

ANNEXURE “E”

INFRASTRUCTURE INVESTMENT STATISTICS

1 PURPOSES OF STATISTICAL ACTIVITIES

- 1.1 The purposes of the infrastructure investment statistical activity set out in this **Annexure “E”** include:
 - 1.1.1 establishing the exposure that the savings and investment industry has to infrastructure investments;
 - 1.1.2 measuring and demonstrating the extent to which the savings and investment industry is investing in infrastructure to industry participants, the public and government;
 - 1.1.3 generating statistics based upon consistent definitions and criteria to ensure meaningful measurement, interpretation and presentation of data;
 - 1.1.4 having readily available industry level information to support government (e.g. National Treasury and the Department of Public Works and Infrastructure) in infrastructure investment initiatives, such as the draft National Infrastructure Plans 2050;
 - 1.1.5 providing a cost effective, centralised source of infrastructure investment information in the savings and insurance industry to facilitate ease of access by the public, industry participants and other interested parties.
- 1.2 By sharing the information contemplated in the statistical activity set out in this **Annexure “E”**, it is also envisioned that economic efficiency, competition and consumer wellbeing in the infrastructure investment market will be enhanced.



2 PARTICIPATING MEMBERS

2.1 All ASISA members who have exposure to infrastructure investments may choose to participate.

3 PROCESS

3.1 Participating Members must report the required data relating to infrastructure investment in the required format to ASISA's appointed Third-Party Service Provider on an annual basis by 31 January each year.

3.2 ASISA's Third-Party Service Provider will collect and collate the Individual-Level Data and generate the Collated Statistics.

4 STATISTICS

INFORMATION COLLECTED

- 4.1 name of the assets;
- 4.2 value of the asset (R'm);
- 4.3 value class;
- 4.4 super class;
- 4.5 industrial class;
- 4.6 industrial asset subclass;
- 4.7 financial instrument;
- 4.8 state of completion;
- 4.9 liquidity;
- 4.10 exposure to market risk;
- 4.11 level of public access.

DEFINITION OF INFRASTRUCTURE INVESTMENT

4.12 The basic physical structures and systems (e.g. buildings, roads, power supplies, water supplies and communication networks) for the provision of utilities or services and constructed for public use or enjoyment.

CLASSIFICATION DESCRIPTIONS

INDUSTRY CLASSIFICATION

4.13 The Infrastructure Company Classification Standard (“**TICCS**”) classification system is utilised. TICCS is a global industry for infrastructure investment classification and benchmarking.

FINANCIAL INSTRUMENT CLASSIFICATION

Equity investment

4.14 An equity investment is a claim on the investees residual cash flow after operations and financing, the opportunity to participate in the corporate decision-making process, and a claim on the company’s net assets in the case of liquidation.

Debt

4.15 Debt is defined as an instrument that gives rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Senior debt

4.16 Senior debt is debt that has priority of payment over a tranche of junior or mezzanine debt. There may be different levels of priority within the senior debt category, but if there is a material level of debt that ranks below the instrument, it is classified as senior debt. Senior debt is often secured against assets; however, in the context of project finance in the infrastructure space,

this is less relevant and thus not seen as an essential characteristic of senior debt.

Junior or Mezzanine debt

4.17 Junior or mezzanine debt is debt that ranks the lowest in priority of payment and is normally unsecured or has a reversionary right to security.

4.18 To avoid ambiguity, an instrument that exhibits a mix of the above characteristics shall be classified according to the present value of future payments at inception discounted at the relevant rate of return. For example, if an instrument derives 51% of its value from a right to participate in the residual income of a project and 49% from fixed payment of interest and principal, the asset will be classified as equity.

STAGE OF COMPLETION CLASSIFICATION

Construction (primary) infrastructure investments

4.19 Investment made at the pre-operational or construction phase before most revenue is generated.

Secondary infrastructure investments

4.20 Investments that apply to the operational stage of a project.

Greenfield projects

4.21 Greenfield projects involve an asset or structure that needs to be designed and constructed, where no infrastructure or building previously existed. Investors fund the building of the infrastructure asset and the maintenance when it is operational.

Brownfield projects

4.22 Brownfield projects involve an existing asset or structure that requires improvement, repair or expansion (i.e. land where a building or construction

already exists). The infrastructure asset or structure is usually partially operational and may already be generating income.

LIQUIDITY

4.23 Traditionally assets are divided into listed and non-listed assets, but considering the low level of trading of a lot of assets, ASISA proposes that the asset must meet the IFRS threshold of an active market to be classified as a listed asset.

Active market

4.24 The definition of an active market is as follows: A market in which transactions for an asset take place with sufficient frequency and volume to provide pricing information on an on-going basis.

4.25 If the market in which the instrument trades meet the definition above, it is classified as listed or liquid, and if it fails, it is classified as illiquid.

MARKET RISK EXPOSURE

4.26 The TICSS classification system is also utilised for this. The definitions are included below.

Contracted

4.27 Contracted infrastructure firms enter into long-term contracts to pre-sell all or most of their output at a pre-agreed price. All or most of the market risk (price and/or demand) is transferred to a third party.

4.28 Contracted has two subsections:

Fully contracted income

4.28.1 Fully contracted infrastructure firms enter into a long-term contract by which they will provide a service or product corresponding to the entirety of their activity with no market risk. Hence, they do not engage in any other activity during the life of the contract.

Partially contracted income

4.28.2 Partially contracted infrastructure firms commit to deliver a certain level of service or output below their full capacity level with limited market risk.

Merchant

4.29 Merchant infrastructure firms are mostly or fully exposed to market risk (price and demand risk).

Variable income

4.30 Merchant infrastructure firms collect fees and tariffs from end users as a function of the effective demand for service.

Regulated

4.31 The regulator can set allowable limits on tariffs, rate of returns, or revenues. Also referred to as discretionary regulation.

Rate of return regulation

4.32 The regulator is expected to set tariffs high enough to cover the costs of an efficient firm, including operating expenses, funding costs, depreciation and a reasonable rate of return for equity providers.

Price cap regulation

4.33 The regulator sets a multiyear price cap typically defined in terms of the rate of inflation minus an expected rate of productivity improvement. Firms can increase their profits by cutting costs between regulatory reviews, thus creating incentives for efficiency gains.

LEVEL OF PUBLIC ACCESS**Tolled infrastructure**

4.34 Tolloed infrastructure is defined as infrastructure for which a fee must be paid to access the infrastructure.

Untolloed infrastructure

4.35 Untolloed infrastructure is defined as infrastructure for which either no fee is charged for access, or a subsidised fee is charged for access.

Untolloed, special access infrastructure

4.36 Untolloed, special access infrastructure is defined as any infrastructure for which either no fee is charged for access, or a subsidised fee is charged for access and the infrastructure is only accessible to special disadvantaged or vulnerable groups.

OTHER INFORMATION

4.37 Participating Members must also include their listed exposure to State Owned Enterprises and Local Authorities in an aggregate form per counterparty. Government and Corporate Bonds are excluded.

4.38 To enable ASISA to calculate the industry exposure to infrastructure investments as a percentage of assets under management, Participating Members are also to provide their total assets under management.

5 COLLATED STATISTICS

5.1 From the Individual-Level Data submitted, ASISA's Third-Party Service Provider will produce Collated Statistics containing Aggregated Data only.

6 SHARING AND PUBLICATION

6.1 The Collated Statistics will be published on the ASISA website on an annual basis.

6.2 The Collated Statistics may also be made available in media released post



publication on the ASISA website.

7 RESPONSIBLE SPA AND COMMITTEES

Responsible Senior Policy Advisor	ASISA Point Person to the Investment Board Committee ASISA Point Person to the Infrastructure Investment Work Group
Responsible Board Committee	Investment Board Committee
Responsible Standing Committee	None
Responsible Working Group	Infrastructure Investment Work Group

8 DOCUMENT HISTORY

Effective Date	31 July 2023
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Date of amendment	Nature of amendment