

Bayfront IABS VIII Pte. Ltd.

Capital Structure

Class	Rating	Outlook	Amount (USDm)	CE (%)	Interest rate	Legal final maturity
A	AAAsf	Stable	498.7	32.00	SOFR + 138bp	July 2047
B	NRsf	NA	124.7	15.0	SOFR + 180bp	July 2047
C	NRsf	NA	44.0	9.0	SOFR + 340bp	July 2047
D	NRsf	NA	29.3	5.0	SOFR + 540bp	July 2047
Subordinated	NRsf	NA	36.6	-	-	-
Total			733.3			

Notes: Credit enhancement (CE) is based on the par amount of USD733.3 million, including the undrawn commitment facility. NRsf – not rated. NA – not applicable. SOFR – daily non-cumulative compounded secured overnight financing rate. The subordinated perpetual notes are perpetual securities, which do not have a fixed redemption date.

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

The issuer, Bayfront IABS VIII Pte. Ltd. (Bayfront VIII), is a collateralised loan obligation (CLO) transaction backed exclusively by project finance and infrastructure-related corporate loans and bonds. The transaction is managed by Clifford Capital Markets Pte. Ltd. The note rating addresses the timely payment of interest and ultimate repayment of principal by the legal final maturity date for classes A and B. Class C and D note interest is deferrable so long as the more senior notes are still outstanding.

Key Rating Drivers

Asset Credit Quality: The initial portfolio's average credit quality of between 'BB' and 'BB-' is higher than the 'B' average in corporate CLOs, while the weighted-average rating factor (WARF) is 12.0. Fitch Ratings expects the WARF to remain steady during the replenishment period, as the collateral manager's limited replenishment rights should keep the portfolio largely static.

A 'BB' category rating denotes elevated vulnerability to default risk, but the notes benefit from appropriate credit enhancement (CE) and standard structural features for corporate CLOs.

Asset Security: The indicative portfolio comprises 51.2% project finance assets and 48.8% corporate infrastructure assets by outstanding principal amount, based on Fitch's classification. The weighted-average recovery rate (WARR) is 67.9% for the project finance assets and 54.9% for the corporate exposure. Fitch's recovery rate assumptions for various rating cases take into account the historically robust recovery rates in project finance assets across jurisdictions and business cycles.

Portfolio Composition: The three largest industries account for 42.6% of the initial portfolio balance, based on Fitch's customised industry classification for infrastructure-related assets. There are 40 distinct obligors, with the top-five representing 23.1% of the initial portfolio, indicating high obligor concentration. The portfolio is highly diversified geographically, with assets domiciled in 16 countries of risk, the top-five of which comprise 68.2% of the portfolio.

Cash Flow Analysis: Fitch used a customised proprietary cash flow model to replicate the transaction's principal and interest priority of payments and assess the effectiveness of various structural features. Fitch applied a one-notch upward deviation from the model-implied rating (MIR) for class A, reflecting its view that the incentive and likelihood of class A noteholders, as the controlling class while class A remains outstanding, to vote in favour of acceleration are high. In Fitch's cash flow analysis simulating the post-acceleration priority of payments, class A is paid in full by its legal final maturity under the 'AAAsf' rating scenario.

Inside This Report	Page
Key Rating Drivers	1
Highlights	2
Key Transaction Parties	3
Transaction Comparisons	3
Portfolio Management	4
Asset Analysis	4
Cash Flow Analysis	9
Rating Sensitivity	10
Transaction Structure	10
Counterparty Risk	15
Criteria Application, Model and Data Adequacy	15
Surveillance	16
Appendix 1: Origination and Servicing	17

The transaction closed 6 May 2026. The portfolio has been acquired by the issuer by 6 May 2026. The ratings assigned are based on portfolio information as of 6 May 2026 provided by the originator.

Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

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Additional Support for Swap-Related Losses: Underlying assets with currency or interest rate swaps account for 31.2% of the initial portfolio. Subordinated perpetual notes of up to USD70.0 million can be issued, and any such issuance will be subscribed by Clifford Capital Holdings Pte. Ltd. (CCH, AAA/Stable) and affiliates during the transaction’s life to cover hedge termination payments and replacement costs that would otherwise compromise note ratings. Such payments may arise from certain circumstances, such as the issuer’s failure to make required payments under the hedge agreement due to defaults on the hedged assets.

Criteria Variations: Fitch adopted a variation from the *Structured Finance and Covered Bonds Country Risk Rating Criteria*, devising an alternative country coverage matrix approach to assess the transaction’s country risk in place of hard rating caps, in light of the portfolio’s geographic diversification; see [Country Risk](#).

Fitch also applied variations from the *CLOs and Corporate CDOs Rating Criteria* to reflect key differences in historical performance and structural features between project finance/infrastructure corporate assets and non-infrastructure corporate assets. Fitch removed the correlation uplift for emerging market assets, customised the application scope of the obligor concentration uplift (OCU) and adjusted the rating-case recovery rate assumptions for project finance loans.

Highlights

Effect	Highlight
+	Higher Quality Project Finance Assets: The initial portfolio’s average credit quality of between ‘BB’ and ‘BB-’ is modestly weaker than that of Bayfront VII, but still considerably stronger than the ‘B’ average quality of typical corporate loan CLOs. Project finance loans, which tend to have higher credit quality and historically robust recoveries across jurisdictions and economic cycles, make up 51.2% of the portfolio’s notional size.
-	Higher Obligor Concentration: The initial portfolio comprises only 40 distinct obligors, much fewer than in standard corporate CLOs. Fitch believes the high obligor concentration introduces additional risk, as unexpected underperformance of a small group of large assets can significantly impact the credit quality of the rated notes. The idiosyncratic risk is mitigated by the portfolio’s higher credit quality and global diversification, typical structural features of project finance loans that support liquidity as well as Fitch’s full coverage of credit assessments on the underlying assets. Fitch applies a stress in the transaction’s asset analysis to address the high obligor concentration risk, with criteria variations to reflect the mitigants.
+	Global Diversification: The initial portfolio is geographically diversified, which Fitch views as a strong mitigant against default correlation, obligor concentration and sovereign-related risks. However, 66.1% of the portfolio’s notional size comprises assets operating in countries that Fitch regards as emerging markets. These are associated with higher local economic and market risks, transfer and convertibility risk as well as regulatory risk. These risks are incorporated in the underlying assets’ credit assessments to an extent. Fitch also conducts an additional country risk assessment in its portfolio analysis. No assets operate in Gulf Cooperation Council member countries, which means portfolio performance is unlikely to be directly affected by the ongoing Iran conflict. Fitch does not expect the operation of the two assets located in Turkiye to be affected, given their significant distance from the conflict zone.
+	Amortising Portfolio: The portfolio comprises amortising assets and scheduled principal repayments, which will be used to repay the notes sequentially. This will lead to a build-up of CE for the rated notes over time, which is credit positive compared with regular corporate CLOs, where underlying assets typically have bullet payment structures.
+	‘AAA’ Rated Sponsor Mitigates Swap Termination Risk: The initial portfolio contains 11 loans denominated in foreign currency and five fixed-rate bonds, which could expose the transaction to currency and interest rate risk. The exposure, at 31.2% of the initial portfolio, is higher than the 11.5% in the previous Fitch-rated transaction, Bayfront IABS VII Pte. Ltd. The foreign-currency loans are hedged by cross-currency swaps, with currency risk hedged up to legal final maturity. The fixed-rate bonds are hedged by interest rate swaps. The swaps are not balance-guaranteed, which may result in a material termination payment from the transaction in some circumstances, such as a default in the underlying foreign-currency asset. Additional subordinated perpetual notes may be issued to CCH and affiliates to cover any termination payments owed by the issuer, with cumulative issuance capped at USD70

Key Rating Drivers (Negative/Positive/Neutral)

Rating Impact	Key Rating Driver
Positive	Asset Credit Quality
Positive	Asset Security
Negative	Portfolio Composition
Neutral	Cash Flow Analysis
Positive	Additional Credit Support
Neutral	Criteria Variations

Source: Fitch Ratings

Applicable Criteria

[Global Structured Finance Rating Criteria \(December 2025\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(November 2023\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(October 2025\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(June 2025\)](#)

[CLOs and Corporate CDOs Rating Criteria \(July 2023\)](#)

[Single- and Multi-Name Credit-Linked Notes Rating Criteria \(March 2026\)](#)

[Foreign-Currency Stress Assumptions for Residual Foreign-Exchange Exposures in Covered Bonds and Structured Finance - Supplementary Data File \(August 2025\)](#)

Related Research

[Rating Confirmations in Structured Finance and Covered Bonds \(November 2019\)](#)

Effect	Highlight
	<p>million. Fitch believes this mechanism sufficiently mitigates the risk of the issuer incurring additional losses from swap terminations as well as the liquidity risk posed by substantial termination payments payable by the issuer on any payment date. The mechanism also covers costs associated with replacing any terminated swap agreements.</p> <p>The reliance of the note rating on the rating of the sponsor may reduce as assets with swap arrangements approach their maturities and the transaction's CE builds up over time.</p>
+	<p>Experienced Collateral Manager: Clifford Capital Markets is an experienced collateral manager for project finance CLOs, with collateral management responsibility for the previous seven project finance CLOs in the Bayfront series. It is an affiliate of CCH, which benefits from strong support from the Singapore government (AAA/Stable/F1+).</p>

Source: Fitch Ratings

Key Transaction Parties

Role	Name	Fitch rating	Fitch research
Collateral manager	Clifford Capital Markets Pte. Ltd.	Not rated	n.a.
Collateral sub-manager	Clifford Capital Asset Management Pte. Ltd.	Not rated	n.a.
Trustee and registrar	Citicorp International Limited	Not rated	n.a.
Account bank	DBS Bank Ltd.	AA-/Stable/F1+	Fitch Affirms DBS Group Holdings and DBS Bank at 'AA-/Stable, Upgrades GSRs to 'aa-'
Custodian	Citibank, N.A., Singapore Branch	A+/Stable/F1	Fitch Affirms Citigroup Inc. at 'A'/F1; Outlook Stable
Bridge facility provider	Clifford Capital Holdings Pte. Ltd.	AAA/Stable/F1+	Fitch Publishes Clifford Capital Holdings' 'AAA' Rating; Outlook Stable

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Transaction Comparisons

Bayfront VIII is an infrastructure CLO backed by a globally diversified portfolio comprising project finance and infrastructure-related corporate loans and bonds, similar to the previous seven publicly rated CLO transactions sponsored by CCH.

Transaction Comparison

	Bayfront VIII	Bayfront VII	BIC VI	BIC V	BIC IV
Collateral manager	Clifford Capital Markets Pte. Ltd. ^a	Clifford Capital Markets Pte. Ltd.	Clifford Capital Markets Pte. Ltd.	Clifford Capital Markets Pte. Ltd.	Clifford Capital Markets Pte. Ltd.
Portfolio amount (USDm)	733	705	527	508	410
Closing date	May 2026	October 2025	March 2025	July 2024	September 2023
Reinvestment (years)	3.0	3.0	3.0	3.0	3.0
Non-call (years)	3.0	3.0	3.0	3.0	3.0
Portfolio characteristics and concentration					
Initial weighted-average life (years)	4.7	5.3	5.8	5.7	5.7
Initial Fitch WARR (%)	61.6	66.7	-	-	-
Initial Fitch WARF (%) ^b	12.3	10.6	-	-	-
Initial 'CCC' assets (%)	0.0	0.0	0.0	0.0	0.0
Initial weighted-average spread (%) ^c	2.7	2.6	2.5	2.5	2.7
Number of loans and bonds	44	46	35	37	40
Number of distinct obligors	40	44	35	36	33
Initial largest obligor (%)	4.8	5.0	-	-	-

Transaction Comparison

	Bayfront VIII	Bayfront VII	BIC VI	BIC V	BIC IV
Initial top-five obligors (%)	23.1	23.5	-	-	-
Initial largest country of risk (%)	21.5	15.6	-	-	-
Initial largest three countries of risk (%)	49.0	39.2	-	-	-
Initial project finance loans/bonds (%)	51.2	66.0	69.9	74.0	89.2
Initial corporate loans/bonds (%)	48.8	34.0	30.1	26.0	10.8
Initial participation loans (%)	32.7	18.8	8.6	12.7	34.5
Initial covered (%)	8.5	1.0	4.6	4.3	22.9
Initial construction phase (%) ^d	14.1	0.0	-	-	-

^a Formerly known as BIM Asset Management Pte. Ltd.

^b Fitch WARF includes notch-downs on certain participation loans.

^c The initial weighted-average spread takes into account the lower assumed yield on the undrawn commitment facility associated with two assets.

^d The construction assets benefit from completion guarantees, sponsor undertakings and similar support arrangements intended to mitigate construction-related risks, including delays, cost overruns and, where relevant, payment obligations during the construction period.

Source: Fitch Ratings, transaction documents

Portfolio Management

Reinvestment

The transaction features a three-year replenishment period, during which proceeds from full prepayments and the sale of disposed assets can be used to purchase eligible assets to replenish the portfolio. The manager can alternatively distribute the proceeds to the notes sequentially, according to the priority of payments.

Any portfolio replenishment is subject to a Fitch rating confirmation that the inclusion of proposed assets will not adversely affect note ratings. Considering the infrequent asset prepayments and stable post-reinvestment credit quality in past transactions, as well as Fitch rating confirmation requirement, Fitch conducted its credit analysis based on the initial portfolio, without assuming stresses in credit quality or composition. However, Fitch may adjust its portfolio composition assumptions in periodic surveillance reviews if it observes signs of negative portfolio credit migration.

Undrawn Commitments

The portfolio includes an undrawn committed facility of USD4.5 million associated with two assets. The commitment to fund the facility is the issuer's unsecured obligation. The issuer will fund the undrawn commitments from note subscription proceeds and has opened an undrawn commitment account to deposit the reserved proceeds.

The committed facility is scheduled to be drawn in July 2026 and February 2028 for the two assets to maximum capacity. However, draws may be delayed depending on each project's developmental progress. If a draw is not made as anticipated, Fitch expects the undrawn committed facility to extend its availability period and remain open for future draws as needed. Alternatively, if the committed facility is cancelled, the collateral manager may, at its discretion, apply the proceeds to purchase new assets or repay the notes according to the priority of payments.

Fitch's asset analysis assumes the committed facility is fully drawn at transaction closing, while its cash flow analysis assumes a modest discount to the portfolio's weighted-average spread between transaction closing and January 2028 to account for the lower yield on the undrawn commitment account.

Asset Analysis

The Fitch Portfolio Credit Model (PCM) was used to determine hurdle default rates or rating default rates (RDRs) for various rating levels. Fitch's analysis focused on the initial portfolio, given its low migration risk, as the collateral manager can reinvest only proceeds from full prepayments and the sale of disposed assets, as well as the stable post-reinvestment credit quality in past transactions. Fitch conducted credit and recovery assessments on all underlying

obligors and projects in the initial portfolio. Fitch's credit opinions on the underlying assets are point-in-time, but will be refreshed annually. The following tables outline the initial portfolio's characteristics.

Asset Characteristics

Fitch component	Initial portfolio
Assets (count)	44
Distinct obligors (count)	40
Top-five issuers (%)	23.1
Weighted-average life (years)	4.7
Weighted-average tenor (months)	6.2
Weighted-average recovery rate (%)	61.6
Fitch weighted-average rating factor ^a	12.3
Weighted-average rating	BB/BB-
Rated < 'CCC+' (%)	0.0
Defaulted (%)	0.0
Corporate (%)	48.8
Bonds (%)	6.8
Covered (%)	8.5
Construction phase (%)	14.1
Non-US dollar (%)	24.4
Participation (%)	32.7

^a Fitch WARF includes notch-downs on certain participation loans.
Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Rating Sources

Rating component (%)	Initial portfolio
Fitch infrastructure and project finance credit opinion	45.4
Fitch infrastructure and project finance public ratings	5.9
Fitch corporate credit opinion	41.9
Fitch corporate public ratings	6.9

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Top-Five Industry Concentration

Fitch industry (%)	Initial portfolio
Oil/gas production/storage	19.2
Data centre	11.9
Renewable power	11.4
Bridges/toll roads/rail	10.9
Coal/gas power	8.8

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Top-Five Countries of Risk

Fitch country (%)	Initial portfolio
Australia	21.5
India	14.5
United States	12.9
Brazil	12.5
Turkiye	6.8

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Sector and Industry Correlation

Fitch applied a customised classification of sectors and subsectors specific to infrastructure-related industries. In addition, Fitch determined certain industries as locally driven, for which it applied the same-sector and same-industry correlation add-on only if the assets are domiciled in the same jurisdiction. For example, Fitch assumed zero same-sector and same-industry correlation between a renewable power project in India and another in Australia. Fitch believes the performance of these industries is largely influenced by local market conditions and regulations and less by global market dynamics and risk events.

For industries that Fitch perceives as globally exposed or not only locally driven, Fitch applied the same-sector and same-industry correlation add-on for assets domiciled in different countries. This is the standard approach for regular corporate CLOs, as described in Fitch's *CLOs and Corporate CDOs Rating Criteria*.

At transaction closing, 38.8% of the assets in the initial portfolio by outstanding balance were in Fitch's locally driven industries and 61.2% in globally exposed industries.

The following table details the full list of sector and industry classifications that Fitch applied to this transaction.

Infrastructure-Related Sectors and Industries

Locally driven	Globally exposed
Renewable energy	Oil and gas production and storage
Bridges, toll roads and railroads	Data centres
Telecommunication towers	Conventional power
Electricity transmission	Mining
Schools	Automotive
	Oil and gas pipelines
	Airports and ports

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Emerging-Market Correlation

Fitch did not apply the 10% correlation add-on for assets domiciled in emerging markets, which is a variation from the *CLOs and Corporate CDOs Rating Criteria*. Fitch assumed the same base, same-region and same-country correlation for all assets in the portfolio, based on the small historically observed difference in default rates of project finance loans in developed and emerging-market countries. Fitch believes the small gap is adequately reflected in its asset credit assessments of the underlying assets, which incorporate risks affecting project finance loans in emerging markets, including local economic and market risks as well as transfer and convertibility risks.

Currency Hedges on Non-US Dollar and Fixed-Rate Assets

All assets in the initial portfolio denominated in non-US dollar currencies (local currency) or paying fixed-rate interest have entered a currency or interest rate swap agreement. The swaps are not balance-guaranteed and therefore can introduce risks in certain termination scenarios, including asset defaults, prepayments and certain swap termination events. Fitch believes the asset default scenario has the most severe loss implications, as the issuer no longer receives cash flow from the defaulted asset until realisation of recovery.

When an asset with a cross-currency hedge defaults, the hedge agreement can be terminated with a senior termination payment due from the issuer to the hedge provider if the local currency has appreciated, as the termination payment is calculated based on the marked-to-market exchange rate on the scheduled notional. In Fitch's foreign-exchange stress scenario for high-investment-grade rating cases, the termination payment can exceed the asset's par value.

On the other hand, in the scenario that drives the most stressful termination cost payout from the issuer, Fitch expects post-default recovery to benefit from local-currency appreciation, partially offsetting the swap termination payment. The offset is greater for assets with higher recovery expectations.

Fitch's analysis of swap termination costs incorporates the probability and potential timing of asset defaults, with assets that have weaker credit profiles and longer weighted-average lives modelled as contributing more to the estimated overall termination cost to the issuer. This risk is mitigated by an arrangement that stipulates additional subordinated perpetual notes to be issued to CCH and affiliates to cover termination payments owed by the issuer to the hedge providers, subject to a cumulative cap of USD70 million. Fitch's rating scenarios show that this amount sufficient to cover the total estimated loss arising from swap terminations over the transaction's life as well as any liquidity shortfall resulting from a large termination payment due on a payment date.

Proceeds from such additional issuances may also be used to cover the cost of replacing terminated hedge agreements, if necessary. Fitch considers this a sufficient mitigant to the risk of high and unpredictable replacement costs, particularly in periods of exchange-rate volatility.

The amount of any additional subordinated perpetual note issuance will be determined by the collateral manager in an effort to avoid negative rating actions on the outstanding rated notes.

This arrangement links the note rating to the sponsor's Long-Term Issuer Default Rating (IDR), which is currently 'AAA' with a Stable Outlook. However, Fitch expects the linkage to reduce as the hedged assets approach maturity and transaction CE builds up over time.

Participation Interest

The portfolio comprises 11 obligors that are participation interest, or 32.7% by outstanding principal balance. In a participation interest, there is no direct contractual relationship between the obligor and issuer. Hence, the issuer assumes performance risk of both the underlying obligor and participation grantor.

Fitch adjusted its credit assessment of the participation interests based on its credit assessment of the underlying obligor and participation grantor, according to the Two-Risk CLN Matrix in Fitch's *Single- and Multi-Name Credit-Linked Notes Rating Criteria*. The matrix shows that when no inference of joint default risk can be identified, the calculation of the joint probability of default between the underlying obligor and participation grantor would indicate whether a notching adjustment is needed. Fitch assumes the credit quality of three participation loans is one notch lower than its initial credit opinion for the portfolio analysis.

Construction Assets

Fitch expects four projects, representing 14.1% of the initial portfolio, to remain in the construction phase at transaction closing. These assets benefit from completion guarantees, sponsor undertakings and similar support arrangements intended to mitigate construction-related risks, including delays, cost overruns and, where relevant, payment obligations during the construction period. Fitch's credit opinions already reflect the completion risk associated with these assets.

Recovery Assumptions

Fitch assigned Recovery Ratings to all underlying assets in the portfolio to reflect asset-specific recovery rate assumptions at the 'BBsf' rating case for infrastructure corporate assets. The Recovery Ratings are derived from Fitch's assessment of recovery prospects of the underlying assets and country-specific Recovery Rating caps. Caps are typically lower for emerging-market assets than for developed-market assets.

Fitch assumes 'BBsf' recovery rates for project finance assets, based on long-term historical observations. Exceptions are made when the Recovery Rating assigned on an asset signals particularly weak recovery prospects, in which case Fitch relies on the assigned Recovery Rating instead of historical observations for recovery rate assumptions. Fitch effectively uses the assigned Recovery Rating to indicate expected underperformance or outperformance in recoveries relative to historical levels for each asset.

As a variation from the *CLOs and Corporate CDOs Rating Criteria*, Fitch applied the recovery rate tiering assumptions for Group 1 countries to all assets in the portfolio, regardless of asset jurisdiction. This reflects Fitch's observation that recovery rates realised on project finance defaults have historically been robust through economic cycles and showed limited difference across regions and countries at various levels of development.

Fitch applies asset-specific recovery rates for each asset in the portfolio at rating cases above 'BBsf' according to the recovery rate tiering table in the *CLOs and Corporate CDOs Rating Criteria*. Fitch assumes a recovery lag of 30 months for assets domiciled in developed markets and 36 months for those in emerging markets based on historical data. The weighted-average recovery lag is 33 months, which is used for cash flow analysis in all rating cases.

Obligor Concentration Stress

The portfolio comprises only 40 distinct obligors. This is significantly fewer than obligor counts in typical US and EMEA corporate CLOs, resulting in markedly higher obligor concentration.

Fitch applied additional stress via the OCU, which for typical corporate CLOs with a small number of assets includes a 50% correlation uplift and 25% recovery rate haircut on obligors deemed large in the portfolio. Large obligors are defined as the top-ranked obligors by size, up to a maximum of 15, whose aggregate notional size exceeds 30% of the portfolio, or any individual obligor that is at least 6.5% of the portfolio notional size.

Fitch believes the portfolio's high obligor concentration is mitigated by; the portfolio's higher credit quality than that of regular corporate CLOs; the typical structural features of project finance loans that alleviate short-term liquidity stress; restrictions on the issuer's expansionary activities; and the portfolio's global diversification.

Fitch therefore customised the OCU for this transaction by applying a correlation uplift to the largest obligors up to a maximum of 10, instead of the standard 15. This reduced the number of obligors selected for OCU stress on probability of default. Fitch applied the OCU correlation stress to three obligors in this portfolio, selected using the standard approach described in the *CLOs and Corporate CDOs Rating Criteria*. Exceptions were made for obligors with strong recovery prospects, as indicated by high Recovery Rating. Fitch applied the OCU recovery rate stress to seven obligors in this portfolio.

Country Risk

Assets domiciled in emerging markets make up 66.1% of the portfolio by outstanding balance. Fitch believes emerging markets are more susceptible to country-related risks, including deterioration in local economic and operating conditions and transfer and convertibility risks. Fitch incorporates these risks in its credit assessment of the underlying assets, but considers additional for assigning higher note ratings.

Fitch customised its approach to address country-related risks rather than imposing caps to the rated notes, since the portfolio's exposure is spread among low-correlated regions and countries, as per its *Structured Finance and Covered Bonds Country Risk Rating Criteria*. Fitch assesses geographical concentration risk using country coverage matrices, which assess whether the portfolio default rate at each rating case is sufficient to cover the exposure when all assets in a given country are assumed to default. The thresholds in the matrices were calibrated based on historical sovereign Fitch-rating performance and the initial portfolio's country composition.

The *Structured Finance and Covered Bonds Country Risk Rating Criteria* defines the country cap as the lower of the sovereign's Local-Currency IDR, with maximum notch uplift, and the Country Ceiling. For example, the 'AAAsf' rating-case portfolio RDR must be sufficient to cover the highest default exposure among the following cases, assuming default of all assets in the largest:

- one country with a 'AAA' or lower country cap;
- one country with a 'AA+' or lower country cap;
- one country with an 'A+' or lower country cap;
- two countries with a 'BBB+' or lower country cap;
- four countries with a 'BB+' or lower country cap;
- eight countries with a 'B+' or lower country cap; and
- 10 countries with a 'CCC+' or lower country cap, including non-rated countries.

The tables below show the country risk assessment in the matrix format. The number of countries where Fitch assumes all domiciled assets default varies by rating case. Based on the country coverage matrices, Fitch floored the 'AAAsf' RDR at 27.0% and the 'AA+sf' RDR at 23.8%. The floored RDRs were used for cash flow analysis.

Country Risk Coverage Matrix for 'AAAsf' Rating Case

Rating case	AAAsf		
Applicable country cap at or below	Maximum number of countries where assets are assumed to be in default	Number of countries where assets are assumed to be in default in portfolio	% of portfolio assumed to be in default
AAA	1	1	21.5
AA+	1	1	14.5
A+	1	1	14.5
BBB+	2	2	27.0
BB+	4	4	26.6
B+	8	0	0.0
CCC+ or NR	10	0	0.0

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Country Risk Coverage Matrix for 'AA+sf' Rating Case

Rating case	AA+sf		
Applicable country cap at or below	Maximum number of countries where assets are assumed to be in default	Number of countries where assets are assumed to be in default in portfolio	% of portfolio assumed to be in default
AA+	1	1	14.5
A+	1	1	14.5
BBB+	1	1	14.5
BB+	3	3	23.8
B+	5	0	0.0
CCC+ or NR	8	0	0.0

Source: Fitch Ratings, Bayfront VIII, Clifford Capital Markets

Cash Flow Analysis

Fitch used a customised proprietary cash flow model to reflect the principal and interest priority of payments and the transaction's various structural features. It also assessed the features' effectiveness, including the structural protection provided by excess spread diverted through the overcollateralisation (OC) and interest coverage (IC) tests. Each model run considers nine stress scenarios to account for different combinations of default timings and interest rate stresses. The cash flow model was run using the PCM outputs for the initial portfolio, with floors on the portfolio default rates applied according to the Country Risk section above.

Breakeven Default Rates – Initial Portfolio

(%)	Class A
Breakeven default rate	32.6
PCM hurdle default rate (RDR)	33.0
Assumed recovery rate	23.9
CE	32.0
Default cushion	-0.4
Model-implied rating (MIR)	AA+sf

Source: Fitch Ratings

Fitch believes the notes can withstand an elevated level of defaults and low recoveries. This view, in addition to other factors, such as the extent of the cushion and the strong performance in Fitch's sensitivity scenarios, was used to analyse the initial portfolio.

The class A note MIR at the initial point selected is 'AA+sf', without modeling the post-acceleration priority of payments. However, Fitch determined that the controlling class A noteholders have a high incentive and likelihood of directing the trustee to declare an event of default following non-payment of interest on class B. After an event of default is declared, available funds from enforcement would be applied to pay down class A principal before class B interest, which would lead to class A passing the 'AAAsf' rating case stress. Fitch therefore applies a one-notch upward deviation from the MIR of 'AA+sf' and assigns 'AAAsf' for the class A notes.

Rating Sensitivity

Rating Sensitivity on Initial Portfolio

	A
Target Rating	AAAsf
Default probability (DP) - 125% DP multiple	AA+sf
Default probability - 150% DP multiple	AA+sf
Recovery rates (RRs) - 75% RR multiple	AA+sf
Recovery rates - 50% RR multiple	AA+sf
Combined stress - 125% DP multiple and 75% RR multiple	AA+sf
Combined stress - 150% DP multiple and 50% RR multiple	AAsf
Combined stress - 75% DP multiple and 125% RR multiple	AAAsf

Note: class A sensitivity ratings may include the one-notch upward deviation from the MIR if the post-acceleration waterfall in the sensitivity scenario indicates a higher passing rating than the MIR.
Source: Fitch Ratings

The Rating Sensitivity section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Variability in key model assumptions, such as decreases in recovery rates and increases in default rates, could result in a downgrade. Fitch evaluated the notes' sensitivity to potential changes in these metrics. The sensitivity ratings shown above, which may include the one-notch uplift over the MIR for class A if the post-acceleration priority of payments indicates a higher passing rating than the MIR, can vary between 'AAsf' and 'AA+sf'.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Upgrade scenarios do not apply to the A notes, as they are already rated at the highest level.

Transaction Structure

The transaction is a CLO backed by a portfolio of project finance and corporate infrastructure loans and bonds across multiple jurisdictions and sectors. The issuer is a bankruptcy-remote, special-purpose vehicle incorporated and organised under the laws of Singapore. The issuer has entered into purchase and sale agreements with Clifford Capital Asset Finance Pte. Ltd. (CCAF) and Clifford Capital Credit Solutions Pte. Ltd., both affiliates of CCH, and certain third parties to acquire the underlying portfolio; 67.3% of the portfolio was acquired by novation or transfer and the remainder through participation agreements between the issuer and the relevant participating lender on record.

The Rating Sensitivity section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

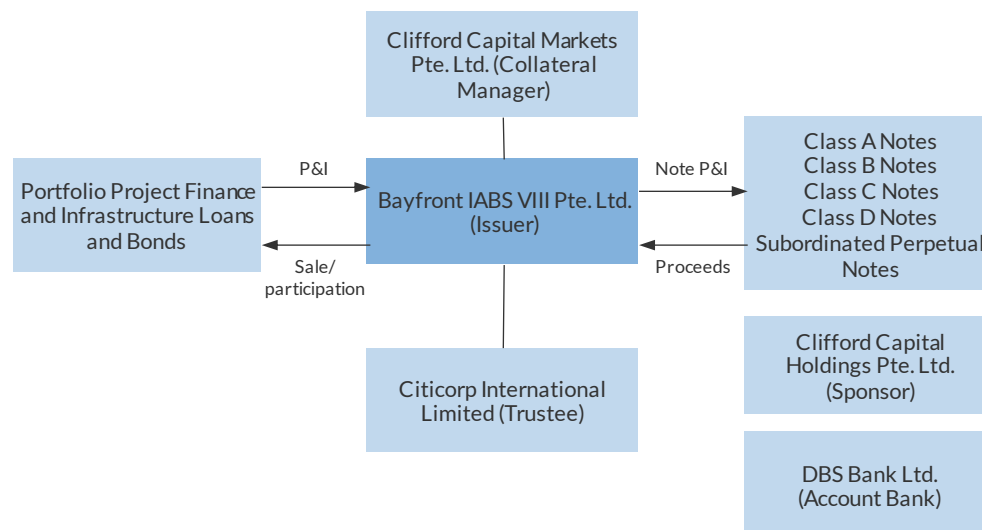
- No change or positive change
- Negative change within same category
- -1 category change
- -2 category change
- -3 or larger category change
- See report for further details

The issuer has issued four classes of US-dollar floating-rate notes – A, B, C and D – and an equity tranche in the form of US-dollar subordinated perpetual notes. The rated notes are secured by the underlying portfolio of assets. Payments to the notes will be made semi-annually or quarterly following a payment frequency switch event. The structure allows the collateral manager to change payment frequency to quarterly, if quarterly paying obligations exceed a certain proportion in the portfolio.

Non-payment of interest on class A or B notes will constitute an event of default, while interest on class C and D notes is deferrable up to the legal final maturity while more senior notes remain outstanding. The class A to D notes (senior notes) will be redeemed on legal final maturity, unless redeemed earlier.

The collateral manager manages the portfolio on behalf of the noteholders, including monitoring the portfolio’s credit performance and the purchase and disposition of assets. The transaction features a three-year replenishment period, during which proceeds from full prepayments and sale of disposed assets can be used to purchase assets to replenish the portfolio. The collateral manager can alternatively distribute the proceeds to noteholders according to the priority of payments.

Structure Diagram



Source: Fitch Ratings, transaction documents

Overcollateralisation and Interest Coverage Tests

The transaction features OC and IC tests to protect senior tranches by diverting excess spread away from junior tranches. Failure of an OC or IC test will result in interest or principal proceeds, where applicable, being diverted to redeem the notes sequentially until OC and IC levels are restored above documented thresholds. The OC test is effective from the first payment date, while the IC test is effective from the second payment date.

The OC ratio is calculated by dividing the adjusted collateral principal amount, after taking into account certain haircuts as described below, by the sum of outstanding principal of the applicable note class and all classes senior to such class. The IC ratio is calculated by dividing interest collections prior to the next payment date minus any senior expenses, collateral management base fees and interest due to the bridge facility provider by the interest due and payable to the applicable note class and all classes senior to such class.

Coverage Tests

Test	Trigger (%)	Cushion (%)
OC		
Class A/B	112.6	5.0
Class C	105.9	4.0
Class D	103.8	1.5
IC^a		
Class A/B	110.0	N.A.
Class C	102.5	N.A.
Class D	N.A.	N.A.
Event of default OC		
Par value event of default ^b	102.5	44.6

^a Not applicable until the determination date prior to the second payment date.

^b Calculated as class A OC ratio, with no haircut to deferring, discount or 'CCC' obligations and no principal-financed accrued interest; defaulted obligations included at market value. If an event of default occurs based on the par value event-of-default trigger, holders of at least a majority of outstanding class A notes may enforce the transaction.
Source: Bayfront VIII

Key OC Test Haircuts

Asset type	Haircut description
Defaulted and deferring obligations	Defaulted assets are included at the lower of their (i) Fitch collateral value ^a , and (ii) Moody's collateral value. However, defaulted assets held for more than three years after default are included at zero.
Excess 'CCC' obligations	The greater of assets (i) rated 'Caa' and below by Moody's in excess of 10.0% of the collateral principal amount and (ii) rated 'CCC+' and below by Fitch in excess of 10.0% of the collateral principal amount are included at market value.
Long-dated obligations	Long-dated obligations are included at the lesser of (i) liquidation value ^b and (ii) market value.

^a Fitch's collateral value means the lower of the collateral market value and the asset-specific recovery rate published or communicated by Fitch to the issuer or collateral manager multiplied by the asset's principal balance. Where no asset-specific recovery rate is provided to the collateral manager by Fitch, the mid-point of the Fitch-assigned Recovery Rating of the asset is assumed as the Fitch recovery rate.

^b Liquidation value means the lower of (i) with respect to any long-dated obligation: (a) 90% (or 80% for a debt security) of its principal balance, where its stated maturity is less than or equal to six months beyond the legal final maturity of the notes; (b) 80% (or 75% for a debt security) of its principal balance, where its stated maturity is more than six months, but less than or equal to 12 months, beyond the legal final maturity of the notes; (c) 70% (or 50% for a debt security) of its principal balance, where its stated maturity is more than 12 months, but less than or equal to 24 months, beyond the legal final maturity of the notes; and (d) 50% (or 25% for a debt security) of its principal balance, where its stated maturity is more than 24 months beyond the legal final maturity of the notes, and (ii) the lower of (x) Fitch collateral value and (y) 70% of the collateral market value.
Source: Bayfront IABS VIII Pte. Ltd.

Simplified Pre-Acceleration Interest Priority of Payments

1.	Taxes and senior expenses up to the expense cap
2.	Any supplemental amount to the reserve account up to the reserve cap amount at the direction of the collateral manager
3.	Collateral management base fee due to the collateral manager
4.	Any accrued upfront fee, commitment fee or interest under the bridge facility
5.	Pari passu to pay (1) class A interest and (2) any amounts scheduled to be paid to the hedge counterparty and termination payments in connection with any priority hedge termination event ^a
6.	Class B interest
7.	If either of the class A/B IC or OC tests are not satisfied, to redeem the notes sequentially from class A to D to the extent necessary to restore compliance with such tests
8.	Class C interest ^b

Simplified Pre-Acceleration Interest Priority of Payments

9.	If either of the class C IC or OC test is not satisfied, to redeem the notes sequentially from class A to D to the extent necessary to restore compliance with such tests
10.	Class C deferred interest
11.	Class D interest ^b
12.	If the class D OC test is not satisfied, to redeem the notes sequentially from class A to D to the extent necessary to restore compliance with such test
13.	Class D deferred interest
14.	Collateral management subordinated fee due to the collateral manager
15.	Remaining expenses beyond the expense cap that are still unpaid
16.	To pay any deferred collateral management fee not yet paid to the collateral manager
17.	To pay the hedge counterparty any amounts not yet paid pursuant to 5 above
18.	Any residual amount to the subordinated perpetual notes payment account or to subordinated perpetual noteholders

^a Termination payment arising from (a) the SPV being the sole defaulting party, (b) bankruptcy, dissolution or insolvency with respect to the SPV being the sole defaulting party, (c) the liquidation of the portfolio due to an event of default and (d) a change in law after the issue date that makes it unlawful for the SPV to perform its obligations under the hedge agreement.

^b Excluding deferred interest, but including interest on deferred interest.

Source: Fitch Ratings, Bayfront VIII

Simplified Pre-Acceleration Principal Priority of Payments

1.	To pay amounts not yet paid in steps 1 to 13 in interest priority of payments
2.	On and from the second payment date, to make principal repayments on the bridge facility until fully repaid
3.	On a redemption date or special redemption date, make payments on the notes in accordance with the principal payment sequence
4.	During the replenishment period, apply the replenishment proceeds to acquire replenishment collateral
5.	To repay the notes sequentially from class A to D
6.	To pay the amounts not yet paid in step 14 to 17 in interest priority of payments
7.	Any residual amount to the subordinated perpetual notes payment account or to subordinated perpetual noteholders

Source: Fitch Ratings, Bayfront VIII

Simplified Post-Acceleration Priority of Payments

1.	Taxes and senior expenses up to the expense cap
2.	Collateral management base fee due to the collateral manager
3.	Any accrued upfront fee, commitment fee or interest under the bridge facility
4.	Bridge facility principal until fully repaid
5.	Any amounts scheduled to be paid to the hedge counterparty and termination payments in connection with any priority hedge termination events
6.	Class A interest
7.	Class A principal until full redemption
8.	Class B interest
9.	Class B principal until full redemption
10.	Class C interest and deferred interest
11.	Class C principal until full redemption
12.	Class D interest and deferred interest
13.	Class D principal until full redemption

Simplified Post-Acceleration Priority of Payments

14.	Remaining expenses beyond the expense cap that are still unpaid
15.	To pay any deferred collateral management fee not yet paid to the collateral manager
16.	To pay any collateral management fee not yet paid to the collateral manager and any amounts that are not yet paid pursuant to 1 above
17.	To pay the hedge counterparty any amounts not yet paid pursuant to 5 above
18.	Any residual amount to the subordinated perpetual notes payment account or to subordinated perpetual noteholders

Source: Fitch Ratings, Bayfront VIII

Reserve Account

The transaction features a reserve account in the name of the issuer, held by the account bank, to be used for payment of transaction closing costs and ad hoc administrative expenses, and not for reserving interest or liquidity amounts. On the issue date, the issuer deposits into the reserve account an amount equal to the reserve account cap. The collateral manager has the discretion to increase the balance on the deposit in the reserve amount up to the reserve account cap.

Payment Frequency Switch Event

A payment frequency switch event can be declared to change the payment frequency of the notes to quarterly, taking into account the proportion of the obligations in the pool that are paying quarterly (i) at the collateral manager's discretion or (ii) if (a) the aggregate principal balance that are quarterly paying is greater than or equal to 80% of the aggregate principal balance and (b) the class A and B IC coverage ratio is less than 100% or both (i) and (ii), subject to the condition that a rating agency confirmation has been received. The mechanism mitigates the cost of negative carry arising from payment frequency mismatch between assets and liabilities when the quarterly paying obligations in the pool become excessive.

Notes' Early Redemption

The transaction has a three-year non-call period. Following its expiry, subordinated perpetual noteholders have the option to redeem all outstanding class A through D notes. The collateral manager can also redeem the senior notes (i) at any time after the three-year non-call period if the principal amount falls below 15% of the initial par amount of the pool or (ii) after an occurrence of a tax event on any payment date. Fitch analyses the transaction up to the legal final maturity of the transaction.

Rating Confirmations

Fitch is not a transaction party and has no obligation to provide rating confirmations. Fitch will continue to exercise its discretion in choosing to issue a rating confirmation or otherwise. Where relevant to Fitch's ratings, Fitch prefers to issue public commentary on the rating impact of the change. Fitch's approach to rating confirmations is highlighted in [Rating Confirmations in Structured Finance and Covered Bonds](#).

Disclaimer

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Counterparty Risk

Fitch assesses counterparty risk under its [Structured Finance and Covered Bonds Counterparty Rating Criteria](#) to be in line with the ratings assigned based on the documentation provisions and analytical adjustments described in the following table.

Counterparty Risk Exposures

Counterparty type	Counterparty name	Minimum ratings under criteria	Minimum ratings and remedial actions Under documents	Relevant mitigants / analytical adjustments
Transaction account bank	DBS Bank Ltd.	'A' or 'F1'	'A' or 'F1': replacement within 30 calendar days	N.A.
Bridge facility provider	Clifford Capital Holdings Pte. Ltd.	'A' or 'F1'	'A' or 'F1': replacement within 30 calendar days	N.A.
Custodian	Citibank, N.A., Singapore Branch	'A' or 'F1'	'A' or 'F1': replacement within 30 calendar days	N.A.

Source: Fitch Ratings, Bayfront VIII

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of [Applicable Criteria](#).

Fitch applies the *CLOs and Corporate CDOs Rating Criteria* as its sector-specific criteria under the overarching framework provided by the *Global Structured Finance Rating Criteria*, which is the master criteria for the sector. The *Structured Finance and Covered Bonds Country Risk Rating Criteria* outlines Fitch's approach to assigning and maintaining structured finance and covered bond ratings, where the relevant sovereign's Local-Currency IDR is below 'AAA'. The remaining criteria listed under Applicable Criteria are cross-sector criteria that outline Fitch's approach to counterparty risk and interest rate change vulnerability that are relevant for the ratings.

Criteria Variations

Fitch applies an alternative approach to address the transaction's country risk instead of applying rating caps, in line with the approach in the *Structured Finance and Covered Bonds Country Risk Rating Criteria* for multi-jurisdictional transactions. The alternative approach is in the form of country coverage matrices, where Fitch assesses the adequacy of the modeled portfolio default rate in relation to the assumed asset default exposure in the case of sovereign defaults. The assumed default exposure varies by the portfolio's country composition and the rating case (see [Country Risk](#)).

The variation was applied as the transaction's country-related risks are mitigated by the portfolio's high geographical diversification. This criteria variation lifted the 'BBBsf' rating cap on the notes that would have been imposed by applying the criteria without the variation. Fitch's forward-looking analysis confirmed that the note ratings assigned are resilient against the expected increase in country concentration over time.

Fitch also adopted variations from the *CLOs and Corporate CDOs Rating Criteria*. First, Fitch modified the application scope of the OCU stress and applied the correlation uplift to the largest issuers up to a maximum of 10, instead of 15 as the standard approach in the criteria, for which the aggregate notional size exceeds 30%. This resulted in applying the correlation uplift stress to three instead of seven large obligors in the portfolio. In addition, Fitch exempted one asset from the OCU recovery haircut, given its strong recovery prospects. This reflects Fitch's view that concentration risk in the pool is mitigated by the portfolio's high credit quality and global diversification, the structural features of project finance loans that support liquidity as well as Fitch's full coverage of credit assessments on the underlying assets.

Fitch then assumed the recovery rates for the portfolio's project finance assets based on the observed long-term recovery level in project finance defaults for the 'BBsf' rating case, unless the assigned Recovery Rating indicates a particularly weak recovery prospect, in which case Fitch's recovery assumption at 'BBsf' is based on the assigned Recovery Rating. This is a variation from the criteria where Fitch typically assumes the 'BBsf' recovery rate based on the

Recovery Ratings, which includes country-specific Recovery Rating caps. This reflects the observation that recovery rates historically realised on project finance defaults have been robust through economic cycles and have shown limited difference across regions and countries at varied levels of development.

Thirdly, Fitch applied the same recovery rate tiering assumptions for assets located in Group 1, 2 and 3 countries. This deviates from the standard approach on corporate CLOs, where Fitch applies deeper recovery haircuts on assets domiciled in Group 3 countries, most of which are emerging markets. This criteria variation was used based on Fitch's observation that recovery rates on infrastructure loan defaults have been highly consistent between developed and emerging markets.

Fourthly, Fitch did not apply the default correlation uplift for assets domiciled in emerging markets, considering the small difference in historical default rates between developed and emerging-market assets.

The four variations from the *CLOs and Corporate CDOs Rating Criteria* resulted in the model-implied ratings of class A being six notches above the rating levels that exclude the variations.

Models

The models below were used in the analysis. Click on the link for the model (if published) or for the criteria for a description of the model.

[Fitch Portfolio Credit Model](#)

[Global CLO Cash Flow Model](#)

Data Adequacy

All underlying assets or risk-presenting entities have ratings or credit opinions from Fitch. Fitch has relied on the practice of the relevant groups within Fitch to assess asset portfolio information. Overall, and together with any assumptions referred to above, Fitch's assessment of the information relied upon for the rating agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Fitch was provided with Form ABS Due Diligence-15E (Form 15E) as prepared by KPMG LLP. The third-party due diligence described in Form 15E focused on two worksheets in preparation for securitization of the initial portfolio, based on agreed-upon procedures between the originator and the third-party due diligence provider. Fitch considered this information in its analysis and it did not have an effect on Fitch's analysis or conclusions. A copy of Form 15E received by Fitch in connection with this transaction may be obtained through the link contained on the bottom of the related rating action commentary.

Surveillance

Fitch will monitor the transaction regularly and as warranted by events with a review. Events that may trigger a review include, but are not limited to, the following:

- Asset defaults, paying particular attention to restructurings and recoveries.
- Portfolio migration, including assets being downgraded to 'CCC+' or below or portions of the portfolio being placed on Rating Watch Negative or rating Outlook Negative.
- OC or IC test breach.
- Issuance of additional notes.
- Amendments to the transaction documents.
- Changes to Fitch's rating criteria.

Surveillance analysis is conducted on the basis of the then-current portfolio. Credit assessment for the underlying assets is refreshed on an annual basis. Fitch's goal is to ensure the assigned ratings remain an appropriate reflection of the issued notes' credit risk. Details of transaction performance are available to subscribers on Fitch's website at www.fitchratings.com

Appendix 1: Origination and Servicing

CCH is the parent holding company of Clifford Capital Group, an infrastructure credit platform founded in 2012 and headquartered in Singapore. Clifford Capital Group is focused on originating, distributing, managing and investing in infrastructure debt globally and benefits from strong support from the Singapore government, with a policy mandate to assist companies with a Singapore nexus.

The group has a long history in the infrastructure financing sector, with cumulative origination of over USD14 billion. It also has a strong record in managing infrastructure ABS programmes, with seven public issues to date and a 0% loss rate.

Origination

Clifford Capital Group originates loans and bonds via direct lending and partnerships with multiple international and regional banks. The loans follow the same investment and due diligence process, regardless of origination channel.

The group has the capacity to underwrite transactions across multiple sectors, such as energy and utilities, natural resources, digital and social infrastructure, and transportation and industrial, with deep domain knowledge in each sector. It has also established a take-out eligibility framework with certain banks through memoranda of understanding that stipulate loan criteria to facilitate the process.

Loan Investment and Due Diligence

The loan investment and credit review process starts with screening for “red flags”. This includes background checks, such as sanctions and exclusion lists. Clifford Capital Group has a list of projects in which it does not participate, such as those involving wildlife trade, weapons or gambling.

The process subsequently moves to the pre-screening stage, where the credit committee examines the key characteristics and risks of the transaction presented by the deal team.

After a loan passes the pre-screening stage, the deal team carries out detailed due diligence on the loan, including credit, ESG factors and legal due diligence, before submitting a credit memo to the credit committee for final approval. Legal due diligence is especially important for project and infrastructure loans, as they typically involve a security package. The documents may be governed by multiple laws and jurisdictions and require legal opinions from counsels. In terms of credit risk assessment, full due diligence is also conducted on the finance agreements, project agreements, engineering, procurement and construction contracts or guarantees.

The group has an approval matrix for credit or ESG events pertaining to its loan investments. In the case of a risk event, loan transactions require different levels of approval, depending on the nature of the risk and severity of the event. The most severe are scrutinised by the group risk committee.

Risk Management and Credit Monitoring

Clifford Capital Group's credit monitoring of its loan assets is undertaken by a dedicated collateral management team and consists of four major components; regular credit reviews, covenant monitoring, portfolio exposure analysis and reporting of any material environmental and social incidents.

Transactions are reviewed in different formats at varied frequencies, but at least once a year. Transactions on a watch list, where assets are experiencing credit challenges, may be reviewed more frequently. The format and extent of the review depends on the transaction's credit rating.

The collateral management team also monitors all covenants and reports compliance to the credit officer monthly, with any breaches immediately escalated to the credit risk team. Approval for covenant deferrals and waivers for any breaches requires approval from the relevant authority, in line with the group's transaction approval matrix.

Clifford Capital Group regularly updates and reviews the overall portfolio to ensure it satisfies its risk concentration policy. The portfolio is also tracked monthly to provide a snapshot to senior management on exposure by geography, industry, borrower or sponsor and key credit counterparties. Exposures are monitored against limits set out in the group's risk concentration policy to ensure compliance and determine available headroom for new transactions.

Portfolio information is reported to the group risk committee quarterly and the group conducts regular portfolio stress testing to assess its ability to absorb losses and remain solvent in remotely possible scenarios. Any material environmental and social incidents at the loan assets are reported and escalated internally to ensure appropriate stakeholders are informed. The collateral management team follows up with relevant obligors on remedial actions.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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