



**November 2020
Newsletter**

LTIIA welcomes a new Member:

LTIIA registered a new Asset owner member on October with ProBTP:



ProBTP is a French insurance company set up by the Construction and Public works sector companies, and serving over 1.57m pensioners, Its portfolio is invested at about 10% in Real Assets, and pushing towards a more massive deployment in the long-term infrastructure market.

ProBTP invests through asset management companies or intervenes directly to finance projects, in France, Europe and in the OECD zone. The Group promotes a committed governance as an active investor and pursues a dual financial performance and impact strategy.

LTIIA participation in Industry events: Recently convened:

Over the last months, LTIIA scheduled event participation was limited to webinars & virtual events, taking place by video or audio-conference by the coronavirus crisis, as could be expected. Among the events (all of which accessible for free or at preferential conditions for LTIIA members) which we took part in over the last 4 months were:

2 July: Joint Carbone 4-LTIIA webinar:

To align their investment strategy with a 2-degree trajectory and to manage climate risks, infrastructure finance actors need operational tools. Carbone 4, with the support of several LTIIA members, has launched the “2-infra challenge” or Portfolio’s climate temperature methodology, which allows infrastructure investors to check whether their investment strategy is aligned with the 2 degree objective and to what extent are their assets exposed to climate risk (transition and physical risks)?

The new methodology on assessing infrastructure portfolio’s compatibility with a 2°C scenario was presented with key results.

15 July: PEI Infrastructure Investor Global Offsite: F. Bergère moderated an all-LTIIA members panel on:

Bringing ESG and sustainability issues into the mainstream

24 September: The IPE Real Assets & Infrastructure Global Investor Conference; a specialist event aimed at investment decision makers at European pension funds looking to benefit from the ever-evolving real assets and infrastructure investment sector. François Bergère was the keynote speaker, opening the conference with an assessment of Geopolitical and economic outlook: New Challenges for investors in uncertain times.

29 September: SuperReturn Global Infrastructure -The impact of Covid-19 on infrastructure investing. Speakers included several LTIIA members such as Meridiam Infrastructure, Allianz Global Investors,... LTIIA Executive Director, F. Bergère, moderated the panel on ESG evolution.

29 September: Joint LTIIA-Marsh webinar: Political Risk Insurance coverage & its benefits for Institutional Investors in Emerging Markets -How to deflate the Country Risk Premium



5 October 2020 The 4th Paris-Europlace Infraweek, dedicated to the Post-Crisis Infrastructure Finance World, was held from 5 Oct to 9 Oct, with the inaugural International Infrastructure Forum being held on Oct 5th in hybrid format. 300 representatives from the global infrastructure value chain: Investors, policy makers, regulators and academia attended physically at the French Ministry of Finances in Paris-Bercy (in strict respect of the health instructions) and nearly 800 via live-stream across the world...



From top left, clockwise: T.Deau, V.Levita, F.Bergere & R.Kassis & LTIIA chair and its executive director participated to several panels as keynote speaker or moderator, while several of our members did participate as panellists.

As in previous years, LTIIA also convened its Annual General Meeting in Paris during this International Infrastructure Forum.

12 October 2020 Infrastructure Investor Global Summit

This year again, LTIIA was among the sponsors of the Infrastructure Investor Global Summit 2020, rescheduled as virtual event in mid- October 2020 and participated in the Emerging Markets forum. F.Bergere, for LTIIA, moderated the panel on Assessing ongoing political, regulatory & ESG issues in emerging jurisdictions

20 October: Annual AltAssets Infrastructure LP-GP Forum- F.Bergere moderated the Investor Outlook Panel about the top issues on the agenda for investors who actively allocate to the Infrastructure asset class.



30 October : 5th OECD Forum on Governance of Infrastructure- “Investing for the future: the increasing role of infrastructure governance” where LTIIA argued that public governance is key to both better & more efficient infrastructure and attracting private sector investors.

2 November: virtual PPP week, organized by the Istanbul PPP Center of Excellence, addressing issues linked with current trends in PPP market and infrastructure development, with the contributions of an array of senior infrastructure and PPP international experts. LTIIA’s Executive Director F.Bergere discussed the prospects of Infrastructure economy beyond the pandemic, from the investors’ standpoint

Upcoming events:

LTIIA plans to take part in the following events (some of which it co-organizes or co-sponsors) from November onwards:



From 10 to 13th November: PwC Luxembourg Alternatives Week will include, on November 11th: the 5th Infra Sound Bite, jointly organized with LTIIA on COVID’s Impact on Infrastructure.

27th November: AOAC SDG Framework presentation : This 1-hr webinar organized jointly by LTIIA and GRESB will present the new framework created under the CFA Asset Owners Council (AOAC), for asset owners & managers to measure impact of infrastructure assets on delivery of the SDGs and ESG; the exchange would also allow those LTIIA members that have developed their proprietary SDG assessment methodology to explain how they proceeded, and if & when they intend to make it public, and how it could be articulated with the proposed framework

9-10 Dec 2020 The Global Infrastructure Dialogue 2020- Frankfurt

Will discuss the latest global trends in infrastructure, including the latest investment strategies and global investment opportunities with LTIIA being a moderator

Current workstreams & Marketplace initiatives:

LTIIA is leading, or participating in, the following methodological working groups, set up with the intent to provide feedback from players, table proposals and participate in consultations with public decision-makers at regional or global levels.

LTIIA contributed to a working group with IGD (the French PPP foundation) and other professional organizations to table proposals for the best use of contractual-financial tools leveraging private sector financial resources & expertise to contribute to the French Recovery plan targeting infrastructure investment. Members interested by this public advocacy role should contact us as there is room for similar endeavours outside France, (both the EU Commission and US political parties have made similar requests for proposals by private sector investors)

Participation in AIFP training of senior African officials: LTIIA supported this Meridiam-led initiative by delivering a training session as part of the Master Class program 2020

Global Asset Owner's Advisory Council (AOAC): A tentative Framework to Measure the Impact on the SDG's for Infrastructure has been developed by the high-level 'Brain Trust' LTIIA was part of, along with other large professional organisations like GRESB and PRI, and will be presented and commented to our members on the Nov 27th webinar

FAST-Infra ("Finance to Accelerate the Sustainable Transition-Infrastructure"):

FAST-Infra is designed to help scale up the financing of sustainable infrastructure in the developing world. It plans two actions to raise the supply of and demand for sustainable infrastructure financings (equity & Debt) in developing countries:

- introducing a sustainable infrastructure labelling system
- undertaking targeted market interventions and financings

- Working group 1, to which LTIIA is contributing, came up with a listing of eligible sustainable infrastructure assets and identified the standards that underpin the label, together with reporting and governance for the label, disclosure and reporting

By end- November, a draft Sustainable Infra Label framework document should be issued for a public consultation period.

ASSI (Aligned Set of Sustainability Indicators):

Leading international infrastructure standard setters, at the initiative of World Bank/PPIAF have convened to work out a harmonized set of ESG indicators considered essential to achieving infrastructure sustainability. LTIIA (along with GIF and GRESB), is representing the private sector in this initiative. We conducted a survey this summer to assess the interests of our members: more than 80% of responding investors stated they see great value in the harmonization efforts of this initiative, while also indicating the applicability of the ASSI shouldn't be limited to developing countries or to early stages of project development.

Internal Governance:

- LTIIA held 2 Board meetings (on 1st July and 22nd Sept): beyond reviewing the accounts for FY2020 and budget for FY21, the Board also discussed the creation of a Honorary chairman position.
- The corresponding resolution was tabled to, and approved by the LTIIA Annual General meeting which took place on October 5th,2020, along with the Budget for next fiscal year (FY 2021, starting from July 2020) as well as the renewal of certain board members.
- The LTIIA Advisory board, set up in Fiscal year 2020, held its first (virtual) meeting just before our Oct 5th AGM, to discuss themes for the FY 2021 work program discussion. The Goal was to identify the various relevant issues/aspects to cover, and identify possible relevant academic/multilateral or industry partners to link up with in the process.
- Among the Themes that were discussed at the AGM and are now to be prioritized by members before year-end:
 - COVID impact : practices, lessons, data & use cases ; Infratech's impact on infrastructure investment scope and processes; Social infra added importance in new COVID normal.; Economic recovery/stimulus plans post-COVID crisis and ways of facilitating innovation/added value by private investors; Volatility of Unlisted Infrastructure Equity Investments; & Relations with regulators: How can Investors better engage?

News from our partners:

➤ **EDHEC Infra** just released its the new indices for Q3 2020:

The unlisted infrastructure asset class is back to positive returns at the aggregate level, but only thanks to the strong cash yield of infrastructure companies.

The infra300 index, which tracks a representative global sample of unlisted infrastructure equity investments worth approximately \$190bn, is up 1.84% over the quarter, after two negative quarters. On a year-on-year basis, the index is down -7.8%, with a -15.7% drop in capital return partly offset by a 7.9% income return (cash yield).

At the sector level, performance is mixed: positive returns in the road sector (2.38%) ,while airports continue to struggle with returns of -2.3% over the quarter, driven by higher risk premia and lower expected revenue. On a year-on-year basis, transport is down -16.66%.

Regulated utilities keep suffering. In contrast, contracted infrastructure shows small but positive returns in Q3 and is down only -5.7% year-on-year. On a risk-adjusted basis, the performance of contracted and regulated assets continues to be more appealing than merchant infrastructure

The broad market private infrastructure debt index continues to show stable albeit compressing returns, with 1.4% total return on the quarter and 4% return year-on-year.

See <https://indices.edhecinfra.com/>

➤ **Meridiam:**



- **Oct 1, 2020 - Meridiam and Vinci signed concession contract for the Nairobi - Nakuru -Mau Summit Highway in Kenya**

Meridiam, Vinci Concessions and The Republic of Kenya signed a concession contract for the development and construction of the Nairobi - Nakuru - Mau Summit highway in the presence of Mr. Macron, President of the French Republic, and Mr. Kenyatta, President of Kenya. This 1.3 billion euro project, - a 50/50 partnership with Vinci Concessions- is one of the largest PPP projects in Africa, encompassing the design, financing, widening and renovation work, operation and maintenance of the new 175-km highway for 30 years.

- **In July, Meridiam entered the biogas sector in the U.S.** developing its first project in the country Meridiam has entered into an agreement to develop a biodigester project, located in the State of Idaho near Twin Falls, together with Sevana Bioenergy, as development partner, service provider and long-term co-investor. Meridiam and Sevana will combine their expertise in project development and long-term asset management to focus on creating significant added value to this existing facility.

See <https://www.meridiam.com/en/news>

(NB: other members wishing to see some of their recent developments reflected here, or on our website , should contact LTIIA)
