

Bayfront Infra launches second CLO

Bayfront Infrastructure has launched a second securitisation of project finance and infrastructure loans, and this time it includes its first sustainability tranche. The issuer is Bayfront Infrastructure Capital II, which is a project finance collateralised loans obligation (CLO) cashflow securitisation, backed by a US\$401.2m portfolio of bank-syndicated senior secured project finance and infrastructure loans to projects in Asia-Pacific, the Middle East and South America. It has appointed Citigroup, ING and Standard Chartered Bank as joint global coordinators, joint bookrunners and joint lead managers, according to IFR.

The portfolio has a high exposure to a few projects and in energy-related sectors such as power generation renewables and non-renewables, and oil and gas. Coal and gas fired power makes up 36.4% of the portfolio, solar 13.5%, LNG, 13%, oil

9%, and wind 8.6%. India makes up 17.7% of the portfolio, Bangladesh 10.3%, Qatar 10.2%, Brazil 9.5%, Australia 8.3%, the UAE 7.7%, Vietnam 7.5%, Saudi Arabia 7.2%, Kuwait 4.8%, the Philippines 4.4%, Indonesia 3.5%, Papua New Guinea 4.7%, and Cambodia 4.2%. The export credit or political risk insurance covered portion of the portfolio is about 20% of the initial par amount of the portfolio. The largest and second-largest project exposures account for almost 7.5% and 7.2% of the portfolio, both of which are uncovered.

The CLO facility is split into five tranches, each having a separate Moody's rating ranging from AAA to Baa3. Initial price thoughts range from 120bp for the tranche with highest rating to 340bp for the lowest rated Class D. Class 1A, rated AAA, totals US\$176.9m, Class 1A-SU sustainable, rated AAA, totals US\$120m, Class B, Aa2, US\$33.3m, Class

C, A3, US\$22.1m, and Class D, Baas3, US\$8.8m. Unrated preference shares total US\$40.12m.

The notes are backed by cashflows from a portfolio of 27 project finance and infrastructure loans to 25 projects in Asia-Pacific, the Middle East and South America. Four projects, accounting for around 16% of the portfolio, are still under construction, but are either nearing completion or benefit from construction completion guarantees. None of the underlying project and infrastructure loans have been rated by Moody's. Bayfront is 70% owned by Clifford Capital and 30% by the Asian Infrastructure Investment Bank. The weighted average life of the portfolio is six years and the transaction has a three-year reinvestment period. Both the loans and the notes are denominated in US dollars and pay floating-rate interest payments linked to US dollar Libor.