69

\* *Less than US\$1,000*

Government grant income relates to subsidies from the Job Support Scheme ('JSS'), Jobs Growth Initiative ('JGI') and Digital Acceleration Grant ('DAG') schemes. JSS & JGI are provided by the local government as wage support to help employers retain local employees during the year of uncertainty arising from COVID-19. DAG supports financial institutions to adopt digital solutions to improve productivity, strengthen operational resilience, manage risks better, and serve customers better.

## 15 Profit/(Loss) before income tax

The following items have been included in arriving at the profit or loss for the year/period:

	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Salaries, bonuses and other staff costs	(3,398)	(1,880)
Contributions to defined contribution plans	(53)	(30)
Net foreign exchange gain/(loss)	19	(32)
Professional Legal Fees	(1,018)	(143)
	<hr/>	<hr/>

## 16 Income tax expense

	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
<b>Current tax expense</b>		
Current year/period	—	—
	<hr/>	<hr/>
<b><i>Reconciliation of effective tax rate</i></b>		
Profit/(Loss) before income tax	1,225	(1,493)
	<hr/>	<hr/>
Income tax using Singapore tax rate of 17% (2020: 17%)	208	(254)
Non-deductible expenses	184	195
Tax incentive	(13)	(10)
Tax exempt income	(924)	(214)
Current year/period losses for which no deferred tax asset was recognised	545	283
	<hr/>	<hr/>
	<hr/>	<hr/>

**Section 13X**

The Company and Bayfront Infrastructure Capital II Pte. Ltd. are approved under MAS Enhanced-Tier Fund Tax Incentive under Section 13X of the Income Tax Act. Under the terms of the incentive granted, qualifying income derived from qualifying activities is exempted under corporate income tax in Singapore, subject to the Company satisfying certain terms and conditions.

Deferred tax assets have not been recognised in respect of current year's losses of BIM Asset Management Pte. Ltd. because it is not probable that these benefits will be available for set off against future taxable profit will be available against which the Group can utilise the benefits therefrom.

**17 Significant related party transactions**

***Key management personnel compensation***

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Senior management charged with such authority and responsibility, as well as directors of the Group, are considered key management personnel of the Group. The key management personnel compensation are as follows:

	<b>Group</b>	
	<b>Year ended 31/12/2021 US\$'000</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Directors' fees	51	69
Salaries, bonuses and other staff costs	3,944	2,098
Contributions to defined contribution plans	35	34
	<b>4,030</b>	<b>2,201</b>

***Other related party transactions***

Other than as disclosed elsewhere in the financial statements, the carrying amount of the loans and advances at the reporting date, fee and interest income from related corporations are as follows:

	<b>Transaction value for the year/period ended 31 December</b>	
<b>Group</b>	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
Interest income	179	–
Loan and advances	8,403	30,000
Service Level Fees	(1,286)	(768)
Collateral sub-management fees	276	257
	<b>7,572</b>	<b>29,489</b>

## 18 Commitments

### *Loan commitments*

Undrawn loan commitments comprise contractual obligations to provide credit facilities to customers for a fixed period. At 31 December 2021, the Group had undrawn loan commitments amounting to US\$ 93,272,000 (2020: US\$25,000,000).

## 19 Derivative financial instruments

The table below sets out the notional principal amounts and the positive and negative fair value of the Group's outstanding derivative financial instruments at the reporting date.

	<b>Notional principal amount US\$'000</b>	<b>Positive fair value US\$'000</b>	<b>Negative fair value US\$'000</b>
<b>31 December 2021</b>			
Interest rate swaps used for fair value hedge	27,093	91	–

## 20 Financial risk management

### *Overview*

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of Bayfront's risk management framework and is responsible for specific approvals relating to exceptions for concentration limits and sector-specific E&S matters, as well as any changes to the Group's risk management framework. The Group's risk management framework has been formulated based on the principles of transparency, management accountability and oversight from its Executive Committee, subject to overall supervision of the Board of Directors and CCH Group Risk Committee.

The Group's Executive Committee is responsible for establishing annually the business plan, corporate goals and budget for Bayfront, approving actions and transactions based on the delegated authority in accordance with the Group's Risk Framework, Policies and Processes ("RFPP"), reviewing operational performance, business prospects and financing performance against approved budgets and business plan, and reviewing reputational risk matters escalated to the Executive Committee. The Executive Committee is also responsible for pre-screening and approving all new loan commitments and acquisitions within certain specified limits, divestments of any loans at or above carrying value and divestments of loans to special purpose vehicles in connection with securitisations and other distribution formats.

The CCH Group Risk Committee supports the Board of Directors in relation to the establishment and supervision of the Group's risk management and control framework, including review and propose guiding principles and framework for risk management and control, and review and approve transactions that are exceptions under the Group's RFPP.

### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group has robust processes in place to assess the credit risk of new loans and advances and actively monitors exposure to credit risk on an on-going basis. Cash is placed with regulated financial institutions with a high credit rating.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

### ***Derivatives***

Derivatives are entered into with regulated bank and financial institution counterparties with a high credit rating. In addition, concentration risk to any one counterparty as well as the total exposure limits of the Company are considered before entering any derivative instrument.

### ***Loans and advances***

The Group's primary business is focused on investing and distributing infrastructure debt thus is exposed to credit risks from loans issued by corporate customers. The Group applies the Board of Directors' approved RFPP in the evaluation of all new loans and advances. The internal credit rating methodologies are an integral part of the Group's RFPP and are used to determine the likelihood and size of losses arising from a loan default. These methodologies take into account many factors such as qualitative factors and financial metrics of the counterparty, country risk, legal enforceability, structural protection and security package in its credit risk assessment. These assessments are used in the decision-making process, credit approval, monitoring, reporting and internal assessment of the adequacy of impairment allowance. Credit risk is managed to achieve optimal risk-reward performance whilst maintaining exposures within acceptable risk appetite parameters.

The amount of allowance for impairment is inherently uncertain, being sensitive to changes in economic and credit conditions of the counterparties, their place of operations and the sectors in which they operate. It is possible that actual events may differ from the assumptions used in the rating and assessment methodologies and computation.

*Exposure to credit risk*

The Group reviews the credit concentration and loans and advances based on industry sectors.

The exposure to credit risk for loans and advances at reporting date by industry sectors was at follows:

	<b>Group</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Carrying amount</b>		<b>Carrying amount</b>	
	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>%</b>
Conventional power and water	245,958	34	147,102	39
Renewable energy	169,479	23	12,576	3
LNG & Gas	163,847	22	71,187	19
Other oil and gas	75,802	10	93,156	25
Floating Production Storage Offloading Unit (FPSO)	33,571	5	–	–
Metals and mining	22,568	3	30,240	8
Transportation	18,993	3	21,992	6
	<b>730,218</b>	<b>100</b>	<b>376,253</b>	<b>100</b>

*Loss allowance*

Loans and advances measured at Amortised Cost are categorised as follows:

- **Pass/Special Mention:** Pass refers to assets with timely repayment and do not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower. Special Mention includes assets with potential weakness, if not corrected on a timely basis, may adversely affect repayment by the borrower at a future date and warrant close attention.
- **Substandard/Doubtful:** Includes assets with definable weakness that may jeopardise repayment on existing terms. Specifically, it includes “Watchlist – Stressed” and Stage 3 assets.
- **Loss:** Refers to outstanding credit facility that is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower generally.

The following tables show the balance of the loans and advances and sets out information about their credit quality.

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>2021</b>				
<b>Loans and advances at amortised cost</b>				
Pass/Special Mention	731,946	–	–	731,946
Substandard/Doubtful	–	–	–	–
Total	731,946	–	–	731,946
Loss allowance	(1,728)	–	–	(1,728)
<b>Carrying amount</b>	<b>730,218</b>	<b>–</b>	<b>–</b>	<b>730,218</b>



	<b>Stage 1</b> US\$'000	<b>Stage 2</b> US\$'000	<b>Stage 3</b> US\$'000	<b>Total</b> US\$'000
<b>2020</b>				
<b>Loans and advances at FVOCI</b>				
Pass/Special Mention	377,212	–	–	377,212
Substandard/Doubtful	–	–	–	–
<b>Total</b>	<b>377,212</b>	<b>–</b>	<b>–</b>	<b>377,212</b>
Loss allowance	(959)	–	–	(959)
<b>Carrying amount</b>	<b>376,253</b>	<b>–</b>	<b>–</b>	<b>376,253</b>

The following tables show reconciliation from the opening to the closing balance of the ECL of the loans and advances.

	<b>12-month ECL</b> US\$'000	<b>Lifetime ECL not credit-impaired</b> US\$'000	<b>Lifetime ECL credit impaired</b> US\$'000	<b>Total</b> US\$'000
<b>Group</b>				
<b>2021</b>				
<b>Loans and advances at amortised cost</b>				
Balance as at 1 January	(959)	–	–	(959)
Net measurement of loss allowance	(769)	–	–	(769)
<b>Balance at 31 December</b>	<b>(1,728)</b>	<b>–</b>	<b>–</b>	<b>(1,728)</b>

<b>2020</b>				
<b>Loans and advances at FVOCI</b>				
Balance as at 8 November 2019 (date of incorporation)	–	–	–	–
Net measurement of loss allowance	(959)	–	–	(959)
<b>Balance at 31 December</b>	<b>(959)</b>	<b>–</b>	<b>–</b>	<b>(959)</b>

***Amounts arising from ECL***

*Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

The Group uses the following in determining whether there has been a significant increase in credit risk:

- assessment of the rating movements since origination by comparing rating as at reporting date vs at the time of initial recognition of the exposure, and hence impacting PD; and
- quality indicators.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the payment obligations associated with its financial liabilities and contractual commitments to its customers and counterparties. The Group's approach to managing liquidity risk is to maintain a diversified and flexible funding base to meet its liabilities and commitments under both normal and stressed conditions and to avoid incurring excessive costs or risking damage to the Group's reputation. The Group is currently funded from equity and bank loans. Other than maintaining an adequate level of cash and cash equivalents to meet expected operational expenses and the servicing of financial obligations, the Group also maintains committed lines of credit with banks and financial institutions which serves as a counterbalancing capacity to meet any potential cash shortfalls.

The Group monitors and manages its funding requirement by projecting cashflows of both contractual and forecasted asset and liabilities. Any net funding requirement is identified and addressed by ensuring adequate liquidity sources are availed to meet the forecasted cash flow shortfall.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount US\$'000	Contractual cash flows US\$'000	6 months or less US\$'000	6-12 months US\$'000	Within 1-5 years US\$'000	More than 5 years US\$'000
<b>2021</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured commercial papers	317,940	(318,000)	(318,000)	-	-	-
Notes issued	359,418	(389,213)	(25,416)	(20,379)	(194,060)	(149,358)
Unsecured bank loans	22,000	(22,007)	(22,007)	-	-	-
Other liabilities *	5,780	(5,780)	(5,780)	-	-	-
	<u>705,138</u>	<u>(735,000)</u>	<u>(371,203)</u>	<u>(20,379)</u>	<u>(194,060)</u>	<u>(149,358)</u>
<b>Derivative financial instruments</b>						
Interest rate swaps used for fair value hedge	(91)	(1,334)	(71)	(208)	(822)	(233)
<b>2020</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured bank loans	285,700	(285,700)	(285,700)	-	-	-
Other liabilities *	1,691	(1,691)	(1,691)	-	-	-
	<u>287,391</u>	<u>(287,391)</u>	<u>(287,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>Company</b>	<b>Carrying amount US\$'000</b>	<b>Contractual cash flows US\$'000</b>	<b>6 months or less US\$'000</b>	<b>6-12 months US\$'000</b>	<b>Within 1-5 years US\$'000</b>	<b>More than 5 years US\$'000</b>
<b>2021</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured commercial papers	317,940	(318,000)	(318,000)	-	-	-
Unsecured bank loans	22,000	(22,007)	(22,007)	-	-	-
Other liabilities	109	(109)	(109)	-	-	-
	<u>340,049</u>	<u>(340,116)</u>	<u>(340,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2020</b>						
<b>Non-derivative financial liabilities</b>						
Unsecured bank loans	285,700	(285,700)	(285,700)	-	-	-
Other liabilities	303	(303)	(303)	-	-	-
	<u>286,003</u>	<u>(286,003)</u>	<u>(286,003)</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* Non-financial liabilities have been excluded from these balances.

The maturity analyses show the contractual undiscounted cash flows of the Group financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled interest rate swaps contracts.

### ***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group transacts in derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the CCH Group Risk Committee and Board of Directors.

### ***Foreign currency risk***

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than US dollars. Such foreign exchange risks may arise from assets or liabilities, incomes or expenses denominated in other currencies. In assessing its exposure to foreign currency risk, the Group adopts a holistic approach, taking into account timing and size of the underlying exposure, including any natural economic hedge if the cash inflow in a foreign currency matches some of the cash flows used by the underlying operation of the Group. Exposure to currency risk is monitored on an ongoing basis and the Group's policy is to keep the net exposure to an acceptable level. In managing its exposure to foreign currency risk, the Group may use derivative instruments such as foreign currency forwards and currency swaps.

The functional currencies of Group entities are primarily the US dollar. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD) and US dollar (USD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's and the Company's exposure to foreign currency risk is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Singapore dollars</b>				
Cash and cash equivalents	263	218	89	117
Other assets	173	268	68	4
Other liabilities	(458)	(1,310)	(82)	(134)
	<u>(22)</u>	<u>(824)</u>	<u>75</u>	<u>(13)</u>
<b>Great Britain pounds</b>				
Other assets	<u>5</u>	*	<u>5</u>	-

\* *Less than US\$1,000*

*Sensitivity analysis*

A 10% strengthening of the United States dollar against the following currencies at the reporting date would increase/decrease profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollars	2	82	(8)	1
Great Britain pounds	*	*	*	-
	<u>2</u>	<u>82</u>	<u>(8)</u>	<u>1</u>

\* *Less than US\$1,000*

A 10% weakening of the United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

*Interest rate risk*

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure may arise from mismatches in the maturity profile or the benchmark rates of the Group's interest bearing assets and liabilities. The Group adopts a portfolio approach in evaluating and managing its interest rate risk under its Strategic Asset Liability Management Framework which has been approved by the Board of Directors. This framework sets out the measurement methods and the risk tolerance limits. In managing its interest rate exposure, the Group may use various methods and instruments, including derivatives such as interest rate swaps and treasury locks, to mitigate its interest rate risk. Exposure to interest rate risks are monitored on an ongoing basis and regularly reported to the CCH Group Risk Committee and Board of Directors to ensure consistency with the Group's risk appetite.

## **Interest Rate Benchmark Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (“IBORs”) with alternative nearly risk-free rates (referred to as “IBOR reform”). The Group has exposure to USD IBORs primarily on its financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational, including the renegotiation of contracts through bilateral negotiation with customers and counterparty banks, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

A cross-functional IBOR working group has been established at Clifford Capital Holdings, to manage the transition to alternative rates for its subsidiaries and associates, including the Group. The objectives of the IBOR working group include evaluating the extent to which loans advanced, loan commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The IBOR working group reports to the Clifford Capital Holdings Exco and Risk Committee and collaborates with other business functions as and when needed, providing reports to support the management of interest rate risk and to identify operational risks arising from IBOR reform.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the IBOR working group has established policies to amend the contractual terms, including the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate (and referred to as an “unreformed contract”) when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

In 2021, there was no financial instrument transacted or transitioned to SOFR. No change was made to the Group’s risk management strategy as a result of this reform.

As at 31 December 2021, the Group has exposure to USD LIBOR, which is in the progress of being transitioned to SOFR. The following table shows the total amounts of unreformed floating rate financial assets and liabilities, and derivatives.

	<b>2021</b> <b>US\$’000</b>
<b>Variable rate instruments</b>	
Non-derivative financial assets	703,511
Non-derivative financial liabilities	(381,418)
	<u>322,093</u>
 <b>Derivatives (notional)</b>	
Hedging derivatives	<u>27,093</u>

*Exposure to interest rate risk*

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, was as follows:

	<b>Notional amount Group</b>		<b>Notional amount Company</b>	
	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
<b>Fixed rate instruments</b>				
Financial assets	27,093	–	–	–
Financial liabilities	(318,000)	–	(318,000)	–
Effect of interest rate swaps	(27,093)	–	–	–
	<u>(318,000)</u>	<u>–</u>	<u>(318,000)</u>	<u>–</u>
<b>Variable rate instruments</b>				
Financial assets	708,897	376,253	397,980	376,253
Financial liabilities	(383,100)	(285,700)	(22,000)	(285,700)
Effect of interest rate swaps	27,093	–	–	–
	<u>352,890</u>	<u>90,553</u>	<u>375,980</u>	<u>90,553</u>

*Cash flow sensitivity analysis for fixed rate instruments*

The Group designates the fixed rate derivative assets and liabilities as a hedged item and accounts for them at fair value through profit or loss, and the Group designates the corresponding derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not have a material impact to profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Profit or loss</b>	
	<b>100 bp increase US\$'000</b>	<b>100 bp decrease US\$'000</b>
<b>Group</b>		
<b>31 December 2021</b>		
Variable rate instruments	<u>3,529</u>	<u>(3,529)</u>
<b>31 December 2020</b>		
Variable rate instruments	<u>906</u>	<u>(906)</u>

	<b>Profit or loss</b>	
	<b>100 bp increase US\$'000</b>	<b>100 bp decrease US\$'000</b>
<b>Company</b>		
<b>31 December 2021</b>		
Variable rate instruments	3,760	(3,760)
<b>31 December 2020</b>		
Variable rate instruments	906	(906)

### ***Capital management***

The Group's capital management objectives are to maintain an optimal capital structure that supports the Group's business growth, safeguard itself against adverse situations and delivers sustainable returns to shareholders. Capital consists of share capital, reserves and accumulated profits and losses. The Board of Directors maintains an oversight of the capital management process by periodically reviewing the Group's capital allocation, gearing, liquidity and funding sources to enhance shareholder's returns while ensuring that the Group's liquidity requirements and financial covenants in connection with its borrowings are met at all times. Ongoing reporting on capital position is provided to the Board of Directors. The Group is not subject to regulatory capital requirements.

The outbreak of the COVID-19 pandemic and the measures adopted by the governments around the world to mitigate its spread have impacted the Company. Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

## **21 Accounting classifications and fair values**

### ***Fair value hierarchy***

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : unobservable inputs for the asset or liability.

*Accounting classification and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	----- Carrying value -----				----- Fair value -----			
	Mandatorily at FVOCI US\$'000	Fair value – hedging instruments US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>31 December 2021</b>								
Cash and cash equivalents	–	–	86,961	–	86,961	–	–	–
Loans and advances	–	–	730,218	–	730,218	–	–	743,993
Other assets *	–	91	2,454	–	2,545	–	91	–
	–	91	819,633	–	819,724	–	–	–
<b>Other liabilities *</b>	–	–	–	5,780	5,780	–	–	–
<b>Loans and borrowings</b>	–	–	–	699,358	699,358	–	–	701,040
	–	–	–	705,138	705,138	–	–	–
<b>31 December 2020</b>								
Cash and cash equivalents	–	–	6,518	–	6,518	–	–	–
Loans and advances	376,253	–	–	–	376,253	–	–	376,253
Other assets *	–	–	1,219	–	1,219	–	–	–
	376,253	–	7,737	–	383,990	–	–	–
<b>Other liabilities *</b>	–	–	–	1,690	1,690	–	–	–
<b>Loans and borrowings</b>	–	–	–	285,700	285,700	–	–	285,700
	–	–	–	287,390	287,390	–	–	–

\* Non-financial assets and liabilities have been excluded from these balances.



Company	----- Carrying value -----			----- Fair value -----			
	Mandatorily at FVOCI US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>31 December 2021</b>							
Cash and cash equivalents	–	17,686	–	17,686	–	–	402,958
Loans and advances	402,958	–	–	402,958	–	–	–
Other assets *	–	1,242	–	1,242	–	–	–
	<u>402,958</u>	<u>18,928</u>	<u>–</u>	<u>421,886</u>			
<b>Other liabilities</b>							
Loans and borrowings	–	–	109	109	–	–	339,940
	<u>–</u>	<u>–</u>	<u>339,940</u>	<u>339,940</u>			
	<u>–</u>	<u>–</u>	<u>340,049</u>	<u>340,049</u>			
<b>31 December 2020</b>							
Cash and cash equivalents	–	5,973	–	5,973	–	–	–
Loans and advances	376,253	–	–	376,253	–	–	376,253
Other assets *	–	793	–	793	–	–	–
	<u>376,253</u>	<u>6,766</u>	<u>–</u>	<u>383,019</u>			
<b>Other liabilities</b>							
Loans and borrowings	–	–	303	303	–	–	285,700
	<u>–</u>	<u>–</u>	<u>285,700</u>	<u>285,700</u>			
	<u>–</u>	<u>–</u>	<u>286,003</u>	<u>286,003</u>			

\* Non-financial assets and liabilities have been excluded from these balances.

### Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
At 1 January 2021/ At 8 November 2019 (date of incorporation)	376,253	–	376,253	–
Purchases	77,133	367,888	366,739	367,888
Transfers	–	–	(340,621)	–
Unrealised gains recognised	7,143	8,365	587	8,365
Reclassification of financial assets	(460,529)	–	–	–
At 31 December	–	376,253	402,958	376,253

### *Sensitivity of fair value measurements to changes in significant unobservable inputs*

For level 3 instruments with a significant unobservable input of cost to income ratio an increase in the significant unobservable input would decrease the fair value.

### *Quantitative disclosures of valuation techniques*

The following table provide the representative range of minimum and maximum values of each significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

Classification	Fair value US\$'000	Valuation technique	Un- observable input	Change in input	Min value US\$'000	Max value US\$'000
<b>Group</b>						
<b>31 December 2021</b>						
Loans and advances	743,993	Discounted cash flow approach	Cost to income ratio	+/- 2%	742,919	745,068
<b>31 December 2020</b>						
Loans and advances	376,253	Discounted cash flow approach	Cost to income ratio	+/- 2%	375,827	377,626

<b>Classification</b>	<b>Fair value US\$'000</b>	<b>Valuation technique</b>	<b>Un- observable input</b>	<b>Change in input</b>	<b>Min value US\$'000</b>	<b>Max value US\$'000</b>
<b>Company</b>						
<b>31 December 2021</b>						
Loans and advances at FVOCI	405,035	Discounted cash flow approach	Cost to income ratio	+/- 2%	404,013	406,058
<b>31 December 2020</b>						
Loans and advances at FVOCI	376,253	Discounted cash flow approach	Cost to income ratio	+/- 2%	375,827	377,626

***Cost to income ratio***

For financial instruments where cost to income ratio is the significant unobservable input, the ratio is determined by taking into account the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

The fair valuation is determined via discounting at risk free rate of future risk adjusted cashflow or economic profit. It considers credit spread and interest rate risk of the assets. At each subsequent valuation date, adjustments will be made to reflect any variation in market data and any improvement or deterioration of the assets.

## 22 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current:

	<b>Group</b>		<b>Company</b>	
	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
<b>Assets</b>				
Investment in subsidiaries	–	–	40,124	*
Loans and advances	730,218	376,253	402,958	376,253
Intangible assets	91	136	–	–
	<u>730,309</u>	<u>376,389</u>	<u>443,082</u>	<u>376,253</u>
<b>Liabilities</b>				
Loans and borrowings	359,418	–	–	–
Other liabilities	395	273	–	–
	<u>359,813</u>	<u>273</u>	<u>–</u>	<u>–</u>

\* *Less than US\$1,000*

## **23 Subsequent event**

Subsequent to the Company's financial year ended 31 December 2021, the Company's shareholders have approved the increase of its share capital from US\$115,000,000 to US\$140,000,000 (2020: US\$90,000,000 to US\$115,000,000) by issuing additional 17,500,000 ordinary shares (2020: 17,500,000 ordinary shares) ordinary shares at the subscription price of US\$1.00 (2020: US\$1.00) per share and 7,500,000 (2020: 7,500,000) preference shares at the subscription price of US\$1.00 (2020: US\$1.00) per share.



**Bayfront Infrastructure Management Pte. Ltd.  
and its subsidiary**

**Registration Number: 201937700G**

Annual Report  
Period from 8 November 2019 (date of incorporation) to  
31 December 2020

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

## **Directors' statement**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial period from 8 November 2019 (date of incorporation) to 31 December 2020.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS37 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the period from 8 November 2019 (date of incorporation) to 31 December 2020 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and the Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

The directors in office at the date of this statement are as follows:

Sanjiv Misra	(Appointed on 22 January 2020)
Clive Rowland Kerner	(Appointed on 8 November 2019)
Lee Chuan Teck	(Appointed on 1 April 2020)
Shin Hyunsang	(Appointed on 1 April 2020)
Premod Paul Thomas	(Appointed on 8 November 2019)

## **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial period had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the date of incorporation, or date of appointment if later, or at the end of the financial period.

Neither at the end of, nor at any time during the financial period, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Share options**

During the financial period, there were:

- (i) no options granted by the Company or its subsidiary to any person to take up unissued shares in the Company or its subsidiary; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiary.

As at the end of the financial period, there were no unissued shares of the Company or its subsidiary under options.

### **Auditors**

By a Directors' Resolution in writing dated 8 November 2019, KPMG LLP were appointed as auditors of the Company until the conclusion of the first Annual General Meeting of the Company.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Sanjiv Misra**  
*Director*



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**Premod Paul Thomas**  
*Director*

29 March 2021



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## Independent auditors' report

Members of the Company  
Bayfront Infrastructure Management Pte. Ltd.

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Bayfront Infrastructure Management Pte. Ltd. ('the Company') and its subsidiary ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the period from 8 November 2019 (date of incorporation) to 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS37.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act'), Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs') so as to give a true and fair view of consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the period from 8 November 2019 (date of incorporation) to 31 December 2020.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.





Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP

*Public Accountants and  
Chartered Accountants*

**Singapore**  
29 March 2021

**Statement of financial position  
As at 31 December 2020**

	Note	Group 2020 US\$'000	Company 2020 US\$'000
<b>Assets</b>			
Cash and cash equivalents	4	6,518	5,973
Loans and advances at FVOCI	5	376,253	376,253
Other assets	6	1,387	963
Intangible assets	7	136	–
Investment in subsidiary	8	–	*
<b>Total assets</b>		384,294	383,189
<b>Liabilities</b>			
Loans and borrowings	9	285,700	285,700
Other liabilities	10	1,722	303
<b>Total liabilities</b>		287,422	286,003
<b>Equity</b>			
Share capital	11	90,000	90,000
Reserves	11	8,365	8,365
Accumulated loss		(1,493)	(1,179)
<b>Total equity</b>		96,872	97,186
<b>Total liabilities and equity</b>		384,294	383,189

\* *Less than US\$1,000*

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of comprehensive income  
Period from 8 November 2019 (date of incorporation) to 31 December 2020**

	Note	Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000
Interest income	12	3,200
Interest expense	12	(487)
<b>Net interest income</b>		2,713
Fee and commission income	13	291
Other income	14	69
<b>Total other operating income</b>		360
<b>Income before operating expenses</b>		3,073
Impairment loss on loans and advances	19	959
Staff costs		1,910
Other operating expenses		1,697
<b>Total operating expenses</b>		4,566
<b>Loss before income tax</b>		(1,493)
Income tax expense	16	–
<b>Loss for the period</b>	15	(1,493)
<b>Other comprehensive income</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Loans and advances at FVOCI – net change in fair value		8,365
<b>Other comprehensive income for the period, net of tax</b>		–
<b>Total comprehensive income for the period</b>		6,872

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of changes in equity  
Period from 8 November 2019 (date of incorporation) to 31 December 2020**

	<b>Share capital US\$'000</b>	<b>Fair value reserve US\$'000</b>	<b>Accumulated loss US\$'000</b>	<b>Total US\$'000</b>
At 8 November 2019 (date of incorporation)	*	–	–	*
<b>Losses for the period</b>	–	–	(1,493)	(1,493)
<b>Other comprehensive income</b>				
Changes in fair value of loans and advances at FVOCI	–	8,365	–	8,365
<b>Total comprehensive income for the period</b>	–	8,365	(1,493)	6,872
<b>Transactions with owners, recognised directly in equity</b>				
Shares issue during the period	90,000	–	–	90,000
<b>Total transactions with owners</b>	90,000	–	–	90,000
At 31 December 2020	90,000	8,365	(1,493)	96,872

\* Consists of 1 ordinary share of US\$1.00 each

The accompanying notes form an integral part of these financial statements.

**Consolidated statement of cash flows**  
**Period from 8 November 2019 (date of incorporation) to 31 December 2020**

	<b>Note</b>	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before income tax		(1,493)
Adjustments for:		
Net allowance for impairment on loan and advances	19	959
Interest income		(3,200)
Interest expense		487
		(3,247)
Changes in:		
- Loans and advances		(368,847)
- Other assets		(1,387)
- Other liabilities		1,654
		(371,827)
<b>Cash used in operations</b>		(371,827)
Interest income received		3,200
Interest expense paid		(487)
<b>Net cash used in operating activities</b>		(369,114)
<b>Cash flows from investing activity</b>		
Acquisition of intangible assets		(68)
<b>Net cash used in investing activity</b>		(68)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	9	285,700
Proceeds from issue of share capital	11	90,000
<b>Net cash from financing activities</b>		375,700
<b>Net increase in cash and cash equivalents</b>		6,518
Cash and cash equivalents at date of incorporation		—
<b>Cash and cash equivalents at 31 December</b>		6,518

The accompanying notes form an integral part of these financial statements.

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2021.

### **1 Domicile and activities**

Bayfront Infrastructure Management Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore with its registered office at One Raffles Quay, #23-01 North Tower, Singapore 048583.

The Company’s principal activities are focused on investing and distributing infrastructure debt, primarily in Asia Pacific and Middle East regions. Its wholly owned subsidiary, BIM Asset Management Pte. Ltd. is involved in providing asset management services to the Company.

The financial statements of the Group as at and for the period ended 31 December 2020 comprise the Company and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is Clifford Capital Holdings Pte. Ltd (“CCH”).

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in these financial statements, unless otherwise specified.

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

#### **2.3 Functional and presentation currency**

These financial statements are presented in United States dollars (“US\$”), which is the Company’s functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

## 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – determination of fair values of loans and advances at FVOCI; and
- Note 19 – Measurement of expected credit loss (ECL) allowance for loans and advances at FVOCI.

### **Measurement of fair values**

The Group adopt an independently developed valuation model for the valuation of loans and advances held at FVOCI. Third party information used in the valuation model, such as broker quotes or pricing services, are shared and verified with the Group to support the conclusion that the valuations meet the requirements of SFRS(I) standards. Significant valuation issues are reported to the management.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring the fair values is included in the following notes:

- Note 6 – determination of fair values of loans and advances at FVOCI; and
- Note 20 – financial instruments.



### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **3.1 Basis of consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

##### **(ii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on translation are recognised in profit or loss.

#### **3.3 Intangible assets**

##### **(i) IT software**

IT software that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**(iii) Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current period are as follows:

IT software     3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**3.4 Financial instruments**

**(i) Recognition and initial measurement**

***Non-derivative financial assets and financial liabilities***

Loans and advances are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

Valuation adjustments are an integral part of the valuation process.

Where complex valuation models are used, or where less-liquid positions are being valued, the bid-offer levels for those positions may not be available directly from the market, and therefore the close-out cost of these positions, models and parameters must be estimated. When these adjustments are determined, the Company closely examines the valuation risks associated with the models as well as the positions themselves, and the resulting adjustments are closely monitored on an ongoing basis.

If there are significant unobservable inputs used in a valuation technique, the financial instrument is recognised at the transaction price and any trade date profit or loss arising from the difference between the transaction price and initial valuation is deferred as Day 1 reserve. Day 1 reserve is deferred in the balance sheet and only recycled to the profit or loss to the extent it arises from a change in a factor including time, that market participants would take into account in pricing the financial asset or financial liability.

**(ii) Classification and subsequent measurement**

***Non-derivative financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Loans and advances at FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Financial assets: Business model assessment***

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Non-derivative financial assets: Subsequent measurement and gains and losses***

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### ***Loans and advances at FVOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.

### ***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

### ***Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

### ***(iii) Derecognition***

#### ***Financial assets***

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

#### ***Financial liabilities***

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

**(vi) Share capital**

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SRF(S) 1-12.

**Preference share capital**

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

**3.5 Impairment**

**Non-derivative financial assets**

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and loans and advances measured at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

**Simplified approach**

The Group applies the simplified approach to provide for ECLs for all trade and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

### ***General approach***

The Group applies the general approach to provide for ECLs on all its financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assesses whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default ("PD") as at the reporting date, with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

### *Credit risk grade*

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

### *Incorporation of forward-looking information*

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a probability of occurring. External macro variables considered includes economic data and forecasts published by relevant authorities.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### ***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

### ***Inputs into measurement of ECL***

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

In general, the Group derives these parameters from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment.

ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost and loans and advances at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



***Presentation of allowance of ECL in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For loans and advances at FVOCI, loss allowance is charged to profit and loss and recognised in OCI.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.6 Employee benefits

***(i) Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***(ii) Other long-term employee benefits***

As the Group seeks to align employees' interests with shareholders and to enable employees to share in the Group's growth, it established a Long Term Incentive Unit (LTIU) scheme as part of its long-term employee benefits plan. This is a performance-based incentive scheme administered by the Leadership, Development and Compensation Committee, a committee comprising members who are duly authorised and appointed by the Board of Directors. Participants of this LTIU scheme are awarded units with a future vesting date and target value. On the vesting date, if the actual value of the unit equals or exceeds the target value set, participants are entitled to a cash payment based on the actual value for each unit held.

Long-term employee benefits are measured by amortising to profit or loss the estimated payout at vesting date on a straight-line basis over the vesting period.

***(iii) Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 3.8 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies performance obligation (“PO”) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

### 3.9 Interest income and expense

Interest income or expense is recognised as it accrues in profit or loss using the effective interest rate method.

The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 3.10 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Commitment fees are recognised on a time-proportionate basis on the undrawn facility amounts at the start of each period.

Other fee and commission income, including arranging fee and structuring fee – are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

### 3.11 Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### 3.13 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 8 November 2019 and earlier application is permitted; however, the Group has not early adopted the new and amended standards and interpretations in preparing these financial statements.

## 4 Cash and cash equivalents

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
Cash at bank	2,518	1,973
Fixed deposits	4,000	4,000
	<u>6,518</u>	<u>5,973</u>

## 5 Loans and advances at FVOCI

	<b>Group and Company 2020 US\$'000</b>
Loan and advances at Amortised Cost	367,888
Fair value reserves	8,365
Loans and advances at FVOCI	<u>376,253</u>

Loans and advances classified at FVOCI have stated interest rates of 1.37% to 4.50% and mature in 4 to 16 years.

Allowance for impairment of US\$959,000 has been recognised in other comprehensive income in relation to loans and advances at FVOCI.

The Group's exposure to credit risk, fair value information and impairment losses on loans and advances are disclosed in notes 19 and 20.

## 6 Other assets

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
Accrued interest receivable	779	779
Trade and other receivables	440	16
GST receivable	166	166
Prepayments	2	2
	1,387	963

The Group's fair value information related to other assets is disclosed in note 20.

## 7 Intangible assets

<b>Group Cost</b>	<b>IT software US\$'000</b>
At 8 November 2019 (date of incorporation)	–
Additions	136
At 31 December 2020	136
<b>Carrying amounts</b>	
At 8 November 2019 (date of incorporation)	–
At 31 December 2020	136

As at 31 December 2020, IT software with carrying amount of \$136,000 is still under parallel run testing phase and will be available for use in financial year 2021.

## 8 Investment in subsidiary

	<b>Company 2020 US\$'000</b>
Equity investment at cost	*

\* less than US\$1,000

Details of the subsidiary is as follows:

<b>Name of subsidiary</b>	<b>Principal place of business/Country of incorporation</b>	<b>Ownership interest 2020 %</b>
BIM Asset Management Pte. Ltd.	Singapore	100

## 9 Loans and borrowings

**Group and  
Company  
2020  
US\$'000**

Unsecured bank loans 285,700

The Company's loans and borrowings of US\$285,700,000 are unconditionally and irrevocably guaranteed (the Guarantee) by The Government of Singapore (the Guarantor). The total amount recoverable by all creditors from the Guarantor under the Guarantee in respect of all documents relating to such loans and borrowings (Guaranteed Documents) is limited to: (a) an aggregate amount of US\$1,800,000,000 in respect of principal sums; and (b) an aggregate amount of US\$200,000,000 in respect of interest (including interest on overdue interest), making an overall aggregate guaranteed limit of US\$2,000,000,000 for both principal and interest payable under all Guaranteed Documents entered into between all creditors and the Company.

### *Reconciliation of movements of liabilities to cash flows arising from financing activities*

**Loans and  
borrowings  
US\$'000**

#### **Group and Company**

At 8 November 2019 (date of incorporation)	–
<b>Changes from financing cash flows</b>	
- Proceeds from bank borrowings	285,700
<b>Total changes from financing cash flows</b>	<u>285,700</u>
At 31 December 2020	<u>285,700</u>

### *Terms and debt repayment schedule*

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
<b>Group and Company</b>					
<b>2020</b>					
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	10,000	10,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	12,000	12,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	13,000	13,000
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	13,200	13,200
Unsecured Bank Loans	USD	LIBOR + 0.30%	2021	15,000	15,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	18,000	18,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	23,000	23,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	29,500	29,500
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	30,000	30,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	36,000	36,000
Unsecured Bank Loans	USD	LIBOR + 0.25%	2021	56,000	56,000
				<u>285,700</u>	<u>285,700</u>

The Group's exposure to liquidity risk and fair value information related to loans and borrowings are disclosed in notes 19 and 20.

## 10 Other liabilities

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
Accrued interest payable	125	125
Accrued expenses	1,195	88
Other payables	129	90
Other provision	273	–
	<u>1,722</u>	<u>303</u>

The Group's exposure to liquidity risk and fair value information related to trade and other payables is disclosed in notes 19 and 20.

## 11 Share capital

	<b>Number of shares</b>
<b>Fully paid ordinary shares, with no par value:</b>	
At 8 November 2019 (date of incorporation) and 31 December 2020	<u>63,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

All issued shares are fully paid, with no par value.

### Preference shares

	<b>US\$000</b>
At 8 November 2019 (date of incorporation)	–
Allotment of preference shares	<u>27,000</u>
At 31 December 2020	<u>27,000</u>

The preference shares have the following rights, benefits and privileges and be subject to the following restrictions:

#### (a) Dividend

Preference shareholders shall be entitled to be paid out of the distributable profits a preference dividend if the Board of Directors determines in its absolute discretion. The preference dividends, if any, shall rank pari passu with ordinary dividends.

(b) Capital

On liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company, the assets of the Company available for distribution among the members shall be applied as follows:

- i) firstly, in paying to the preference shareholders, all outstanding preference dividends which have been declared and which remains unpaid;
- ii) secondly, in paying to the preference shareholders, an amount equal to the 100 per cent of the issue price paid; and
- iii) thirdly, the balance of such assets and profits shall belong to and be distributed pro rata among the holders of ordinary shares based on the number of ordinary shares held by each holder.

(c) Redemption

Redemption of preference shares shall be at the sole discretion of the Company's Board of Directors following 10th anniversary and provided certain exit conditions are satisfied. No preference shareholders have the right to require the redemption of any of its preference shares. The redemption of the preference shares shall be at the redemption amount together with any outstanding preference dividends which have been declared and which remains unpaid as of the date of redemption of the preference shares. Upon redemption, such preference share shall be deemed to have been cancelled.

(d) Voting

The preference share shall confer on the holder thereof the right to receive notice of, or to attend and vote at, all meetings of the Company and same voting rights as the holders of ordinary shares.

Where the preference shareholders are entitled to vote on any resolution, then, at the relevant general meetings, shall have one (1) vote for every preference share.

**Fair value reserves**

The fair value reserve comprises of unrealised gain or loss on loans and advances instruments measured at FVOCI arising from fair value changes since initial recognition are recorded in Other Comprehensive Income and accumulated in Fair Value Reserves until the assets are derecognised or reclassified. This amount is adjusted by the amount of loan loss allowance. When these assets are sold, the accumulated unrealised gain or loss arising from the fair value adjustments are reclassified to the income statement.



## 12 Net interest income

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
<b>Interest income under the effective interest method</b>	
Loans and investments - at FVOCI	3,138
Cash and cash equivalents	62
<b>Total interest income arising from financial assets measured at amortised cost</b>	3,200
<b>Total interest income</b>	3,200
<b>Interest expense</b>	
Loans and borrowings – at amortised cost	(487)
	(487)
Net interest income	2,713

## 13 Fee and commission income

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Other fees	34
Collateral sub-management fees	257
	291

<b>Nature of goods or services</b>	The fee income generally relates to other services performed by the Group in its ordinary course of business operations.
<b>When revenue is recognised</b>	The fee income is recognised when all performance obligations in relation to the fee income has been satisfied.
<b>Significant payment terms</b>	The fee is receivable when contractually due for payment.

## 14 Other income

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Government grant	45
Miscellaneous income	24
	69

Government grant income relates to subsidies (Job Support Scheme) provided by the local government as wage support to help employers retain local employees during the period of uncertainty arising from COVID-19.

## 15 Loss for the period

The following items have been included in arriving at the loss for the period:

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Salaries, bonuses and other staff costs	(1,866)
Contributions to defined contribution plans	(44)
Net foreign exchange loss	(32)
	(2,042)

## 16 Income tax expense

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
<b>Current tax expense</b>	
Current period	–
<b><i>Reconciliation of effective tax rate</i></b>	
Loss before income tax	(1,493)
Income tax using Singapore tax rate of 17%	(254)
Tax incentive	254
Expenses not deductible for tax purposes	*
	–

\* Less than US\$1,000

**Section 13X**

The Company is approved under MAS Enhanced-Tier Fund Tax Incentive under Section 13X of the Income Tax Act. Under the terms of the incentive granted, qualifying income derived from qualifying activities is exempted under corporate income tax in Singapore, subject to the Company satisfying certain terms and conditions.

Deferred tax assets have not been recognised in respect of current period's losses because it is not probable that these benefits will be available for set off against future taxable profit will be available against which the Group can utilise the benefits therefrom.

**17 Significant related party transactions**

***Key management personnel compensation***

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Senior management charged with such authority and responsibility, as well as directors of the Group, are considered key management personnel of the Group. The estimated key management personnel compensation are as follows:

	<b>Period from 8/11/2019 (date of incorporation) to 31/12/2020 US\$'000</b>
Directors' fees	69
Salaries, bonuses and other staff costs	2,098
Contributions to defined contribution plans	34
	2,201

***Other related party transactions***

Other than as disclosed elsewhere in the financial statements, the carrying amount of the loans and advances at the reporting date, fee and interest income from related corporations are as follows:

	<b>Transaction value for the period ended 31 December 2020 US\$'000</b>
Acquisition of loan and advances from a related corporation	30,000
Back office support service fees – Paid to a related corporation	(768)
Collateral sub-management fees – Receivable from a related corporation	257
	257

## **18 Commitments**

### *Loan commitments*

Undrawn loan commitments comprise contractual obligations to provide credit facilities to customers for a fixed period. At 31 December 2020, the Group had undrawn loan commitments amounting to US\$25,000,000.

## **19 Financial risk management**

### *Overview*

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of Bayfront's risk management framework and is responsible for specific approvals relating to exceptions for concentration limits and sector-specific E&S matters, as well as any changes to the Group's risk management framework. The Group's risk management framework has been formulated based on the principles of transparency, management accountability and oversight from its Executive Committee, subject to overall supervision of the Board of Directors and CCH Group Risk Committee.

The Group's Executive Committee is responsible for establishing annually the business plan, corporate goals and budget for Bayfront, approving actions and transactions based on the delegated authority in accordance with the Group's Risk Framework, Policies and Processes ("RFPP"), reviewing operational performance, business prospects and financing performance against approved budgets and business plan, and reviewing reputational risk matters escalated to the Executive Committee. The Executive Committee is also responsible for pre-screening and approving all new loan commitments and acquisitions within certain specified limits, divestments of any loans at or above carrying value and divestments of loans to special purpose vehicles in connection with securitisations and other distribution formats.

The CCH Group Risk Committee supports the Board of Directors in relation to the establishment and supervision of the Group's risk management and control framework, including review and propose guiding principles and framework for risk management and control, and review and approve transactions that are exceptions under the Group's RFPP.

### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group has robust processes in place to assess the credit risk of new loans and advances and actively monitors exposure to credit risk on an on-going basis. Cash is placed with regulated financial institutions with a high credit rating.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

### ***Loans and advances***

The Group's primary business are focussed on investing and distributing infrastructure debt thus is exposed to credit risks from loans issued by corporate customers. The Group applies the Board of Directors' approved RFPP in the evaluation of all new loans and advances. The internal credit rating methodologies are an integral part of the Group's RFPP and are used to determine the likelihood and size of losses arising from a loan default. These methodologies take into account many factors such as qualitative factors and financial metrics of the counterparty, country risk, legal enforceability, structural protection and security package in its credit risk assessment. These assessments are used in the decision-making process, credit approval, monitoring, reporting and internal assessment of the adequacy of impairment allowance. Credit risk is managed to achieve optimal risk-reward performance whilst maintaining exposures within acceptable risk appetite parameters.

The amount of allowance for impairment is inherently uncertain, being sensitive to changes in economic and credit conditions of the counterparties, their place of operations and the sectors in which they operate. It is possible that actual events may differ from the assumptions used in the rating and assessment methodologies and computation.

### ***Exposure to credit risk***

The Group reviews the credit concentration and loans and advances based on industry sectors. The exposure to credit risk for loans and advances at reporting date by industry sectors was as follows:

	<b>Group and Company 2020</b>	
	<b>Carrying amount</b>	
	<b>US\$'000</b>	<b>%</b>
Conventional power and water	147,102	39
Other oil and gas	93,156	25
Integrated liquified natural gas	71,187	19
Metals and mining	30,240	8
Transportation	21,992	6
Renewable energy	12,576	3
	<b>376,253</b>	<b>100</b>

*Loss allowance*

Loans and advances measured at FVOCI are categorised as follows:

- **Pass/Special Mention:** Pass refers to assets with timely repayment and do not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower. Special Mention includes assets with potential weakness, if not corrected on a timely basis, may adversely affect repayment by the borrower at a future date and warrant close attention.
- **Substandard/Doubtful:** Includes assets with definable weakness that may jeopardise repayment on existing terms. Specifically, it includes “Watchlist – Stressed” and Stage 3 assets.
- **Loss:** Refers to outstanding credit facility that is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower generally.

The following tables show the balance of the loans and advances and sets out information about their credit quality.

<b>Group and Company</b>	<b>Loans and advances at FVOCI</b>	
	<b>Pass/Special Mention US\$'000</b>	<b>Loss allowance US\$'000</b>
	At 31 December 2020	376,253

The following tables show reconciliation from the opening to the closing balance of the ECL of the loans and advances.

<b>Group and Company</b>	<b>12-month ECL US\$'000</b>	<b>Total US\$'000</b>
	<b>2020</b>	
<b>Loans and advances at FVOCI</b>		
Balance as at 8 November 2019	–	–
Net measurement of loss allowance	(959)	(959)
<b>Balance at 31 December</b>	<b>(959)</b>	<b>(959)</b>

*Amounts arising from ECL*

*Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

The Group uses the following in determining whether there has been a significant increase in credit risk:

- assessment of the rating movements since origination by comparing rating as at reporting date vs at the time of initial recognition of the exposure, and hence impacting PD; and
- quality indicators.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the payment obligations associated with its financial liabilities and contractual commitments to its customers and counterparties. The Group’s approach to managing liquidity risk is to maintain a diversified and flexible funding base to meet its liabilities and commitments under both normal and stressed conditions and to avoid incurring excessive costs or risking damage to the Group’s reputation. The Group is currently funded from equity and bank loans. Other than maintaining an adequate level of cash and cash equivalents to meet expected operational expenses and the servicing of financial obligations, the Group also maintains committed lines of credit with banks and financial institutions which serves as a counterbalancing capacity to meet any potential cash shortfalls.

The Group monitors and manages its funding requirement by projecting cashflows of both contractual and forecasted asset and liabilities. Any net funding requirement is identified and addressed by ensuring adequate liquidity sources are availed to meet the forecasted cash flow shortfall.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<b>Carrying amount US\$’000</b>	<b>Contractual cash inflow/ (outflows) US\$’000</b>	<b>6 months or less US\$’000</b>
<b>Group and Company</b>			
<b>31 December 2020</b>			
<b>Non-derivative financial liabilities</b>			
Unsecured bank loans	285,700	285,700	285,700
Other liabilities*	158	158	158
	285,858	285,858	285,858

\* Non-financial liabilities have been excluded from these balances.

The maturity analyses show the contractual undiscounted cash flows of the Group financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled interest rate swaps contracts.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group transacts in derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the CCH Group Risk Committee and Board of Directors.

*Foreign currency risk*

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than US dollars. Such foreign exchange risks may arise from assets or liabilities, incomes or expenses denominated in other currencies. In assessing its exposure to foreign currency risk, the Group adopts a holistic approach, taking into account timing and size of the underlying exposure, including any natural economic hedge if the cash inflow in a foreign currency matches some of the cash flows used by the underlying operation of the Group. Exposure to currency risk is monitored on an ongoing basis and the Group's policy is to keep the net exposure to an acceptable level. In managing its exposure to foreign currency risk, the Group may use derivative instruments such as foreign currency forwards and currency swaps.

The functional currencies of Group entities are primarily the US dollar. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD) and US dollar (USD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's and the Company's exposure to foreign currency risk is as follows:

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
<b>Singapore dollars</b>		
Cash and cash equivalents	218	117
Other assets	268	4
Other liabilities	(1,310)	(134)
	(824)	(13)
 <b>Great Britain pounds</b>		
Other liabilities	*	-

\* Less than US\$1,000

*Sensitivity analysis*

A 10% strengthening of the United States dollar against the following currencies at the reporting date would increase/decrease loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.



	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
Singapore dollars	82	1
Great Britain pounds	*	–
	82	1
	82	1

\* *Less than US\$1,000*

A 10% weakening of the United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### *Interest rate risk*

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure may arise from mismatches in the maturity profile or the benchmark rates of the Group's interest bearing assets and liabilities. The Group adopts a portfolio approach in evaluating and managing its interest rate risk under its Strategic Asset Liability Management Framework which has been approved by the Board of Directors. This framework sets out the measurement methods and the risk tolerance limits. In managing its interest rate exposure, the Group may use various methods and instruments, including derivatives such as interest rate swaps and treasury locks, to mitigate its interest rate risk. Exposure to interest rate risks are monitored on an ongoing basis and regularly reported to the CCH Group Risk Committee and Board of Directors to ensure consistency with the Group's risk appetite.

### **Managing interest rate benchmark reform and associated risks**

#### *Overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management.

Management monitors and manages the Group's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The management reports to the Company's Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to the Board of Directors of interest rate risk and risks arising from IBOR reform.

*Exposure to interest rate risk*

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, was as follows:

	<b>Notional amount Group and Company 2020 US\$'000</b>
<b>Variable rate instruments</b>	
Financial assets	376,253
Financial liabilities	(285,700)
	90,553

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Profit or loss</b>	
	<b>100 bp increase US\$'000</b>	<b>100 bp decrease US\$'000</b>
<b>Group and Company</b>		
<b>31 December 2020</b>		
Variable rate instruments	906	(906)

*Capital management*

The Group's capital management objectives are to maintain an optimal capital structure that supports the Group's business growth, safeguard itself against adverse situations and delivers sustainable returns to shareholders. Capital consists of share capital, reserves and accumulated profits and losses. The Board of Directors maintains an oversight of the capital management process by periodically reviewing the Group's capital allocation, gearing, liquidity and funding sources to enhance shareholder's returns while ensuring that the Group's liquidity requirements and financial covenants in connection with its borrowings are met at all times. Ongoing reporting on capital position is provided to the Board of Directors. The Group is not subject to regulatory capital requirements.

## **20 Accounting classifications and fair values**

### *Fair value hierarchy*

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : unobservable inputs for the asset or liability.

*Accounting classification and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<b>Group</b>	----- Carrying value -----			----- Fair value -----			
	<b>Mandatorily at FVOCI US\$'000</b>	<b>Amortised cost US\$'000</b>	<b>Other financial liabilities US\$'000</b>	<b>Total carrying amount US\$'000</b>	<b>Level 1 US\$'000</b>	<b>Level 2 US\$'000</b>	<b>Level 3 US\$'000</b>
<b>31 December 2020</b>							
Cash and cash equivalents	-	6,518	-	6,518			
Loans and advances	376,253	-	-	376,253			376,253
Other assets*	-	793	-	793			
	<u>376,253</u>	<u>7,311</u>	<u>-</u>	<u>383,564</u>			
Other liabilities *	-	-	158	158			
Loans and borrowings	-	-	285,700	285,700			
	<u>-</u>	<u>-</u>	<u>285,858</u>	<u>285,858</u>			

\* Non-financial assets and liabilities have been excluded from these balances.

Company	----- Carrying value -----			----- Fair value -----			
	Mandatorily at FVOCI US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>31 December 2020</b>							
Cash and cash equivalents	–	5,973	–	5,973			
Loans and advances	376,253	–	–	376,253	–	–	376,253
Other assets*	–	793	–	793			
	<u>376,253</u>	<u>6,766</u>	<u>–</u>	<u>383,019</u>			
Other liabilities *	–	–	158	158			
Loans and borrowings	–	–	285,700	285,700			
	<u>–</u>	<u>–</u>	<u>285,858</u>	<u>285,858</u>			

\* Non-financial assets and liabilities have been excluded from these balances.

### Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
At 8 November 2019 (date of incorporation)	–	–
Purchases	370,460	370,460
Unrealised gains recognised	5,793	5,793
At 31 December	<u>376,253</u>	<u>376,253</u>

### *Sensitivity of fair value measurements to changes in significant unobservable inputs*

For level 3 instruments with a significant unobservable input of cost to income ratio an increase in the significant unobservable input would decrease the fair value.

### *Quantitative disclosures of valuation techniques*

The following table provide the representative range of minimum and maximum values of each significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

<b>Classification</b>	<b>Fair value US\$'000</b>	<b>Valuation technique</b>	<b>Unobservable input</b>	<b>Change in input</b>	<b>Min value US\$'000</b>	<b>Max value US\$'000</b>
<b>Group and Company</b>						
<b>31 December 2020</b>						
Loans and advances at FVOCI	376,253	Discounted cash flow approach	Cost to income ratio	+/- 2%	375,827	377,626

### *Cost to income ratio*

For financial instruments where cost to income ratio is the significant unobservable input, the ratio is determined by taking into account the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

The fair valuation is determined via discounting at risk free rate of future risk adjusted cashflow or economic profit. It considers credit spread and interest rate risk of the assets. At each subsequent valuation date, adjustments will be made to reflect any variation in market data and any improvement or deterioration of the assets.

## 21 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current:

	<b>Group 2020 US\$'000</b>	<b>Company 2020 US\$'000</b>
<b>Assets</b>		
Investment in subsidiary	–	*
Intangible assets	136	–
	<u>136</u>	<u>*</u>
<b>Liabilities</b>		
Accruals and provisions	<u>273</u>	<u>–</u>

\* *Less than US\$1,000*

## 22 Comparative information

No comparative figures are provided as this is the first set of financial statements prepared for the Company since the date of its incorporation.

## 23 Subsequent event

Subsequent to the Company's financial year ended 31 December 2020, the Company's shareholders have approved the increase of its share capital from US\$90,000,000 to US\$115,000,000 by issuing additional 17,500,000 ordinary shares at the subscription price of US\$1.00 per share and 7,500,000 preference shares at the subscription price of US\$1.00 per share.

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