The costs of capital for Infrastructure Investment and Risk Allocation

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- ASMA Capital Partners is an asset management firm licensed and regulated by the Central Bank of Bahrain.

- ASMA Capital Partners is the fund manager of the IDB Infrastructure Fund II with a target size of US$2bn.

- ASMA Capital and the IDB Infrastructure Fund II are sponsored by key sovereign institutions:

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<th>Institution</th>
<th>Country</th>
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<tr>
<td>Islamic Development Bank (&quot;IDB&quot;)</td>
<td>Kingdom of Saudi Arabia</td>
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<td>Public Pension Agency (&quot;PPA&quot;)</td>
<td>Kingdom of Saudi Arabia</td>
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<td>Public Investment Fund (&quot;PIF&quot;)</td>
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<td>Ministry of Finance Bahrain</td>
<td>Kingdom of Bahrain</td>
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<td>Ministry of Finance Brunei - Sultanate of Brunei</td>
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ASMA Capital invests in infrastructure projects in the member countries of the IDB.

Our target sectors:
- Power and Energy Infrastructure.
- Transport and Logistics.
- Telecommunications Infrastructure.
- Water and Waste.
- Social Infrastructure (Education, Healthcare).

Our target countries:
The global infrastructure investment market is relatively new.

First dedicated infrastructure investment funds created in early 1990’s

Pension fund and sovereign wealth funds followed with dedicated allocations

Government programs of asset sales and privatization, also “take-private’ of publicly listed companies

Conventional finance markets were quick to respond on both bank lending and capital markets issuance

Now deep and relatively liquid markets in Australia, UK, Europe and North America

However, biggest single investor concern remains political risk
What’s different in the Islamic World?

- Investment often required for new projects, rather than the transfer of existing assets
- Relatively few dedicated investors
- Financing markets are not as deep as in Europe and North America
- More difficult to secure long term financing, that matches the profile of the underlying assets
- Relatively recently established regulatory and policy frameworks
Infrastructure Investment in the Islamic World

**Investment Opportunity**
- Massive investment needs in Islamic countries
- Africa deficit is US$ ~96Bn
- Attractive returns because of multiplier benefits

**Supply of Capital**
- Large supply of capital in Islamic world
- Pools of dedicated Islamic finance
- Investors seeking attractive returns

**Infrastructure Financing**
*(Bridging the Gap)*
Benefits of Islamic Finance for Infrastructure

- Large potential pool of capital available
- Potential for long-term financing
- Risk Sharing
- Linked to underlying asset
- Can be used by governments and individual projects
Challenges of Islamic Finance for Infrastructure

- Islamic Finance for infrastructure is still relatively under-developed, compared with Conventional Finance
- Some technical aspects of Islamic Finance are still developing
- Documentation can be more complex
- Limited transferability and liquidity
The global infrastructure investment market is relatively modern.

Conventional finance for infrastructure has grown rapidly.

Infrastructure opportunity in the Islamic world is large and growing.

Capital from within the Islamic world to meet the opportunity is also growing.

Dedicated Islamic Finance is still less utilized than conventional finance.

However, the strong dynamic of supply and demand, means that this role will increase.