

BAYFRONT INFRASTRUCTURE CAPITAL II PTE.LTD (CLASS A1-SU NOTES) SUSTAINABILITY NOTES

DNV PRE ISSUANCE ELIGIBILITY ASSESSMENT

Scope and objectives

Bayfront Infrastructure Management Pte Ltd ("BAYFRONT" taken to include Bayfront or any of its subsidiaries), is proposing to issue as part of a Securitisation issuance, Bayfront Infrastructure Capital II Pte Ltd (a standalone SPV set up for the sole purpose of issuing the securitisation notes), a single class of Class A1-SU Notes (henceforth referred to as "Sustainability Notes"), in accordance with the International Capital Market Association ("ICMA") Green Bond Principles 2018 ("GBP"), ICMA Social Bond Principles 2020 ("SBP"), ICMA Sustainability Bond Guidelines 2018 ("SBG"), ASEAN Capital Markets Forum ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards 2018 and the ASEAN Sustainability Bond Standards 2018 ("ASEAN GSSBS").

BAYFRONT intends to use the proceeds of the Sustainability Notes to finance and refinance project and infrastructure loans falling under the Green Eligible category of Renewable Energy and Social Eligible category of Affordable Basic Infrastructure.

BAYFRONT was established in 2019 in connection with the Infrastructure Take-Out Facility ("TOF") initiative, which was designed and structured by Clifford Capital Pte. Ltd. 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 finance and infrastructure loans through BAYFRONT Infrastructure Capital Pte. Ltd. ("BIC") in 2018.

DNV Business Assurance Singapore Pte. Ltd. (henceforth referred to as "DNV") has been commissioned by BAYFRONT to provide a Sustainability Bond pre-issuance eligibility assessment of the Sustainability Notes. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Sustainability Notes, the value of any investments in the Sustainability Notes, or the long-term environmental and social benefits of the issuance of the Sustainability Notes. Our objective has been to provide an assessment that the Sustainability Notes have met the criteria established on the basis set out below.

The scope of this DNV opinion is limited to the ICMA GBP, SBP, SBG and ASEAN GSSBS.

Responsibilities of the Management of BAYFRONT and DNV

The management of BAYFRONT has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform BAYFRONT management and other interested stakeholders in the Sustainability Notes as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by BAYFRONT. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by BAYFRONT's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our ICMA GBP, SBP, SBG and ASEAN GSSBS assessment methodology, to create a BAYFRONT-specific Sustainable Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). In addition, DNV has implemented our ASEAN Sustainability Bond Standards protocol. Our Protocols include sets of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that an offering of Sustainability Notes should "enable capital-raising and investment for new and existing projects with environmental and social benefits".

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by BAYFRONT in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. DNV notes that a detailed assessment of alignment has been included in the Sustainable Finance Framework Second Party Opinion ("SPO") provided to BAYFRONT. This Pre Issuance Eligibility Assessment has been prepared to specifically focus on the Use of Proceeds aspects of the Sustainability Notes. The work undertaken to form our opinion included:

- Creation of a BAYFRONT-specific Protocol, adapted to the purpose of the Sustainability Notes, as described above and in Schedule 1 and 2 to this Assessment;
- Assessment of documentary evidence provided by BAYFRONT on the Sustainability Notes and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with BAYFRONT management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV has provided a pre-issuance Eligibility Assessment on the BAYFRONT Sustainability Notes:

- 1. Principle One: Use of Proceeds.** BAYFRONT intends to use the proceeds of the Sustainability Notes to finance and refinance Green projects and assets including Solar Energy projects, Wind Energy projects, Run-of-River hydro projects; and/or to refinance Social projects and assets including Desalination investments, Transmission and Distribution lines and Roadway Upgrade investments. DNV has reviewed evidence that demonstrates that the Green and Social projects and assets identified by BAYFRONT for the issuance of Sustainability Notes meet the eligibility criteria specified in BAYFRONT's Sustainable Finance Framework.
- 2. Principle Two: Process for Project Evaluation and Selection.** The raised proceeds will be allocated to finance and refinance the assets as set out under Use of Proceeds. DNV has reviewed evidence that demonstrates that BAYFRONT regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental and social impacts from its operations.
- 3. Principle Three: Management of Proceeds** DNV has reviewed evidence showing how BAYFRONT plans to trace the proceeds from the Sustainability Notes, from the time of issuance to the time of disbursement. The full amount of the proceeds will be deposited in the accounts of Bayfront Infrastructure Capital II Pte. Ltd. as the Issuer, and not commingled with general accounts of Bayfront, and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Loan Portfolio and tracked using BAYFRONT's internal financial reporting system. BAYFRONT will review the outstanding balance of the Sustainability Notes as part of its allocation reporting at least on an annual basis.
- 4. Principle Four: Reporting.** BAYFRONT has confirmed that it will report on its website the following:
 - i) The total amount of proceeds allocated to Eligible Loans;
 - ii) The number of Eligible Loans;
 - iii) The balance of unallocated proceeds (if any);
 - iv) The amount or the percentage of new financing and refinancing;
 - v) Impact Reporting to a range of metrics as available and as selected.

On the basis of the information provided by BAYFRONT and the work undertaken, it is DNV's opinion that the proposed Bayfront Infrastructure Capital II Pte Ltd Sustainability Notes meet the criteria established in the Protocol and are aligned with the stated definition of green/social/sustainability bonds within the ICMA GBP, SBP and SBG. Based on the External Review procedures conducted, nothing has come to our attention that causes us to believe that the BAYFRONT Sustainable Finance Framework and proposed Sustainability Notes are not, in all material respects, in accordance with the ASEAN GSSBS.

for DNV Business Assurance Singapore

Singapore / 11 June 2021



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We

continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED PROJECT AND ASSET POOL

As detailed by BAYFRONT on 11 June 2021

Green Use of Proceeds		Asset Category		USD (mln)
Solar Energy Projects		Renewable Energy		16.245
Wind Energy Projects		Renewable Energy		34.149
Run-of-River Hydro Projects		Renewable Energy		14.000
Social Use of Proceeds	Asset Category	Social Benefit	Target Population	USD (mln)
Desalination Investments	Affordable Basic Infrastructure	Climate resilient drinking water supply	Residents in Qatar, United Arab Emirates, Kuwait and Saudi Arabia	45.052
Transmission and Distribution Investments	Affordable Basic Infrastructure	Access to electricity	Residents in villages from North Phnom Penh to Kampong Chan, Cambodia	17.000
Roadway Upgrades	Affordable Basic Infrastructure	Road Safety Improvements; Improved access to impoverished areas	Residents along the corridor supported by the highway in a Southeast Asian country classified as a Developing Member Country by Asian Development Bank	20.267
Total				146.713

The above figures reflect drawn amounts of the Eligible Loans as of the date of this report. A number of Eligible Loans have remaining undrawn commitments that are expected to be drawn during the life of the Sustainability Notes.

Including the full amount of those undrawn commitments, the pro-forma Eligible Loan Portfolio would increase to **USD 184.779 million**.

Schedule 2: Sustainability notes Eligibility Assessment Protocol

1. GBP, SBP and SBG Use of proceeds alignment

This protocol assessment is intended to demonstrate alignment for the Use of Proceeds information associated with the Sustainability Notes issuance against the GBP, SBP and SBG criteria. Further assessment of the broader BAYFRONT Sustainable Finance Framework has been provided in a separate Second Party Opinion provided by DNV.

Criteria for assessment of ICMA GBP, SBP and SBG alignment

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The Sustainability Notes must fall in one of the following categories, as defined by the ICMA Green/Social/Sustainability Bond Principles:</p> <ul style="list-style-type: none"> Green/Social/Sustainability Use of Proceeds Bond Green/Social/Sustainability Use of Proceeds Revenue Bond Green/Social/Sustainability Project Bond Green/Social/Sustainability Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> BAYFRONT Sustainable Finance Framework Sustainability Notes <p>Correspondence with BAYFRONT representatives</p>	<p>The reviewed evidence confirms that the Sustainability Notes would fall in the category: Sustainability Use of Proceeds Securitized Bonds.</p>
1b	Project Categories	<p>The cornerstone of Sustainability Notes is the utilization of the proceeds of the Sustainability Notes which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> Sustainability Notes Information BAYFRONT Sustainable Finance Framework 	<p>As identified by the Framework, the purpose of the Sustainability Notes is to use the proceeds for the financing or refinancing of Renewable Energy and Affordable Basic Infrastructure projects.</p> <p>Specifically, the use of proceeds for the proposed Sustainability Notes are summarised in Schedule 1 above.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			Correspondence with BAYFRONT representatives	DNV's assessment concluded that eligible projects funded by the Sustainability Notes would present significant Environmental and Social benefits and qualify for inclusion under the Sustainability Bond Guidelines within the Renewable Energy and Affordable Basic Infrastructure.
1c	Environmental and Social benefits	All designated Green and Social Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.	Review of: <ul style="list-style-type: none"> - Sustainability Notes Information - BAYFRONT Sustainable Finance Framework - BAYFRONT Asset Specifications Correspondence with BAYFRONT representatives	<p>DNV's assessment concluded that these project types would present significant Environmental and Social benefits in line with Renewable Energy and Affordable Basic Infrastructure.</p> <p>Renewable Energy DNV confirms that Renewable Energy assets including solar and wind energy are considered to be green for the purposes of the Green Bond Principles. DNV considers Run-of-River hydro projects to present a low risk of GHG emissions relative to fossil fuels and to be an eligible source of renewable energy under the Green Bond Principles.</p> <p>Affordable Basic Infrastructure Bayfront has selected a range of projects associated with social benefits to target populations deemed to deliver substantial social benefits. DNV has considered these here by project type:</p> <p>Desalination Investments BAYFRONT has demonstrated exposure to a series of desalination investments associated with Independent Water and Power Projects. In these cases, BAYFRONT has solely included the exposure it has to the desalination component of these facilities, which DNV has verified.</p> <p>The projects are located in Qatar, United Arab Emirates, Kuwait and Saudi Arabia, and provide an essential service to residents of the nations within the catchment of each plant (target population), which has been confirmed to be in a water stressed region in each case. DNV notes that</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>these plants have also been designed and constructed with consideration of climate adaptation requirements and risk of increased impacts from storms and natural disasters. Specifically, DNV has reviewed and considered that a material proportion of water produced is distributed to residential/ municipal and agricultural end users, which contributes to the provision of clean potable water and security of food supplies for the populations in these water stressed regions.</p> <p>DNV considers the benefit delivered for Affordable Basic Infrastructure to be well aligned with the Social Bond Principles.</p> <p>Transmission and Distribution Investments BAYFRONT has exposure to Transmission and Distribution assets in Cambodia, which is classified as a Developing Member Country by Asian Development Bank, which connect North Phnom Penh to Kampong Chan. These assets are confirmed by DNV to provide Affordable Basic Infrastructure to residents and businesses located between these points. The infrastructure is noted by DNV to be to be critical to a series of renewable energy projects in the region and will provide reliable 24-hour electricity to residents in the area. DNV can confirm that the inclusion of Transmission and Distribution projects and assets in the region is well aligned with the Social Bond Principles.</p> <p>Roadway Upgrade Investments BAYFRONT has exposure to a roadway development project in a Southeast Asian country which is classified as a Developing Member Country by Asian Development Bank, to improve safety and provide accessibility and utility to impoverished communities in the area including ethnic minority groups in the area. The investment has been confirmed to offer significant development prospects to the area and to provide a safer route for the traffic through the corridor. DNV considers the investment in the roadway upgrade and infrastructure to provide</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>tangible social benefits of Affordable Basic Infrastructure. DNV considers this to be well aligned with the Social Bond Principles.</p> <p>DNV can confirm that the Use of Proceeds associated with the Sustainability Notes are considered to be delivering tangible green and social benefits and to be well aligned with the purpose and function of the Green Bond Principles and Social Bond Principles.</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing (or financing of a certain vintage), it is recommended that issuers provide an estimate of the breakdown of the financing structure.	<p>Review of:</p> <ul style="list-style-type: none"> - Sustainability Notes Issuance Information - Sustainable Finance Framework <p>Correspondence with BAYFRONT representatives</p>	At the time of the issuance, 50.8% and 49.2% of the Eligible Loans backing the Sustainability Notes were acquired in 2020 and 2021 respectively.

2. ASEAN GSSBS Use of Proceeds compliance

This protocol assessment is intended to demonstrate compliance for the Use of Proceeds information associated with the Sustainability Notes issuance against the ASEAN GSSBS criteria. Further assessment of the broader BAYFRONT Sustainable Finance Framework has been provided in a separate Second Party Opinion provided by DNV.

3.0: Criteria for ASEAN GSSBS Bonds

Criteria	Requirement	Demonstrated Compliance
3.1	(i) Must be an ASEAN Issuer, or; (ii) In the case of a Non-ASEAN Issuer, the eligible Green and Social Projects must be located in any of the ASEAN countries.	The Issuer is located in Singapore, an ASEAN member country.
3.2	ASEAN GSSBS Bonds issuances must be originated from any of the ASEAN member countries.	The Sustainability Notes are to be originated from Singapore and issued in USD.

4.1 Use of Proceeds

Criteria	Requirement	Demonstrated Compliance
4.1.1	The utilisation of proceeds from the ASEAN Sustainable Bonds must be described in the documentation for issuance of the ASEAN Sustainable Bonds.	The Issuer has set out the Use of Proceeds in both the Sustainable Finance Framework and the listing of Nominated Projects and Assets as summarised in Schedule 1 of this report.
4.1.2	In relation to 4.1.1, the Issuer must disclose the following information: (i) The categories of eligible Green and Social Projects to which the ASEAN Sustainable Bonds proceeds will be allocated; and/or (ii) The information on specific Green and Social Projects in the case where the Issuer has identified the specific Green and Social Projects to which the ASEAN Sustainable Bonds proceeds will be allocated.	<ul style="list-style-type: none"> i. The Issuer has set out the categories for Nominated Projects and Assets in the Use of Proceeds section of the Sustainable Finance Framework. ii. The Issuer has detailed the specific Green and Social Projects as per Schedule 1 of this report.
4.1.3	All designated Green and Social Projects must provide clear environmental and social benefits, which will be assessed and, where feasible, quantified by the Issuer.	As per 1c in Schedule 2 above, the Nominated Projects have clear and demonstrated environmental and social benefits.

4.1.4	In the event that all or a proportion of the proceeds are or may be used for refinancing (or financing of a certain vintage), it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced Green and Social Projects.	At the time of the issuance, 50.8% and 49.2% of the Eligible Loans backing the Sustainability Notes were acquired in 2020 and 2021 respectively.
4.1.5	Sustainable Bond Categories	Green and Social Bond categories have been disclosed by the Issuer in both the Sustainable Finance Framework and as per Schedule 1.
4.1.6	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	DNV has confirmed that the Use of Proceeds is not proposed to include fossil fuel generation related investments.