Early Warning System

AIIB-000422

Multicountry: Keppel-Pierfront Private Credit Fund L.P

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Quick Facts

Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2021-09-23
Borrower	Pierfront Capital Fund Management Pte. Ltd.
Sectors	Energy, Infrastructure, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 150.00 million
Loan Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 150.00 million

Project Description

This project seeks to "promote infrastructure private credit as an emerging asset class in Asia" according to the bank document. Through this project, AIIB seeks to mobilise private capital to address the financing constraints of mid-cap companies in infrastructure sector in Asia Pacific. Keppel-Pierfront Private Credit Fund L.P. (the Fund) is a private credit fund which will invest in a diverse range of projects and companies in the infrastructure sector in Asia Pacific

AIIB's Environmental and Social Policy (ESP) is applicable to the project. The project has been placed in Category FI, because the financing structure involves the provision of funds through a financial intermediary (the Fund). AIIB delegates to the Fund Manager the decision-making on the use of AIIB's funds for investments in subprojects that meet the conditions in the project's environmental and social (E&S) documentation which defines the eligibility criteria and investment guidelines. The Fund will implement an Environmental, Social and Governance Policy (ESGP) to guide all its financing.

Out of the six current assets, AIIB may consider investing in four retrospectively, which have been determined to present a medium risk profile (corresponding to E&S category B with a high ESG exposure for the Fund) and one presenting a high-risk profile (corresponding to E&S category A with medium ESG exposure). The overall risk rating of these assets has determined that all transactions were compatible with the recommendation to proceed in accordance with the updated ESGP. The retrospective review indicated that the Fund's loan to a controlling shareholder in a large renewable energy company with a net installed capacity of 6.2 GW of solar, wind and small & medium scale hydropower projects, and a robust pipeline of all three types of generation, required high level of caution on E&S matters, to which the Fund committed.

AIIB will validate the finalized ESGP and conduct a prior E&S review of the initial subprojects to be financed using AIIB funds. Subsequently, AIIB will conduct prior review of subprojects presenting significant ESG risk level where the Fund has medium or low leverage on ESG matters as per the ESGP, including all Category A subprojects, and will receive an annual ESG monitoring report on the ESG performance of all AIIB-supported investments. AIIB will conduct regular monitoring of the Fund's activities, including visits to selected subprojects where possible.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

AIIB total commitment to the Fund comprises of, (i) a commitment of up to USD100 million and (ii) a co-investment sleeve of up to USD50 million for co-investment opportunities alongside the Fund.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Keppel Credit Fund Management (Financial Intermediary) **is owned by** Keppel Corp Ltd (Parent Company)

Private Actors Description

As stated on the company's website, Keppel Credit Fund Management (KCFM, formerly Pierfront Capital) is a Singapore-based fund manager that offers bespoke private credit and mezzanine financing solutions in real asset sectors globally.

KCFM is a fully-owned subsidiary of Keppel Corporation.

Contact Information

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Implementing Agency: Stephane Delatte, Chief Executive Officer, Pierfront Capital Fund Management Pte. Ltd, stephane.delatte@pierfront.sg

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

Bank Documents

- Project Summary (May 21, 2021) [Original Source]