Project Summary Information

	Date of Document Preparation: 11 June 2021
Project Name	Asia Infrastructure Securitization Program
Project Number	P000492
AIIB member	Singapore
Sector/Subsector	Finance / Securitization
Status of Financing	Approved
Project Description	AIIB is considering a potential anchor investment into the issuance of infrastructure asset backed securities (IABS) sponsored by a Singapore-based entity with a mandate to invest in and distribute infrastructure debt in the Asia Pacific and Middle East regions, building on the "proof of concept" securitisation issuance that was executed by a related company of the sponsor in 2018. The issuance, which will be listed on the Singapore Exchange Securities Trading Limited, is collateralized by a portfolio of diversified infrastructure and project finance loans with a concentration of projects located in Asia. The securitization market is a potential solution to Asia's infrastructure financing gap by providing an instrument, i.e., rated and listed debt securities, for institutional investors to access emerging market infrastructure assets in bite-sized amounts with diversified exposure across multiple projects. Given that this is only the second ever such issuance in Asia, the Project will set benchmarks for future primary issuances which is a critical part of the market-building process for any new asset class.
Objective	The Project seeks to advance private capital mobilization through an investment in an issuance of IABS sponsored by Bayfront Infrastructure Management Pte Ltd, a Singapore-based entity with a mandate to invest in and distribute infrastructure debt in the Asia Pacific and Middle East regions.
Expected Results	Project indicators include the following: - Volume of new private capital mobilized - Total volume of private capital mobilized - Amount of estimated annual GHG emissions avoided

Environmental and Social Category	N/A
Environmental and Social Information	In line with previous capital markets projects executed by AIIB, Bayfront has developed and maintained (1) an Environmental & Social (E&S) Framework which acts as the basis for a robust E&S due diligence for every loan acquisition and (2) Sustainable Finance Framework which provides the basis for issuance of green, social or sustainability notes. The Project involves a potential investment into an issuance of IABS and includes a sustainability tranche. The proceeds from the sustainability tranche will be used to finance and/or refinance the purchase of loans for renewable energy and affordable social infrastructure projects (Eligible Loans). In place of AIIB's Environmental and Social Policy ("ESP"), the Project team proposes to apply Bayfront's E&S Framework, supplemented by the Sustainable Finance Framework for the sustainable tranche of the operation. The Project team has confirmed Bayfront is adhering to the requirements of its frameworks and that it has the capacity to address E&S concerns arising under this operation. 1) The E&S Framework, which would apply to the entire operation, includes criteria to (i) evaluate the E&S performance of each underlying asset and its key counterparties in the portfolio (including E&S related reputational risks) as part of the initial red flags screening. Loans are (ii) screened against Bayfront's E&S exclusion list (which is consistent with the Bank's Environmental and Social Exclusion List (ESEL)) and (iii) categorized. They are then (iv) assigned an E&S risk rating, which determines the extent of monitoring and oversight required post acquisition. Lastly, sector specific E&S risks are (v) addressed by Sector Guides. 2) The Sustainable Finance Framework, which would apply to the sustainability tranche of this operation, has been reviewed and a Second Party Opinion (SPO) has been provided for alignment with key International Capital Market Association (ICMA) guidelines including Green Bond Principles (GBP 2018), Social Bond Principles (2020) and Sustainable Bond Guidelines (2018). The initial aggregate par amount of Eligible Loan exceeds the proposed principal amount of the sustainability tranche and investment into these sustainable assets

will contribute towards the advancement of the UN Sustainable Development Goals (SDGs).

The rationale for the derogation from the application of ESP is the following

1) The ESP is designed for lending to conventional project finance investments and is not 'fit for purpose' for capital markets instruments.

2) Bayfront purchases infrastructure loans in the secondary market from originating financing institutions (most, if not all, of whom have adopted the Equator Principles) and the management of E&S risks is therefore only feasible through a rules-based framework governing the selection of loans and underlying projects.

During project administration, AIIB may request E&S performance information of the portfolio. All investors will receive the annual sustainability tranche post-issuance report including total amount of proceeds allocated to eligible loans, number of eligible loans and others. The impact reporting of the sustainability tranche will include metrics such as estimated annual GHG emissions avoided, number of people with access to clean water and other-related indicators.

Cost and Financing Plan	Order of up to USD 80 million
Issuer	Bayfront Infrastructure Capital II Pte. Ltd.
Sponsor	Bayfront Infrastructure Management Pte. Ltd.
Estimated date of disbursement	June 2021

Contact Points:	AIIB	Sponsor
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Date of Concept Decision	March 2021
Date of Appraisal Decision	April 2021
Date of Financing Approval	May 2021

Independent Accountability Mechanism	In view of the derogation from the application of AIIB's ESP, the Policy on the Project-Affected People's Mechanism (PPM) would not apply to this Project.