

# AIIB IN LUXEMBOURG: INFRASTRUCTURE AS A GLOBAL ASSET CLASS



LE GOUVERNEMENT  
DU GRAND-DUCHE DE LUXEMBOURG  
Ministère des Finances



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

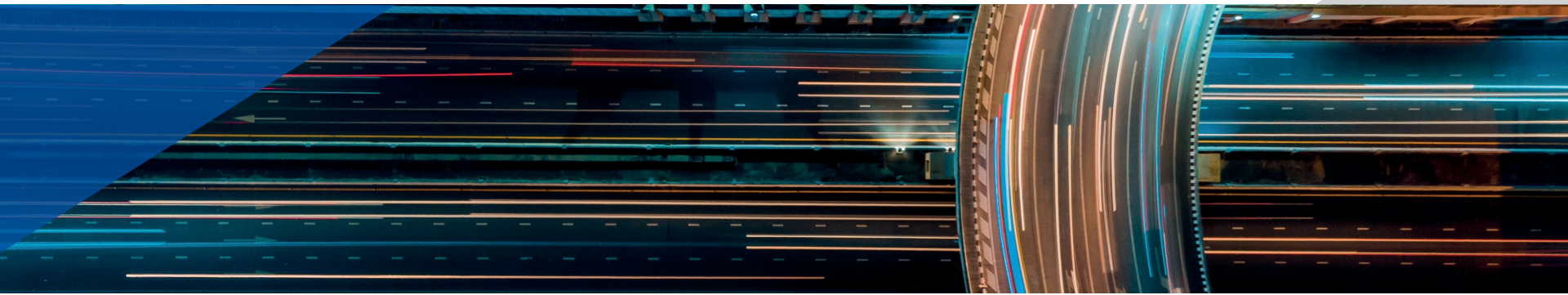


**Nicolas Mackel**  
CEO, Luxembourg for Finance





**HE Pierre Gramegna**  
Luxembourg Minister of Finance





**Sir Danny Alexander**

Vice-President and Corporate Secretary,  
AIIB



## Moderator



**Dr. Roman Kräussl**  
Professor,  
Luxembourg School of Finance

## Panelists



**Najeeb Haider**  
Manager for Investment  
Operations III, AIIB



**Pilar Solano**  
Head of Infrastructure,  
New Products and Special  
Transactions, EIB



**Niccolo Polli**  
Country Chief Executive Officer,  
HSBC Bank Luxembourg Branch



**Rosa Villalobos**  
Managing Director,  
Macquarie Infrastructure  
and Real Assets



- ▲ World Bank (2017): \$15 trillion gap between global infrastructure need and projected infrastructure investment through 2040
- ▲ Where is the money going to come from? LPs?
- ▲ Pitching infrastructure
  - ▲ Steady cash flows
  - ▲ Long-term, low-risk, and inflation-protected returns
  - ▲ Diversification benefits due to low correlation with other asset classes

**True risk & return characteristics of infrastructure investments not known**

# INFRASTRUCTURE AS AN ASSET CLASS



## NBER Working Paper (2018): Performance of infrastructure investments

- ▲ 1991-2016, 640 LPs, 425 unique funds by 206 GPs
- ▲ 3,687 projects in 124 countries, 38,676 detailed investor-deal observations
- ▲ Few LPs invest directly
- ▲ Closed infrastructure funds do not meet investors' expectations
  - ▲ Not more “stable” cash flows
  - ▲ Correlation with public markets
- ▲ Public LPs: lower exit rates, worse net IRR, lower multiples of invested capital

**Is infrastructure really an asset class with a desirable risk/return profile or is the main benefit the potential for positive social externalities?**

# INFRASTRUCTURE AS AN ASSET CLASS





**Traditional  
energy**



**Renewable  
energy**



**Transportation**



**Social**

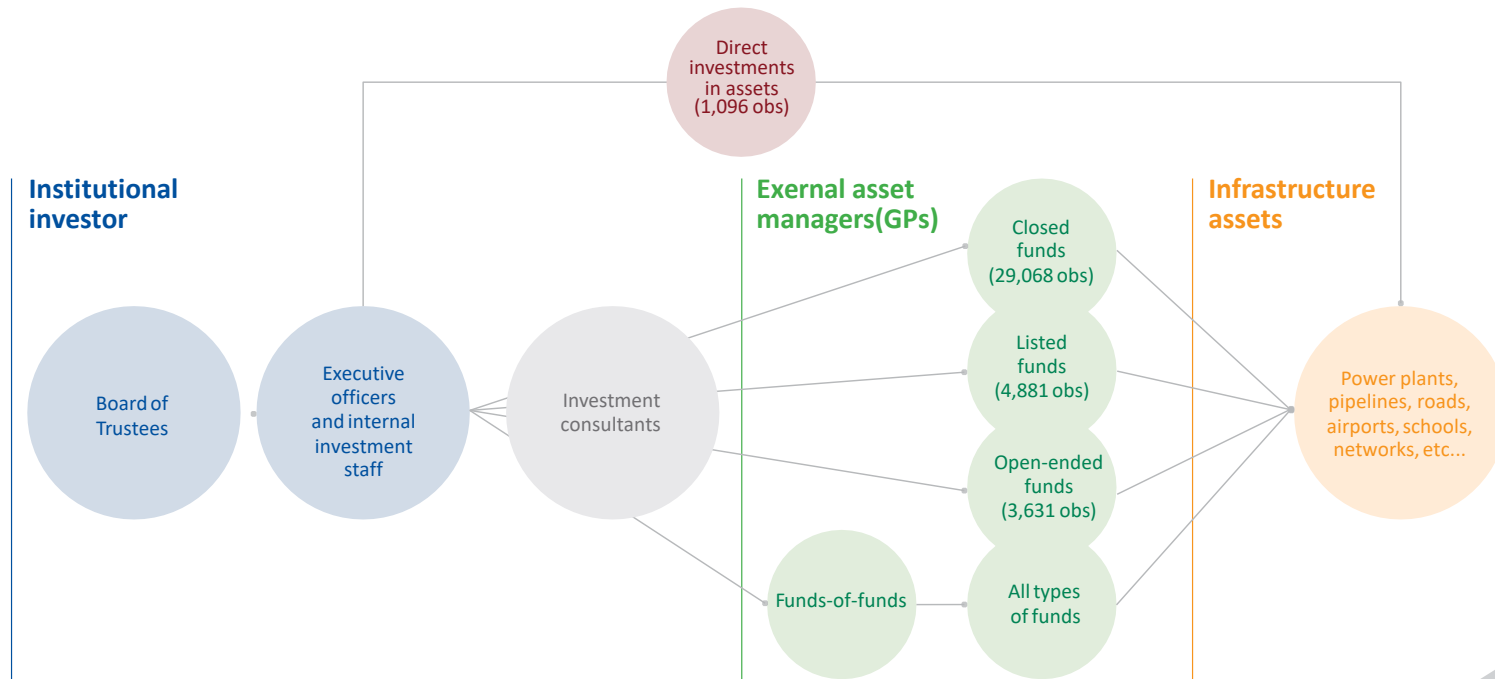


**Utilities**



**Telecom**

# SELECTION PROCESS AND SUCCESSFUL PROJECTS



# PROS & CONS OF DIFFERENT FINANCING STRUCTURES 1



# ***PUBLIC-PRIVATE PARTNERSHIPS***

**PROS & CONS OF DIFFERENT  
FINANCING STRUCTURES 2**

Institutional vs. individual investors



“Green” finance -  
Environmental, social  
and governance (ESG) principles



INFRA 2050

**AN OUTLOOK-INFRASTRUCTURE  
AS A GLOBAL ASSET CLASS?**



# THANK YOU FOR YOUR ATTENTION



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