



Project Summary Information

Date of Document Updating: May 16, 2023

Project Name	Infrastructure Private Capital Mobilization Platform
Project Number	P000274
AIIB member	Singapore
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Private Capital Mobilization
Status of Financing	Approved, under implementation
Objective	To help develop infrastructure as an asset class through the creation of debt securities for sale to institutional investors.
Project Description	AIIB has invested in a new platform business – Bayfront Infrastructure Management Pte. Ltd. (Bayfront, or the Platform) that purchases infrastructure debts from financial institutions and distributes them to institutional investors through securitization or other formats. This supports private capital mobilization and builds infrastructure as an asset class. The purchase of such debts is predicated on the hypothesis that financial institutions that currently originate and hold such debts to maturity will increasingly be constrained from doing so with the advent of Basel III regulations.
Expected Results	<p><u>Direct beneficiaries:</u> Investors benefit from this project by being able to purchase securities or products previously scarce in the market. Without the establishment of the Platform, it would be difficult for investors to participate in Asian infrastructure debt as there are limited investible formats available. Institutional investors will typically not invest in loans as they are illiquid and lack transparency. Also, most project debts in Asia are not investment-grade, which is less attractive to institutional investors. Finally, banks who sell to the Platform will benefit, as they can free up their capital and potentially support more infrastructure lending. This benefit will increase over time as the new banking regulations restrict and discourage long-term lending.</p> <p><u>Indirect beneficiaries:</u> With the establishment of the Platform, the whole Asia infrastructure financing ecosystem will benefit indirectly, as the Platform provides both banks and investors an alternative method of risk management and risk-taking, respectively. Many institutional investors are keen to invest in infrastructure as an asset class as a means of diversification from general corporate credit.</p>

Environmental and Social Category	N/A
Environmental and Social Information	<p>The Project resulted in the establishment of a platform to purchase infrastructure debts from financial institutions, structure and distribute them to institutional investors through securitization or other distribution formats. In line with previous capital markets projects executed by AIIB, this platform has developed and maintains an appropriate environmental and social (“E&S”) framework. A summary of the framework can be found here.</p> <p>In place of AIIB’s Environmental and Social Policy (“ESP”), the project team has required that the Platform put in place a robust E&S framework integrated with its due diligence process before any loan acquisition and through its asset management phase. The Framework entails screening debts against the Environmental and Social Exclusion List and other eligibility criteria, reviewing their original E&S categorization, available environmental and social assessment and monitoring documentation, and relevant loan covenants. An E&S risk rating is then attributed to all debts reflecting the original E&S categorization, E&S performance to date and the Platform’s exposure to residual E&S risks. The findings of this due diligence are discussed at the Platform’s Executive Committee or Board prior to making an investment decision. Debts are thereafter monitored for their E&S performance and controversies. The Platform provides to its shareholder AIIB regular insights into the E&S performance of the portfolio and E&S characteristics of the pipeline. The E&S framework was expanded to include not only project finance debts to single assets but also corporate debts.</p> <p>The rationale for the proposed approach is as follow:</p> <ul style="list-style-type: none"> • The ESP is designed for lending to new projects and is not ‘fit for purpose’ for application to the capital markets or debt and equity security instruments; • Debts are mostly purchased in the secondary market, and the management of environmental and social risks is only feasible through rules based ESG framework governing the selection of debts and the underlying projects. • Debts to be acquired would generally be backed by existing assets that have reached or are shortly reaching completion; in this context, the environmental and social risks are better managed through robust ESG criteria governing debt selection. • A key objective of the Project is also to encourage banks, through robust ESG criteria, to originate sustainable infrastructure projects that are eligible for purchase by the Platform. • By taking an ESG framework approach, the Platform can provide greater transparency to investors on the overall ESG profile of the underlying assets, thereby helping to add sustainability as a key and value-adding the feature of this emerging new asset class.

Cost and Financing Plan	AIIB will contribute up to USD54 million of equity capital to the Platform, with the remaining USD126 million funded by other investors and partners. Total debt financing of up to USD1.8 billion could be raised to support the Platform on the back of a Singapore Government Guarantee. The proceeds will be used mainly for funding debts and investments and support operations of the Platform.		
Investee Company	The platform company Bayfront has been incorporated in April 2020.		
Estimated date of last disbursement (NSBF)	FY2023		
Contact Points	AIIB		Bayfront
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Date of Concept Decision	January 2019		
Date of Appraisal Decision	June 2019		
Date of Financing Approval	July 22, 2019		

Independent Accountability Mechanism	Given the ESP exemption sought, AIIB's Project Affected People's Mechanism (PPM) would not apply to this Project since it is restricted in its application to projects governed by the ESP.
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