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04/01/2022 01:06:18

Brookfield Infrastructure Debt Fund III

INSURANCE SOLUTIONS
APRIL 2022

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The BID III Notes are designed for the benefit of insurance companies to invest in BID III through a regulatory capital efficient vehicle

REGULATORY CAPITAL EFFICIENT INVESTMENT



- On a blended basis, the BID III Notes are expected to receive better capital treatment than a direct investment in the Fund
- Brookfield will engage a nationally recognized statistical rating organization (“NRSRO”) to provide a private rating letter for each of the notes

FIXED INCOME TREATMENT



- The notes are expected to receive fixed income treatment for accounting and regulatory purposes
- The notes are expected to have the important characteristics of a debt instrument including a unique identifier, stated coupon, stated maturity and a private rating

SIMILAR ECONOMICS TO THE FUND



- Economics of the BID III Note Structure would be materially similar to an investment in the Fund as the underlying asset cash flows are expected to be the same
- Capital calls would align generally with the Fund's timing

How does it work?

- An SPV is set up to issue debt and equity securities to insurers and commit the aggregate proceeds to the fund as one LP
- The debt and equity securities are collateralized by the LP interest in the fund
- The SPV is responsible for funding capital calls to the fund, which it will draw from its security holders
- SPV will flow through all proceeds from the fund to first pay interest to the note holders and then the equity holders
- To receive all of the economics from the fund, insurers will hold notes and equity in a proportionate amount relative to the size of each SPV tranche

Securities

- Class A notes, Class B notes, Class C notes and equity certificates, all of which will be offered together in a proportionate amount
- To fund each capital call, the SPV will issue additional notes and equity in a proportionate amount
- Notes will each have a stated coupon and an expected maturity date that is in line with the underlying fund
- Interest on the notes can PIK and accrue interest

Rating

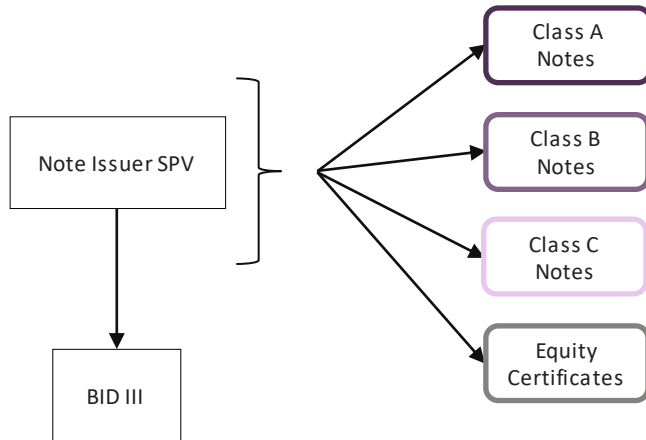
- Privately rated by KBRA

BID III Note Illustrative Structure

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The BID III note structure will issue regulatory-capital efficient debt securities and equity certificates. The tranches are expected to be unstapled.



Tranche	Rating Estimate	Size	Coupon
A	[A-]	[50]%	[4.25]%
B	[BBB]	[15]%	[4.85]%
C	[BB]	[25]%	[5.50]%
Equity	NR	[10]%	N/A

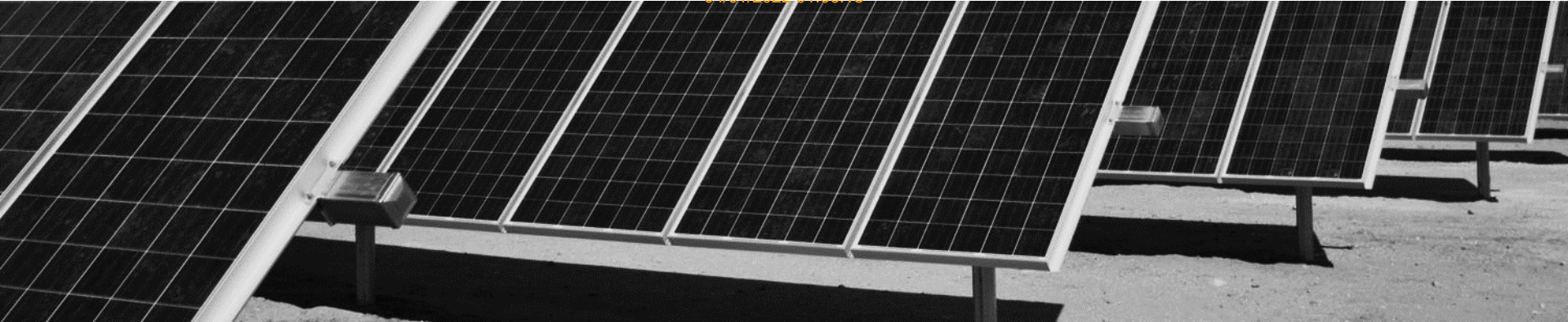
Priority of Payments

DISTRIBUTIONS:

- With respect to any amounts representing any proceeds from BID III and additional private loans (that are not "Principal Proceeds"):
 - first, to the payment of accrued and unpaid taxes, registered office fees and governmental fees owing by the Issuer, if any, to the extent not paid by the fund;
 - second, to the payment of any accrued and unpaid expenses;
 - third, to the payment of (A) first, any accrued and unpaid interest at the Stated Rate on the Class A Notes (excluding Deferred Interest) and (B) second, any accrued and unpaid Deferred Interest on the Class A Notes;
 - fourth, to the payment of (A) first, any accrued and unpaid interest at the Stated Rate on the Class B Notes (excluding Deferred Interest) and (B) second, any accrued and unpaid Deferred Interest on the Class B Notes;
 - fifth, to the payment of (A) first, any accrued and unpaid interest at the Stated Rate on the Class C Notes (excluding Deferred Interest) and (B) second, any accrued and unpaid Deferred Interest on the Class C Notes; and
 - sixth, to the holders of Certificates.

PRINCIPAL REPAYMENT:

- With respect to any amounts representing return of principal from a sale, transfer or other disposition of assets held by BID III and additional private loans ("Principal Proceeds"):
 - First, to the payment of clauses (1) – (5) under Distributions.
 - Second, to the payment of the outstanding principal of the Class A notes;
 - Third, to the payment of the outstanding principal of the Class B notes; and
 - Fourth, to the payment of the outstanding principal of the Class C notes; and
 - Fifth, to the holders of Certificates.



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