



Bayfront Infrastructure Capital Pte. Ltd.
Registration Number: 201802471D

Annual Report
Period from 19 January 2018 (date of incorporation) to
31 December 2018

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial period from 19 January 2018 (date of incorporation) to 31 December 2018.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the period from 19 January 2018 (date of incorporation) to 31 December 2018 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and the Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; 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:

Siaw Kim Leng (Xiao Jinling)	(Appointed on 19 January 2018)
Sophia Lim Siew Fay	(Appointed on 19 January 2018)

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 beginning of the financial period, 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:

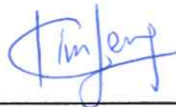
- (i) no options granted by the Company and its subsidiary to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial period, there were no unissued shares of the Company under options.

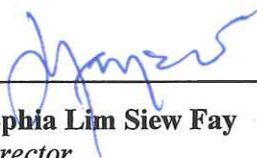
Auditors

In a directors' resolution dated 27 March 2018, KPMG LLP were appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors



Siaw Kim Leng (Xiao Jinling)
Director



Sophia Lim Siew Fay
Director

22 March 2019



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Bayfront Infrastructure Capital Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bayfront Infrastructure Capital Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2018, and the statements of comprehensive income, changes in equity and cash flows for the period from 19 January 2018 (date of incorporation) to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS24.

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 the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the period from 19 January 2018 (date of incorporation) to 31 December 2018.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Valuation of investments held at Fair Value through Profit or Loss ("FVTPL"). Investments at FVTPL comprise project financing loans amounting to US\$438 million at 31 December 2018. The investments are classified as Level 3 in the fair value hierarchy. The valuation of these instruments involves complex models and the application of unobservable inputs, such as cash flow forecasts and discount rates. This requires a higher level of management judgement and the application of assumptions. As such, there is a greater degree of estimation uncertainty in the determination of the fair value of these instruments. The valuation of financial instruments held at fair value is considered a key audit matter in view of the management judgement and inherent subjectivity.	We involved our valuation specialist team to assess the appropriateness and reasonableness of the methodology and key assumptions used. We assessed the completeness and accuracy of key inputs used in the valuation methodologies. For pricing inputs, we checked that the inputs used were appropriately sourced (by comparing to independent market data where possible) and accurately input into the valuation calculations. We found that the fair values of the Company's financial instruments held at FVTPL were within an acceptable range of estimates.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company'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 Company'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 Company 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is David Waller.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 March 2019

Statement of financial position
As at 31 December 2018

	Note	2018 US\$'000
Assets		
Cash and cash equivalents		23,980
Interest receivables		2,936
Other receivables	4	19
Investments	5	438,264
Total assets		<u>465,199</u>
Liabilities		
Interest payable on notes issued	6	7,782
Trade payables		463
Other liabilities	8	122
Notes issued	7	458,000
Total liabilities		<u>466,367</u>
Equity		
Share capital	9	*
Accumulated losses		(1,168)
Total equity		<u>(1,168)</u>
Total liabilities and equity		<u>465,199</u>

* The share capital of the Company is 1 Singapore dollar

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

Statement of comprehensive income
Period from 19 January 2018 (date of incorporation) to 31 December 2018

	Note	Period from 19/01/2018 (date of incorporation) to 31/12/2018 US\$'000
Interest income		9,714
Interest expense		<u>(7,782)</u>
Net interest income		<u>1,932</u>
Administration expenses		(98)
Professional fees		(132)
Other operating expenses		<u>(643)</u>
Total operating expenses		<u>(873)</u>
Unrealised loss from investments		
Fair value losses		<u>(2,227)</u>
Net loss from investments		<u>(2,227)</u>
Loss before income tax		(1,168)
Income tax expense	10	<u>–</u>
Loss for the period		<u>(1,168)</u>
Other comprehensive income		<u>–</u>
Total comprehensive income for the period		<u><u>(1,168)</u></u>

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

Statement of changes in equity
Period from 19 January 2018 (date of incorporation) to 31 December 2018

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
At 19 January 2018 (date of incorporation)	---	---	---
Issued share capital	*	---	*
Loss for the period/Total comprehensive income for the period	---	(1,168)	(1,168)
At 31 December 2018	<u> * </u>	<u> (1,168) </u>	<u> (1,168) </u>

* *The share capital of the Company is 1 Singapore dollar*

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

Statement of cash flows
Period from 19 January 2018 (date of incorporation) to 31 December 2018

	Period from 19/01/2018 (date of incorporation) to 31/12/2018 US\$'000
Cash flows from operating activities	
Loss for the period	(1,168)
Adjustments for:	
Interest income	(9,714)
Interest expense	7,782
Net change in unrealised loss on investments	2,227
Withholding tax expense	242
	<u>(631)</u>
Changes in:	
Other receivables	(19)
Trade payables	463
Other liabilities	25
	<u>(162)</u>
Cash used in operations	(162)
Acquisition of investments	(455,755)
Proceeds from repayment of debt investments	15,264
Interest received	6,778
Withholding tax paid	(145)
Net cash used in operating activities	<u>(434,020)</u>
Cash flows from financing activities	
Proceeds from issue of shares	*
Proceeds from issue of notes	458,000
Interest paid	—
Net cash from financing activities	<u>458,000</u>
Net increase in cash and cash equivalents	23,980
Cash and cash equivalents at beginning of the period	—
Cash and cash equivalents at end of the period	<u>23,980</u>

* *The proceeds from issuance of shares is 1 Singapore dollar*

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 2019.

1 Domicile and activities

Bayfront Infrastructure Capital Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore with its registered office at 38 Beach Road #29-11 South Beach Tower Singapore 189767.

The Company is primarily involved in the securitisation of a portfolio of collateralised loan obligations (the “Portfolio”), financed through the issuance of debt obligations (the “Notes”) to investors (the “Noteholders”).

On 31 July 2018 (the “Issue Date”), the Company issued floating rate Notes and subordinated Notes. The details of Notes issued are below:

Notes issued	US\$'000
Class A Senior Secured Floating Rate Notes Due 2038 (the “Class A Notes”)	320,600
Class B Senior Secured Floating Rate Notes Due 2038 (the “Class B Notes”)	72,600
Class C Senior Secured Floating Rate Notes Due 2038 (the “Class C Notes”)	19,000
Subordinated Notes	45,800
	458,000

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 US dollars (“US\$”), which is the Company’s functional currency. All financial information presented in US 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 period are included in Note 12 – accounting classifications and fair values.

3 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements unless otherwise indicated.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company entities 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.

3.2 Financial instruments

Non-derivative financial assets

Recognition and measurement

Investments and loans and receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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 and loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

Financial assets at FVTPL

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

Business model assessment

The Company 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 Company'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 Company'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.

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 Company 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 Company 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 Company'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 additional 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 additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

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.

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.

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. 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. These financial liabilities comprised loans and borrowings and other liabilities.

Derecognition

Financial assets

The Company 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Impairment

Non-derivative financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on the financial instruments that are measured at amortised cost. The loss allowances of the Company 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 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 or contract assets.

Presentation of allowance for ECLs 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.

3.4 Provisions

A provision is recognised if, as a result of a past event, the Company 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 costs.

3.5 Revenue recognition

Interest income

Interest income arise from financial assets at FVTPL.

3.6 Other assets

Other assets are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less allowance for doubtful receivables. Allowance for doubtful receivables is based on historical write-off patterns and the aging of amount receivables. Bad debts are written off when incurred.

3.7 Other liabilities

Other liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

3.8 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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.

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.

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 the 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company 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 laws that have been enacted or substantively enacted by the reporting date.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

The Company is approved under the Asset Securitisation Transaction (ASPV) Tax Incentive under Section 13P of the Income Tax Act. Under the terms of the tax incentive granted, qualifying income derived from qualifying activities is exempted from corporate income tax in Singapore, subject to the Company satisfying certain terms and conditions.

3.9 New standards and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 14.

4 Other receivables

	2018 US\$'000
GST receivable	19
Prepayment	—
	<u>19</u>

5 Investments

The Company's investments represent the underlying collateral obligations of the debt obligations.

	2018 US\$'000
Non-current investments	
Debt investments - mandatorily at FVTPL	438,264
	<u>438,264</u>

6 Interest payable on notes issued

2018
US\$'000

Interest payable on notes issued	<u>7,782</u>
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Terms and repayment schedule

Terms and conditions of outstanding notes are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
2018					
Class A Notes	USD	Base Rate + 1.45%	2038	320,600	320,600
Class B Notes	USD	Base Rate + 1.95%	2038	72,600	72,600
Class C Notes	USD	Base Rate + 3.15%	2038	19,000	19,000
Subordinated Notes	USD	*	2038	45,800	45,800

* Interest in respect of the Notes of each Class will be payable semi-annually in arrears on each Payment Date (with the first Payment Date occurring on 11 January 2019) in accordance with the Interest Priority of Payments as defined in the Information Memorandum.

Interest shall be payable on the Subordinated Notes to the extent funds are available.

The Company's exposure to liquidity risk is disclosed in note 12.

7 Notes issued

On 31 July 2018 (the "Issue Date"), the Company issued secured floating rate Notes and subordinated Notes. The details of Notes issued are below:

Class	Principal amount US\$'000	Interest rate	Maturity date	As at 31 December 2018 US\$'000
Class A Notes	320,600	Base Rate + 1.45%	11 January 2038	320,600
Class B Notes	72,600	Base Rate + 1.95%	11 January 2038	72,600
Class C Notes	19,000	Base Rate + 3.15%	11 January 2038	19,000
Subordinated Notes	45,800	*	11 January 2038	45,800
	<u>458,000</u>			<u>458,000</u>

The notes are secured with the underlying loan portfolio determined by the Trustee.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Notes issued US\$'000
At 19 January 2018 (date of incorporation)	—
<i>Changes in financing cash flows</i>	
Proceeds from issue of notes	458,000
Interest paid	—
At 31 December 2018	<u>458,000</u>

8 Other liabilities

	2018 US\$'000
Accrued expenses	25
Other payables	97
	<u>122</u>

The Company's exposure to currency and liquidity risk related to other liabilities is disclosed in note 12.

9 Share capital

	2018 Number of shares
Fully paid ordinary share, with no par value:	
At 19 January 2018 (date of incorporation)	—
Issued for cash during the financial period	1
At 31 December	<u>1</u>

In 2018, the Company issued 1 ordinary share for a total consideration of 1 Singapore dollar, which is held by TMF Singapore H Pte. Ltd. on behalf of a charitable trust.

10 Tax expense

	Period from 19/01/2018 (date of incorporation) to 31/12/2018 US\$'000
Current tax expense	
Current period	<u>—</u>

	Period from 19/01/2018 (date of incorporation) to 31/12/2018 US\$'000
<i>Reconciliation of effective tax rate</i>	
Loss before income tax	<u>(1,168)</u>
Income tax using Singapore tax rate of 17%	(199)
Current period losses for which no deferred tax asset was recognised	<u>199</u> <u>—</u>

The Company has been awarded the Tax Incentive Scheme for Special Purpose Vehicle engaged in Asset Securitisation Transaction (ASPV) under Section 13P of the Income Tax Act, with effect from 16 April 2018. Under the terms of the tax incentive granted, qualifying income derived from qualifying activities is exempted from corporate income tax in Singapore, subject to the Company satisfying all terms and conditions set out by the Monetary Authority of Singapore and the relevant income tax legislations.

Deferred tax assets have not been recognised in respect current period losses because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

11 Significant related party transactions

In the period, the Company also made payments to a related company in accordance to the Collateral Management and Administration agreement for certain investment management functions performed.

	Period from 19/01/2018 (date of incorporation) to 31/12/2018 US\$'000
Collateral management fees paid to related company	<u>196</u>

12 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company has appointed Clifford Capital Pte. Ltd. ("Clifford Capital") as the Collateral Manager to perform certain investment management functions. Responsibility of the day to day management of the Company's investments lies with the Collateral Manager who acts as key contact point for investor relations and investments.

The Collateral Manager has formulated its risk management framework on the principles of transparency, management accountability and independent oversight from the Risk Committee, subject to overall supervision of its Board. The Board of the Collateral Manager has overall responsibility of the establishment and oversight of the Collateral Manager's risk management framework. The Collateral Manager's Risk Committee, which is comprised of certain members from the Board and the Collateral Manager's Chief Risk Officer, in turn assists the Board in fulfilling its oversight responsibilities, by providing risk governance guidance in the areas of credit, market and operational risks; risk management, control and processes; and capital management, funding and liquidity risks.

The Risk Committee also reviews and approves the Collateral Manager's guiding risk principles relative to its operations, the internal risk management and control framework, material risk limits and allocations and authority levels relating to those limits, principal characteristics of the Collateral Manager's risk measurement framework, and reviews and assesses the asset and liability management framework. The Risk Committee monitors and reviews the Collateral Manager's overall asset portfolio performance and asset and liability management exposures on a quarterly basis.

The Board of the Collateral Manager has also approved the establishment of a Management Committee, which is composed of the Collateral Manager's management team. The Management Committee has delegated authority from the Risk Committee to approve any acquisitions, divestments, replenishments, material amendments or waivers relating to investments in or from the Portfolio and is supported by the corporate strategy and new business team, portfolio and risk management team, the origination and structuring team, the finance and operations team and the legal and compliance team. The Management Committee reports to the Risk Committee.

The Company also appointed Deutsche Bank AG Singapore Branch as the Transaction Administrator to perform portfolio administration and reporting functions pursuant to the Collateral Management and Administration Agreement and TMF Singapore H Pte. Ltd. As the Corporate Services Provider to provide corporate secretarial and administrative services pursuant to the Corporate Services Agreement.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

The Collateral Manager has robust credit review processes in place to monitor the credit risk of the portfolio and actively monitors exposure to credit risk on an on-going basis, which include periodic credit reviews, covenant monitoring, processing of waivers and other notices, maintenance of credit estimates and valuation support. 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.

Investments

The Company's primary objective is the provision of a diversified portfolio of project and infrastructure loans across multiple geographies and sectors to investors through a securitisation transaction.

Each of the investments had undergone a review and credit approval process by Clifford Capital as Collateral Manager and sponsor of the transaction. The review and credit approval process included detailed financial industry, technical, insurance, environment and social and legal due diligence to understand the technical, legal, commercial and financial considerations for each of the investments. Clifford Capital has a successful operating track record in project and asset-backed finance and has the necessary experience in direct portfolio acquisition and management. Clifford Capital subscribes and retains the Subordinated Notes in its capacity as the Collateral Manager.

Concentration of credit risk

The Company reviews the credit concentration of investments held based on credit ratings, industries and geographical location.

As at the reporting date, the Company's investments were concentrated in the following industries and geographical locations.

Industry Sector	2018 % of total aggregate par amount outstanding
Conventional Power and Water	32.9
Energy Shipping	6.0
Gas Infrastructure	3.2
Integrated LNG	20.1
Metals and Mining	12.2
Other Oil and Gas	4.6
Renewable Power	13.0
Transportation Infrastructure	8.0
	100.0

Geographical location¹	2018 % of total aggregate par amount outstanding
Australia	19.2
Bangladesh	2.1
China	2.2
India	3.3
Indonesia	14.1
Jordan	4.4
Kuwait	4.4
Malaysia	2.4
Mongolia	7.8
Oman	10.7
Papua New Guinea	5.3
Saudi Arabia	3.3
Singapore	3.8
Sri Lanka	2.2
Thailand	0.5
Vietnam	14.3
	100.0

As at the reporting date, the Company's investments by credit rating² were split as follows:

Credit Rating²	2018 % of total aggregate par amount outstanding
Aa1 – Aa3	15.4
A1 – A3	18.6
Baa1 – Baa3	23.5
Ba1 – Ba2	29.1
Ba3 – B2	13.4
	100.0

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities, trade, and other payables by delivering cash.

The ability of the Company in servicing its financial obligations towards the Noteholders is dependent on the receipt of interest and principal from its portfolio of project and infrastructure loans. Excess cash is invested in short-term deposits until Payment Date as defined in the Information Memorandum. The risk of non-payment on trade and other payables is borne by the Noteholders and may affect the value of the Notes on redemption.

¹ Geographical location is based on the location of the project or the borrower

² Credit rating for each investment is the credit estimate assigned by Moody's Investors Service Ltd

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US\$'000	Contractual cash inflow/ (outflows) US\$'000	6 months or less US\$'000	6-12 months US\$'000	1-5 years US\$'000	More than 5 years US\$'000
2018						
Non-derivative financial liabilities						
Interest payables on						
notes issued	7,782	(7,782)	(7,782)	—	—	—
Trade payables	463	(463)	(463)	—	—	—
Other liabilities	122	(122)	(122)	—	—	—
Notes issued	458,000	(571,176)	(15,760)	(31,297)	(319,061)	(205,058)
	<u>466,367</u>	<u>(579,543)</u>	<u>(24,127)</u>	<u>(31,297)</u>	<u>(319,061)</u>	<u>(205,058)</u>

Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows.

The undiscounted interest payments arising from the notes issued are determined by reference to the variable interest rate existing at the end of the reporting period.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and debt security prices will affect the Company'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 the return.

Foreign currency risk

Exposure to foreign currency risk

The Company 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, income or expenses denominated in other currencies. In assessing its exposure to foreign currency risk, the Company 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 Company. Exposure to currency risk is monitored on an ongoing basis and the Company's policy is to keep the net exposure to an acceptable level.

The Company's exposure to foreign currency risk is as follows:

	2018
	US\$'000
Singapore dollars	
Other liabilities	<u>15</u>

Sensitivity analysis

A 10% strengthening of the US dollar against the following currency at the reporting date would increase profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2018 US\$'000
Singapore dollars	<u>2</u>

A 10% weakening of the US dollar against the above currency 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

Risk management policy

Interest rate risk is the impact to earnings and economic value of the Company due to fluctuations in interest rates.

Exposure to interest rate risk

At the reporting date, the Company's interest-bearing financial instruments, were as follows:

	Notional amount 2018 US\$'000
Fixed rate instruments	
Financial assets	18,825
Financial liabilities	<u>—</u>
	<u>18,825</u>

The financial assets at fixed rate refer to fixed deposits.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, in respect of the fixed rate financial assets, a change in interest rates at the reporting date would not affect profit or loss.

	Notional amount 2018 US\$'000
Variable rate instruments	
Financial assets	442,736
Financial liabilities	<u>(458,000)</u>
	<u>(15,264)</u>

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) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase US\$'000	100 bp decrease US\$'000
2018		
Variable rate instruments	158	(158)

Capital management

The Company's capital management objectives are to maintain an optimal capital structure that supports the Company's business growth and delivers sustainable returns to shareholders. Capital consists of share capital and accumulated losses. The Board maintains an oversight of the capital management process by periodically reviewing the Company's capital allocation, gearing, liquidity and funding sources to enhance shareholder's returns while ensuring that the Company's liquidity requirements are met at all times. The Company is not subject to regulatory capital requirements.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Fair value through profit or loss US\$'000	Amortised cost US\$'000	Other financial liabilities within the scope of SFRS(I) 9 US\$'000	Total carrying amount US\$'000	Fair value US\$'000
2018					
Cash and cash equivalents	—	23,980	—	23,980	—
Other receivables	—	19	—	19	—
Investments	438,264	—	—	438,264	438,264
Interest receivables	—	2,936	—	2,936	—
	438,264	26,935	—	465,199	438,264
Interest payables on notes issued	—	—	(7,782)	(7,782)	—
Trade payables	—	—	(463)	(463)	—
Other liabilities*	—	—	(25)	(25)	—
Notes issued	—	(458,000)	—	(458,000)	(454,657)
	—	(458,000)	(8,270)	(466,270)	(454,657)

* Excludes provision for withholding tax

The fair value of Notes issued were in line with information obtained from external broker quotes.

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.
- 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities carried at fair value

	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
2018				
Investments	—	—	438,264	438,264
	—	—	438,264	438,264

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	2018
	US\$'000
At 19 January	—
Purchases	455,755
Repayments	(15,264)
Total unrealised gains and losses recognised in profit or loss	(2,227)
At 31 December	438,364

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 instruments with a significant unobservable input of yield to maturity, 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
2018						
Investments	438,264	Income approach	Implied yield to maturity	+/- 1%	420,823	457,033

Qualitative disclosures of valuation techniques

The Company has implemented and maintained a valuation control framework, which is supported by the valuation policy approved by the Board of Directors that define the principles for controlling the valuation of the Company's financial instruments. The framework includes the main processes of valuation governance and independent third party valuation and significant unobservable inputs review.

Through this framework, the Company determines the reasonableness of the fair value of its financial instruments. On a quarterly basis, the independent third party valuer obtains performance metrics of the investee companies and compares against market comparables based on the valuation methodology. The valuation results are documented in the quarterly valuation report and reported to the Collateral Manager on a regular basis.

One of the key components of the governance process is the segregation of duties between the Collateral Manager and the independent valuer. The valuer utilises independent pricing data as part of their review process, which is analysed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, and review of statistical data. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results.

Investments

The investments which are measured at fair value consists of project finance loans across different industrial sectors and countries in the Asia Pacific and Middle East. The income approach was used as the valuation methodology and the valuation model has been calibrated accordingly. In determining the fair value of debt instruments, the factors considered are coupon, time to expected repayment, other market conditions and if any deterioration in the value of the underlying business is observed. Available market data is used to determine the appropriate yield, which include, credit-rating, collateral, duration, coupon, maturity date, covenants and liquidity.

Loan portfolios entered during the period are stated at initial cost, where it has been assessed that the latest transaction price approximates the fair value.

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed

The financial assets and liabilities not measured at fair value include cash and cash equivalents, interest receivables, interest payable on notes issued and trade payables. These are short-term financial assets and liabilities whose carrying amounts approximate fair value, because of their short-term nature and high credit quality of counterparties.

13 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current:

	2018 US\$'000
Assets	
Investments	438,264
Liabilities	
Notes issued	<u>(458,000)</u>

14 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for the annual periods beginning after 19 January 2018 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 effective for annual periods beginning after 19 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Company has assessed the initial application of the new or amended SFRS(I) and interpretations above of which will have no material impact on the financial statements.

15 Comparative information

No comparative figures have been presented as this is the first set of financial statements prepared by the Company since the date of its incorporation.

