ADVERTISING MATERIAL

ThomasLloyd

Growth market

INFRASTRUCTURE ASIA

Infrastructure bond THOMASLL. 2,875/27 EUR ("CTI 1 A EUR")
Infrastructure bond THOMASLL. 4,175/27 EUR ("CTI 3 D EUR")

Asian markets have been growing inexorably for years. Its economy is more than twice as strong as the rest of the world. Its population greater than any other continent. However, Asia also faces great challenges: it has reached the limits of what its infrastructure can support and urgently needs to develop the quality and quantity of its required infrastructure.

The Asian Investment Bank puts the investment requirement at USD 26 trillion by 2030.[3] These are financial dimensions that far outstrip public-sector budgets. So many Asian countries have seen a paradigm shift in recent years: away from state-mandated infrastructure provision and towards the consistent involvement of the private sector. This makes Asian infrastructure one of the most attractive growth markets around, whose robust fundamentals now offer investors outstanding entry opportunities and excellent potential returns. The two infrastructure bonds from ThomasLloyd both leverage these opportunities.

	CTI 1 A EUR	CTI 3 D EUR
Issuer	ThomasLloyd Cleantech Infrastructure (Liechtenstein) AG	ThomasLloyd Cleantech Infrastructure (Liechtenstein) AG
ISIN / WKN	LI0423561575 / A193WV	LI0423561583 / A193WW
Securities number	42356157	42356158
Bloomberg ticker	THOLLY 2 ⅞ 12/31/27	THOLLY 4.175 12/31/27
Bond type	Infrastructure bond	Infrastructure bond
Issue volume	EUR 100,000,000	EUR 100,000,000
Units (nominal amount)	EUR 1,000 per bond	EUR 1,000 per bond
Issue price	100% of nominal amount	100% of nominal amount
Subscription deadline	Until 29/06/2019 or fully placed	Until 29/06/2019 or fully placed
Payment agent	Bank Frick & Co. AG	Bank Frick & Co. AG
Central custodian	SIX SIS AG	SIX SIS AG
Minimum investment	EUR 10,000	EUR 10,000
Interest rate	2.875 % p.a.	4.175 % p.a.
Interest distribution	Interest is reinvested	Interest is paid quarterly
Maturity	Variable maturity (at least 1 year)	Variable maturity (at least 3 years)
Termination	Termination right initially as of 30/09/2019. Thereafter on 31/03, 30/06, 30/09 and 31/12 of each year. Notice of 12 months must be given.	Termination right initially as of 31/12/2021. Thereafter on 31/12 of each year. Notice of 6 months must be given.
Repayment	Nominal amount plus accrued interest	Nominal amount

BENEFITS AT A GLANCE

- Indirect investment in one of the biggest growth markets of our time, which stands out for being financially attractive and largely independent of economic cycles, inflation rates and interest levels.
- Broad diversification: investments are made across Asia in a large number of infrastructure projects in various sectors, which reduces default risks at the portfolio level and increases the safety of the investment.
- No direct exchange rate risk for investors in the eurozone as interest and repayments are in euros.
- Predictable and attractive forecast interest income with a calculable risk.
- Tax-optimised: no withholding tax, no stamp tax on direct subscriptions.[4]
- Highly flexible thanks to regular termination right after minimum term.
- Issuer is a member of the ThomasLloyd Group, one of the leading financiers and investors in Asia's infrastructure sector and an accredited partner of the IFC, a member of the World Bank Group.
- Long-standing, positive issue history for the group in infrastructure bonds: over 10 years.
- Total issue volume placed by the group: over EUR 950 million.
- Investors make an active contribution to creating added social and economic value, since the issue proceeds are used exclusively for sustainable projects.

INFRASTRUCTURE BONDS AS THE CORNERSTONE OF A PORTFOLIO: FACTS ABOUT THE ASSET CLASS

- **Attractive return potential**
  The essential importance of infrastructure for society and the economy is reflected in the high earnings potential of infrastructure bonds.

- **Dependable cash flows**
  The stable and dependable cash flows from infrastructure assets are secured by structurally important installations and property, which provide an additional security margin that does not exist with bonds that depend on corporate cash flows, for instance.

- **Largely independent of capital markets**
  Infrastructure assets are long-lived, real assets that are largely inflation-proof, have a low correlation to other asset classes, stable valuations and stand out for being largely independent of capital markets and macro-economic developments.

- **Strong capital protection**
  Because they are vital for a functioning society, infrastructure assets have low demand elasticity and offer strong capital protection due to their long economic lives.

- **High liquidity and scaleability**
  The development and maintenance of Asian infrastructure has a financing requirement of USD 26 trillion in the period up to 2030, i.e. USD 1,800 billion per year, making it an exceptionally broad and deep market.[3] The wide choice of projects, project partners and potential customers for completed projects provides opportunities for the broad diversification of the portfolio and for scaling a successful business model to any dimension.

- **Advantageous market structures**
  The contract partners for infrastructure projects are often utility companies or the public sector, which benefit from natural or government-regulated monopolies. Since infrastructure facilities provide indispensable services and supplies in their markets, they often also enjoy direct political support and regulatory incentives.

- **Low default rates and high recovery rates**
  Because utility companies have a particular legal status in many jurisdictions, infrastructure bonds have demonstrably much lower default rates and substantially higher recovery rates than corporate bonds with a comparable rating.[5]

As a fixed-income diversification solution, infrastructure bonds stabilise a portfolio by reducing the risk of loss and volatility, increasing the return potential and boosting the cash flows from the portfolio sustainably at the same time. Infrastructure assets therefore also have a highly advantageous Solvency II profile.

SPECIFIC INFORMATION ABOUT THOMASLLOYD INFRASTRUCTURE BONDS AND THE THOMASLLOYD GROUP

- ThomasLloyd infrastructure bonds are based on and invest indirectly in one of the largest accessible infrastructure portfolios in Asia.
- With more than 30 years of experience in advising on the funding of large-scale infrastructure projects, ThomasLloyd has a highly experienced project financing team with an excellent network, ensuring privileged access to a large number of different projects.
- Thanks to its long-term commitment and outstanding expertise in the sourcing, structuring and management of infrastructure projects, ThomasLloyd is acknowledged as a key partner in the value chain by all intermediaries and market players.
- Active management enables relatively short maturities compared with other infrastructure bonds (normally 10 – 30 years).
- High quality standards for the management of proceeds, with clearly defined criteria for project selection and comprehensive, transparent reporting.
- To date, all bonds issued by the ThomasLloyd Group have made all interest payments and capital repayments in full in line with the prospectus.
- No price risk if interest rates rise, due to regular termination right during the term at nominal amount.
- No minimum placement risk for the issuer thanks to back-to-back financing and expense agreement with ThomasLloyd Cleantech Infrastructure Holding GmbH (TL CTIH).
- Security for issuer liabilities from the entire issue thanks to a comfort letter from parent company TL CTIH.
- Early termination right for investors in the event of social hardship (e.g. unemployment, insolvency, death).
- TL CTIH has above-average credit standing thanks to a low debt ratio of 26.08 %[6], EUR 354 million in equity[7] and additional total commitments[8] from its anchor investors of more than EUR 900 million.
- All common infrastructure project risks are fully covered to international standards by leading insurance companies.
- Compliance with high sustainability standards: ThomasLloyd infrastructure bonds follow the Green Bond Principles and Climate Bond Standards – their environmental, social and governance aspects (ESG criteria) make them suitable for environmentally and socially responsible investors.
- Certification for company benefit and pension funds: “Very well suited” with “stable outlook, also over the medium term” (ÖGUT sustainability opinion).[1]

[1] Sustainability opinion on the ThomasLloyd SICAV – Sustainable Infrastructure Income Fund of 19 May 2015. This AIF pursues an identical investment strategy to the issuer and is advised by the same investment adviser; [2] Investment process rating from September 2017. The investment process analysed also applies to the issuer; [3] Asean Development Bank, “Meeting Asia’s Infrastructure Needs”, February 2017; [4] Direct subscription with the issuer (primary market, from issue); [5] Moody’s Annual Default Study: “Corporate Default and Recovery Rates, 1920-2013” as of February 2014 and Moody’s Investor Service “Default and Recovery Rates for Project Finance Bank Loans, 1983-2013” Addendum as of September 2015 and “Infrastructure default and recovery rates, 1983-2014” as of March 2016 and “Infrastructure default and recovery Rates, 1983-2015”, Addendum as of April 2017; [6] Debt ratio = equity (subscribed capital + revaluation reserve + silent participations with qualified subordination)/ debt (bonds + liabilities)*100%. Based on the audited annual statements of ThomasLloyd Cleantech Infrastructure Holding GmbH as at 31/12/2017; [7] Equity includes subscribed and paid-in capital and silent partnerships with qualified subordination without consideration of distributions as at 31/07/2018; [8] Subscribed and not yet paid-in subordinate capital of the silent partners as at 31/07/2018.

As of 11/2018