

Editor's Choice APAC – Clifford Capital's restructure and ADB investment

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01/07/2021

Clifford Capital, which has been operating since 2012, restructured its entities under a holding company (CCH). The Singapore-based specialist financing and distribution platform also recruited Asian Development Bank (ADB) and Japan International Cooperation Agency's (JICA) Leading Asia's Private Infrastructure Fund (LEAP) to invest \$95 million of equity into CCH. ADB manages LEAP.

"It was a herculean effort, achieved at the peak of the pandemic when the market was volatile and investor sentiment was weak," says Christine Chan (pictured right), ADB's co-leader of the project team and now senior adviser to vice-president for private sector operations and PPPs.

"ADB's equity investment in CCH will have a ripple effect across the sustainable infrastructure finance market. ADB's equity will expand CCH's capital base to fuel its next stage of growth and unleash new innovations across the infrastructure financing continuum."

This story first appeared in the *IJGlobal Magazine* which can be [accessed here...](#)

CCH is the umbrella company for:

- Bayfront Infrastructure Management – project finance collateralised loan securitisation
- Clifford Capital (CCPL) – debt for infrastructure, offshore marine and shipping
- Pierfront Capital – mezzanine and private credit
- possible supply chain financing (SCF) entity that CCH is evaluating



"The rationale for the restructuring was to bring our complementary platforms under a holding company and help us to move us to our next phase of growth. Bringing in ADB as a shareholder is an important part of this story," says Clive Kerner (pictured left), group chief executive of CCH. "We're delighted that ADB is a shareholder. Our remits are aligned in a number of areas."

Christine adds: "There is tremendous scope and potential to further expand these businesses and leverage these new asset classes to mobilize institutional capital towards sustainable infrastructure in Asia."

"It will also open up new co-financing and co-investment opportunities for the market, which is especially valuable given that investor confidence and market sentiment have been shaken by the Covid-19 pandemic. As we support the region's recovery, ADB looks forward to leveraging its public and private sector resources and to building back smarter with CCH, its shareholders,

and the broader infrastructure market."

ADB's financing package comprised \$50 million investment from the Manila-headquartered multilateral and \$45 million by LEAP. ADB's investment in CCH is its first investment in a Singapore entity since the opening of ADB's new office in Singapore in March 2020. The office now has 11 staff.

"We are delighted that JICA, through its investment from LEAP, was able to co-invest alongside ADB as part of this landmark partnership," says



Christine.

ADB has a longstanding relationship with CCPL in Asia's infrastructure finance market. The multilateral first cofinanced with CCPL in 2015. It also shares Temasek's vision and work to mainstream sustainability throughout its investments. The Singaporean sovereign wealth fund is CCH's largest shareholder.

"ADB has high regard for CCPL's senior management and board of directors," emphasises Christine. "When ADB was first approached in the fall of 2019, we recognized the tremendous synergy between ADB's and CCH's infrastructure financing platforms. We also clearly saw the opportunities to further leverage the capital, innovation, knowledge, and partnerships from Singapore's infrastructure ecosystem to address Asia's infrastructure gap."

Clive adds: "We are very focused on how our existing businesses need to evolve to reflect where new market opportunities lie. Part of that evolution is adapting to the way the world is changing around sustainability, which is a very important theme for us across all our platforms. ADB's expertise on ESG was a big attraction."

"The strategic investment by ADB is a sign of ADB's confidence in CCH's future growth plans, including in sustainable infrastructure financing in developing Asia and is expected to boost the consolidation of Singapore's position as the leading infrastructure financing hub in Asia," says Milbank partner and ADB legal adviser Jacqueline Chan (pictured right).

"This complex strategic investment was a huge undertaking," says Christine. Teams conducted due diligence across CCH's business lines. "The ADB transaction was complex because we had to conduct significant industry due diligence across nearly the entire debt value chain from project finance loans to private and mezzanine credit to derivatives," adds Jacqueline.

"The due diligence helped us appreciate the scale of the market across multiple geographies and the increasing need for new financing innovations," notes Christine.

"These innovations include Pierfront Capital's mezzanine financing and structured solutions in the infrastructure market, and Bayfront Infrastructure Management's securitization of project finance assets—a ground-breaking way to originate, structure, and distribute the securitization to different financial investors."

"Moreover, the project team working with 'OneADB' teamwork adopted a cross-cutting approach encompassing governance, development effectiveness, safeguards, and gender to conduct due diligence and structure this landmark equity investment," she says.

"Another challenge was working through the impact of ADB's governance requirements on the governance structures of CCH and its subsidiaries," says Jacqueline. "ADB brings with it as investor its breadth of international governance and ESG policies and reporting accountability, which further cements and buttresses CCH's position as a world-class provider of infrastructure finance in all aspects."

Christine stresses the important work of the private sector to close Asia's infrastructure financing gap, which has widened due to the pandemic. "The private sector is needed more than ever as governments are diverting already strained fiscal resources to finance recovery."

"We are thinking very carefully about how our platforms can move towards delivering more sustainable products. We are also mapping out our portfolio of assets and thinking how we can transition over time," notes Clive.

"Through a sustainability lens, we are seeing opportunities. Renewables hold the most immediate opportunities," CCH's chief executive says. "More broadly, the definition of infrastructure itself is expanding and we'll focus on where we can make a difference."



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